

**WE SEAL, DAMP
AND PROTECT CRITICAL
APPLICATIONS**

SUSTAINABILITY REPORT 2022



Protecting the Essential

Trelleborg Group is a world leader in engineered polymer solutions. The Group's continuing operations had annual sales of approximately SEK 30 billion in 2022 and operations in about 40 countries.



Trelleborg protects the essential in society – people, the environment and infrastructure. As a world leader in engineered polymer solutions, Trelleborg contributes to solving customers' challenges and strengthening their sustainability profiles. Trelleborg aims to outperform in everything it does.

The Group has a clear strategy focused on fast-growing industries of the future, including aerospace and healthcare & medical, as well as areas such as industrial automation and electrification. Its materials and applications expertise, insight into cutting-edge areas and innovation capabilities sets Trelleborg apart.

Trelleborg works in close partnership with its customers, providing a local presence, backed up by global resources, strength and capabilities.

Trelleborg is building on its position as a sustainability leader in its industry, increasing the share of recycled and recyclable materials in products and helping customers transition to a low-carbon economy. In this way, Group is protecting the essential not only for now, but for the future.

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CEO STATEMENT OF CONTINUED SUPPORT TO THE UN GLOBAL COMPACT

2 March 2023. To our stakeholders:

“I am pleased to reconfirm our support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication on Progress we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly in the Sustainable Development Goals.”

Sincerely yours,

Peter Nilsson
President and CEO



The cover shows Trelleborg's polyurethane-coated fabrics that have been developed for aircraft evacuation slides.



EXTERNAL ASSURANCE

The auditor has performed a limited assurance of the Sustainability Report 2022. Refer to the Assurance Report on page 51.

SUSTAINABILITY REPORT IN ACCORDANCE WITH GRI STANDARDS

Trelleborg's 2022 Sustainability Report has been prepared in accordance with the GRI Standards: Core option. The scope of the sustainability report is commented on pages 22–23, and is further outlined in the GRI Content Index on pages 47–50.

TRELLEBORG AND THE UN GLOBAL COMPACT

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

Trelleborg AB is a public limited liability company. Corporate Registration Number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden. The Annual Report is published in Swedish and English. The Sustainability Report is published in English. The Sustainability Report 2022 was published in April 2023.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the preceding fiscal year, 2021. All figures in the section “The year in brief” relate to continuing operations, unless otherwise stated.

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

Trelleborg and 2022 in brief

Trelleborg's performance was strong in 2022 despite the continuing turbulence in the external environment. The Group reported a record in terms of net sales, operating profit, operating margin, and earnings per share.

Key figures in this annual report relate to continuing operations, unless otherwise stated.

30,095

NET SALES, SEK M
(23,789)

5,066¹

EBIT, SEK M (3,903)

16.8%¹

EBIT MARGIN (16.4)

74%

CASH CONVERSION RATIO (85)

13.80¹

EARNINGS PER SHARE, SEK
(10.26)

40

NUMBER OF COUNTRIES
WITH OPERATIONS

16,701

NUMBER OF EMPLOYEES

25

NUMBER OF R&D CENTERS

28%²

CLIMATE: EMISSION
IMPROVEMENT 2022

17%

ORGANIC AND STRUCTURAL
SALES GROWTH (16)

15.9%¹

RETURN ON CAPITAL
EMPLOYED (15.1)

NET SALES PER INDUSTRY, %



9%

AEROSPACE



16%

AUTOMOTIVE



8%

HEALTHCARE & MEDICAL



67%

GENERAL INDUSTRY

NET SALES PER GEOGRAPHIC MARKET, %

46%

EUROPE

33%

NORTH AND SOUTH AMERICA

21%

ASIA & OTHER MARKETS

¹ Excluding items affecting comparability.

² 28 percent is the improvement for the year in emissions intensity. For 2021–2022, the figure is 35 percent.

Committed to improvement – even more profitable, customer-centric and circular

During the year, Trelleborg's net sales increased 27 percent compared with the preceding year as a result of increased order intake, completed acquisitions and a positive impact from exchange rates. The Group's earnings and margin, excluding items affecting comparability, were the best to date for Trelleborg.

This interview with President and CEO Peter Nilsson is essentially based on continuing operations, meaning the Group's situation and outlook following the divestment of the Trelleborg Wheel Systems business area.

The divestment, agreed in March 2022 and expected to be finalized in the first half of 2023, means Trelleborg will sell its tire operation to Yokohama Rubber Company for EUR 2.1 billion.

For Trelleborg, the main reasons for the transaction were that the tire market is relatively cyclical and, in parallel, the business model and business logic of Trelleborg Wheel Systems – with its distributor-based infrastructure – differs from other parts of the Group.

The valuation of Trelleborg Wheel Systems in conjunction with the divestment was, according to Trelleborg, advantageous compared with the valuation of other similar companies. Above all, though, the new Trelleborg will be a company with a more cohesive portfolio with operations that have similar business models and drivers, which will be easier for the stock market to evaluate. The transaction will create new opportunities for the Group moving forward.

How would you summarize 2022 for Trelleborg?

It was an eventful year for us as a Group and for the world as a whole. Looking back on 2022, it was a record 12 months for Trelleborg in terms of operating profit and margin. I believe the repositioning of Trelleborg was clearly appreciated by our owners.

Two historic decisions were taken during the year to alter the direction of the Group. One related to the divestment of our well renowned tire operation, Trelleborg Wheel Systems, and the other to the acquisition of Minnesota Rubber & Plastics.

With the divestment of Trelleborg Wheel Systems, we admittedly let go of a very well-managed business, but it

was also relatively cyclical, capital and energy-intensive. The acquisition of the well-positioned Minnesota Rubber & Plastics redrew the map for our sealing operation, making the operation as strong in North America as its previously established position in Europe. Overall, these changes meant that Trelleborg, as it continues, has a more cohesive portfolio of operations with similar business models and drivers. This will make it easier for the stock market to analyze us and compare the Group with other companies. Furthermore, we increase exposure, in relative terms, to fast-growing industries such as aerospace, healthcare & medical and a number of other attractive niches. This offers us a better overall growth profile. With our products and solutions for applications in electrification and industrial automation, we also stand relatively strong during this transformative change, as well as during the ongoing energy supply transition, which, among other things, will see an increase in LNG transportation.

The year began well with strong growth and improved profitability in the wake of the Coronavirus pandemic. This positive trend was interrupted by Russia's war with Ukraine. The greater geopolitical uncertainty that followed contributed to increased inflationary pressure and challenges in the supply chain.

However, Trelleborg's sales remained positive, particularly in the first half of the year, and we responded well to the challenges. We know our customers' applications and have expert know-how in material selection and solutions. This means they continue to partner with us as a supplier despite tougher times that require price adjustments. In addition, we have a strongly decentralized and local organization with the advantages of a global company, which enables us to quickly adapt to fluctuating market conditions.

Liquefied Natural Gas (LNG) has a crucial role in the ongoing transition from fossil fuels to less carbon-intensive forms of energy. LNG can be effectively stored in large tanks and transported over long distances from where it is produced to where it is consumed using specially adapted vessels. With more LNG shipped at sea, demand has increased for LNG terminals on land.

Trelleborg has a broad range of solutions to handle LNG, from smart berthing and mooring to marine fenders and cryogenic hoses, seals and transfer systems. All design and product development work for LNG focuses on safety. The products and solutions undergo extensive testing, both at the production facilities and when installed at a location.

EBIT for continuing operations, excluding items affecting comparability, amounted to SEK 5,066 M, an increase of 30 percent.

The operating margin was 16.8 percent, the highest to date for a calendar year.

“Looking back on 2022, it was a record 12 months for Trelleborg in terms of operating profit and margin.”



How was Trelleborg affected by inflation – such as price increases for raw materials, energy and salaries?

The inflation we saw in 2022 was, to a certain extent, due to the war in Ukraine and the problems it created with energy supply, but it was also largely driven by demand. For example, this is reflected in the strong demand in the food & beverage sector, for electric vehicles and increased transportation of liquefied natural gas.

Generally, Trelleborg has a strong position in the industries and geographies in which we operate and this enables us, in consultation with customers, to manage cost increases in most cases. As part of our business philosophy, decisions are made as close to the customer as possible. This provides us with competitive flexibility and good market and customer knowledge.

Wage inflation will probably become more clearly visible even in Europe in 2023. In the current economic downturn, we can see a trend toward falling raw material prices and freight costs, so inflation rates do not offer a clear picture or explanation.

How was Trelleborg affected by lower activity and lockdowns in China?

The lockdowns as such were a challenge during the year. We managed the situation well, not least thanks to the great commitment shown by employees. Overall, the impact was therefore limited on both earnings and margins.

China has one of the world's largest domestic markets. Several Chinese companies are global leaders in their industries and are investing heavily in research and development. This makes them technology leaders in their sectors – high-speed trains and wind power are examples. In order to be a part of their journey, it's necessary to have a local presence, with production and R&D in the country. Most of our manufacturing output in China is consumed within the country and our ambition is for continued growth in this major market.

Our fundamental concept is to have a regional presence close to our customers. This is one reason why we are expanding in other countries in Asia, such as India, Japan and Vietnam. We want to be close to our customers in expanding and profitable industries, following them in their globalization processes and naturally also developing local customer relationships. We strongly believe in our ability to combine a local organization with the competence, presence and financial opportunities of a global company.

How will you use the funds generated from all the divestments in recent years?

The divestment of the tire operation will give us a strong balance sheet that offers us flexibility. This situation means we can accelerate growth in the Group, both organically by strengthening existing operations through various investments, and through acquisitions, while also enabling the return of capital to shareholders.

We work methodically with various growth initiatives in the Group aimed at achieving our financial targets and bolstering our already strong positions in selected industries and geographies. We are investing in product development, more efficient production and sales, expansion and new builds, but will also implement restructuring measures if necessary.

When it comes to acquisitions, these are often bolt-on acquisitions to quickly establish a presence in a closely-related niche in a specific industry; obtaining new technologies and applications or reaching new geographies. During the year, we acquired six companies that all operate in profitable niches and that strengthen our offering to customers. More similar bolt-on acquisitions are in the pipeline.

That said, we remain committed to making the ongoing share repurchase program a multi-year program and the intention is to make renewed proposals for this to future annual general meetings. The ambition is also that future annual general meetings will resolve to cancel the repurchased shares. This means that the total number of Trelleborg shares will decrease and – all other things being equal – the value of each share will increase.

The new growth focus you announced in 2021, with more resources to industries that can act as a driving force for others, how has this progressed?

A number of industries and niches are experiencing high or very high growth and Trelleborg will have a particular focus on these in order to participate in their growth journeys. The long-term ambition is that the Group's presence in these industries and niches will grow from constituting approximately 40 percent today to at least half of Trelleborg's sales.

During the year, we delivered on our established plans, meaning we allocated extra resources to areas such as aerospace, healthcare & medical, electrification and industrial automation, together with several growth

Total sales growth, organic as well as structural, is to amount to 5–8 percent over an economic cycle, of which half is to be organic growth.

areas in other industry niches. The acquisition of a manufacturer of equipment for trenchless pipe repair is one good example. The technology it uses is growing very fast, is established in Europe and is gaining momentum in North America. The acquisition is therefore a strategic addition that strengthens Trelleborg's position in the market for various solutions for pipe seals.

We carry out both organic investments and bolt-on acquisitions in growth areas. You could say we are strengthening already strong positions, but we are also adding technology, customers and sometimes further capacity. Always with a focus on these growth areas.

To what extent does the acquisition of Minnesota Rubber & Plastics replace the divested parts of Trelleborg? In what way is the acquisition strategically motivated?

The acquisition of Minnesota Rubber & Plastics was not a "replacement acquisition". It was one that can stand on its own, that has been on our wish list for some time and that we would have done our utmost to complete even without the divestment of our tire operation.

Minnesota Rubber & Plastics was already well known to us as an innovative and customer-driven company. The transaction makes us the first choice as development partner for sealing solutions to both local and global customers. The company's new ultramodern innovation hub will accelerate product development and strengthen us in R&D. There are significant synergies and I look forward to how it will further strengthen our sealing operations in North America, including in areas such as medical devices, water management and food & beverage, and in several industrial applications, that is to say typical growth areas for us.

So how would you describe the Trelleborg we can expect to see as of 2023?

It is a Trelleborg that is less cyclically sensitive and with business models that are more aligned than previously,

easier for investors to analyze and with an even clearer focus on growth industries and geographies. Our global customers view us as a preferred partner that is critical to their solutions, and we are direct price leaders in many of our niches. So, to summarize, a world-leading player with world-leading products and solutions.

What does it mean that Trelleborg wants to be a sustainability leader in its industry? Does this also apply to your products and solutions?

Being a leader in our industry is about demonstrating that we have ambitious sustainability targets and clear governance. For example, our ambition in 2023, is to set a new climate target, approved by the Science Based Target initiative. And when we effectively reduce energy consumption and our greenhouse gas emissions, then this also has an impact on our products and solutions.

We have a fundamental and obvious limitation as it is difficult to recycle rubber into something similar to virgin material, though this is also the case for our competitors. Instead, we will use recycled or bio-based materials and add these to the raw material, thereby making Trelleborg the best low-carbon alternative in the industry. In this way, we want to be better than everyone else, and better in terms of our offer to take-back products and find a circular logistics model. This is how I would describe the sustainability dimension of our industry leadership.

Can you say something about Trelleborg's work on digitalization, the internet and connected production? Perhaps even IT security and what the most important next steps are?

We want to use digitalization to streamline and simplify both internal underlying processes and administration, as well as external offerings, to ultimately provide a simple and better solution for customers.

We have used robots in our production for some

In 2022, Trelleborg acquired the US-based company Minnesota Rubber & Plastics for USD 950 M, roughly SEK 9.5 billion, on a cash and debt-free basis. If a tax asset of approximately SEK 900 M is taken into account, the purchase consideration amounts to approximately SEK 8.6 billion.

“During the year, we acquired six companies that all operate in profitable niches and that will strengthen our offering to customers.”



time and are also looking to increase automation, as well as various ways to streamline our administrative processes through artificial intelligence or other tools.

In terms of products, sealing solutions for industrial automation is one area where we are already a major player, and where we anticipate that demand will continue to grow. This is partly due to increased digitalization and automation, and partly because the trend for chargeable batteries and autonomous vehicles is becoming stronger globally.

When it comes to IT security, our focus is on minimizing disruption to critical IT systems, as well as ensuring efficient information security within and between the systems. Work in this field is proceeding well. It does however require a degree of balance, so we do not implement IT measures that make it difficult for customers to contact and cooperate with us.

Can Trelleborg find the talent it needs?

The industry as a whole is facing challenges when it comes to recruiting talent. It is a continuous struggle against other sectors to attract the best employees, and the industry and Trelleborg need to improve in this respect. The message we want to give to jobseekers is the same everywhere: that it is attractive to work in a world-leading business, and that with us there are plenty of opportunities to have an interesting global professional career. On a local basis there are many exciting technical challenges to pursue to improve the development and manufacturing of the best products of their kind in the world.

Concurrently, we must also motivate and develop our existing employees. We want them to remain with us and we are continually investing in internal education in leadership, specialist areas and training as part of our Excellence programs.

How does Trelleborg work to increase diversity within the company?

Diversity in terms of ethnicity has always been a strong area for us, and here we must ensure we maintain the good level we have among different nationalities and local management.

In terms of gender, we share the challenges facing the entire industry and industrial companies in general, in attracting more women. We will do this by improving conditions and by being a company that actively strives to attain gender equality, and this includes our ambition to achieve an even higher share of women managers.

Age is a third dimension, where we seek a good distribution of experiences. We are not bad but can become even better at recruiting younger engineers for sales and production, thus ensuring regrowth.

How do you view your own role in the company's continued development? What are the next challenges facing you and the company?

I am personally satisfied as long as I believe we are following a clear path of improvement. This is what motivates me most.

In parallel, it is important not to be governed by the constant demands for us to deliver on a quarterly basis. I prefer to talk about the journey and development moving forward and believe it is essential to maintain a focus on the long-term goals and to perform in line with our plans. We talk about the new Trelleborg as *protecting the essential* in society. I think this is one such positive long-term aim – that we want to continue to be a force for good that creates solutions that benefit people, the environment and society at large.

Trelleborg, February 2023

IN BRIEF:

- » 2022 was a record year for Trelleborg despite major challenges in the operating environment.
- » A historic decision was taken to divest the Group's tire operation, which has been part of Trelleborg since the very start in 1905.
- » Due to its position as market leader, the Group can essentially manage cost increases.
- » Investment continues to improve the Group's geographic balance, concentrating on Asia.
- » The Group continues to allocate resources to growth areas such as aerospace, healthcare & medical as well as electrification and industrial automation, together with several other growth areas in other industry niches.
- » The acquisition of Minnesota Rubber & Plastics redrew the map for the Group's sealing operation in North America and strengthens Trelleborg in selected industries.
- » With its position as the sustainability leader in its industry, Trelleborg has more ambitious targets in the area than its competitors.

Targets and outcomes 2022

The financial performance of Trelleborg was very strong during 2022. At the same time, selected key sustainability figures demonstrated a continued positive trend. The outcome for 2022 exceeded the previously set financial targets. The financial targets and outcomes reflect the continuing operations. Sustainability targets and outcomes reflect the entire Group, meaning including discontinuing operations.

SALES GROWTH	Outcome 2022	Commentary on outcome in 2022
<p>Total sales growth, organic as well as structural, is to amount to 5–8 percent over an economic cycle, of which half is to be organic growth.</p>		<p>17.0% TARGET: 5–8%</p>
<p>The EBIT margin, excluding items affecting comparability, is to amount to at least 16 percent over an economic cycle.</p>		<p>16.8% TARGET: ≥16%</p>
<p>The return on capital employed (ROCE), excluding items affecting comparability, is to amount to at least 14 percent over an economic cycle.</p>		<p>15.9% TARGET: ≥14%</p>

OPERATIONS

		Outcome 2022	Commentary on outcome in 2022	UN SDGs																								
<p>Health and safety</p> <p>The target is to continuously reduce occupational injuries that lead to more than one day's absence – Lost Work Cases (LWC). For 2022, the target was less than 1.0 LWC per 100 employees in production units.</p> <p>In addition, the average number of lost work days due to occupational injuries and illnesses is to steadily decrease (LWD rate).</p> <p>As of 2022, LWC per 100 employees is also measured for the entire Group, including salaried employees.</p>	<table border="1"> <caption>LWC and LWC per 100 employees (2018-2022)</caption> <thead> <tr> <th>Year</th> <th>LWC (Number)</th> <th>LWC per 100 employees</th> </tr> </thead> <tbody> <tr> <td>18</td> <td>~400</td> <td>~2.0</td> </tr> <tr> <td>19</td> <td>~350</td> <td>~1.8</td> </tr> <tr> <td>20</td> <td>~250</td> <td>~1.5</td> </tr> <tr> <td>21</td> <td>~220</td> <td>~1.4</td> </tr> <tr> <td>22</td> <td>~200</td> <td>~1.1</td> </tr> </tbody> </table>	Year	LWC (Number)	LWC per 100 employees	18	~400	~2.0	19	~350	~1.8	20	~250	~1.5	21	~220	~1.4	22	~200	~1.1	<p>1.1</p> <p>LWC per 100 employees in production units</p> <p>TARGET: <1.0</p>	<p>In 2022, the average was 1.1 LWCs (1.4) per 100 employees in production units, a 21-percent improvement on the preceding year, but still higher than the target for the year, which was <i>less than 1.0</i>.</p> <p>The number of days lost (Lost Work Day (LWD) rate), per 100 employees in production units was 33 (47).</p> <p>Salaried employees have also been included in a new, comprehensive key figure as of 2022: 0.9 LWC per 100 employees in total during the year.</p>	<p>8.8</p>						
Year	LWC (Number)	LWC per 100 employees																										
18	~400	~2.0																										
19	~350	~1.8																										
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21	~220	~1.4																										
22	~200	~1.1																										
<p>Climate</p> <p>The “50 by 25” target aims to – by the end of 2025 – reduce direct and indirect carbon emissions (Scope 1 and 2) by at least 50 percent relative to sales (compared with base year 2020 of 10.9 metric tons/SEK M). According to the target, significant improvements should also be made in Scope 3 emissions along the value chain during the same period.</p>	<table border="1"> <caption>CO2 emissions and intensity (2018-2022)</caption> <thead> <tr> <th>Year</th> <th>Share of indirect emissions (%)</th> <th>Share of direct emissions (%)</th> <th>CO2 (t)/Net sales, SEK M</th> </tr> </thead> <tbody> <tr> <td>18</td> <td>~15</td> <td>~15</td> <td>10.9</td> </tr> <tr> <td>19</td> <td>~15</td> <td>~15</td> <td>~9.5</td> </tr> <tr> <td>20</td> <td>~15</td> <td>~15</td> <td>~8.5</td> </tr> <tr> <td>21</td> <td>~15</td> <td>~15</td> <td>~7.5</td> </tr> <tr> <td>22</td> <td>~15</td> <td>~15</td> <td>~7.1</td> </tr> </tbody> </table>	Year	Share of indirect emissions (%)	Share of direct emissions (%)	CO2 (t)/Net sales, SEK M	18	~15	~15	10.9	19	~15	~15	~9.5	20	~15	~15	~8.5	21	~15	~15	~7.5	22	~15	~15	~7.1	<p>-35.0%</p> <p>2021-2022 compared with the base year 2020</p> <p>TARGET: -50% 2025</p>	<p>In 2022, the value was 7.1 metric tons (9.8) per SEK M, which corresponds to a 28-percent decrease in emissions intensity.</p> <p>This yields a 35.0-percent reduction in emission intensity to date for the 2021–2022 period, compared with the base year 2020.</p> <p>During 2022, Trelleborg once again analyzed its climate footprint along the value chain (Scope 3), and will set new climate targets in 2023 for the period extending to 2030 in dialog with the Science Based Targets initiative. Find out more about Trelleborg’s climate targets and vision on pages 18–19.</p>	<p>13.2</p>
Year	Share of indirect emissions (%)	Share of direct emissions (%)	CO2 (t)/Net sales, SEK M																									
18	~15	~15	10.9																									
19	~15	~15	~9.5																									
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21	~15	~15	~7.5																									
22	~15	~15	~7.1																									
<p>Renewable/fossil-free electricity</p> <p>For Trelleborg to achieve the “50 by 25” climate target by the end of 2025, the electricity supply during the 2020–2025 period must transition to primarily renewable/fossil-free electricity. The diagram will be added to each year during the period.</p> <p>One objective for Trelleborg in this transition is to have achieved 80 percent renewable/fossil-free electricity by the end of 2025.</p>	<table border="1"> <caption>Renewable/fossil-free electricity (%) (2020-2022)</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>~15</td> </tr> <tr> <td>21</td> <td>~18</td> </tr> <tr> <td>22</td> <td>~28.8</td> </tr> </tbody> </table>	Year	Percentage	20	~15	21	~18	22	~28.8	<p>28.8%</p> <p>TARGET: 80% 2025</p>	<p>The outcome for 2022 was that 28.8 percent (21.2) of the total electricity consumption consisted of renewable/fossil-free electricity. Viewed in terms of continuing operations, the figure was as high as 46.6 percent.</p> <p>Read more about Trelleborg’s energy supply transition on page 18.</p>	<p>7.2</p>																
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COMPLIANCE

<p>Suppliers</p> <p>Suppliers corresponding to at least 90 percent of the reported relevant purchasing spend in the production units are to have completed a self-assessment in accordance with Trelleborg’s Code of Conduct.</p>	<p>In 2022, Trelleborg did not meet the new target level of 90 percent. Suppliers corresponding to 88.2 percent (89.4) of the reported relevant purchasing spend in the production units were assessed.</p>	<p>88.2%</p> <p>TARGET: >90%</p>	<p>The marginal change since the preceding year is primarily due to the fact that acquired units, above all Minnesota Rubber & Plastics, have added a purchasing value in 2022 but have not yet been able to establish follow-up processes. Refer also to page 44.</p>	<p>8.7</p>
<p>Anti-corruption and competition law</p> <p>Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child labor and forced labor, as well as discrimination (reported and reviewed).</p>	<p>1 case (0) of significant breaches of laws and permits that resulted in legal consequences or fines was reported in 2022. Refer also to page 44.</p> <p>0 cases (0) of child labor or forced labor were reported.</p>	<p>1</p> <p>TARGET: 0 CASES OF MATERIAL BREACHES</p>	<p>Of 7 reported cases of discrimination (4), 4 (4) are still being processed.</p> <p>During the year, 31 matters (18) were dealt with that originated from the whistleblower system. The relevant action was taken in the event it was deemed appropriate.</p>	<p>8.7, 16.5</p>

SOCIAL ENGAGEMENT

<p>Local communities</p> <p>Trelleborg supports local communities through various community activities. All workplaces with more than 50 employees must have a plan for their social engagement.</p>	<p>In 2022, 100 percent of workplaces globally with more than 50 employees engaged in community activities with ongoing involvement (100).</p> <p>Special programs promoting the development of children and young people comprise a central focus for the local commitment. In connection with sports sponsorship – another focus area – youth and community development activities are prioritized. A third focus area is voluntary employee initiatives in social or environmental projects.</p>	<p>100%</p> <p>TARGET: 100%</p>	<p>In addition to the facilities with more than 50 employees, activities aligned with Trelleborg’s focus on social engagement are conducted at the majority of the Group’s units.</p>	<p>4.7, 4.A</p>
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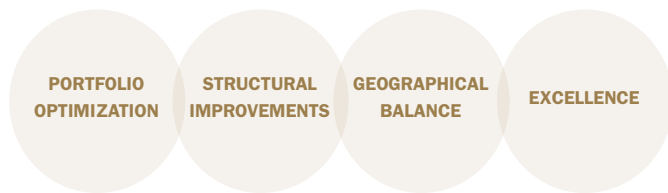
Value generation at Trelleborg

Trelleborg protects the essential in society – people, the environment and infrastructure – now and for the future. The Group is working continuously to create value for all its stakeholders.

Business concept

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

Strategy



The Group’s strategy is to secure leading positions in selected industries and geographies. In these industries, Trelleborg is further positioning itself in attractive niches or product categories with the aim, in each individual case, of being among the three top players in terms of market share.

The Group is distinguished by its material and applications know-how, industry insight in cutting-edge areas, and innovation capability. Trelleborg therefore has a clear advantage when it comes to creating long-term value for shareholders: its focus on niches in industries of the future, a high level of expertise and the entry barriers the niches have for competitors.

Trelleborg’s overarching strategy work is supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The cornerstones are Portfolio optimization, Structural improvements, Geographical balance and Excellence. Read more on pages 14–17.

Industries



The Group serves the following industries:

- » Aerospace
- » Automotive
- » Healthcare & medical
- » General industry

The portfolio is composed so that, as a whole, its market exposure is less cyclical, which improves the Group’s prospects to report consistent earnings even when adverse fluctuations in the industrial cycle of individual industries occur. Trelleborg’s distinctly decentralized organization means business decisions are made as close to the customer as possible, which creates competitive flexibility with substantial market and customer knowledge. See examples of industries and niches on page 13.

Products and services

The core of Trelleborg’s product development is engineered polymer solutions that meet customer-specific requirements for functional properties that seal, damp or protect critical applications. The Group has expertise in materials technology and has in-depth knowledge of customer applications and challenges.

Trelleborg also offers various services supported by digital tools to make life easier and increase value for its customers.

Moreover, there are examples within Trelleborg of businesses where the focus is on services rather than products. This part of the Group has grown and will grow over time and, together with its products, will provide the Group with a stronger position throughout the value chain.

General global trends that impact the Trelleborg Group



Goeconomic and political changes

- » Growth in Asia demonstrates a shift of power toward the east.
- » Traditional western power structures are changing.
- » Economic growth at risk of being curtailed by political and social challenges.



Resource efficiency for sustainability

- » Population growth and economic growth in certain geographies is making demands on a more efficient yet sustainable society.
- » Negative climate changes and scarce natural resources are major challenges for all stakeholders.
- » Calls for a greater share of renewable energy and lower emission levels stimulates demand for products and processes that result in increased sustainability and a higher degree of circularity.

Core values

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

Corporate culture

Trelleborg has a culture that promotes commitment, responsibility and good ethics in business relationships, as well as a positive interaction with the community wherever the Group conducts operations.

Trelleborg's promise as an employer – *Shaping industry from the inside* – encourages employees to develop in their roles. The Group strives to make employees feel they are part of a company that makes a difference in society and where they can be involved and influence their own development and the company's.

Sustainability

The Group's products and solutions have unique properties that protect the essential. Trelleborg works with solutions that save energy and reduce emissions, eliminate noise and vibrations and extend the service life of end products. This improves the overall sustainability profile of its customers.

Trelleborg is working systematically to increase the share of recycled/recyclable and bio-based raw materials in all products.

In 2023, Trelleborg aims to set an approved Science Based Target for the entire value chain for 2030. Furthermore, the Group is aiming to achieve net zero emissions in its own operations by 2035.

Trelleborg's goal is to be a sustainability leader in its industry. Read more about Trelleborg's sustainability strategy on page 17.

Competitors and peers

Trelleborg's competitors in the various industries and geographies largely comprise smaller companies that are regional specialists in one or more niches or product categories, which means the Group has few comparable competitors.

As a comparable investment, Trelleborg's peers are major Swedish industrial companies or foreign companies such as Eaton, Parker Hannifin, Semperit and Hutchinson.

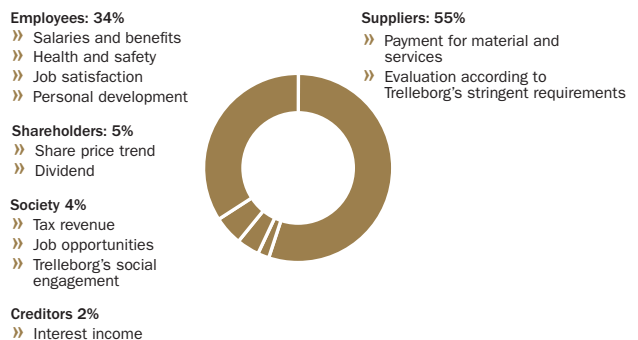
Shareholder value

The Group's strong balance sheet enables value-generating investments in the business as well as bolt-on acquisitions in parallel with prioritizing shareholder value through, for example, dividends and long-term share repurchase programs.

Generated economic value

In total in 2022, Trelleborg's continuing operations generated economic value totaling SEK 30,571 M (24,248). This value includes all forms of revenue, where customers account for the largest portion. The diagram lists the percentage distribution of the generated value per stakeholder group, as well as examples of other values for the stakeholder groups. For absolute values, refer to page 46.

DISTRIBUTED ECONOMIC VALUE 2022



Interconnected markets and urbanization

- » Urbanization entails growing demands for more efficient cities and also a sustainable countryside that can produce more for more people.
- » Globalization is moving markets and people closer together, giving rise to increased global trade and transportation as well as financial flows.



Accelerated technological development

- » New technological and cost-effective solutions are being developed at a very high pace.
- » Resources are being used to find values in big data for increased digitalization of goods and services.

Trelleborg's strategy for leading positions

Trelleborg operates in industries and geographies where the Group, on the basis of global trends, has the best conditions for achieving leading positions and favorable profitability.

Demand for advanced products and solutions

The Group considers the early acquisition of insights into long-term global trends, such as specific industrial and products trends, as a competitive advantage in the long-term partnerships with customers that the Group seeks to establish.

The technological development is today higher than ever, with a focus on quality standards and product safety. At the same time, a transition is taking place in society toward more sustainable energy consumption, climate change adaptation and a more circular use of resources. The technological development and climate transition of the global community favor the Group. Trelleborg is involved in developing the industrial solutions of today through its products and offerings.

At an overall level, demand exists for:

- » Advanced, engineered and integrated solutions
- » Qualified material properties for particularly demanding, critical applications
- » Comprehensive solutions that enable our customers to focus on their core businesses

Furthermore, the rapid technological development requires organizations that encourage intrapreneurship and rapid decisions, in order to be successful and to assume a market-leading position.

Growth target of 5–8 percent

Trelleborg's target is that total sales growth, organic as well as structural, is to amount to 5–8 percent over an economic cycle, of which half is to be organic growth.

The underlying market for the broad industrial sector is expected to grow by 2–4 percent per year. Trelleborg's ambition is to grow in the upper range of this scale. The Group is working in a structured way to achieve this target through investments in existing operations with a particular focus on the industries and niches that have been identified to outperform the industry average in the years ahead (refer to the illustration on page 13).

Trelleborg's material expertise and industry insight combined with its financial strength and broad geographic presence provide a strong competitive advantage. Trelleborg's operational businesses have bespoke strategies for achieving leading positions in their industries and geographies.

Leading positions

One explanation for Trelleborg's success is that its products and solutions are often critical to the functionality of the customers' advanced end products. One good example is sealing solutions in an aircraft's landing gear. While they are critical to the function of the aircraft, the solutions make up a relatively small share of the total cost for the customer's end product – the finished aircraft. Another example is sealing solutions for offshore wind farms. The seals are small components in this context, but they are crucial if these massive structures are to withstand the harsh marine environment.

Another reason for the Group's success is the high entry barriers that exist in industries with rigorous requirements, such as the aerospace, automotive and healthcare & medical industries and also food and beverage production.

Committed to improvement

Trelleborg has always maintained a very strong operational focus with the aim of steadily improving and developing existing and new operations.

Smaller share of automotive industry

Between 2009–2016, the Group's operations targeting the light vehicles industry – which then accounted for more than 30 percent of consolidated net sales – underwent a major strategic change. Operations with total sales of approximately SEK 2.35 billion were divested as well as Trelleborg's shares in a joint venture in automotive antivibration solutions.

The Group continues to operate in selected, profitable automotive niches that account for approximately 16 percent of consolidated net sales.

Larger share of healthcare & medical

Since 2011, Trelleborg's operations in healthcare & medical have expanded considerably. Companies specialized or partly specialized in the area, such as Silcotech (2011), Specialty Silicone Fabricators (2016), Dartex (2018), Sil-Pro (2019), EirMed (2022) and Minnesota Rubber & Plastics (2022), have been acquired and significant investments have been made in the existing operation, which today accounts for approximately 8 percent of consolidated net sales.

Phase out of oil & gas

Between 2019–2021, a strategic review was conducted that led to the divestment of operations in offshore oil & gas, which significantly reduced the Group's exposure to a highly cyclical as well as fossil-based industry.

Industries and niches experiencing strong growth

AEROSPACE	RENEWABLE ENERGY	INDUSTRIAL AUTOMATION	FOOD, BEVERAGE & WATER
AUTOMOTIVE	ELECTRIFICATION & HYDROGEN	LIQUEFIED NATURAL GAS	MODULAR CONSTRUCTION
HEALTHCARE & MEDICAL	WATER INFRASTRUCTURE	AUTOMATED WAREHOUSING	SEMICONDUCTORS

≥5%

A number of industries and niches are growing more than five percent per year and Trelleborg has a particular focus on these in order to participate in their growth journey. The long-term ambition is that the Group's presence in these industries and niches will grow from constituting approximately 40 percent today to at least half of Trelleborg's sales.

Examples of Trelleborg's offering in each industrial segment

<p>AEROSPACE</p> <ul style="list-style-type: none"> » Strengthened offering of critical solutions for aerospace in selected niches 	<p>GENERAL INDUSTRY</p> <ul style="list-style-type: none"> » Broader and improved portfolio of antivibration solutions for railway » Enhanced offering of products and solutions for renewable energy in growing markets » Established comprehensive offering of safe and efficient berthing and mooring of vessels » Building product portfolio for pipe rehabilitation in fast-growing geographic markets » Superior solutions for immersed tunnel seals in an attractive niche 	<ul style="list-style-type: none"> » Focused offering of window and door profiles » Leading system provider of LNG transfer solutions in a growing niche » Market leader in engineered hoses in selected industrial niches » Complete solution provider of industrial seals
<p>AUTOMOTIVE</p> <ul style="list-style-type: none"> » Consolidated position as market and innovation leader in brake shims to the automotive industry » Expanded global offering of automotive boots 		
<p>HEALTHCARE & MEDICAL</p> <ul style="list-style-type: none"> » Focused offering of critical solutions for healthcare & medical for several fast-growing applications 		

More coherent portfolio

The acquisition of the industrial group CGS Holding 2016 meant, among other things, that Trelleborg almost doubled its sales of tires to off-highway vehicles. The operation has since been restructured, expanded its capacity and further strengthened its product offering.

In March 2022, Trelleborg signed an agreement to divest the tire operation to Yokohama Rubber Company at a value of approximately EUR 2.1 billion. It is expected that the divestment will be finalized during the first half of 2023.

After the divestment, Trelleborg will achieve a more coherent portfolio of operations with similar business models and drivers, and with a further improvement in profitability.

EBIT MARGIN

15.0% → 16.8%

2017 2022

ROCE

14.4% → 15.9%

2017 2022

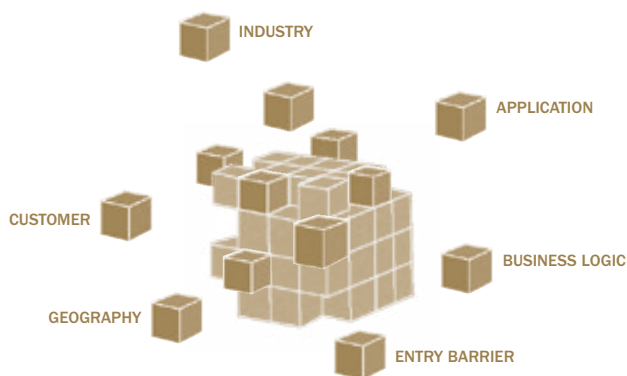


Portfolio optimization

Presence in profitable, growing segments

The Group is pursuing systematic activities involving a number of growth initiatives on several levels and in different areas. The business portfolio is being continuously reviewed to assess how the Group can continue to advance its positions in selected niches.

Initiatives can be launched in several dimensions, through investments in operations or bolt-on acquisitions. They may, for example, concern investments in new product innovations and customer partnerships, or the expansion into new closely-related niches, technologies or applications, or to new geographical areas.



Trelleborg makes an overall assessment based on multiple parameters of which industry, niche and geography the Group can best optimize its business portfolio.

Growth through acquisitions

Acquisitions are a core feature of Trelleborg’s strategy and the Group acquires operations in attractive industries and niches where opportunities exist to achieve competitive advantages and reach a leading position faster. The acquisitions are often small bolt-on acquisitions.

Six operations were acquired in 2022. For example, the acquisition of a market leader in pipe lining for drainage pipes allowed Trelleborg to complement its current trenchless pipe repair offerings with new technology and new materials. The market is growing rapidly for trenchless pipe repairs using ultraviolet (UV) light curing technology. The technology is established in Europe and gaining momentum in North America. The acquisition is therefore a strategic contribution that strengthens Trelleborg’s position in the market for various solutions for pipe seals.

Enhanced market exposure

Operations may be divested and these primarily involve activities that are, for various reasons, no longer seen as belonging to the core business or have the necessary development potential sought for by Trelleborg. Changes to the business portfolio also take place to achieve a less cyclical market exposure, which improves the Group’s prospects to report consistent earnings even when adverse cyclical fluctuations arise in individual industries.

Following the divestment of the Group’s tire operation, agreed in 2022, the Group has achieved a more cohesive portfolio of operations with similar business models and drivers. The tire operation is well renowned and successful but it will be developed further and better under new owners. Considering the valuation assigned to the business – EUR 2.1 billion – the Group is of the opinion that a divestment and the opportunities this offers, will generate most value for Trelleborg’s shareholders. The divestment also improves the Group’s profitability and will make Trelleborg less cyclical. Moreover, the sustainability profile of the Group is improved drastically, with a lower CO₂ footprint.

In a similar way, the Group’s exposure to a highly cyclical and fossil-based industry was reduced significantly following the divestment of offshore oil & gas operations in 2021.



Structural improvements

Right place for right operation

Trelleborg’s focus is on developing its operations and localizing them to areas where Trelleborg can grow and recruit the right talent and do the best job. However, it is also about developing offerings that make life easier and increase value for customers, and developing and working within new business models.

For example, Trelleborg resolved in 2022 to upgrade its BioPharma facility and BioPharma Center of Excellence in Massachusetts, US. It is now being expanded to meet the rising demand for silicone tubing and hoses and other integrated solutions produced in cleanroom environments. The expanded facility will be gradually brought into use during the next 24–36 months.

Trelleborg also consolidates operations to achieve better and more cost-efficient production structures. For example, it was announced in 2022 that the production of tunnel seals will be transferred from the Netherlands to the Group’s facility in China. The Netherlands will instead act as a dedicated Sales & Design Engineering Excellence Center for tunnel seals.

Increasing share of service offerings

There are examples within Trelleborg of businesses where the focus is on services rather than products. This part of the Group has grown and will grow over time and, together with its products, will provide the Group with a stronger position throughout the value chain.

Trelleborg offers, for example, SmartPort, a collective term for Trelleborg’s intelligent marine systems solutions. These are products and equipment for berthing, docking and mooring but also a technology platform that communicates with and provides valuable data to vessels, pilots and port authorities, in order to make navigation and berthing more efficient and safe.

Trelleborg also offers various services supported by digital tools to make life easier and increase value for its customers. This involves smart products with built-in sensors and tracking systems, but also making it easier to do business with Trelleborg via online design programs and other digital channels, such as web-based and mobile applications.

ACQUISITIONS

Company	Focus	Head office	Trelleborg's position following acquisition	Sales (2021), SEK M	Employees
EirMed	Manufacturer of technical precision components for the medical device market	US	Complements and strengthens the Group's existing offerings in the area of medical devices	100	55
Assets in Parklane Textiles	Sub-supplier of reinforcement materials for engineered fabrics	UK	Secures supply chain for engineered coated fabrics for medical products	– ¹	–
Minnesota Rubber & Plastics	Manufacturer of polymer and thermoplastic components	US	Strengthens current position and product offering in a number of fast-growing industries in North America	2,250	1,400
MG Silikon	Manufacturer of aerospace industry components	Germany	Expands the offering of aerospace seals and for industrial applications	120	100
Assets in Innovative Sewer Technologies	Manufacturer of equipment for trenchless pipe repair	Germany	Complements trenchless pipe repair offerings with new technology and new materials	200	90
Company in Injectoplast ²	Manufacturer of automotive boots	India	Strengthens the globally leading position in automotive boots	70	100
Total				2,740	1,745

¹ Trelleborg accounts for the vast majority of the company's sales and the acquisition thus entails only a marginal increase in sales.

² The transaction is expected to be finalized in the first quarter of 2023.

ANNOUNCED DIVESTMENTS

Operations	Focus	Sales (2022), SEK M	Employees
Agreement to divest printing blanket operation ³	Global manufacturer of printing blankets in polymer-coated fabrics	1,300	620
Agreement to divest tire operation ⁴	Global supplier of tires and complete wheels for off-highway vehicles and specialty applications	13,000	6,600
Total		14,300	7,220

³ The divestment was agreed at the end of 2021 and is expected to be completed in the first quarter of 2023.

⁴ The divestment is expected to be completed in the first half of 2023.

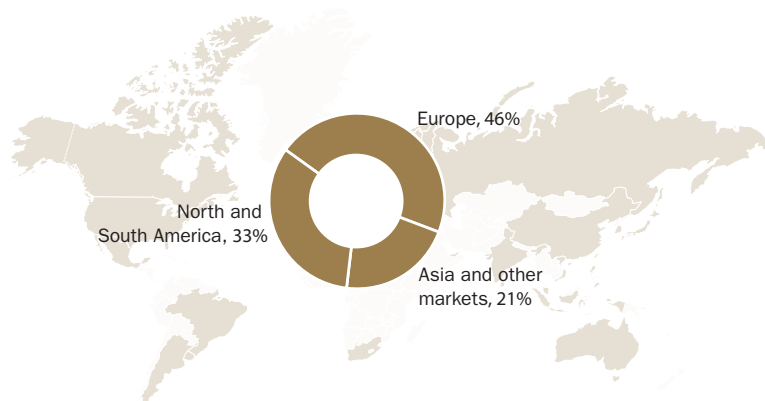
One innovation in 2022 was iCast™ LSR, a fast and flexible digital manufacturing process that is offered to customers in the manufacturing industry who need product development and small-batch production of Liquid Silicone Rubber (LSR) parts. The process is a cost-efficient way to develop product variations and test different design concepts, or to start serial production with small batches. The iCast process takes about three weeks to develop a prototype compared with the traditional process's roughly four months.

Trelleborg's continuing operations are present in 40 countries with 100 manufacturing units and sell to just over 140 countries.

Growth outside of Europe

Trelleborg's presence in Europe has changed over the past decade. From having approximately 60 percent of its sales in Europe, to 46 percent today.

NET SALES PER GEOGRAPHIC MARKET



Trelleborg has growth ambitions in Southeast Asia and has invested to increase capacity in the region.



Geographical balance

Proximity to customers with a complete offering

Trelleborg sees strength in the ability to combine a strongly decentralized and local organization with the competence and financial muscle of the global company. Business decisions are to be made as close to the customer as possible, which creates competitive flexibility and market and customer knowledge. Moreover, the Group will be less affected by economic and currency fluctuations in business cycles, as well as potential trade barriers or pandemics, by having a balanced geographic presence. The extensive local presence means the Group does not have significant export flows.

The number of employees in continuing operations at year-end, including insourced and temporary employees, was 16,701 (14,480). Of the total number of employees, 94 percent (93) work outside Sweden.

During the year, the average number of employees in continuing operations was 14,252 (13,592), of whom women accounted for 31 percent (30). Refer to Note 10, page 81 in the Annual Report 2022.

Salaries, other benefits and payroll overheads for employees (excluding insourced staff) in the Group's continuing operations amounted to SEK 8,873 M (7,494).

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

NUMBER OF EMPLOYEES AT YEAR-END ¹

Distribution by country	2022	2021
US	3,405	2,539
UK	1,626	1,407
China	1,254	1,052
Germany	1,231	1,016
Sweden	998	1,016
India	993	898
France	922	891
Mexico	783	284
Czech Republic	778	763
Slovenia	629	623
Other	4,082	3,991
Total	16,701	14,480

¹ Including insourced and temporary employees.

Following the acquisition of the US-based Minnesota Rubber & Plastics, Trelleborg became equally strong during the year in North America in sealing solutions as its established position in the area in Europe. The acquired company will gain access to Trelleborg's global sales channels while Trelleborg's broader range of seals will be offered to Minnesota Rubber & Plastics' existing customer base in North America, which will lead to significant potential for increased sales.

Automotive boots, which are used to seal vehicle drive shafts and prevent ingress of contaminants such as salt, water or particles, is one example of a global Trelleborg business with manufacturing on four continents. The presence and sales of automotive boots will be further strengthened in the Indian market when the acquisition that began in 2022 of an India-based operation is completed in early 2023. The acquisition demonstrates that the Group both accompanies its global customers on their journey and acquires companies in a specific geography.

Over the past decade, Trelleborg has noted very healthy growth in Asia and sales in China alone amounted to SEK 2,475 M in 2022. Most of what is produced in China is consumed in the country and the ambition is for continued growth in this major domestic market. The Group's goal is also to increase its presence in parts of Southeast Asia and manufacturing facilities were established in both Japan and Vietnam during the year with production set to start in 2023.

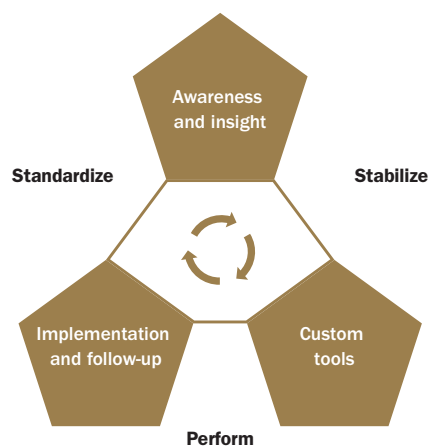
At the same time, Europe remains a very important geographic market and Trelleborg will continue its acquisitions and investments in Europe when these strengthen the Group. In a mature market, such as Europe, Trelleborg's focus is more on developing innovations that create attractive and effective customer offerings and that make the Group into a more attractive partner, rather than identifying new customers.



Excellence

Excellence in core processes

Trelleborg conducts systematic internal work to further improve key processes, such as purchasing, manufacturing and sales. In addition,



focus is on issues concerning the supply chain and leadership development.

This is achieved through training, which creates awareness and insights via Trelleborg Group University, through adapted tools, such as various Lean production principles, which improve efficiency and increase productivity, as well as by monitoring via adapted project tools.

Purchasing Excellence

The Purchasing Excellence program is strongly linked to the purchasing process and organization. Trelleborg works systematically to ensure the Group obtains a competitive price in all of its purchasing of goods or services. Purchasing follows standardized processes and decisions. The Group categorizes its suppliers using the Kraljic matrix, which measures them based on importance and market complexity.

The purchasing process is essentially applied in the same manner regardless of whether it concerns the purchase of rubber, steel, goods or indirect materials, which builds trust among suppliers and internal stakeholders. The Group has lead buyers to coordinate sourcing across Trelleborg for direct material categories which are common between the organization and have significant spend. This primarily concerns standard materials and represents approximately 35 percent of the Group's total expenditure for direct materials, including discontinuing operations. There are also category experts

for engineered materials, whose task is to facilitate knowledge sharing between operational units.

In connection with indirect material purchases, country coordinators are stationed in countries with the highest expenditure for indirect materials and services, which account for about 60 percent of the Group's indirect expenditure, including discontinuing operations. They ensure that joint framework agreements are in place for the relevant categories in each country.

One important element of Purchasing Excellence is supplier assessments and follow-ups with a focus on issues related to human rights, occupational health and safety, environmental management systems and social responsibility. Refer to page 43.

Manufacturing Excellence

Manufacturing Excellence is the oldest of the Group's Excellence programs and has been running for more than ten years. The purpose of Manufacturing Excellence is to work systematically to improve production in relation to safety, quality, delivery precision and efficiency. The focus is on minimizing non-value-generating activities and identifying and correcting deviations through daily efficient control. The vision is Zero accidents, Zero defects, Zero delays and Zero waste.



The Group's continuous energy optimization – Energy Excellence – has been part of the program from the very start. Energy Excellence aims to reduce Trelleborg's energy consumption of both direct and indirect energy. This is achieved through a systematic approach to identify potential savings and "energy thieves", including training, energy inspections, local energy teams, measuring and analysis. Refer to page 36.

Trelleborg's longstanding occupational health and safety program Safety@Work is also an integrated part of Manufacturing Excellence, and aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. Refer to page 40.

Sales Excellence

The Sales Excellence program aims to contribute to increased sales and growth via an improved sales process and standardized sales tools. The program also focuses on strategic marketing and positioning, digital market communication and pricing.

On the basis of *the Buying Cycle*, the program provides a range of training activities, best practice sharing and tools that can be used on a daily basis in operating units, which also makes it possible to focus on the most attractive and profitable customers.

Supply Chain Excellence

Supply Chain Excellence involves optimizing processes across the supply chain, from suppliers to customers. The goal is to improve the ability to meet customers' needs and ensure customer focus in all areas, while optimizing efficiency and working capital. The program is centered on a joint five-step planning process, based on the Sales & Operations Planning (S&OP) process. The goal of the planning process is to adapt all parts of the organization to a shared plan that is driven by customer demand.

People Excellence

People Excellence supports managers at all levels to further develop their managerial skills, build strong teams and stimulate employees to increase customer value and deliver business results.

The program is based on a self-assessment tool and self-motivated learning, which comprises six individual parts, of which one part focuses on diversity and inclusion. Refer to page 41.

Sustainability strategy

Intensive efforts took place during 2022 to further integrate sustainability into Trelleborg's strategy. A number of milestones were achieved, such as the introduction of more clearly developed sustainability performance, for example in the climate and safety areas, together with accompanying comments as a standing item in the Group's interim reporting (see also page 24).

The overarching strategy as well as Trelleborg's sustainability strategy continue to develop in harmony with the overall direction to protect the essential in society. The Group's task is to provide industrial customers with innovative products and solutions based on in-depth insights into customer needs. Products and solutions have unique properties that seal, damp and protect the customers' critical applications, and help to extend the lifecycle of the end products. Trelleborg's solutions also save energy and reduce emissions, and they eliminate noise and vibrations. Accordingly, this improves the overall sustainability profile of the customers.

Climate

Trelleborg's own operations, including all process activities and the value chain, naturally form the basis for its sustainability strategy. This basis also includes having science-based targets for the climate and the Group intends to achieve net zero emissions for its own operations by 2035. Climate-impacting emissions along the value chain have also been given more space and will be included in Trelleborg's forthcoming climate strategy, which in addition to risk/opportunity analysis and scenario descriptions in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, also encompasses an ambition to achieve an approved Science Based Target, including targets for Scope 3 emissions, in 2023. Refer to page 18 and pages 30–32 for a more detailed description of Trelleborg and the climate.

Circularity

Historically, the Group's polymer-based solutions were largely fossil-based due to the unique sealing and damping properties of, above all, synthetic rubber or plastics. Even if it remains a technological

challenge to easily recycle synthetic polymers, Trelleborg intends to gradually make the solutions offered clearly more sustainable, primarily by increasing the share of recycled/recyclable or bio-based material in polymer-based products, refer to page 36. Another stage in the circular work will be to address waste, refer to pages 37 and 39. This aims to further strengthen Trelleborg’s role as the sustainability leader in its industry. A waste initiative is already under way in Livorno, Italy, where metal scrap is collected and sold onward. Resource efficiency and a circular approach are becoming an increasingly integrated part of the company’s DNA.

Other prioritized sustainability areas

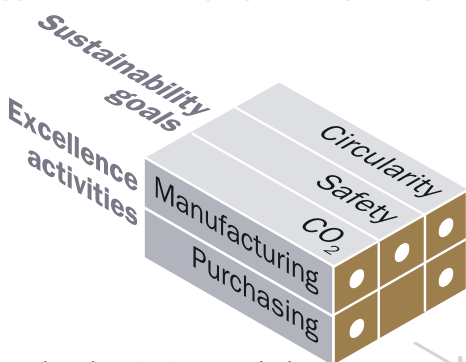
The way Trelleborg looks after its employees and does business are other elements that play an important role in the sustainability strategy, see also pages 40 and 42.

Diversity, inclusion and fair working conditions are embedded in the corporate culture.

Health and safety, business ethics and transparent reporting are areas where Trelleborg has undertaken to maintain a very high standard.

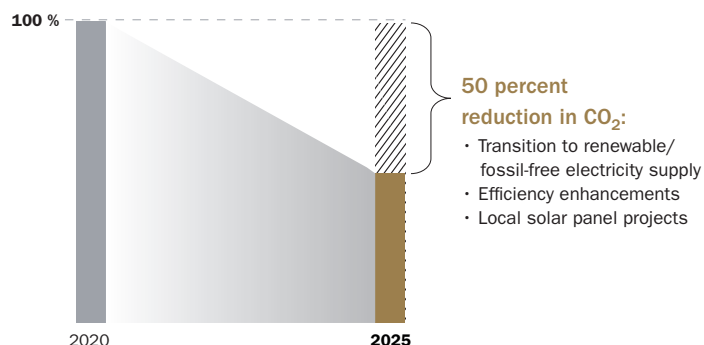
Moreover, the company is firmly committed to working together with, and providing a positive contribution to, local communities wherever it operates.

HOW SUSTAINABILITY TARGETS AND EXCELLENCE INTERACT



The diagram shows how structure, organization and Group activities in the strategic area of Excellence are used to pursue sustainability targets in circularity, safety and climate.

HOW WILL THE 50-PERCENT REDUCTION IN CO₂ EMISSIONS BE ACHIEVED BY 2025?



Governance and implementation of the strategy

For the organization and the practical governance of sustainability work, refer to the description on pages 20–23. Internally, work in recent years to implement the decentralized sustainability strategy has been clearly facilitated by the company’s systematic efforts for more than a decade with resource efficiency within the framework of Trelleborg’s Excellence programs, where the cornerstones are Manufacturing Excellence and Purchasing Excellence.

When new goals are adopted in strategic sustainability areas, such as climate, safety and circularity, the local organization and know-how within the established Excellence framework have helped to create awareness, actions and activities at each workplace throughout the organization and in production units, and to swiftly follow up and communicate the results. Trelleborg’s work with Excellence clearly goes hand in hand with its sustainability agenda.

Current climate targets and forthcoming Science Based Target

In 2022 and early in 2023, Trelleborg continued its targeted efforts to substantially reduce its carbon emissions. Some of the most important reference points in this work during the year included:

- » Agreement on the sale of Trelleborg Wheel Systems – by far the most carbon-intensive part of the Group (refer to page 15).

IMPROVEMENT FOR TRELLEBORG IN SUSTAINABILITY RANKING AND IN CDP’S CLIMATE REPORT



Trelleborg advances in 2022 sustainability ranking. Trelleborg retained second place its “Durable consumer goods” category in the annual Swedish sustainability ranking “Hållbara Bolag 2022”. The ranking is arranged by the business daily Dagens Industri and the Aktuell Hållbarhet magazine. In the overall ranking of all Swedish listed companies, Trelleborg advanced to a shared third place. The ranking is carried out by the Lund University School of Economics together with an advisory committee.



CDP’s climate, water and supplier engagement reports. Trelleborg has participated in non-profit global organization CDP’s voluntary reporting of greenhouse gas emissions since 2007. In the Annual CDP Report for 2022 on climate issues, Trelleborg received a score of A– where A corresponds to the highest level, a year-on-year improvement (2021: B). Water issues are also reported for the fifth time, and here Trelleborg received a score of B– (2021: B–), where B corresponds to the second highest level.



The Task Force on Climate-related Financial Disclosures (TCFD) is a specific call for climate action from the financial markets. Its recommendations describe how companies should handle their climate-related information, including the analysis of risks and opportunities. See pages 118–120 for an overview of how Trelleborg meets the TCFD guidelines. The information will be further developed each year.

- » The continuous rapid transition to a fossil-free electricity supply for global operations (refer to page 36).
- » Another possible partial solution moving forward includes Power Purchase Agreements (PPAs) for renewable electricity supply to Trelleborg's facilities.
- » One important part of the solution is continued energy optimization within the framework of the Energy Excellence program.
- » Additional local solar panel projects are ongoing for supplying part of the energy needs of the facilities in question.
- » A mapping of Trelleborg's Scope 3 emissions along the value chain that was completed in 2022 (refer to the text and illustration below).
- » An intensified mapping of solutions and investment requirements to adapt Trelleborg's natural gas dependence in Scope 1.

The existing "50 by 25" climate target, which was established in 2020, means the Group intends to reduce its CO₂ emissions (Scope 1 and 2) by at least 50 percent relative to sales by the end of 2025, with 2020 as the base year. During the five-year period between 2021 and 2025, this means emissions must decrease by an average of 10 percentage points per year.

This was also the case during the first year in 2021, and during the second year of the period, 2022. The actual result for the 2021–2022 period was a reduction by 35 percent, which means thus far the Group has achieved significant emission reductions, due primarily to the ongoing transition to renewable/fossil-free electricity, whereby its current share of total electricity consumption is 28.8 percent. Calculated for all continuing operations, that is to say excluding the tire operation, which is expected to be divested in the first half of 2023, the outcome was as high as 46.6 percent renewable/fossil-free electricity at the end of 2022. Even if the

Group's ambitious "50 by 25" climate target through 2025 is therefore expected to be met much earlier than forecast, the next phase of climate improvement work will begin concurrently for Trelleborg.

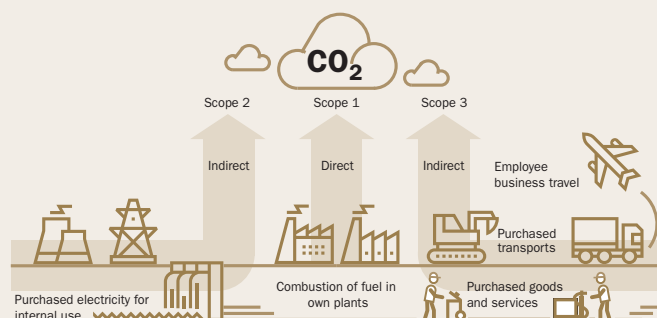
The forthcoming divestment of Trelleborg Wheel Systems in 2023 will, at a stroke, drastically reduce the Group's climate footprint in Scope 1 and 2. Taking into account this instantaneous emission reduction, and that Trelleborg has since 2022 a verified picture of the size of the Scope 3 emissions of the operations along the value chain (see box below), the Group has resolved to prepare a new climate target as early as possible in 2023. Trelleborg's new target, which extends until 2030, will be based on the size of the Group early in 2023 and use emissions in 2021 as the base year, in both cases excluding the tire business.

In 2023, the intention is to submit an application for the approval of this new climate target for the period until 2030 with the Science Based Target initiative (SBTi) – thereby fulfilling Trelleborg's earlier commitment from April 2021. More than 4,000 companies worldwide (2022) have joined the SBTi to obtain approval for their climate targets. Such an approved climate target means it is adapted to the scenarios to limit temperature increases on Earth below 2°C, and preferably below 1.5°C. Read more about risks and opportunities for Trelleborg in connection with such scenarios on page 31.

Vision of net zero emissions

The starting point remains that Trelleborg intends to reduce emissions from its own operations (Scope 1 and 2) to net zero by 2035.

TRELLEBORG'S EMISSIONS ALONG THE VALUE CHAIN ARE LARGELY RELATED TO PURCHASING



When describing the total carbon footprint for Trelleborg it is not enough to include direct emissions from manufacturing operations and offices (Scope 1) as well as indirect emissions from purchased energy (Scope 2).

Emissions along the entire value chain (Scope 3) related to Trelleborg's activities must also be included. In 2022, Trelleborg completed mapping its Scope 3 emissions together with KPMG. These external emissions must, for example, be included in the scenario when Trelleborg establishes its Science Based Target in 2023 for its continued climate work.

The new analysis was verified and reviewed by Schneider Electric, and shows: Trelleborg's total Scope 3 emissions are estimated at approximately 2.5 million metric tons CO₂ per year for the Group in 2022. For continuing operations, the corresponding figure is approximately 1.5 million metric tons, of which the largest category Purchased goods and services accounted for more than 80 percent of emissions. The second largest category, Upstream transportation and distribution, accounted for approximately 10 percent. The calculations are primarily based on purchasing figures and general emission factors for different purchasing categories.

Scope 3 emissions are, therefore, at least five to six times higher than the existing emissions in Scope 1+2 and are thus significant in terms of the total emission picture for the company.

As of the 2023 reporting year, Trelleborg will publish figures relating to the operation's Scope 3 emissions in the Annual and Sustainability Report.

For some years, Trelleborg has established channels for dialog on emission reductions with selected suppliers of polymers and transport services on annual questionnaires through the CDP Supply Chain.

Sustainability governance and organization

During 2022, governance and organization of sustainability were further developed. Trelleborg adjusted its organization during the year to clarify the roles of the Board of Directors, management, executive steering committee and operational employees for the governance of sustainability work, as well as the individual responsibility of the business areas for planning and implementation.

Overall responsibility

The Board of Director's role as the highest body was strengthened in terms of governance of sustainability issues. From 2021, work on sustainability issues at Board level was expanded so that the entire Board can continuously monitor developments using selected performance measures, which has naturally been facilitated by the introduction of sustainability reporting in the quarterly reports as of 2022, as well as through examples and case stories from Trelleborg's ongoing sustainability work.

Issues relating to Trelleborg's corporate governance, its codes, Nomination Committee and work concerning the Board's expertise, composition and diversity, as well as issues concerning evaluation of the Board's work, are reported in the section on corporate governance and internal control. Meetings during 2022, their content and the Board's attendance are reported on pages 44–45 and 54–55 in the Annual Report 2022.

Remuneration

An important step for sustainability governance was how part of the variable remuneration for Trelleborg management is to be linked to responsibility and planning for sustainability. In 2022, this variable remuneration was, similar to last year, linked to planning and the

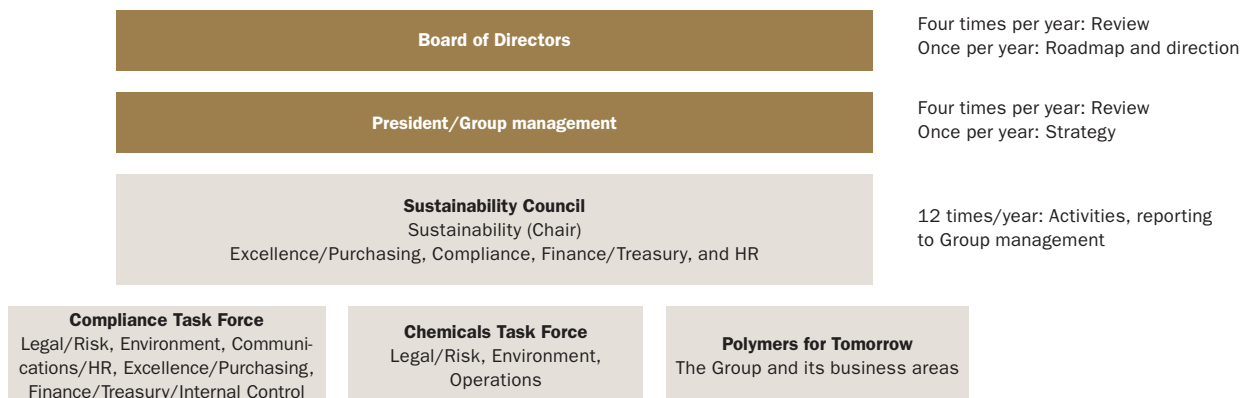
implementation of the Group-wide sustainability agenda in accordance with the Group targets at business area level. The aim for the years ahead is to gradually link this variable remuneration for management to identified material sustainability indicators according to the materiality analysis that will be carried out in connection with the transition to reporting under the EU Corporate Sustainability Reporting Directive (CSRD). It appears that this new reporting will fully come into force for Trelleborg from the 2024 reporting year.

Governance and steering committee

As mentioned above, the organization and governance of sustainability at Trelleborg have been strengthened in pace with the implementation of the *Protecting the Essential* strategy. The internal sustainability governance is conducted in accordance with the Group's organization of the sustainability area into three different focus areas: Operations, Compliance and Social engagement, with underlying responsibility and shared performance measures. The work is further supported by various types of internal audits in the units, for example, within the framework of the occupational Safety@Work program and internal ISO 14001 audit.

During the year, the sustainability steering committee comprised, as previously, the heads of the Legal, Communications/HR, Excellence/

ORGANIZATION ¹



¹ Organization as of 2023.

Purchasing staff functions, the Chief Financial Officer, and the head of Sustainability. The meeting frequency was increased during the year to an average of every other month.

From 2023, company management in its entirety will comprise the sustainability steering committee and their management meetings will contain sustainability as a standing item on the agenda, see image on page 20.

Coordination and operational responsibility

Overall coordination of operational sustainability responsibility at Group level has been clarified: The head of Group Legal is responsible for coordination of the Compliance focus area, the head of Excellence/Purchasing is responsible for coordination of most of the Operations focus area, and the head of Communications/HR is responsible for coordination of the Social engagement focus area and coordination of the HR-related part of the Operations focus area.

As of 2023, much of the day-to-day sustainability activities at Group level will take place in the Sustainability Council, a group led by the head of Sustainability and through a number of cross-organizational groups with dedicated areas of responsibility (see image on page 20) in such core areas as Compliance, Chemicals and Raw materials, as well as under the framework of Excellence activities (refer to page 16).

Practical internal work

The business areas are responsible for the implementation of the practical sustainability activities. During the year, they presented their planning and follow-up in the sustainability area for management for the fulfillment of the Group's sustainability targets. Following the more clearly defined responsibilities at business area level for sustainability performance and follow-up, sustainability controllers were appointed and commenced their work. Each production site

already has an environmental coordinator and occupational health and safety officers.

A central pillar of the internal sustainability work is Trelleborg's Code of Conduct (see also page 43) and Group policies in the areas of environment, occupational health and safety (OHS) and ethics. The Code of Conduct applies to all employees without exception. Training in the content of the Code is mandatory for all employees and is to be refreshed at least every three years. The Group's basic Code of Conduct and the Group policies are based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines for multinational companies and the UN Global Compact, which Trelleborg signed in 2007.

Trelleborg's Whistleblower Policy also supports the sustainability framework. The Whistleblower Policy enables all employees to report suspected legal or regulatory violations without repercussion.

Reports can be submitted by phone or online in the employee's own language. The whistleblower system is being developed to also be available to external stakeholders.

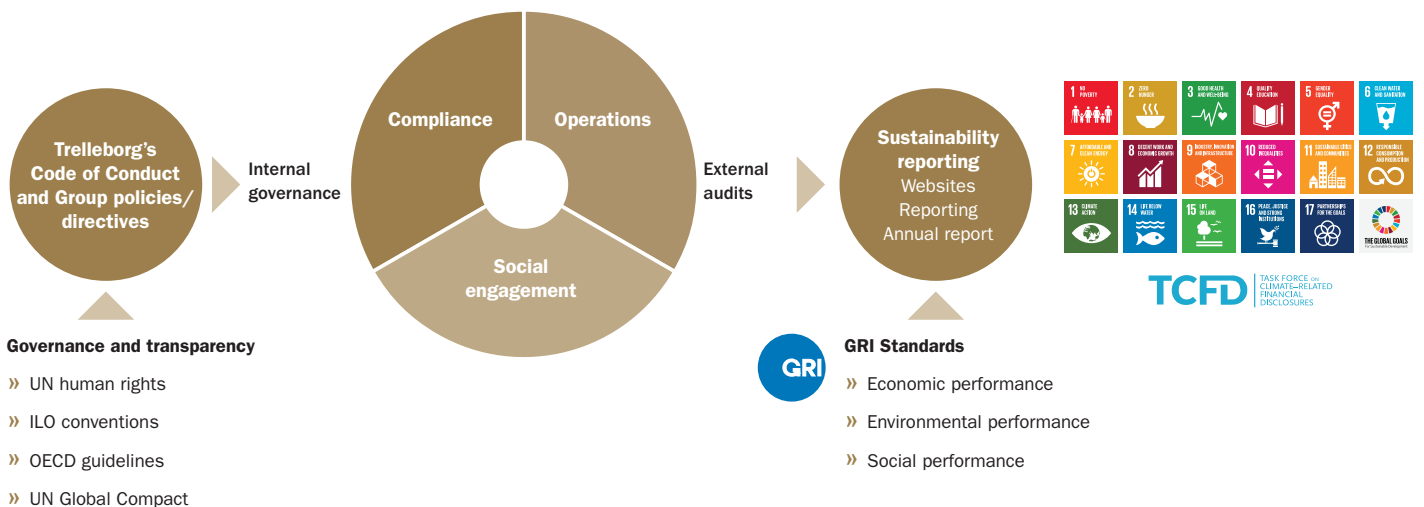
Reporting and assurance

The complete external reporting of sustainability issues is published in Trelleborg's Annual Report and also in the annual, more comprehensive, Sustainability Report. In both cases, reporting is based on the GRI Standards version, Core option.

See the image below for a summary of Trelleborg's sustainability communication. Furthermore, there is a Sustainability section under *About Us* on Trelleborg's website www.trelleborg.com, from where Annual and Sustainability Reports can be downloaded, including those published in previous years.

The separate Sustainability Report contains detailed descriptions and an index to clarify exactly how the report follows the GRI guidelines and the TCFD's (Task Force on Climate-related Financial

PROTECTING THE ESSENTIAL



Disclosures) recommendations. In addition, there is a supplementary index that considers Trelleborg's operations relative to the UN SDGs, refer to pages 25 and 35. The separate annual Sustainability Reports also serve as Trelleborg's annual Communication on Progress (COP) to the UN Global Compact. An overview of Trelleborg's sustainability work is also available at www.trelleborg.com under the Sustainability heading.

From 2021, sustainability has been a standing item of content in Trelleborg's interim reports and from 2022, quantitative data is also presented in the interim reports in the areas of energy, climate and occupational health and safety.

External assurance. Deloitte has undertaken a limited assurance engagement of Trelleborg's sustainability report for 2022. This assurance report is presented on page 51.

Report's scope and approach

For the fifth year, Trelleborg is reporting on sustainability in this Annual Report in accordance with the GRI Standards Core Guidelines. The 2021 Annual Report was published in March 2022. In addition, the 2022 Annual Report, published in March 2023, is adapted to the sustainability reporting rules of the Swedish Annual Accounts Act, refer to table on page 50. An overall aim of reporting sustainability issues is to provide an accurate overview of the Group's activities, results/performance and commitments in the environmental, health/safety and social areas, as well as business ethics and governance issues.

The report's target group is everyone in any way interested in Trelleborg: shareholders, investors, employees, customers and suppliers, authorities, media, students and researchers, as well as local stakeholders or neighbors. Unless otherwise stated, the data presented pertains to the 2022 calendar year. The preceding year's data (2021) is presented in parentheses.

GRI index

A condensed GRI index is presented on page 135 in the Annual Report 2022, adapted to the updated 2021 GRI standards. A more complete GRI index is available in this Sustainability Report for the year on pages 47–50. The complete index includes the obligatory General Disclosures as well as descriptions of omitted data related to certain key figures.

Risks

To meet the various needs of its stakeholders and the Group for a comprehensive risk analysis, Trelleborg works with three approaches and frameworks:

- » Group-wide focus on Enterprise Risk Management (ERM) to analyze and cover classic risk presenting a weighting of outcome and probability, refer to pages 26–28.
- » Risk analysis in accordance with the UN Sustainable Development Goals (SDGs), a general and society-oriented review of the risks and impact of our operations on the environment and people in accordance with the 17 SDGs. Refer to page 25.
- » Special analysis of climate-related risks and opportunities under the TCFD framework, refer to pages 30–32. The scenarios used are a) that society succeeds with the transition and keeping global warming below 2°C, b) that society does not succeed with the transition and global warming is as high as 4°C.

Significant changes since the preceding report

The basis of this report is a materiality analysis conducted during the year and evaluated by Trelleborg using an external party, refer to page 24. It reflects the most important sustainability aspects from the perspective of internal and external interests, but has not been completely updated in 2022.

In the area of climate, however, a double materiality perspective was also used in 2022 that takes into consideration impact materiality and financial materiality, refer to pages 30–32. The aim is to gradually apply such a double materiality perspective to all sustainability areas.

A change compared with last year is this combined section on *Sustainability governance* that has been added to adapt to future EU regulations.

The section on Scope 3 emissions on page 19 with figures for emissions from the Group and continuing operations is new for this year.

VOC emissions for the years 2020 and 2021 have been revised due to non-compliances detected between monthly and annual reporting in several units within Trelleborg Wheel Systems.

Reporting policies

For the preparation of this report, all Group units reported in the shared reporting system:

- » The report encompass all Trelleborg units in which ownership exceeds 50 percent. It includes all producing and non-producing units that have employees.
- » For acquired and divested units, the report covers the part of the year in which they were part of Trelleborg.
- » A ten-year overview of the Group's sustainability performance is presented on page 53.

It is the head of each facility who has ultimate responsibility for the correctness of reported data. In practice, it is the controller of each unit, in consultation with the unit's managers in environment, HR, purchasing and other special areas, who are responsible for the reported figures and data, and this reported data is then checked by the business area's sustainability controllers.

Relevant Group functions are also involved in the quality control of reported data.

The following reporting policies apply to climate-related data:

- » The calculation of CO₂ emissions from the consumption of purchased electricity is mainly based on location-based national conversion factors from the International Energy Agency (2021 version). Conversion factors for electricity consumption reflect the current average total electricity mix of each country; sources such as hydro and nuclear power generate lower emissions, while coal and oil generate higher emissions.
- » For renewable/fossil-free electricity, Trelleborg applies the following principle: All downward adjustments of emissions (compared with location-based national conversion factors) must be attested by a certificate specifying the energy mix and net emissions delivered.

PRODUCTION FACILITIES INCLUDED IN TRELLEBORG'S SUSTAINABILITY REPORT 2022

Australia	Noble Park North	Italy	Livorno	UK	Bridgwater
	Perth		Lodi Vecchio		Cadley Hill
Brazil	Feira de Santana		Modena		Great Yarmouth
	Macaé		Pianezza		Halesowen
	Sao Jose dos Campos		Tivoli		Hawarden
	Sao Paulo	Taurage	Leicester		
Bulgaria	Pernik	Latvia	Liepaja		Nottingham
China	Hebei	Malta	Hal Far		Rochdale
	Pudong	Mexico	Guanajuato		Rowley house
	Qingdao		Queretaro		Rotherham
	Suzhou		Reynosa	Tewkesbury	
	Wuxi		Tijuana	Trinity Park	
	Xiaogan	Morocco	Kenitra	Weobley	
	Xingtai	Netherlands	Ridderkerk	Westbury	
	Xinzhuang		Rotterdam	USA	
Zhongtong	Poland	Bielsko-Biala	Aurora		
Czech Republic	Hradec Kralove	Czechowice-Dziedzice	Berryville		
	Mikulov	Serbia	Boston		
	Mlada Boleslav	Ruma	Broussard		
	Otrokovice	Singapore	Singapore		Charles City
	Praha	Slovenia	Kranj		Delano
	Zlin	Ptuj	Spain		Denver
	Zverinek	Sri Lanka	Izarra		Elk Rapids
Denmark	Helsingor	Kelaniya	Fenton		
Finland	Kiikka	Malwana	Fort Wayne		
France	Cernay	Sweden	Ersmark	Giddings	
	Clermont-Ferrand	Forsheda	Gävle	Menomonie	
	Conde-sur-Noireau	Kalmar	Trelleborg	Milford	
	Mirambeau	Värnamo	Switzerland	Monson	
	Nantes	Stein am Rhein	Turkey	New Haven	
	Pacy-sur-Eure	Gebze 1	Gebze 2	Niskayuna	
	Sancheville	Tokat		Northborough	
Germany	Grossheubach		Paso Robles		
	Lathen		Pawling		
	Lindau		River Falls		
	Velten		Rutherfordton		
India	Bangalore, Hosur		Salisbury		
	Bangalore, Nelamangala Taluk		Spartanburg		
	Bangalore, Plot No.163		Streamwood		
			Toledo		
			Tustin		

Stakeholder engagement and materiality

Stakeholder engagement in 2022 was mainly colored by climate issues and the EU's ongoing work with corporate sustainability reporting and legislation. Even the current materiality analysis has been influenced by the main features of forthcoming EU legislation.

Stakeholder engagement with clear climate focus

Trelleborg's stakeholder engagement in 2022 has changed as sustainability issues have clearly received more space in the Group's interim reporting since the beginning of this year, and the engagement has also primarily been marked by work with climate issues on several fronts.

A renewed analysis was conducted of the Group's emissions along the value chain (Scope 3), refer to page 19, and this formed the basis of Group efforts during autumn 2022 to prepare supporting documentation for an application for approval of a Science Based Target that will extend at least until 2030.

This forthcoming climate target will replace the current "50 by 25" climate target as the Group's emission profile changes – with a sharp decrease in CO₂ emissions – when the divestment of the Trelleborg Wheel Systems business area is completed as planned in 2023.

Another prominent part of engagement during the year on climate issues with internal and external stakeholders was the company's work with the climate reporting in accordance with TCFD's guidelines (refer to page 30). Particularly in respect of scenario analysis, where Trelleborg's work was addressed and highlighted, for example, at the annual *Hållbart Näringsliv* (Sustainable Business) conference in Stockholm (November 2022).

New EU legislation

With regard to current and forthcoming EU legislation, Trelleborg's year was dominated by knowledge acquisition about the direction of mandatory sustainability reporting that will come into force for the Group from the 2024 reporting year, and the continued development of regulations for the EU Taxonomy (page 33).

Questions from investors and customers

Investors continue to show an interest in Trelleborg's sustainability profile and have demonstrated a high level of engagement with regards to questions and surveys. A growing area in the dialog surrounding Trelleborg's sustainability performance is questions and surveys from customers, in many cases forwarded by third-party companies and organizations, such as EcoVadis. During the year, Trelleborg took measures to strengthen opportunities for selected units to refer to their profile in EcoVadis in the event of various customer inquiries.

Assessment and materiality analysis

As is customary, Trelleborg's overall sustainability priorities were evaluated. The views collected from the stakeholder engagement, evaluation and the new risk analysis were addressed during work on the 2022 Sustainability Report.

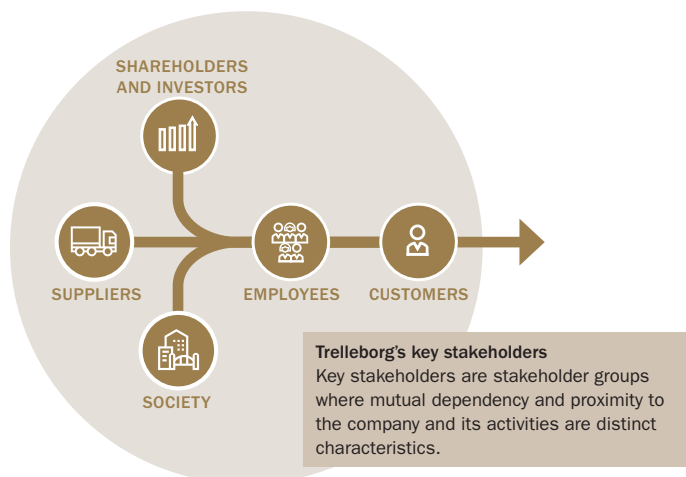
In October 2022, exercises were again conducted with about 40 students from Örebro University from the master's program in Sustainable business, where they evaluated the content of Trelleborg's latest Sustainability Report from the perspective of various key stakeholder groups. This took place as three-day workshops when the students were introduced to the report and then commented on and criticized the report. Frequently recurring comments concerned areas such as sustainability-adjusted business model, climate-polluting emissions, local employee participation, raw materials/circularity, diversity & inclusion, recruitment and the supply chain.

Generally, engagement with students concerning Trelleborg's sustainability work intensified during the year, with a visit from the International Institute for Industrial Environmental Economics in Lund (IIIEE) in August and a one-day workshop with students from Lund University in November. Trelleborg further modified materiality work during the year as a model moving forward due to the forthcoming EU regulations on how materiality analysis are to be performed.

This new model is based on:

- » Identifying material sustainability aspects on the basis of double materiality
- » Impact of material aspects and risks
- » Activities to address aspects

TRELLEBORG'S KEY STAKEHOLDERS



Identifying material aspects

Materiality at a general level has been evaluated by Trelleborg since 2020 in accordance with the UN SDGs and in two different dimensions. This approach was strengthened when the EU published the foundation of the upcoming legislation with respect to materiality analysis as a basis for sustainability reporting. Fundamental questions in the process are:

- » Material impact/risk: How do Trelleborg's operations impact people and environment? What are the risks?
- » Financial materiality: How are Trelleborg's business and operations impacted financially by sustainability?

Material aspects of Trelleborg's risks and impact on the environment and people are described in the Sustainability Report, together with ongoing work with preventive and corrective action.

More information about the aspects deemed to be material can be found on pages 25 (risks and impact in accordance with the UN SDGs) and 30–32 (in accordance with TCFD).

Impact on business and operations

Material aspects of how sustainability issues impact Trelleborg's business and operations via risks and other effects are presented, for example, on page 25.

Climate change is high on Trelleborg's strategic agenda, as it is for most manufacturing companies. The material aspects of climate change involve physical and business risks for the operations related to both preventive measures and climate adjustments, and reducing the climate impact of the operations across the entire value chain. Find out more about climate targets and visions on pages 18–19.





















The risk analysis of climate issues – particularly the long-term – was improved using a detailed description according to the TCFD's recommendations on pages 30–32, including climate scenarios. The risk analysis incorporates both how transition risks and physical risks could impact business and the operations.

Sustainability activities carried out by Trelleborg have been clearly decentralized to the business area level based on the *Protecting the Essential* strategy as regards both tailoring the sustainability agenda and actual planning and implementation of improvement activities.

Climate change can, for example, be divided into *energy-related activities* – meaning improved energy efficiency and transitioning the operations' energy supply toward renewable energy sources – and *materials activities*, meaning primarily transitioning the operations' materials supply toward greater circularity.

OVERVIEW OF HIGH AND MEDIUM-HIGH RISKS, AND OWN IMPACT ALONG THE VALUE CHAIN

All 169 targets in the UN Sustainable Development Goals (SDGs) have been assessed by a special group for risk assessment at Group level, taking into account the risks and impact along the value chain that Trelleborg's activities have on society. The table shows the targets that can be considered as high risk, based on weighing the severity and likelihood of occurring. High risk is marked with a square in a darker color.

Targets in SDGs with exposure to risk  = high risk	Relevant risk/impact for Trelleborg	Main risk along the value chain?	Trelleborg's own impact	Examples of management, page in this report
 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and pollution and contamination	Company's use of chemicals in processes and products	Raw materials	Production and organization	Safety@Work 40, 41, Global Chemical Task Force 36, REACH activities 36, Polymers for Tomorrow 17, 36
 5.1 End all forms of discrimination against all women and girls everywhere	Discrimination internally and in the supply chain.	Suppliers	Production and organization	Diversity and inclusion, work with 40, target 41
 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	Percentage of women managers.	Own operations	Production and organization	Diversity and inclusion, work with 40, target 41
 6.4 Increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater	Company's water use, water supply and emissions	Suppliers	Production and organization	Water use and water supply 37, 38
 8.4 Improve global resource efficiency in consumption and production	Company's resource efficiency and circularity	Suppliers, Use and recycling	Production and organization	Manufacturing Excellence 17, 36, Energy Excellence 17, 36, Circularity 17, 36, Waste 37, 39
 8.5 Full and productive employment and decent work for all women and men and equal pay for work of equal value	Decent work and fair pay	Suppliers	Production and organization	Suppliers 19, 43, Code of Conduct 43, Global Platform for Sustainable Natural Rubber 43
 8.6 Substantially reduce the proportion of youth not in employment, education or training	Recruitment	Own operations	Production and organization	Diversity and inclusion. Age 40
 8.7 Eradicate forced labor, human trafficking and child labor	Forced labor and child labor, particularly relevant as a risk early in the value chain (natural rubber)	Suppliers	Production and organization	Child labor, human trafficking, forced labor/trafficking, zero tolerance approach to 42, 43, Modern Slavery Act 42, Human rights 42, 43
 8.8 Protect labor rights and promote safe and secure working environments for all workers	Safe work environment.	Suppliers	Production and organization	Safety@Work 40, 41, Suppliers 19, 43, Global Platform for Sustainable Natural Rubber 43
 10.3 Ensure equal opportunity and eliminate discrimination	Wage difference women – men	Own operations	Production and organization	Discrimination, zero tolerance approach to 42, outcome for the year 44
 12.2 Sustainable management and efficient use of natural resources	Resource scarcity and fossil raw materials	Raw materials, Suppliers	Production and organization	Energy efficiency 17, 36, Polymers for Tomorrow 17, 36, Conflict materials 36, Water use and water supply 37, 38, Circularity 17, 36
 12.4 Environmentally sound management of chemicals and all waste	Chemicals management	Raw material, Suppliers, Use and recycling	Production and organization	Global Chemical Task Force 36, REACH activities 36, Waste management 37, 39, Emissions to air 37, 39
 12.5 Substantially reduce waste generation	Resource efficiency and circularity	Raw materials, Use and recycling	Production and organization	Manufacturing Excellence 17, 36, Waste 37, 39, Circularity 17, 36
 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate risks for Trelleborg, both physical and commercial	Raw materials, Use and recycling	Production and organization	Climate target and vision 11, 17, 18, 19 Circularity 17, 36, Polymers for Tomorrow 17, 36, Climate impact 17, 35, TCFD 30
 14.1 Prevent and significantly reduce marine pollution of all kinds	Problem of microplastics	Raw materials, Use and recycling	Production and organization	Circularity 17, 36
 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation and restore degraded forests	Deforestation (from use of natural rubber)	Raw materials, Suppliers	Purchases	Natural rubber chain, Dialog with suppliers 43, Global Platform for Sustainable Natural Rubber 43
 16.2 Protect abuse, exploitation, trafficking and all forms of violence against and torture of children	Risk of child exploitation in the value chain (mainly natural rubber)	Suppliers	Purchases	Child labor, zero tolerance approach to 42, Natural rubber chain 43, Global Platform for Sustainable Natural Rubber 43
 16.3 Promote the rule of law and ensure equal access to justice for all	Regulatory compliance globally	Suppliers	Production and organization	Regulatory compliance 42, 44, Suppliers 43
 16.5 Substantially reduce corruption and bribery in all their forms	Regulatory compliance and the Code of Conduct	Suppliers	Production and organization	Regulatory compliance 42, 44, in supply chain 43, Code of Conduct 43

COMMON QUESTIONS IN STAKEHOLDER ENGAGEMENT:

» How is Trelleborg managing the issue of climate change?

The starting point in preparing the company's current climate target (that applies for the period 2021–2025) and its long-term climate vision (for 2035) has always been to actively contribute to society's goal to keep global warming to 1.5°C, by using a science-based analysis of emissions from operations and targets adapted to this analysis.

As described on pages 18–19, Trelleborg is striving to revise its current climate targets and have these approved by the Science Based Targets initiative, which is expected to take place in 2023.

» How is Trelleborg working to make its business and entire operations more circular?

The Group-wide *Polymers for Tomorrow* group continued work during the year to systematically address material categories to increase the share of bio-based and recycled/recoverable materials.

During the year, work also continued to develop a general model for Trelleborg's view of circular resource use and business, as an additional step toward more efficient use of resources.

In this context, Trelleborg's own definition of circular economy follows the general definition of the model (from the Ellen MacArthur Foundation):

“Circular economy is an industrial system based on recovery and regeneration. It replaces the concept of discarded products with recycling, and it transitions into renewable energy, eliminates use of harmful chemicals, which thereby enables reuse, and aims to eliminate waste and pollution driven by improved design of materials, products and entire systems, including the business models.”

» How does Trelleborg identify and manage sustainability-related risks, including climate risks?

Sustainability-related risks are included, as before, in Trelleborg's risk evaluation according to ERM principles, refer to pages 26–29. A supplementary risk/impact evaluation in accordance with the UN SDGs is presented with commentary in the table on this page. The evaluation prioritizes and highlights the risks and impacts/effects that are considered most severe and likely to occur.

As of 2021, a scenario analysis has been performed every year following the TCFD's recommendation, focusing specifically on climate-related risks, both transition risks and physical risks, refer to pages 30–32.

Risks and risk management

Risks are associated with all business operations. Properly managed risks can lead to opportunities and value creation, while risks that are not managed in the correct manner can lead to damages and losses.

Risk spread

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

Trelleborg serves a broad range of customers in a variety of industries and niches. The business has a wide geographic spread. The Group has operations in 40 countries, sales are conducted in just over 140 countries worldwide and manufacturing operations are carried out at 100 production sites. The business is diversified geographically and across a range of different industries, which provides Trelleborg with an effective underlying risk spread.

Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. With the divestment of the business area Trelleborg Wheel Systems, the Group has become less cyclical since there used to be distinct seasonal effects especially in agriculture. The Group focuses on industries and geographies with healthy growth that can report consistent earnings even when adverse cyclical fluctuations occur in individual industries.

Risk management

Trelleborg has an established process for Enterprise Risk Management (ERM) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks and to enable a follow-up of the risks and how they are managed.

The vast majority of risks are managed locally. However, some 30 of these risks may have a major impact at a business area and/or Group level and are thus managed at one of these levels. These risks are shown in the risk radar illustration on page 27. The risks on the risk radar, which in turn may have a substantial impact on the possibility of reaching the Group's goals, are described in more detail on pages 28–29 in this report and in Note 33 on pages 102–104 in the Annual Report 2022 concerning financial risk management.

The highest governing body for risk management is the Board of Directors and its Audit Committee, which routinely manages these risks. In addition, risks are managed in such forums as:

- » ERM Board
- » Compliance Task Force
- » Global Chemicals Task Force
- » IT Governance Board
- » Sustainability Risk Task Force

Risks

Trelleborg has chosen to group the risks into four areas.

- » **Strategic risks** include external factors that could impact Trelleborg's operations, and internal factors that could impede opportunities to achieve the operation's strategic goals. Read more about Trelleborg's strategy on pages 12–17.
- » **Operational risks** are risks that Trelleborg can itself largely manage and prevent, and which mainly pertain to processes, assets and employees. Read more about how Trelleborg works to ensure safe and efficient use of resources and about how it works with diversity on pages 40–41.
- » **Regulatory compliance risks** relate to Trelleborg having a global operation that is subject to a large number of laws, regulations and rules pertaining to, for example, the environment, health and safety, trade restrictions, anti-competition regulations and currency regulations. Read more about Trelleborg's compliance with laws and codes on pages 42–44.
- » **Financial risks** include interest rate and foreign exchange risks that could adversely impact the Group's earnings. Furthermore, there are financing risks and liquidity risks, which could result in difficulties in raising new loans or shareholders' equity, as well as financial credit risks. Read more about Trelleborg's financial risk management in Note 33, pages 102–104 in the Annual Report 2022.

In the Corporate Governance Report on pages 48–49 in the Annual Report 2022, there is a detailed description of the internal controls used to manage the risks associated with financial reporting.

Sustainability risks run as a common thread through these areas and relate to climate impact, work environment risks or risks in the area of human rights. It also includes the risks relating to failure to comply with laws and rules, both as a Group and among the Group's suppliers.

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

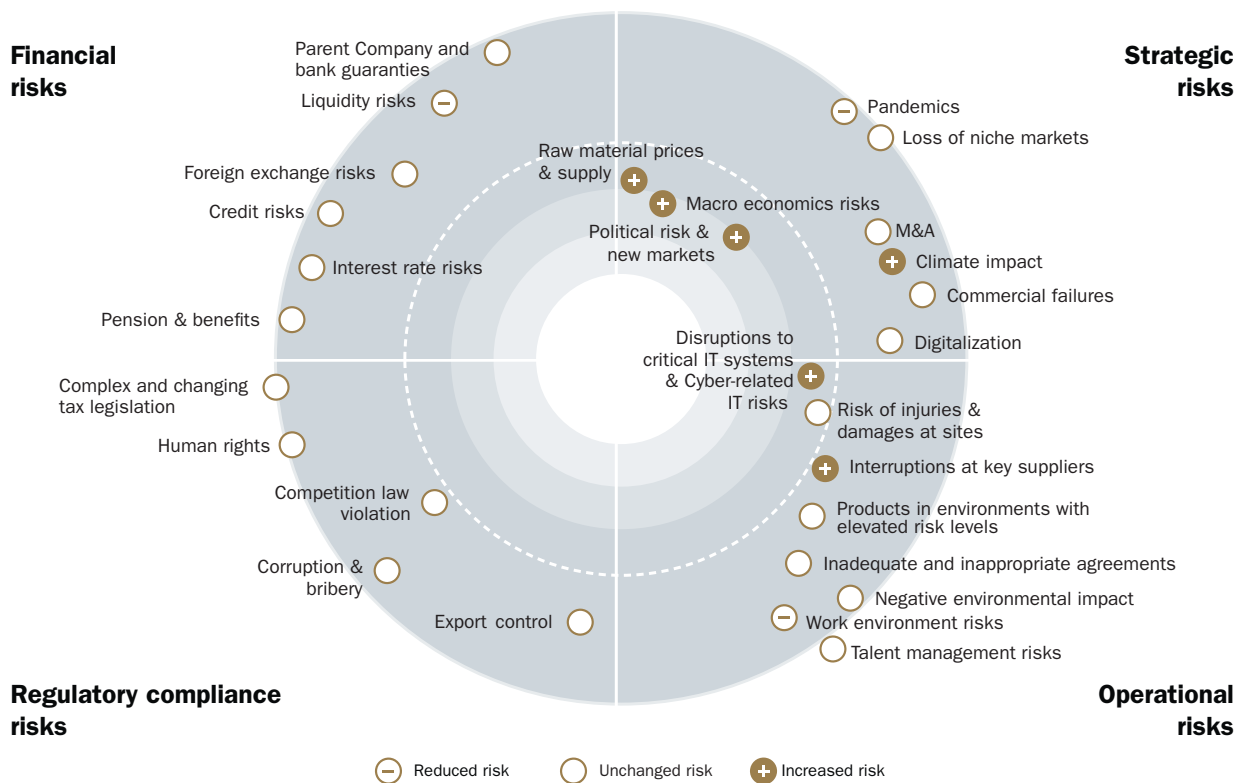
Crisis management

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

Risks at Trelleborg




Trelleborg has identified some 30 strategic risks, operational risks, regulatory compliance risks and financial risks using a so-called risk radar. The closer a risk area is to the center of the illustration below, the higher the probability that it will cause financial damage or have an adverse impact on confidence in Trelleborg. The appearance of the risks in the model below indicates changes in relation to the preceding year. Risks with a material impact on the opportunity to achieve the Group’s targets are listed in the table on pages 28–29.

RISKS IN THE TRELLEBORG GROUP AND MOVEMENTS IN RISK LEVELS






Material risks at Trelleborg

REGULATORY COMPLIANCE RISKS ¹


Risks	Focus	Management and main activities	Relevance for SDGs
Violation of laws and permits	Compliance with applicable legislation	<p>The Compliance Task Force leads and coordinates initiatives in this area, refer to page 42. Training seminars are arranged, including competition law and the EU's General Data Protection Regulation (GDPR). There is an established process for export control with a focus on embargoes and trade restrictions, and there are procedures, for example, for approval of membership in organizations and approval of collaborations with third parties.</p> <p>Regular legal reviews are conducted with a focus on monitoring and ensuring compliance in the Group companies. The Group's internal controls, which are focused on regulatory compliance, have been both expanded and formalized over the past few years.</p> <p>During the year, the export control process was intensified with a particular focus on developments in sanctions against Russia and Belarus.</p>	 16.3
Corruption and fraud	Measures preventing fraudulent conduct	<p>Established policies and procedures form the basis of the work in this area, which is supplemented with routine training and acceptance letters, signed yearly, for the relevant employees, refer to page 42. Trelleborg's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussions, refer to page 42.</p> <p>Review and evaluation of agency and distribution agreements are regularly conducted. The Group's internal policy instruments have been reviewed, and Policy Quick Guides have been produced to further increase the distribution and comprehension of regulations and the Group's core values.</p>	 16.5
Risks in the area of human rights	Child labor/forced labor in the supply chain	Supplier reviews and supplier audits in the areas of risk are conducted based on the Group's geographic and materials risk assessments, refer to pages 43–44.	 8.8

¹ Risks in the social sphere are managed by Trelleborg as part of Regulatory compliance risks.

OPERATIONAL RISKS

Risks	Focus	Management and main activities	Relevance for SDGs
Work environment risks	Health and safety	Risks in the area of health and safety are managed via the Safety@Work program, refer to page 42. Issues concerning employees are otherwise monitored as part of compliance with laws and codes, refer to pages 42–44, and diversity & inclusion, refer to pages 40–41.	 8.8
Products in environments with elevated risk levels	Review of products and solutions	Not only risk assessments but also training and workshops are conducted to identify products and contracts where it is especially important that the products comply with the quality and functional requirements necessary in extremely demanding environments – for example, marine infrastructure, marine hoses for oil and gas, healthcare & medical, and aerospace. Contracts and processes concerning production and project management are also subjected to legal review and risk assessment.	
Inadequate and inappropriate agreements	Examination of agreements	Not only comprehensive training, but also internal and external legal reviews of contract issues and evaluation of contracts in prioritized areas. In 2022, AI-based tools began to be used to review and assess risks in agreements.	
Negative environmental impact	Review of the sites' local environment and focus on hazardous materials and chemicals	<p>Environmental risks are identified in conjunction with all new construction and all acquisitions, with a focus on chemicals management, rainwater and the risk of floods. Sites that are susceptible to risk are routinely monitored.</p> <p>The Global Chemical Task Force leads the work to phase out and replace substances that are considered harmful and actively monitors developments in materials and chemicals legislation, refer to page 38. In addition, there is ISO 14001 multi-site certification, which results in increased standardized analysis and control.</p>	 12.4
Risk of injury at sites	Protection of critical sites	<p>External and internal analyses of the Group's operations are carried out with regard to the most critical sites. Also a more in-depth mapping of natural disaster risks is made, with a particular focus on flooding and wind effects, including such risks that are related to climate change.</p> <p>There are guidelines for new construction and upgrades of risk-classified sites. The number of such sites upgraded to Highly Protected Risk (HPR) has increased over the past few years. One aim is to improve the lowest performing and most critical sites.</p>	 13.1
Disruptions to critical IT systems	Minimize disruptions	IT infrastructure service levels are in focus, as is the implementation of Group-wide upgrades in a structured manner. Ensuring compliance with legal requirements in the countries in which the Group operates is an important part, as is information security within and among the systems.	

STRATEGIC RISKS

Risks	Focus	Management and main activities	Relevance for SDGs
Commercial failures	New product segments, major projects and acquisitions	In conjunction with all acquisitions, there is a due diligence program covering the areas of finance, operations and legal. New products in selected segments such as healthcare & medical and aerospace are approved centrally before development work begins. For the past few years, there has been increased business support when establishing new product segments and for larger projects concerning liability risk management, legal risks and new establishments of operations.	
Climate risks (refer also to the section on pages 30–32)	Adaptation of production and products	Climate and other environmental issues drive local legislation and political instruments, and Trelleborg adapts itself to these in the relevant production countries. At the same time, several of the Group's products and solutions help to reduce atmospheric emissions and protect society from climate change, see the examples on page 35. Work aimed at reducing the Group's fossil-fuel dependence was intensified during the year with respect to both own products and production resources.	
	Reduction of CO ₂ emissions	In 2021, the Group resolved on new climate targets, "50 by 25", for the period 2021–2025. In line with society's target to keep global warming below 1.5°C, Trelleborg's climate target for the period is to reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year, and significant reductions of emissions along the value chain (Scope 3). Refer to pages 36–37. For many years, energy efficiency has been the focus of the Manufacturing Excellence program, refer to page 17.	 13.1
Political risks	Geopolitics and sanctions	In 2022, the Group started to discontinue its operations in Russia. The Group complies with all relevant sanctions introduced as a result of the war in Ukraine and previous plans for a manufacturing site in Russia were stopped early in the year. The geopolitical situation is being monitored and is taken into account in all business plans.	
Supply chain disruptions	Material shortages and delays	There was greater focus on the supply chain in 2022 compared with previous years, as a result of disruptions to global deliveries and the impact of the Coronavirus pandemic and the war in Ukraine on supplies. The Group has well-established tools in place to ensure parallel supplies and evaluates and balances purchasing between local, or global, suppliers, which limits disruption.	

FINANCIAL RISKS

Read more about Trelleborg's financial risk management in Note 33, pages 102–104 in the Annual Report 2022.

TCFD INDEX OVERVIEW

Area/target	TCFD recommendations	References/pages in the Sustainability Report 2022
Climate: organization and governance	a) Describe the organization's governance around climate-related risks and opportunities.	Sustainability governance and organization 20–23, Chairman of the Board 42 in the Annual Report 2022
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Interview with President 4–7, Sustainability governance and organization 20–23,
Climate strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability-related risk 26–29, Climate-related risks 30–31
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate strategy and risks 17–19, 30–31, Sustainable products and solutions 35
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate scenarios 32, Climate strategy and risks 17–19, 30–31, Sustainable products and solutions 35
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability-related risk, risk identification and assessment 26–29, Stakeholder questions on climate risk 24–25
	b) Describe the organization's processes for managing climate-related risks.	Sustainability-related risk 26–29, Climate strategy and risks 17–19, 30–31, Sustainability governance and organization 20–23, Climate scenarios 32
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate strategy and risks 17–19, 30–31, Sustainability-related risk 26–29, Climate scenarios 32
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Outcome for the year 9, 38, Climate target and vision 18–19, Climate strategy and risks 17–19, 30–31, Sustainability-related risk 26–29
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Trelleborg reports Scope 1 and 2: Results 9, 37–38, Scope 3 19, Sustainability-related risk 26–29, Ten-year overview 53
	c) Describe the metrics used by the organization to manage climate-related risks and opportunities and performance against targets.	Target overview 18–19, Outcome for the year 9, 38, Climate target and vision 18–19, Climate strategy and risks 17–19, 30–31, Ten-year overview 53

Climate: Risks, opportunities and scenarios

An analysis of climate-related risks and opportunities including future climate scenarios with financial impact according to the TCFD’s recommendations provides the basis and variables for a potential future description for Trelleborg to base its actions on.

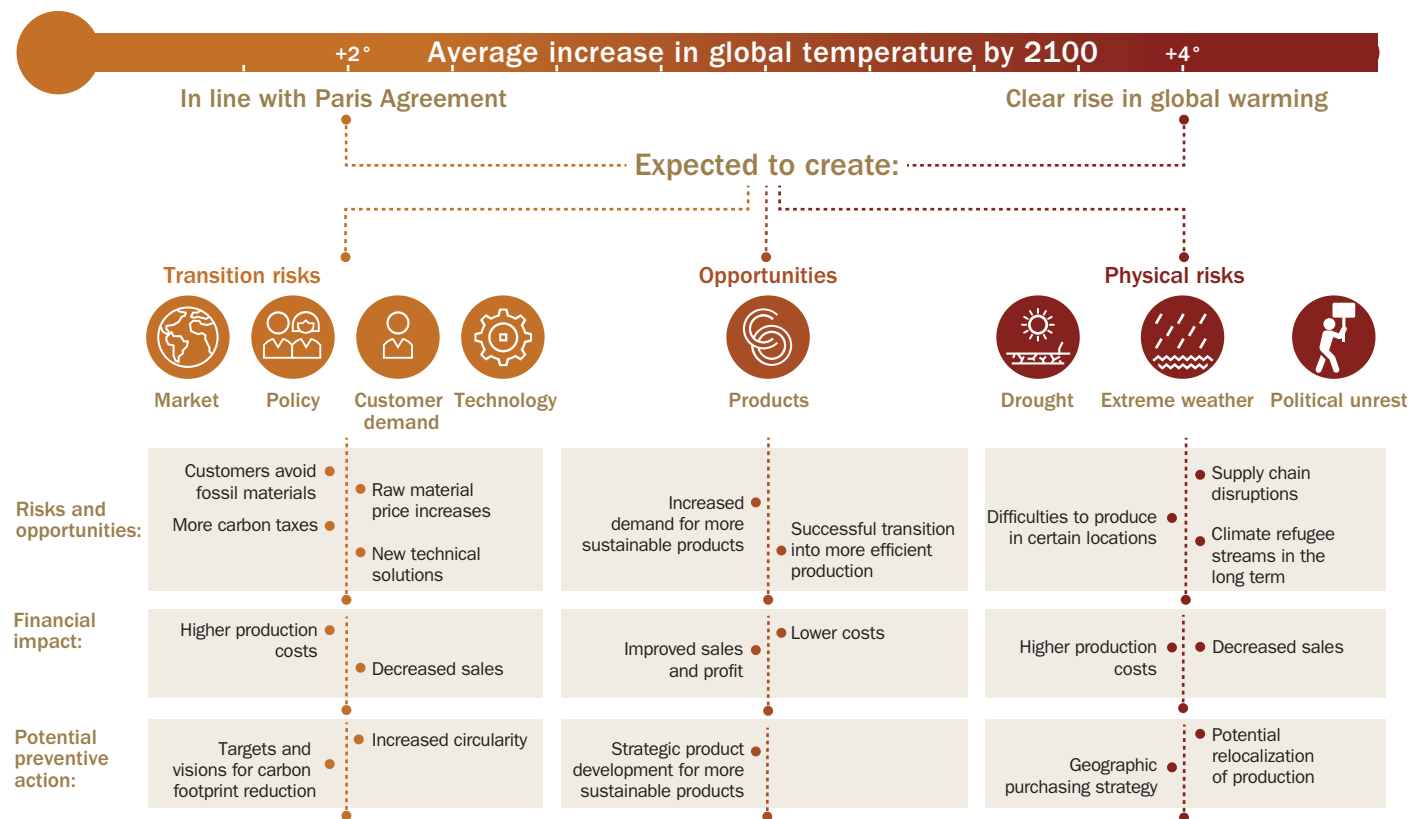
The material was prepared by leading representatives for the business areas and the Group following the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD). The analysis will be further developed every year.

- » The introductory graphic summary below, with commentary, presents the most important results of the 2022 analysis. Most of the risks and opportunities are assumed to be between the interval of 1–5 years unless otherwise stated.
- » The risk/opportunity analysis on page 31 presents a ranking and a general description of risks and opportunities.

- » The analysis of both scenarios on page 32 is based on two of the UN Intergovernmental Panel on Climate Change’s (IPCC) forecasts on how carbon concentrations in the atmosphere will increase by 2100 (*Representative Concentration Pathways*, RCP). The RCP 2.6 pathway involves a low increase of carbon concentration and an average rise in temperature of 2°C, while the RCP 8.5 pathway involves a very high increase and an average rise in temperature of 4°C.

- » The table on page 29 contains an index of where additional TCFD material can be found in this Annual Report.
- A supplementary assessment of both physical risks/transition risks as well as opportunities is available in Trelleborg’s open response to CDP (www.cdp.net).

GRAPHIC SUMMARY OF SCENARIO ANALYSIS 2022



Commentary on Trelleborg’s position:

Transition risks

- » Transition risks are generally expected to occur before physical risks. The organization is continuously increasing its contingency for future carbon regulations and also for rises in the price of raw materials. A greater need for public affairs monitoring and possible lobbying can be discerned in operations to more closely follow developments.
- » Transition risks related to changes in demand where customers avoid fossil materials is probably a larger risk in the medium term than new political measures and taxes. Advanced customers in the aerospace, automotive and construction industries are already expressing demands with regard to the carbon content and recyclability of products, which could lead to pressure on profitability if higher prices are not accepted.

- » Reducing the carbon footprint through a science-based climate target and a net zero vision as well as measures to increase circularity is gradually starting to become part of Trelleborg’s DNA.

Physical risks

- » Climate-related disruptions of the supply chain and Trelleborg’s production can be expected to increase moving forward.
- » The risk analysis of climate-related physical risks has been in place for a long time. The number of upgrades to the level of Highly Protected Risk facilities is rising, refer to page 28.
- » Purchasing strategy with new geographical considerations can be changed in the short term for critical raw materials such as natural rubber.
- » The potential relocation of production is made easier due to Trelleborg’s production sites in various relevant parts of the world.

Opportunities

- » The share of energy-saving and emissions-reducing products in Trelleborg’s range is expected to increase markedly.
- » New materials and new technical solutions are monitored for the same purpose, namely for Trelleborg to be an industry leader in sustainability. Examples of proactive measures to reduce the carbon content of Trelleborg’s products and to stay one step ahead of the competition is the Group-wide *Polymers for Tomorrow* group, which aims to increase the share of recycled/recoverable and bio-based materials. However, research efforts must also be increased at Group level.
- » More efficient production is a natural and visible consequence of ongoing energy and material efficiency efforts.

HIGHEST RANKED RISKS AND OPPORTUNITIES BY TRELLEBORG

Risks	Commentary	Time frame	Financial impact	Comments and current action
Transition risks				
Changed customer demand	Customers choose competing solutions mainly due to a perceived lack of recyclability or high carbon concentration in primarily rubber-based solutions	3–5 years ahead, only individual cases can currently be seen	Strong	Serious financial impact is attributable to the lower demand that may occur if Trelleborg were not to act to explain, develop and adapt its products and solutions
Political regulations	New taxes, charges mainly for CO ₂ in production/materials, which risk increasing production costs	1–5 years	Medium	Trelleborg has already partly built in some protection against this in the form of an internal CO ₂ price simulated in investment applications
Customers do not understand Trelleborg’s actual sustainability performance	Different types of evaluations via surveys and performance analyses increase in importance	From now on	Medium	Trelleborg continuously develops its use of third-party evaluations, such as EcoVadis
Physical risks				
Extreme weather causes supply chain disruptions and temperature increases	Disruptions to inbound freight and lower production capacity	Visible now to a certain extent	Medium	Uncertainties in the supply chain are already taken into consideration to some extent. All localization of production considers weather risks
Opportunities				
Proactive development of improved low-carbon, energy-saving and climate-resilient products and solutions	Both larger markets and higher market shares are achievable opportunities, partly by using recycled, recoverable and bio-based raw materials	1–5 years	Strong	Market positioning as a low-carbon polymer solutions supplier is fully possible in most of Trelleborg’s various segments
High resource efficiency in energy consumption and manufacturing	Sustainability goes hand in hand with efforts to achieve energy and materials efficiency	From now on	Medium	The entire multi-year Excellence program is based on enhancing the efficiency of processes step by step
New circular business models	Services and support replace traditional product sales	3–5 years	Medium	Each segment should be analyzed in terms of business opportunities that can be achieved via services

GENERAL RISKS AND OPPORTUNITIES

Transition risks				
Reputation <ul style="list-style-type: none"> » Changed customer preferences » Greater concern among stakeholders or negative feedback from stakeholders » Recruitment difficulties ¹ » Sector stigmatization ¹ 	Market <ul style="list-style-type: none"> » Changed customer preferences » Higher costs of raw materials » Uncertainty about market signals » Customers that have not adapted to climate change disappear 	Technology <ul style="list-style-type: none"> » Competitors with high share of bio-based and recycled raw materials » Replacing current products and services with lower-emission alternatives » Failed investments in new technology » Costs for transition to new lower-emission technology 	Political and legal matters <ul style="list-style-type: none"> » Higher price of GHG emissions » Stricter requirements profile for capital acquisition via EU taxonomy and future reporting directive (CSRD) » Regulations for current products and services » Exposure to claims for damages 	
Physical risks				
Chronic <ul style="list-style-type: none"> » Changed rain patterns and extreme variations in weather patterns » Effects on global supply of natural rubber: Current temperatures are at the upper end of the scale for rubber farming ¹ » Higher average temperatures and sea levels could impact areas in which operations are located ¹ 		Acute <ul style="list-style-type: none"> » More serious consequences of extreme weather such as cyclones and torrential rain » Impact on supply chain, production sites and customer needs 		
Opportunities				
Efficiency enhancements to achieve mitigation <ul style="list-style-type: none"> » More resource-effective production and distribution processes » More recycling and more effective use of materials » More resource-effective transportation » Relocation to more efficient buildings » Lower water use and consumption 	Transition of energy sources <ul style="list-style-type: none"> » Transition to lower-emission energy sources » Use of political support measure for energy sources » Participation in carbon reduction solutions in the market » More decentralized/local energy production, such as solar power 	Adapting the range <ul style="list-style-type: none"> » Development in lower-emission products and services » Climate-related products, examples: low friction seals, solutions for climate adjustments such as addressing flooding and other effects of higher volumes of rain or rising sea levels 	Market development <ul style="list-style-type: none"> » Access to new markets » Use of government aid for sustainable technology 	Improved resilience <ul style="list-style-type: none"> » Participation in renewable energy programs and continued energy efficiency enhancements

¹ Relevant in the long term, 5–10 years.

Scenario analysis: two different scenarios

SCENARIO 1: IN LINE WITH PARIS AGREEMENT (UNDER +2°C)

Rapid transition to lower-carbon society. The climate impact of this scenario is based on the IPCC's RCP 2.6 scenario. The scenario is characterized by unification in international politics on transition, and halving total GHG emissions by 2050 is achieved successfully. Global warming limited to 2°C by 2100, which limits damage. Political decisions, taxes and regulations on greenhouse gases are introduced. Large-scale renewable energy and technological improvements are introduced. Rapid transition to community infrastructure takes place.

POTENTIAL EFFECTS

Risks	Opportunities	Financial impacts
A gradual transition in society and negative changes in demand for solutions using fossil-based raw materials. ¹		Customer behavior is potentially negative for demand and earnings. Transition required by materials supply chain.
Trelleborg risks not being quick enough in adapting its portfolio to changed customer demand for energy and emission-impacting solutions.	Trelleborg succeeds in improving its material communication about a higher share of recycled/recoverable and bio-based materials, transitioning its offering and securing good market positions, in line with the transition in society.	Earnings are impacted by how quickly the company adapts to the transition in society.
New players in various industries offer applications in competing materials. ¹		Market share/sales may be threatened.
Climate-related regulations, taxes and fees increase quickly. An example is the EU's planned Carbon Border Adjustment Mechanism, which means that importers and non-EU manufacturers of steel, cement and electricity, among others, must pay a tax linked to the EU's price for carbon dioxide (about EUR 90 per metric ton of CO ₂ in December 2022). Trelleborg's own transition of its raw materials, energy solutions and reduced CO ₂ emissions is resulting in improvements but it might be challenging to maintain the same pace in society.	Impact on society and customers yields a distinct increase in business opportunities for energy savings and Trelleborg solutions that reduce emissions, such as in industries for renewable energy, e-mobility and greener air travel.	Capitalizing on new business opportunities is positive for income and earnings. Regulations and taxes drive up costs and clearly increase the overall cost profile, even indirectly: For example, the International Monetary Fund had stated that a carbon tax of USD 75 per metric ton of CO ₂ would increase the average price in the G20 countries by up to 43 percent. However, the risk profile is likely to be similar for competitors.
Demand for transition of production equipment to meet society's needs in terms of, for example, renewable energy and circular production.		Investment requirements for transition of internal infrastructure.

SCENARIO 2: CLEAR RISE IN GLOBAL WARMING (+4°C)

Slow transition in society. The climate impact of this scenario is based on the IPCC's RCP 8.5 scenario. The scenario is characterized by the moderate tempo of political climate initiatives and cooperation and with cooperative difficulties internationally. Continued dependency on fossil fuels. GHG emissions continue and result in a 4°C increase in the global temperature by 2100. Periods of drought, a clear rise in sea levels, more fires and cases of extreme weather, such as flooding, cause problems in themselves and lead to refugees flows.

POTENTIAL EFFECTS

Risks	Opportunities	Financial impacts
Physical effects: extreme weather causes supply chain disruptions, disrupts some operations and causes damage at some plants.		Any such operational disruptions are negative for production and sales.
Temperatures make working and living difficult in certain places, for example, in Sri Lanka due to risk of flooding and in the US due to risk of tornadoes. Political concern/streams of refugees risk becoming a consequence. ¹	It may be necessary to relocate some production, but Trelleborg's own transition of energy solutions and lowering of CO ₂ emissions are progressing quicker than for society at large, which is positive for the brand.	Trelleborg's brand and market position are positive, but political concern/refugee flows could disrupt both local demand and impact prices of materials, which could affect earnings.
Moderate tempo of transition for own energy-related infrastructure. ¹		Investment requirements under control.
Customer demand changes, but at a predictable rate.	Trelleborg succeeds in transitioning its offering and securing good market positions, in line with the transition in society.	Capitalizing on new business opportunities is positive for earnings.
Regulations, taxes and fees increase but at a moderate tempo.	Gradual increase in business opportunities for energy savings and Trelleborg solutions that reduce emissions, such as in the segments for renewable energy, e-mobility, greener air travel, which are important to the company (refer to page 19).	Regulations and taxes gradually increase the cost profile. Positive on income side.

¹ Relevant in the long term, 5–10 years.

EU taxonomy 2022 for Trelleborg AB

The EU taxonomy is legislation in the form of a classification system of economic activities, intended to direct investments in a sustainable direction. Trelleborg has analyzed its operations according to the 2022 taxonomy guidelines.

Focus of the taxonomy

2022 is the second fiscal year that Trelleborg and other manufacturing companies are to analyze and classify the operations eligible in accordance with the EU taxonomy guidelines. The taxonomy addresses two environmental objectives for this second year of reporting:

- » climate change mitigation, and
- » climate change adaptation

It is important to understand that with the current direction, the taxonomy first and foremost addresses activities in society that have high greenhouse gas emissions (for example energy production, iron and steel manufacturing), and certain activities in society that enable a sustainable transition of other operations (for example education). Over the next few years, the EU will add four

other overarching environmental objectives to the Taxonomy Directive:

Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control as well as Protection and restoration of biodiversity and ecosystems.

It is also important to note that Trelleborg is not exposed to the fossil gas or nuclear power sectors in any of the ways listed in the supplement to the Taxonomy Regulation made in 2022.

Trelleborg's 2022 analysis and reporting

For Trelleborg's analysis of its operations, the continuing business areas carried out a review of all of their operations during the year to see which activities are eligible and are aligned with the applicable taxonomy guidelines for reporting the proportion of income/sales (turnover), proportion of capital expenditure (CapEx) and proportion of operating expenditure (OpEx).

PROPORTION OF INCOME/SALES

According to Trelleborg's analysis, the proportion of products or services in Trelleborg's continuing operations that are taxonomy-eligible in 2022 for Trelleborg is 0 percent. The share of non-eligible activities for the year is thus 100 percent.

Economic activities ¹	Code/codes (2)	Absolute sales (3), SEK M	Proportion of sales (4), %	Criteria for substantial contribution							Criteria for do no significant harm (DNSH)							Minimum safeguards (47), Y/N	Taxonomy-aligned proportion of turnover, year 2022 (18), %	Taxonomy-aligned proportion of turnover, year 2021 (19), %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5), %	Climate change adaptation (6), %	Sustainable use and protection of water and marine resources (7), %	Transition to a circular economy (8), %	Pollution prevention and control (9), %	Protection and restoration of biodiversity and ecosystems (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Sustainable use and protection of water and marine resources (13), Y/N	Transition to a circular economy (14), Y/N	Pollution prevention and control (15), Y/N	The protection and restoration of biodiversity and ecosystems (16), Y/N							
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
Scope of the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0															0	0			
A.2 Taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned)																						
Sales of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned) (A.2)		0	0															0	0			
Total (A.1 + A.2)		0	0															0	0			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																						
Sales of taxonomy non-eligible activities (B)		30,095 ¹	100																			
Total (A + B)		30,095	100																			

¹ Turnover is taken from Trelleborg's 2022 income statement on page 65.

PROPORTION OF CAPEX

The taxonomy guidelines state what could be taxonomy-eligible or taxonomy-aligned in terms of proportion of investments. Three different categories of investments are provided for – the first two are directly related to operations or planned operations eligible or that will be taxonomy-eligible and thus are not relevant as long as no operations are de facto eligible or such plans exist.

The third category refers to investing in such measures as energy efficiency that also result in a reduction in greenhouse gas emissions, where the objective of the investment itself is to be in equipment that is eligible or aligned with the taxonomy guidelines.

In its continuing operations, Trelleborg has such CapEx that are taxonomy-eligible in 2022, although it is not yet possible to determine if these are entirely taxonomy-aligned. This primarily consisted of environmental investments in local systems for electricity production using solar energy, electric vehicles and charging stations for electric vehicles, environmentally certified buildings and suchlike. The proportion of total CapEx that is taxonomy-eligible is approximately 12 percent, while the proportion that is non-taxonomy-eligible is 88 percent.

Economic activities ¹	Code/codes (2)	Absolute sales (3), sek M	Proportion of CapEx (4), %	Criteria for substantial contribution						Criteria for do no significant harm (DNSH)						Minimum safeguards (17), Y/N	Taxonomy-aligned proportion of CapEx, year 2022 (18), %	Taxonomy-aligned proportion of CapEx, year 2021 (19), %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5), %	Climate change adaptation (6), %	Sustainable use and protection of water and marine resources (7), %	Transition to a circular economy (8), %	Pollution prevention and control (9), %	Protection and restoration of biodiversity and ecosystems (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Sustainable use and protection of water and marine resources (13), Y/N	Transition to a circular economy (14), Y/N	Pollution prevention and control (15), Y/N	The protection and restoration of biodiversity and ecosystems (16), Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Scope of the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0														0	0		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned)																				
4.1 Electricity from photovoltaic installations (solar cells)		6																		
6.5 Transportation, purchased or leased electric vehicles		7.5																		
7.1 Buildings, certified		141																		
7.3 Energy efficiency, equipment for CapEx for taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned) (A.2)		6.5															0	0		
Total (A.1 + A.2)		161	12														0	0		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx for taxonomy non-eligible activities (B)		1,137	88																	
Total (A + B)		1,298 ¹	100																	

PROPORTION OF OPEX

The proportion of OpEx as described in the taxonomy guidelines primarily refers to OpEx that are associated with activities that are de facto aligned with the taxonomy. When these activities in 2022 are 0 percent, the proportion of OpEx related to these is also 0 percent. The proportion of non-eligible OpEx is thus 100 percent for 2022.

Economic activities ¹	Code/codes (2)	Absolute OpEx (3), sek M	Proportion of OpEx (4), %	Criteria for substantial contribution						Criteria for do no significant harm (DNSH)						Minimum safeguards (17), Y/N	Taxonomy-aligned proportion of OpEx, year 2022 (18), %	Taxonomy-aligned proportion of OpEx, year 2021 (19), %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5), %	Climate change adaptation (6), %	Sustainable use and protection of water and marine resources (7), %	Transition to a circular economy (8), %	Pollution prevention and control (9), %	Protection and restoration of biodiversity and ecosystems (10), %	Climate change mitigation (11), Y/N	Climate change adaptation (12), Y/N	Sustainable use and protection of water and marine resources (13), Y/N	Transition to a circular economy (14), Y/N	Pollution prevention and control (15), Y/N	The protection and restoration of biodiversity and ecosystems (16), Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Scope of the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0														0	0		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned)																				
OpEx for taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned) (A.2)		0	0														0	0		
Total (A.1 + A.2)		0	0														0	0		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx for taxonomy non-eligible activities (B)		930	100																	
Total (A + B)		930 ²	100																	

¹ Total CapEx for 2022 has been derived from gross capital expenditures of continuing operations in Trelleborg's 2022 cash flow statement on page 71 in the Annual Report 2022.

² Total OpEx for 2022 consists of research & development costs for continuing operations in 2022 in accordance with the income statement on page 65 and expenditure for maintenance and repairs that are part of the cost of goods sold as set out in the income statement.

OTHER COMMENTARY FROM TRELLEBORG

Many activities fall outside the taxonomy

The consequence of the focus of the taxonomy to date is that many companies, including Trelleborg with its production of engineered polymer solutions, are not currently materially affected as its operations are not eligible or aligned with taxonomy guidelines. For these companies, the proportion of operations that is either taxonomy-eligible or environmentally sustainable and aligned with the taxonomy is none or minimal.

Other sustainability-related solutions

According to Trelleborg's analysis conducted in 2022, there are a number of activities in the Group that provide corporate customers with solutions/components that are critical to the function, energy consumption and climate performance of taxonomy-eligible end products that are either taxonomy-eligible or aligned with the taxonomy. Some examples of such solutions/components are function-critical and energy-saving sealing solutions (for wind-power plants, solar panels, buildings) or solutions for trenchless pipe repair. See further examples of sustainability-promoting products in the table below.

However, the manufacturing of such solutions cannot be reported under the taxonomy by Trelleborg since they fall outside the current taxonomy guidelines for what is taxonomy-eligible or aligned with the taxonomy. This is despite the fact that, in Trelleborg's view, the characteristics of the solutions may be critical to sustainability characteristics of end products that are either taxonomy-eligible or aligned with the taxonomy.

The outcome of the analysis indicates that such sustainability-related activities for components for end products that are either taxonomy-eligible or taxonomy-aligned represent about 10 percent of Trelleborg's net sales for continuing operations in 2022.

UN SDGs	TRELLEBORG'S PRODUCTS, SOLUTIONS AND SOCIAL ACTIVITIES FOR/CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT OF SOCIETY, WITH REFERENCE TO THE UN SDGS
 2 ZERO HUNGER	Solutions for sustainable agriculture and greater productivity in agriculture (2.3). Other products for sustainable systems for food production, including food hoses (2.4).
 3 GOOD HEALTH AND WELL-BEING	Products to improve road safety, such as brake shims (3.6). Components in the field of healthcare & medical, such as for medical devices and for drug and vaccine delivery systems (3.8). Reduced involvement in solutions in the field of oil & gas (3.9).
 4 QUALITY EDUCATION	Training and support projects for local communities within the framework of Trelleborg's community engagement (4.2).
 5 GENDER EQUALITY	Development of women managers (5.5).
 6 CLEAN WATER AND SANITATION	Products to safeguard and protect water resources, such as pipe seals and pipe repair solutions (6.4).
 7 AFFORDABLE AND CLEAN ENERGY	Solutions for the safe extraction and transport of energy (7.1). Components for wind, solar and hydro power solutions (7.2).
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Solutions for reliable, sustainable, resilient and high-quality infrastructure, including window/door seals, façade profiles and pipe seals, and in the train and rail system area and for ports, as well as bridge and tunnel solutions (9.1).
 11 SUSTAINABLE CITIES AND COMMUNITIES	Solutions for protection against earthquake and water-related catastrophes, and unnecessary noise and vibrations (11.1). Solutions for safe, accessible and sustainable transportation systems, including ports and in the train and rail system (11.2). Solutions to protect and safeguard the world's cultural and natural heritage, including water management and seals (11.4).
 13 CLIMATE ACTION	Solutions in energy efficiency, renewable energy and water management that reduce the risk of and build resilience against climate hazards and catastrophes (13.1).
 14 LIFE BELOW WATER	Products for ports and marine solutions, including Ocean Cleanup (14.2).
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Preventive measures throughout the value chain against child and forced labor as well as against corruption and anti-competitive measures (16.2 and 16.5).
 17 PARTNERSHIPS FOR THE GOALS	Signing and supporting various sustainability initiatives, such as the UN Global Compact, continued application of, and adjustment to, international standards and guidelines for sustainability reporting (such as GRI/UN Sustainable Development Goals), climate reporting (TCFD/CDP) and environmental management systems (ISO 14001) (17.16).

Operations: Efficient and sustainable resource usage

In terms of the climate, the proportion of renewable energy is steadily increasing to reduce climate impact in line with the climate target of “50 by 25” and the vision of net zero emissions from our own operations by 2035.

Strategic sustainability work

The finalization of the divestment of Trelleborg Wheel Systems will lead to a significant reduction in the Group's carbon footprint in absolute terms. See the strategy section on pages 18–19 for the result of the analysis of Trelleborg's Scope 3 emissions and plans for the approved Science Based Target from 2023, as well as the section on Energy and climate, including Climate strategy, below and on page 37.

Products and solutions

Trelleborg's engineered solutions are based on the unique sealing and damping properties of polymers. The solutions in themselves have a positive impact on the sustainability of society as they, for example, save energy and reduce CO₂ emissions, eliminate noise and vibrations, seal in demanding environments to avoid leaks of water, oil, gas or hazardous chemicals, and dramatically extend the lifecycle of items ranging from machines and medical devices to community infrastructure such as skyscraper facades, bridges and tunnels.

However, Trelleborg is not blind to the fact that the solutions themselves are largely fossil-based. The company is therefore working systematically to increase the share of recycled/recyclable or bio-based raw materials in everything it develops and manufactures. This aims to further strengthen Trelleborg's role as the sustainability leader in its industry without compromising the high technical requirements in the demanding environments where the solutions are intended for use.

Accordingly, Trelleborg's development group *Polymers for Tomorrow* has continued its practical work during the year in accordance with the principles of circularity (refer to page 17). The aim is to systematically increase the use of recycled/recyclable, bio-based and completely new, more sustainable raw materials. The development group, composed of members from the business areas and the Group, identifies strategic collaborations with suppliers and other initiatives in the intended direction.

Raw materials and chemicals

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

The manufacturing processes have several types of direct impact on the environment and people: climate impact, waste and emissions (mainly to air), water consumption and work accidents. Similar impacts as a result of Trelleborg's activities occur indirectly along the value chain, primarily in the supply chain.

Trelleborg's Group environmental policy – available at www.trelleborg.com – stipulates that attention must be given to the precautionary principle, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes.

Conflict minerals are used to a very limited extent in Trelleborg's products, and the company is working continuously with its suppliers to ensure that conflict minerals originating from risk areas are not used in Trelleborg's products. Trelleborg has governance documents and provides templates that simplify the response of units to customer inquiries about such minerals.

As a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the local work with REACH compliance, strategic work related to

chemicals continues to be carried out within the framework of the Global Chemical Task Force, a corporate-level team. During 2022, the Global Chemical Task Force provided support to local companies in chemical replacement projects, classification and reporting of used chemicals and generally with the follow up of European legislation on chemicals and the environment: updating of the REACH regulations, the EU's taxonomy regulations, the Carbon Border Adjustment Mechanism, Ecodesign for Sustainable Products Regulation and public consultations concerning future restrictions on per- and polyfluoroalkyl substances (PFAS).

Within the scope of ETRMA, the European organization for tire and rubber manufacturers, Trelleborg has been represented and participated in work monitoring and undertaking EU legislation in, for example, chemicals, circularity and the taxonomy.

Resource efficiency and circularity

The long-standing Manufacturing Excellence program framework takes a systematic approach in Trelleborg's production units to improvements for enhanced safety, quality, delivery precision and efficiency. The work has yielded distinct positive effects on resource consumption through efforts to minimize resource waste.

Refer also to the sections on resource efficiency and circularity on page 17.

Energy and climate

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

Energy Excellence

Energy Excellence, the initiative for systematic energy optimization at all Trelleborg units, is an integrated part of the Manufacturing Excellence program. Energy Excellence was updated in line with the “50 by 25” climate target to even more clearly emphasize the link between energy consumption and climate impact. In addition to process-related measures, Trelleborg's units are focusing on the introduction of different types of systems for improved monitoring of energy consumption and on increasing energy awareness among personnel.

The outcome of energy consumption for the year is a decrease despite increased production volumes (see table on page 38). This reflects the ongoing efficiency enhancements in energy use, and how Trelleborg is striving to decouple both this and greenhouse gas emissions from growth in operations.

Proportion of renewable/fossil-free electricity and energy

The proportion of renewable/fossil-free electricity and energy – which will be continuously increased – is reported as separate indicators in the table on page 38. The proportion is rising steadily, and the transition of the electricity supply in particular will play a key role in achieving the “50 by 25” climate target by 2025.

A collaboration with Schneider Electric launched in 2021 has resulted in recommendations for joint actions for the Group in relation to the supply of renewable electricity. A tangible proposal being investigated is a Power Purchase Agreement (PPA) for manufacturing units in Europe.

Internally generated electricity is being produced using solar cells at plants in Modena, Italy, in Bengaluru, India, and in Malta.

Another significant project is underway in Sri Lanka, where biomass is replacing fossil fuel to produce steam for production.

Climate strategy

A description of Trelleborg's long-term climate strategy, with the "50 by 25" climate target in 2022 for the period through 2025 and the net zero vision for its own operations by 2035, as well as the ambition to launch a new climate target in 2023, is presented on pages 18–19. An overview and an updated risk/opportunity analysis, including climate scenarios adapted to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), are presented on pages 30–32.

Emission allowances

Only one of the Group's units – in Tivoli, Italy – is included in the EU Emissions Trading System (EU ETS) in 2022. Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO₂). Each year, the operations concerned must report their emissions of CO₂ and transfer emission allowances corresponding to the emissions they cause. The number of allocated emission in 2022 was 17,837 (19,598).

Water

Water is used in Trelleborg's operations mainly for cooling and washing in production processes. The outcome for the year for water-related indicators is shown in the table on page 126. Major reductions in consumption are made on an ongoing basis and are planned, inter alia, for the production unit in Ersmark, Sweden, by using improved cooling and recycling systems. Emissions to water are limited. They mainly comprise organic matter.

Previous evaluations of water supply have been carried out for countries and regions where Trelleborg's production units are located, and indicate that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the US, Sri Lanka and Malta. The focus for central water follow-up activities is on these regions.

Waste

Continuous efforts are taking place within local operations to cut production waste, which helps to both reduce the amount of waste and increase the rate of recycling. In the same manner the volume of hazardous waste is minimized.

For ISO 14001-certified plants – corresponding to 70 percent of the plants in 2022 – waste management plans are part of the overall environmental management system, and for all non-certified plants, it is mandatory to have such a plan in place. According to the waste management plan, waste leaving the facilities must be weighed and documented. Alternatively, the waste's density and volume must be calculated, for example, using supplier invoices, the organization's internal invoicing and accounting system, or data from the purchasing departments.

- » Recycling is carried out by external partners and internally, see the diagram on page 38.
- » For further information, refer to resource efficiency and circularity on pages 17 and 18.

Emissions to air

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

The reduction of VOC emissions is a priority, both from an environmental and health perspective. These emissions have been continuously reduced in recent years, refer to the table on page 38.

Emissions are mainly derived from the use of solvent-based adhesives that are used for a limited number of products and production units. The upcoming divestment of Trelleborg Printing Solutions in 2023 will result in a significant reduction of VOC emissions to a level around 200 metric tons/year.

OUTCOME IN 2022 IN THE AREA OF OPERATIONS: USE OF RESOURCES

Resources	Where?	Outcome 2022	Goals and main governance
ENERGY		In total, energy consumption has reduced year-on-year despite rising production volumes. Consumption relative to sales declined markedly during the year. Energy prices worldwide in 2022 remained very high, which also impacted Trelleborg.	<p>The proportion of renewable/fossil-free energy is to gradually increase, both for direct and indirect energy, in line with the Group's climate target. For renewable/fossil-free electricity, the target is to achieve 80 percent by 2025.</p> <p>Energy efficiency has been a prioritized area for Trelleborg for some time through the Energy Excellence initiative, which is part of the Manufacturing Excellence program (refer to page 17). The internal target for the Group is to improve its energy efficiency by at least 3 percent annually.</p> <p>Local energy coordinators are trained via global training sessions, and a shared toolbox is available.</p> <p>Trelleborg also works proactively and systematically with external energy consultants, and is planning to implement joint solutions for renewable energy solutions in the future.</p>
Energy consumption		Total of 1,329 GWh (1,394). The share of direct energy is 684 GWh (703), and the share of indirect energy is 645 GWh (691).	
Energy consumption relative to sales		0.030 GWh per SEK M (0.039). Energy consumption relative to sales declined approximately 23 percent.	
Energy cost		SEK 1,361 M (844).	
Renewable/fossil-free energy and renewable/fossil-free electricity		<p>15.2 percent (11.1) of total energy consumption is from renewable/fossil-free sources, a 37-percent increase mainly due to purchased renewable electricity and internally generated electricity at facilities.</p> <p>The proportion of fossil-free/renewable electricity of total electricity is 28.8 percent (21.2).</p> <p>The internally generated electricity is produced from solar cells and amounted to 1,142 MWh (756).</p>	
		<p>Renewable/fossil-free energy, proportion of total energy</p> <p>Renewable/fossil-free electricity, proportion of total electricity</p>	
CLIMATE		Both in total and relative to sales, CO ₂ emissions fell in 2022, which is primarily attributable to the transition to renewable/fossil-free electricity. Trelleborg's systematic measures for energy efficiency also contributed to the results, which at the end of the two-year period (2021–2022) yielded a decrease of 35 percent in CO ₂ emissions in relation to sales compared with the base value of 10.9 metric tons/SEK M from 2020.	<p>The "50 by 25" climate target applies to the 2021–2025 period when Trelleborg will halve its CO₂ emissions in Scope 1 and 2, in relation to sales, and also achieve a significant reduction in emissions across the value chain (Scope 3) in line with society's goal to keep global warming to below 1.5°C.</p> <p>Trelleborg will present new climate targets in 2023 for the period extending to 2030 in dialog with the Science Based Targets initiative.</p> <p>These targets will also address Scope 3 emissions across the value chain. Read more on pages 18–19.</p>
Total CO ₂ emissions		317,000 metric tons (358,400), of which direct emissions amounted to 128,800 metric tons (134,900), and indirect emissions 188,200 metric tons (214,300).	
CO ₂ emissions relative to sales		7.1 metric tons per SEK M (9.8), a 28-percent improvement compared with last year. A clear improvement was made during 2022, mainly due to the transition to renewable electricity, but also via lower energy consumption.	
WATER		In 2022, water use, meaning water for production and sanitary water, declined in absolute terms, despite higher production volumes. Relative to sales, the decline in water use was even more distinct.	<p>Even if water use is one of the general environmental key figures reported for all plants, a decrease in consumption is most crucial at production sites with water shortages, or where water shortages can be expected. Refer to page 37.</p>
Water use		2.27 million m ³ (2.44)	
Water use relative to sales		50.9 m ³ per SEK M (68.4)	
Water withdrawal		<p>61 percent municipal water (58)</p> <p>24 percent from the company's own wells (24)</p> <p>14 percent surface water (rivers, lakes, etc.) (17)</p> <p>1 percent other sources (1)</p>	

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

Resources	Where?	Outcome 2022		Goals and main governance
EMISSIONS		Emissions of volatile organic compounds (VOC) decreased by 6 percent during the year. Emissions of sulfur dioxide and nitrogen oxides declined slightly.		<p>Reducing volatile organic compounds (VOC) emissions is a priority both from an environmental and health perspective. Emissions of VOC are defined according to EU standards.</p>
VOC		681 metric tons (724 ¹)		
VOCs relative to sales		0.015 metric tons per SEK M (0.020 ¹)		
Sulfur dioxide		65 metric tons (74)		
Nitrogen oxides		53 metric tons (55)		
WASTE		<p>The total amount of waste declined in 2022 relative to sales, but also in absolute terms despite higher production volumes.</p> <p>The increase in hazardous waste for the year is unsatisfactory, but was mainly due to higher sales volumes.</p> <p>Waste management methods, both for hazardous waste and other waste, are shown in the diagram below to the right.</p>		<p>Waste minimization is an expressed goal in the Manufacturing Excellence initiative, which is conducted in all production units, refer to page 17.</p> <p>The volume of hazardous waste is to gradually decrease.</p> <p>According to the local waste management plans, third-party suppliers that handle waste are to be selected on the basis of their compliance with contractual and legal specifications, and all waste that leaves the plants is to be weighed and documented. Alternatively, the waste's density and volume must be calculated, for example, using supplier invoices, the organization's internal invoicing and accounting system, or data from the purchasing departments.</p>
Waste volume		48,427 metric tons (50,329). Of the total volume, rubber accounted for 32 percent (30) Hazardous waste totaled 4,731 metric tons (4,594), an increase of 3 percent since the preceding year.		
Waste volume relative to sales		1.1 metric tons per SEK M (1.4)		
Waste cost		SEK 66 M (58)		
Waste management		<p>Non-hazardous waste: Internal material recycling 532 metric tons (120) External material recycling 24,875 metric tons (21,966) Energy recovery 5,827 metric tons (7,521) Landfill 9,147 metric tons (10,087) Incineration 1,301 metric tons (1,151) Other methods 2,013 metric tons (1,988)</p> <p>Hazardous waste: Internal material recycling 4 metric tons (1) External material recycling 1,342 metric tons (1,577) Energy recovery 1,728 metric tons (1,123) Landfill 102 metric tons (149) Incineration 634 metric tons (675) Other methods 921 metric tons (1,087)</p> <p>The distribution between methods for handling non-hazardous waste and hazardous waste is presented in the diagram to the right. By definition, internal material recycling is conducted on site.</p>		

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

¹ The figure for 2021 is corrected after discrepancies found between monthly reporting and annual reporting.

Operations: Employee safety, diversity and development

The most important Group-wide program to achieve a safe workplace is Safety@Work, which is part of Manufacturing Excellence. A documented broad range of nationalities at management level and greater gender equality with more female managers is a part of work with diversity and inclusion. Furthermore, individual opportunities for employees to become engaged, learn and grow in order to advance their careers are also prioritized.

Work environment – health and safety

Trelleborg's longstanding occupational health and safety program Safety@Work aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. Safety@Work is monitored by performing annual internal audits whereby the facilities are assessed on a scale in relation to the target: a fully established safety culture in which all procedures are fully implemented in terms of occupational health and safety management, machine safety and accident follow-ups, with the aim of completely avoiding a recurrence of a certain type of incident.

The program includes all staff, both employees and insourced, without exception. The global Safety Day could be held in 2022 for the first time since the pandemic, with more than 90 percent of facilities taking part. The relaunch of the program, started in 2020, continued under the theme of "Team up for Safety," an activation of the safety program through local initiatives and workshops that further deepens risk awareness and preventive efforts among employees.

No fatal accidents occurred in 2022 (2021: 0). Refer to page 41.

A number of operations were divested during the year, which impacted the outcome, but new operations were also added to safety activities in 2022 due to the acquisitions that were carried out. The total outcome for the year for OHS-related indicators is shown in the table on page 41, including the share of sites that have a safety committee, as well as entities with certified systems for occupational health and safety according to OHSAS 18001/ISO 45001.

Diversity & inclusion

The Diversity Policy at Group level recognizes that diversity and inclusion is a strength for the Group. Increased diversity and inclusion has the potential to further drive Trelleborg's performance and results, both at team level and individually. Better communication with customers and problem solving are only a few such examples of the advantages of diversity and inclusion.

Trelleborg therefore works to achieve a balanced mix in regard to such factors as ethnicity, age and gender, taking into consideration the type of operation being pursued. Diversity and inclusion are generally seen as important elements in situations such as recruitment, training, evaluation, pay structures and succession planning.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (read more about the Code of Conduct on page 43), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. Read more about discrimination on pages 9 and 43.

Ethnicity

A basic rule is that the company's senior management and other managers should have local roots, which naturally leads to ethnic diversity in the management of a company that operates in some 50 countries.

A survey in 2022 found that managers down to level 4 in the organization (when level 1 is the President, level 2 individuals who report to the President, level 3 individuals who report to level 2 etc.) include a total of 39 different nationalities.

Age

A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent. For a number of years now, Trelleborg has increased

focus on the younger generations – employees born 1980 and later (Generation Y and Z), and different initiatives have been carried out. In addition to this, the Group has expanded its Graduate Program to two programs per year instead of one.

Gender

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

A key figure was introduced to measure the percentage of female managers down to level 4 in the organization, with the ambition to raise the percentage of women managers at these levels from year to year, which over time, is aimed at creating a better gender-balanced recruitment base at higher levels.

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

Employer Branding

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

In 2022, Trelleborg received for the second consecutive year the *Karriärföretagen* award ("Career Companies") from Swedish company *Karriärföretagen* with the reasoning that:

"Trelleborg continues to expand and evolve their employer brand, offering a range of possibilities for employees to further develop competence and skills. We can identify a clearly diverse and inclusive corporate culture that gives employees the support they need to evolve and thrive within the company. Trelleborg takes pride in their employees and this can be clearly observed in their media channels. Trelleborg is, quite simply, an employer with great leadership."

Qualifications

Trelleborg Group University, the Group's shared training initiative, continued its development and delivered relevant, high-quality training courses in 2022. Never before has Trelleborg Group held more mentor-supervised training days than in 2022, an increase of 40 percent.

In total, 27,827 training courses (30,020) were carried out, about a 7-percent reduction since the preceding year. The overall reduction reflects the fact that no new e-learning course was launched during the year. (Note that the same employee may have completed several training courses.)

As before, the aim is to move classroom training online and/or as hybrid teaching – a total of 95 percent (99) of participation was digital.

The focus remained on Trelleborg's Excellence programs, and many parts of the training related to this were delivered online.

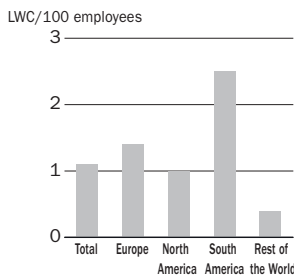
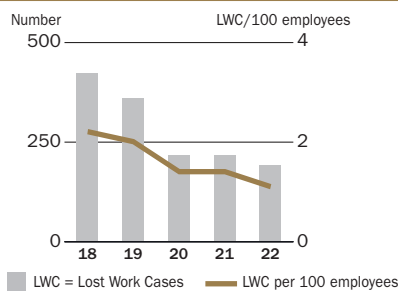
EDUCATIONAL AND DEVELOPMENT INITIATIVES IN 2022



- » In 2022, there was extra focus on the Trelleborg International Management Program (TIMP), which is Trelleborg's leadership program for middle management. 161 managers took part in TIMP in 2022.
- » A new training program was also developed with internal mentors to support leadership by coaching. The program was introduced for middle management in the fourth quarter.
- » During the year, Trelleborg continued to work with the People Excellence initiative to advance leadership within the Group, refer to image. The initiative, which is based on a self-assessment tool and self-motivated learning, comprises six individual programs, of which one program focuses on diversity and inclusion. Part of the People Excellence initiative has been to open up courses on the Group's shared learning platform, Learning Zone. The aim is to make material available in the form of a library of tools for managers.
- » Trelleborg's Learning Zone (Totara) was developed further in 2022. The various training courses are more readily available as Trelleborg's various business areas have opened up their training courses to a wider internal audience outside of the individual business areas. The update also entails an improved user interface.

OUTCOME IN 2022 IN THE AREA OF OPERATIONS: EMPLOYEE SAFETY, DIVERSITY AND DEVELOPMENT

Employees	Where?	Outcome 2022	Goals and main governance
HEALTH AND SAFETY			
Fatal accidents (insourced staff are reported separately)	Internal, all units	No fatal accidents (0) occurred during the year, neither among Trelleborg's own nor insourced staff.	<p>The number of accidents is to steadily decrease. For the full-year 2022, the target was to achieve an LWC of <1.0 in the production units and to also start to present performance measures for non-manufacturing units.</p> <p>The Safety@Work program aims to establish a shared safety culture through improvement programs and preventive measures at all production units. Self-assessment is combined with internal and external audits. As of 2020, the program has been relaunched under the "Team up for Safety" theme.</p> <p>The LWC performance measure that reflects the lost work days was adjusted to international standards; the LWC frequency is the number of lost work days per 100 employees due to work-related injury/illness during the year.</p> <p>The three most common injury categories in 2022 were: trips and falls, contact with moving machinery and work tasks with poor ergonomics. These categories represent more than 50 percent of LWCs during the year.</p> <p>This performance measure was introduced in 2021 to increase the number of women who can be recruited to higher levels. A target level will be set in 2023.</p> <p>This performance measure was introduced in 2021 to highlight ethnic diversity as a success factor. A target level will be set in 2023.</p>
LWC	Internal, all production units	In production units, 175 cases (217) resulting in at least one day's absence (LWC). Of these, 10 (12) were insourced staff, and 36 (36) women. No LWC cases pertained to work-related illness in the production units in 2022. For the Group as a whole, including salaried employees, the LWC for the year was 192.	
LWC per 100 employees	Internal, all production units	1.1 LWC per 100 employees in production (1.4). For insourced staff, the figure was 0.6 (0.8), and for women 0.7 (1.2). See the diagram to the right for the regional situation. For the Group as a whole, including salaried employees, the LWC for the year was 0.9 per 100 employees.	
LWD per 100 employees	Internal, all production units	33 lost work days (47) per 100 employees (= per 200,000 working hours).	
Safety committee	Internal, all production units	85 percent of facilities have a safety committee (89) with representatives from both employers and employees.	
Absenteeism in Sweden	Internal, certain units	7.4 percent of normal working hours (7.2).	
Systems for occupational health and safety management	Internal, all production units	At the end of 2022, 41 units (31) were certified under OHSAS 18001 or ISO 45001, corresponding to 34 percent (30) of all facilities.	
Percentage of women at manager levels 1-4	Internal, all units	The percentage of women at manager levels 1-4 of the organization was 27 percent (22) at the end of 2022.	
Number of nationalities at manager levels 1-4	Internal, all units	The number of nationalities at manager levels 1-4 was 39 (38) at the end of 2022.	



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

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 based on 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.

The Group's Compliance Program supports the entire organization. In addition, management, middle management, employees out in the field and on the factory floor are supported by Compliance Officers, which are appointed every year by each Group company to serve as a contact point for all compliance issues in their part of the business. To support them in these efforts, Compliance Officers undergo special training and progress from bronze to silver and then gold standard in order to help colleagues address compliance issues that may arise in their day-to-day 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 has been in place since 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of compliance.

During 2022, the Compliance Task Force held three meetings that addressed, among other aspects, sanctions, particularly those arising as a result of Russia's invasion of Ukraine, the new sustainability strategy, competition policy and legislative developments, digitalization of compliance procedures, data protection, information security and a review of the audits 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. Every year the acceptance letter has specific focus areas that direct the recipient's attention to these individual areas. For 2022 these areas were: preventing bribery and corruption, competition laws, data protection, environmental issues and alcohol & drugs.

The Group's Whistleblower Policy entitles all employees to report any suspected legal or regulatory violations without repercussion. Refer to the table on page 44 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 the text alongside).

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 44.

Human rights

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 table on page 44.

Child and forced 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 43.

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 2022, Trelleborg's corporate website has again renewed its annual statement regarding the management of issues concerning forced labor, child labor and trafficking/modern slavery, 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.

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 44.

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

Environmental management systems

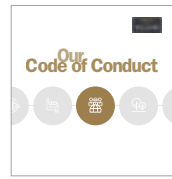
A cornerstone of the Group's environmental strategy is that all major production units with production and development capacity must have an ISO 14001-certified environmental management system. Only Executive Management can grant an exception. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 44.

Environment laws and permits

Fines or sanctions for breaches of environment or OHS-related rules are shown in the table on page 44. 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 44.



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.

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 2022 is presented in the table on page 44.

Suppliers

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 (refer also to page 36), 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 44 for the year's outcome. The digital system for supplier assessments streamlines the process and make it more transparent.

In line with the company's climate target, follow-up of the climate performance of suppliers will be further developed over the next five years. One of the first steps taken already in 2021 was to begin cooperating with CDP Supply Chain for supplier follow-ups and development focusing on climate issues. The need of such follow-up and dialog heightened in 2022 when Trelleborg, in collaboration with KPMG, observed that a majority of the company's greenhouse gas emissions along the value chain (Scope 3) are supplier-related, refer to page 19.

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 2020–2022, partly due to the pandemic and partly as there were very few new suppliers in these areas.

In 2022, Trelleborg resolved to develop the general review of suppliers under a new system, together with a third party. A renewed risk analysis of the supply chain will be performed in consultation with this partner.

The Code of Conduct is the basis for all compliance

Trelleborg's Code of Conduct in the areas of environment, occupational health and safety, 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 82 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.

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 or directives are considered to form the core of the regulations Trelleborg applies in the area of Compliance:

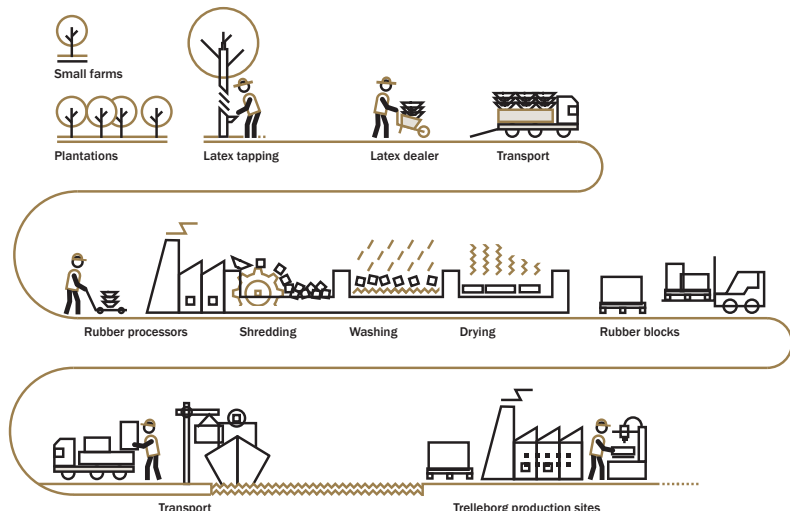
- » Anti-bribery and Anti-corruption Policy
- » Competition Rules Policy
- » Whistleblower Policy
- » Export Control Policy
- » Conflict of Interest Policy
- » Directive for Handling of Agreements
- » Data Protection Policy

PRODUCTION OF 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.

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

Trelleborg also maintains 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.



OUTCOME IN 2022 IN THE AREA OF COMPLIANCE

Compliance	Where?	Outcome 2022	Goals and main governance
Anti-corruption and competition law	■	7,474 individuals (7,237) underwent various training courses in anti-corruption, competition law, contract management and so forth. This included both traditional classroom training and, to a strongly increasing extent, online training (e-learning, webinars).	Zero tolerance applies to all types of bribery, corruption, cartel and other criminal behavior. Knowledge about relevant Group policies and the Code of Conduct is a requirement that is ensured through recurring training sessions for all employees, which are supplemented with special training programs in the area.
Training in the Code of Conduct	■	A new Code of Conduct was launched in 2019, and more than 85 percent of all Group employees underwent training in the new Code of Conduct during that year. Training continued in between 2020 and 2022.	In 2021, a target was set for each employee to take the Code of Conduct course at least every three years.
Compliance (general)	■	One (0) significant breach of laws and permits was reported during the year. Nasdaq Stockholm's Disciplinary Committee decided in November 2022 to order Trelleborg AB to pay a fine equivalent to an amount of SEK 9.6 m as a result of the company's information disclosure procedures in connection with divestment rumors regarding the Trelleborg Wheel Systems business area in 2021. The Disciplinary Committee is of the opinion that Trelleborg should have acted more swiftly in disclosing information to Nasdaq Stockholm and that Trelleborg, on the matter, has breached the rules regarding the disclosure of information to the market.	Local governance in accordance with the Code of Conduct and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting. The Compliance Task Force is a central forum for all compliance issues, refer to page 42.
Compliance (environmental)	■	1 case (2) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 100,000 (80,000)	Local governance in accordance with the Code of Conduct, permits and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting.
Whistleblower cases	■	During the year, a total of 31 matters (18) were reported via the whistleblower system and other channels, concerning alleged harassment, safety deficiencies, injustices, or conflicts of interest. Relevant action was taken where necessary. In several cases, the matters were closed due to lack of relevance or insufficient evidence.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	7 cases (4) of discrimination or equivalent were reported, 5 in the US, 1 in the UK and 1 in Sweden. 3 cases (4) are under investigation, and 4 have been closed.	Zero tolerance applies to discrimination (reported and reviewed cases). Local governance in accordance with the Code of Conduct. Reported cases are dealt with at local level and reported centrally.
Freedom of association	■	47 percent (44) of all employees at year-end are represented by a trade union through collective agreements. In China, however, certain restrictions related to freedom of association apply.	The right to freedom of association, through union or other personal representation, and collective bargaining, is highlighted in the Code of Conduct.
Child labor	■ □	Zero breaches (0) were reported in 2022.	Zero tolerance applies to child labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in part through selected cases in supplier audits.
Forced labor	■ □	Zero breaches (0) were reported in 2022.	Zero tolerance applies to forced labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in some cases via supplier audits.
Suppliers	□	Supplier reviews were carried out corresponding to 88.2 percent (89.4) of the reported relevant purchasing spend in the production units. 1 supplier relationship (1) was terminated in 2022 for reasons related to the Code of Conduct.	The goal is to only work with suppliers who adhere to applicable sections of Trelleborg's Code of Conduct. Reviews, including self-assessments, are to be completed with at least 90 percent of the reported relevant purchasing spend. Site visits with an audit of "at-risk suppliers" (selection based on geographic and material risk assessment) previously supplemented the self-assessments. Refer also to page 43.
Environmental management systems	■	At the end of 2022, 83 units (87) were certified under ISO 14001, corresponding to 70 percent (69) of all relevant facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system. The difference compared with last year is that several certified units were divested.
Unplanned emissions	■	During the year, no cases (2) of unplanned emissions were reported.	Local governance of all handling operations subject to permits, even via the environmental management systems in accordance with ISO 14001.
Remediation of contaminated soil	■	Contaminated soil is currently being remediated at 6 units (5). Another 10 facilities (10) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 93 m (65).	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	●●● □	In 2022, 12 environmental studies (8) were carried out at the various facilities.	Environmental studies are conducted to assess and outline the environmental impact of the facilities and identify potential environmental liabilities for the company in question, often in connection with acquisitions or closures.

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

Broad-based social engagement

Trelleborg engages with the community wherever the Group operates. A number of the engagements have existed for several years in locations where they make a clear difference, including Sri Lanka and China, where youth development is supported through school projects and also in Sweden, where school commitment has increased. Global partnership and guidelines form another aspect of Trelleborg's community engagement and sustainability dialog.

Trelleborg's value for society

In the longer term, Trelleborg's products and solutions represent the company's broadest and clearest contribution to improving the sustainability of the whole of society in accordance with the UN Sustainable Development Goals. This is achieved through the ability of its products and solutions to protect the essential in society, such as the environment, people, infrastructure and assets, which is described, for example, on page 35.

Trelleborg's total value creation and its distribution in 2022 between various stakeholders in society is presented on page 11 and in the table on page 46.

Local development programs

In all of the different places in which the Group operates, Trelleborg aims – through local engagement and involvement – to support groups including children/young people or functionally diverse individuals.

This is usually through educational and development initiatives, often focusing on meaningful recreational activities, such as sports and health activities. Various types of these development programs, often with a focus either on education or sports/health, are ongoing at all major facilities globally. One positive, long-term effect of such initiatives is that young talent are made aware of Trelleborg as an employer.

A third, common focus area for engagement in Trelleborg's various units worldwide is the voluntary involvement of the employees in various local community projects or programs. The overall outcome of the Group's extensive social engagement is reported on page 46.

One relatively new shared concept is Trelleborg SportsClub, focusing on sports training, education and coaching, with several pilot projects currently ongoing in Sweden.

In addition to the aforementioned initiatives, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta, exercises with Örebro University (refer also to page 24) and lectures/exercises with Lund University/the International Institute for Industrial Environmental Economics in Sweden, as well as collaborations with various interest groups.

Sri Lanka

In partnership with the non-profit organization Star for Life and a local NGO, a school program has been ongoing in Sri Lanka since 2012 and this was extended over time to include two schools: Kelani College and Bellana College. The program aims to inspire and support school children to believe in their future and their dreams through regular coaching sessions and sports and music activities. The program at Kelani College was evaluated in 2017 and was found to have resulted in improvements in attendance, positive attitudes, better study results, physical and mental balance, and a reduction in absenteeism and fewer conflicts.

In 2022, program activities were affected by the Coronavirus situation in the country to a much lesser degree than in 2020–2021. Program activities were resumed and appreciated by school directors and staff after an extraordinary situation during the preceding year. The older classes did not open again until November 2021 after being closed for 1.5 years.

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

India

In 2022, partnerships with several different voluntary organizations in India continued. A new partnership was launched between Trelleborg Sealing Solutions in Bengaluru and the local organization Aahwahan Foundation, aimed at supporting tree planting in the region. Some of the new trees planted will have a medical value, and Trelleborg employees will also

contribute to local planting work. Another important initiative is a scholarship program that supports further education for talented young people in collaboration with the Akshaya Patra Foundation, as is the multiannual cooperation with the Hand in Hand organization (that previously ran a Village Uplift Program) with support for a hospital located near one of Trelleborg's production facilities in Bengaluru.

China

One of the most recent major initiatives in China addresses rural areas and school children whose parents have moved far away to work and often hand over responsibility for their children to the older generation.

Trelleborg has committed to cooperate with the aid organization Soong Ching Ling Foundation in a three-year project to help set up ten support centers for these young people. These centers will alleviate the situation for the school children left behind, where a lack of parental care, declining motivation to study and insufficient supervision are common problems. Refer also to the next page for examples of social engagement in China.

Sweden

Trelleborg also runs local initiatives in Sweden to contribute to social integration. For a number of years, the company has had a recurring cooperation with clubs that stand out as having used sport as a method for community initiatives, such as creating social interaction and meaningful recreational activities for various groups of young people.

Trelleborgs FF conducts youth activities that use a Star for Life model, as described above, that has been adapted for Sweden, called Motivationslyftet ("Motivation Boost").

The Helsingborg club Ramlösa Södra has a *Idrott för alla* (Sports for All) division that engages functionally diverse young people, that Trelleborg has supported for some ten years.

Global partnerships and guidelines

Trelleborg signed the UN Global Compact already in 2007, and has since presented a Group report every year of developments in the areas covered by the document: environment, labor, human rights and anti-corruption.

Since 2007, Trelleborg has openly reported climate data to the CDP organization (refer to page 18), for transparency toward all stakeholders in the business with regard to emissions, risks/opportunities and other material climate-related information. Similar reporting of water issues to the CDP has been added in recent years. Reporting also began for forest (for Trelleborg solely for natural rubber).

Trelleborg's work to promote a sustainable natural rubber chain is mainly pursued through membership in the Global Platform for Sustainable Natural Rubber, an industry-wide initiative aimed at leading the global improvement of socioeconomic and environmental performance in the natural rubber value chain, refer also to page 43.

Since 2008, Trelleborg has applied applicable Global Reporting Initiatives (GRI) guidelines for sustainability reporting, and Trelleborg's auditors have conducted a third-party review of the results.

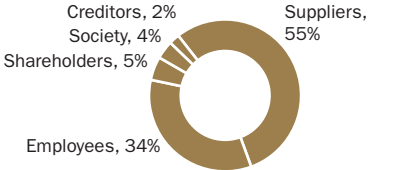
Since 2021, Trelleborg has also collaborated with CDP concerning dialog with suppliers and evaluation of the climate footprint of selected suppliers.

UN Sustainable Development Goals (SDGs)

Trelleborg describes its sustainability work according to the UN SDGs in accordance with how this framework is used as the basis for sustainability communication and dialog between companies, the finance market, politicians and citizens in respect of the shared agenda for society until 2030.

An index of the link between Trelleborg's operations and the UN goals, including a risk description, is available on page 25, while the commercial relevance is also described with product examples on page 35.

OUTCOME IN 2022 IN THE AREA OF SOCIAL ENGAGEMENT

Social engagement	Where?	Outcome 2022	Goals and main governance													
Distributed economic value	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #8B4513; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid #8B4513; margin-right: 5px; margin-left: 10px;"></div> </div>	<p>In total, Trelleborg's continuing operations generated economic value of SEK 30,571 M (24,248) of which SEK 27,032 M (25,949) is distributed between stakeholders (suppliers SEK 14,970 M, employees SEK 9,168 M, shareholders SEK 1,481 M, society SEK 984 M and creditors SEK 429 M).</p> <p>Refer also to page 17.</p>	<p>Distributed value 2022</p>  <table border="1" style="margin-top: 10px;"> <caption>Distributed value 2022</caption> <thead> <tr> <th>Stakeholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Suppliers</td> <td>55%</td> </tr> <tr> <td>Employees</td> <td>34%</td> </tr> <tr> <td>Shareholders</td> <td>5%</td> </tr> <tr> <td>Society</td> <td>4%</td> </tr> <tr> <td>Creditors</td> <td>2%</td> </tr> </tbody> </table>	Stakeholder	Percentage	Suppliers	55%	Employees	34%	Shareholders	5%	Society	4%	Creditors	2%	<p>The company's value creation for surrounding society is described in both monetary terms (in the annual report) and through transparent sustainability reporting.</p> <p>Value generation is accented by Trelleborg's various products and solutions that contribute to the sustainability of society (more on page 35).</p>
Stakeholder	Percentage															
Suppliers	55%															
Employees	34%															
Shareholders	5%															
Society	4%															
Creditors	2%															
Local communities	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid #8B4513; margin-right: 5px;"></div> </div>	<p>100 percent, that is to say all of Trelleborg's plants with more than 50 employees conducted social engagement activities in 2022, see examples on page 133.</p> <p>Major educational and development programs are being run in such countries as Sri Lanka (two schools for pupils at the equivalent of secondary level), India and Sweden. A new program for school children in China was started in 2019.</p>	<p>All plants with more than 50 employees are to conduct regular social engagement according to their good relationships with the local community. The initial focus is on educational and development initiatives for children and young people, as well as sport and health initiatives and, in certain cases, volunteer activities by employees. Group-wide programs are coordinated by Group Communications.</p>													

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

GRI Content Index

Trelleborg's Sustainability Report for 2022 is prepared in accordance with the Global Reporting Initiative guidelines GRI Standards, Core level.

The following index shows where information can be found with page references to the printed version of the Annual Report, and to this Sustainability Report 2022. The index lists the GRI disclosures on which Trelleborg has selected to report. All listed disclosures have been subject to limited assurance by Deloitte, see page 51.

Unless specified otherwise, the disclosures refer to the 2016 standards.

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
GENERAL DISCLOSURES (2021)				
1. Trelleborg and its reporting practices				
2-1	Organizational details		15–16, 54	12–13, 21–22, 81, 140–141
2-2	Entities included in the organization's sustainability reporting		23	86–87
2-3	Reporting period, frequency and contact point		22, 54	52, 141
2-4	Restatements of information		22, 39, 53	52, 127, 138
2-5	External assurance		2, 22, 51	2, 52, 136
2. Activities and workers				
2-6	Activities, value chain and other business relationships		3, 8–17, 19, 36	cover, 1, 3, 8–13, 15–23, 25, 27–35, 37, 63, 88, 95, 115, 124
2-7	Employees	Trelleborg does not publish data on non-guaranteed hours employees and part-time employees.	16	22, 81
2-8	Workers who are not employees		16	22, 81
3. Governance				
2-9	Governance structure and composition		17–19, 20–21, 23, 37	23–25, 43, 50–51, 53, 125
2-10	Nomination and selection of the highest governance body		20–22	43–46, 50–52
2-11	Chair of the highest governance body		20	43, 50
2-12	Role of the highest governance body in overseeing the management of impacts		20–21	43, 50–51
2-13	Delegation of responsibility for managing impacts		20–21	43, 50–51
2-14	Role of the highest governance body in sustainability reporting		21–22	51–52
2-15	Conflicts of interest		21, 43–44	51, 131–132
2-16	Communication of critical concerns		21	51
2-17	Collective knowledge of the highest governance body		20–22	50–52
2-18	Evaluation of the performance of the highest governance body		20	50
2-19	Remuneration policies		20	50, 58–61
2-20	Process to determine remuneration		20	50, 58–61
2-21	Annual total compensation ratio			59
4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy		4–7	4–7
2-23	Policy commitments		11, 16–18, 36, 40, 42–45	17, 22–24, 124, 128, 130–133
2-24	Embedding policy commitments		20–21	43, 50–51
2-25	Processes to remediate negative impacts		22–25, 36–46	52–53, 116–117, 124–134
2-26	Mechanisms for seeking advice and raising concerns		42–43	130–131
2-27	Compliance with laws and regulations		42–43	130–132
2-28	Membership associations		2, 18, 21	2, 24, 51
5. Stakeholder engagement				
2-29	Approach to stakeholder engagement		11, 24–25	17, 116–117
2-30	Collective bargaining agreements		42	130

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
OPERATIONS				
Material topics (2021)				
3-1	Process to determine material topics		24	116
3-2	List of material topics		24–25	116–117
3-3	Management of material topics	<p><i>Management of the focus area Operationst</i></p> <p>Trelleborg's objectives to be a safe workplace and manage all resources as efficiently as possible constitutes a vital part of the Group's daily operations for all employees and sub-contractors.</p> <p>Core activities for this work are the Manufacturing Excellence and Safety@Work programs.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and mainly relate to internal units, in particular production units. Many of the aspects apply to all production units, while some aspects such as water scarcity-related issues and VOC emissions primarily apply to a limited selection of units. The area's development is primarily driven by Manufacturing Excellence, Human Resources and those locally responsible for health, safety & environmental issues, as well as improvement work in the production units.</p> <p>Instructions and safety regulations, workplace assessments, monthly follow-up, improvement teams, compulsory training, targeted training, and information, as well as transparent sustainability reporting are tools used to achieve satisfactory levels of safety and resource efficiency.</p> <p>Carbon reduction planning and follow-up is supported by workshops, dashboards, reporting tools and covers both Scope 1 and Scope 2, and gradually Scope 3. In the medium-term (2021–2025), the focus is mainly on increasing the share of renewable energy, which is done locally within the Business Areas, and supported from the Group level.</p> <p>Trelleborg's objective to be a workplace characterized by diversity and inclusion is central to both current and future employees. Diversity is a strength for the Group and can drive development forward as an important element in recruitment, training/ education, wage setting and succession planning. The objective is about achieving a balanced mix of ethnicity, age and gender for the type of operations conducted.</p>	22–23	52–53
Energy				
302-1	Energy consumption within the organization	Fuel types used are not specified in detail, but natural gas is predominant in Scope 1. Scope 2 is mainly purchased electricity and steam.	36, 38	124, 126
302-3	Energy intensity		36, 38	124, 126
302-4	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure energy savings also through intensity figures rather than through absolute energy consumption only.	17, 36, 38	23, 124, 126
Water				
303-1 (2018)	Interactions with water as a shared resource		37–38	125–126
303-3 (2018)	Water withdrawal		38	126
Emissions				
305-1	Direct (Scope 1) GHG emissions	Trelleborg has no other significant GHG emissions than CO ₂ .	9, 19, 38	9, 25, 126
305-2	Energy indirect (Scope 2) GHG emissions		9, 19, 38	9, 25, 126
305-4	GHG emissions intensity		9, 19, 38	9, 25, 126
305-5	Reduction of GHG emissions	The company does report GHG emissions in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure emissions intensity rather than absolute emissions only.	9, 17–19, 24–25, 36–38	9, 23–25, 116–117, 124–126
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		37, 39	125, 127
Waste				
306-1 (2020)	Waste generation		36–37, 39	124–125, 127
306-2 (2020)	Waste-related impacts management		17–18, 37, 39	23–24, 125, 127
306-3 (2020)	Waste generated		39	127
306-4 (2020)	Waste diverted from disposal	Currently, Trelleborg does not have Group-wide data for waste diverted from disposal.	18	24
306-5 (2020)	Waste directed to disposal		39	127

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Occupational health and safety				
403-1 (2018)	Occupational health and safety management system		40–41	128–129
403-8 (2018)	Workers covered by an occupational health and safety management system		41	129
403-9 (2018)	Work-related injuries	Trelleborg does not report global absentee rate. In some countries where Trelleborg operates, absenteeism is measured mainly for production purposes, which currently cause too large risks of errors to a global figure. High-consequence work-related injuries are not reported.	9, 41	9, 129
403-10 (2018)	Work-related ill health	Work-related illnesses are not reported separately, only together with work-related injuries.	9, 41	9, 129
Training and occupation				
404-2	Programs for upgrading employee skills and transition assistance	Programs included in report are focused on Trelleborg Group University offerings with a clear Diversity aspect.	41	129
Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	Only gender and white collar age distribution are fully reported.	40	47, 128
COMPLIANCE				
Material topics (2021)				
3-1	Process to determine material topics		24	116
3-2	List of material topics		24–25	116–117
3-3	Management of material topics	<p><i>Management of the focus area Compliance</i></p> <p>Compliance with laws and codes is a fundamental part of Trelleborg's corporate responsibility and is maintained, inter alia, on the basis of Code of Conduct and Group policies.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Reports and relate to both internal units and applicable external parties, such as partners, suppliers and acquisition candidates. The development of the focus area is primarily driven by the Group Staffs Legal and Purchasing (the latter with responsibility for suppliers).</p> <p>Internal control, compulsory training, targeted training and information (employees), acceptance letters, written self-assessment and auditing (suppliers), as well as transparent sustainability reporting are tools used to achieve the general objective – that no significant violations take place against relevant compliance rules. The whistleblower system is another crucial part of the management approach.</p>	42–44	130–132
Economic performance				
201-2	Financial implications, risks and opportunities due to climate change	A new analysis was introduced following the recommendations of the TCFD. This scenario analysis will be further developed every year.	22, 30–35	52, 118–123
201-4	Financial assistance received from government			78
Anti-corruption				
205-2	Communication and training about anti-corruption policies and procedures	Trelleborg reports an aggregated outcome on Group level only, not specifically per governance body, region or employee category.	42, 44	130, 132
205-3	Confirmed incidents of corruption and actions taken		9, 44	9, 132
Anti-competitive behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		42, 44	130, 132
Effluents and waste				
306-3	Significant spills		42, 44	130, 132
Supplier environmental assessment				
308-2	Negative environmental impacts in the supply chain and actions taken		9, 43	9, 131
Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken		9, 42, 44	9, 130, 132
Freedom of association and collective bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	From a general perspective (ITUC Global Rights Index 2018), and from Trelleborg's perspective, China, India, Indonesia, Mexico and Turkey are among the countries with the highest risks of rights violations	42, 44	130, 132
Child labor				
408-1	Operations and suppliers at significant risk for incidents of child labor	From a general perspective (Maplecroft 2019), and from Trelleborg's perspective, India and China are among the 100 countries with the highest risks of violations.	9, 42, 44	9, 130, 132

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Forced or compulsory labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	From a general perspective (Minderoo Foundation 2019), and from Trelleborg's perspective, India, China, Mexico and Indonesia are among the countries with the highest risks of violations. Low governmental response is also noted in Russia, Singapore and Japan. Every year, Trelleborg publishes a Statement about forced labor, human trafficking and child labor on trelleborg.com.	9, 42, 44	9, 130, 132
Supplier social assessment				
414-1	New suppliers that were screened using social criteria	Trelleborg reports percentage of suppliers screened against reported relevant purchasing value.	9, 43–44	9, 131–132
414-2	Negative social impacts in the supply chain and actions taken	The year 2022 did not yield any new supplier audits, mainly due to the pandemic and the low number of new suppliers. Explaining priority for SUPPLIER AUDITS: China is found clearly on top of Trelleborg-relevant country risk ranking regarding human/labor rights breaches.	9, 43–44	9, 131–132
SOCIAL ENGAGEMENT				
Material topics (2021)				
3-1	Process to determine material topics		24	116
3-2	List of material topics		24–25	116–117
3-3	Management of material topics	<p><i>Management of the focus area Social Engagement</i></p> <p>Trelleborg's role in society extends from global sustainability issues to local programs for development and diversity. The value of the business to society is expressed in innovation for sustainable solutions that protect the environment, people, infrastructure and assets, and in value creation for various stakeholder groups in society. The overall objectives include that the company wants to be perceived as a good corporate citizen who has a given role in the transition to a more sustainable society. In all of the different places in which the Group operates, Trelleborg aims – through local involvement – to support groups including children/young people or functionally diverse individuals. This is usually through educational and development initiatives, often focusing on meaningful recreational activities, such as sports and health activities.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and relate to internal operations as well as external engagement. The focus area's development is primarily driven by Group Communications centrally, and via local initiatives. External projects, stakeholder dialog, education, sponsorship, employee activities, as well as transparent sustainability reporting according to GRI Standards, including a third-party review of the results by auditors are tools that are used to achieve objectives for the focus area Social engagement. Since 2007, Trelleborg has also reported climate data to CDP and in 2021 Trelleborg joined the CDP Supply Chain program.</p> <p>Trelleborg will continue to develop its reporting in reference to the UN Sustainable Development Goals as this framework gains ground as the basis for sustainability communication and dialog between companies, the finance market, politicians and citizens in respect of the Agenda 2030.</p>	45–46	133–134
Economic performance				
201-1	Direct economic value generated and distributed		11, 53	17, 138
Local communities				
413-1	Operations with local community engagement, impact assessments, and development programs		9, 45–46, 53	9, 133–134, 138

The Annual Report 2022 gives an even more complete picture of the business model of Trelleborg than this Sustainability Report.

ALIGNMENT WITH THE SWEDISH ANNUAL ACCOUNTS ACT

Area	Pages in the Annual Report	Pages in this report
Business model	cover, 1, 3, 9–13, 15–23, 25, 27–35, 37, 63, 81, 88, 95, 115, 124, 140–141	3, 9, 10–17, 19, 36, 54
Risks	52, 118–123	22, 30–35
Policy/target	8–9, 23–25, 43, 50–51, 53	8–9, 17–21, 23
Anti-corruption	9, 130, 132	9, 42, 44
Environment	9, 23–25, 116–117, 124–127	9, 17–19, 24–25, 36–39
Human rights	9, 130–132	9, 42–44
Social conditions	9, 17, 133–134	9, 11, 45–46

Auditor's Assurance – Sustainability

Auditor's Limited Assurance Report on Trelleborg AB's Sustainability Report and statement regarding the Statutory Sustainability Report

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

To Trelleborg AB (publ.)

Introduction

We have been engaged by the Board of Directors Trelleborg AB to undertake a limited assurance engagement of the Trelleborg AB Sustainability Report for the year 2022. The Company has defined the scope of the Sustainability Report on pages 22–23 and the Statutory Sustainability Report on page 50.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 22 in the Annual Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance

with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Trelleborg AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

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

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

Conclusion

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

A Statutory Sustainability Report has been prepared.

Malmö, March 2, 2023

Deloitte AB

Hans Warén
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

Sustainability metrics 2022 for continuing operations

In line with the financial statements, Trelleborg presents selected sustainability metrics for continuing operations, including adjusted history. The reasons for this is that metrics for 2022 show in many cases a clear variation in a comparison between the total operations and the continuing operations.

THREE-YEAR OVERVIEW, CONTINUING OPERATIONS

	2022	2021	2020
Energy, GWh	558	561	519
Direct energy, GWh	201	193	173
Indirect energy, GWh	357	368	346
Energy consumption in relation to net sales, GWh/SEK M	0.019	0.024	0.024
Proportion of renewable energy, %	24.9	17.9	9.6
Total CO ₂ emissions, metric tons	109,019	122,366	141,946
Direct CO ₂ emissions, metric tons	41,021	38,976	35,467
Indirect CO ₂ emissions, metric tons	67,999	83,390	106,479
CO ₂ emissions in relation to net sales, metric tons/SEK M	3.6	5.2	6.6
Water use, m ³	1,457,669	1,698,325	1,408,425
Water use in relation to net sales, m ³ /SEK M	48.5	71.9	65.8
Waste, metric tons	28,570	31,361	26,602
Waste in relation to net sales, metric tons/SEK M	0.95	1.33	1.24
VOC emissions, metric tons	208	195	178
VOC emissions in relation to net sales, metric tons/SEK M	0.007	0.008	0.008
Nitrogen oxides, metric tons	16	15	14
Sulfur dioxide, metric tons	7	5	21
LWC, no. (accidents)	134	148	135
LWC frequency, per 100 employees	1.3	1.6	1.5
Net sales	30,095	23,789	21,494

Sustainability ten-year overview

Focus area	Key figures	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operations¹											
Health and safety	LWC (Lost Work Cases – cases resulting in at least one day's absence)	175	217	218	361	422	438	402	238	223	209
	LWC per 100 employees	1.1	1.4	1.4	2.0	2.2	2.4	2.4	1.9	2.0	2.0
	Fatal accidents	0	0	0	1	2	0	0	–	–	–
Gender	Percentage of women on the Board	43	43	43	38	38	38	33	33	29	29
Energy	Total energy consumption, GWh	1,329	1,394	1,308	1,414	1,486	1,493	1,248	942	903	873
	Energy consumption, GWh per SEK M	0.030	0.039	0.040	0.039	0.044	0.047	0.047	0.038	0.040	0.041
	Proportion of renewable energy, %	15.2	11.1	10.3	3.6	–	–	–	–	–	–
Climate	Total CO ₂ emissions, metric tons	317,000	349,200	358,400	429,400	442,800	487,200	385,000	280,000	276,900	260,800
	CO ₂ emissions, metric tons per SEK M	7.1	9.8	10.9	11.7	13.0	15.4	14.2	11.3	12.3	12.1
Water	Water use, million m ³	2.27	2.44	2.19	2.31	2.29	2.36	2.18	1.85	1.98	2.0
	Water use, m ³ per SEK M	50.9	68.4	66.5	63.1	67.4	74.7	80.4	74.6	87.7	88.5
Emissions	VOC emissions, metric tons ²	681	724	659	564	655	952	1,005	903	1,195	1,049
	VOC emissions, metric tons per SEK M ²	0.015	0.020	0.021	0.015	0.019	0.030	0.037	0.036	0.053	0.049
	SO _x emissions, metric tons	65	74	55	113	181	187	184	204	216	189
	NO _x emissions, metric tons	53	55	48	55	62	65	54	45	41	38
Waste	Waste, metric tons	48,427	50,329	46,300	54,600	54,700	53,500	50,600	44,500	44,700	45,350
	Waste, metric tons per SEK M	1.1	1.4	1.4	1.5	1.6	1.7	1.9	1.8	2.0	2.1
Compliance¹											
Compliance (general)	Number of material breaches of laws and permits during the year	1	0	0	0	0	0	0	0	0	0
Compliance (environmental)	Number of breaches of laws and permits resulting in fines or sanctions	1	2	2	3	2	5	3	4	3	0
Discrimination	Number of reported cases	7	4	5	11	7	5	5	8	1	1
Freedom of association	Proportion of employees that are represented by a trade union through collective agreements	47.0	44.0	51.0	51.0	54.0	53.0	54.7	52.2	48.1	51.5
Child and forced labor	Number of reported cases	0	0	0	0	0	0	0	0	0	0
Supplier reviews	Reviewed suppliers' share of the relevant purchasing spend	88.2	89.4	88.9	86.4	85.5	84.0	80.6	84.0	84.0	81.4
	Number of audits of at-risk suppliers during the year (started 2015)	0	0	0	10	22	15	14	12	–	–
Social engagement¹											
	Net sales, SEK M	44,637	35,623	32,836	36,588	34,005	31,581	27,145	24,803	22,515	21,473
	Economic value distributed among stakeholders, SEK M ³	27,032	30,125	29,616	33,035	31,148	29,127	25,053	22,797	20,808	20,211
	Taxes paid, SEK M ³	984	978	772	763	919	732	593	472	627	587

All data in this overview was reported in the respective years, with the exception of climate figures for 2018, which were adjusted in 2019, and VOC emissions figures for 2020 and 2021, which were adjusted in 2022.

¹ The entire Group including discontinuing operations.

² The figures for 2020 and 2021 have been corrected after discrepancies found between monthly reporting and annual reporting.

³ The 2019–2022 period relates to continuing operations at the respective times.

ADDRESSES

Head offices

Trelleborg AB (publ)

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

Trelleborg Treasury

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

Business areas

Trelleborg Industrial Solutions


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

Trelleborg Wheel Systems

Via Naz, Tiburtina, 143
IT-00010 Villa Adriana (Roma), Italy
Tel: +39 774 38 41
www.trelleborg.com/en/wheels

Trelleborg Sealing Solutions

Schockenriedstrasse 1
DE-70565 Stuttgart, Germany
Tel: +49 711 786 40
www.tss.trelleborg.com/en



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

The Trelleborg Group had annual sales of approximately SEK 30 billion in 2022 and operations in about 40 countries. The Trelleborg share has been listed on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.

WWW.TRELLEBORG.COM