

WE SEAL  
DAMP  
AND PROTECT  
CRITICAL  
APPLICATIONS  
IN DEMANDING ENVIRONMENTS

**SUSTAINABILITY REPORT 2020**

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**AEROSPACE:** Aircraft are fitted with optimal seals for most applications: these may include various types of precision seals in control systems, landing gear and engines.



**GENERAL INDUSTRY:** A large product category for Trelleborg is seals for static and dynamic applications in machinery, tools and vehicles, including those that are electrically powered.



**INFRASTRUCTURE CONSTRUCTION:** In community infrastructure, there are polymer seals and bearings that extend the service life of bridges, tunnels and skyscrapers, or flexible pipe seals that provide sustainable drinking water and wastewater systems.



**AGRICULTURE:** In agriculture, advanced tire and wheel solutions protect the soil through low compaction and spare the environment through low fuel consumption.



**TRANSPORTATION EQUIPMENT:** Non-marking resilient tires protect forklift operators and materials handling equipment against static electricity in environments where flammable gas, vapor, or dust are present.



**GENERAL INDUSTRY:** A growing area is the use of polymer components in healthcare & medical, for example, in surgery, cardiology and drug delivery.



## EXTERNAL ASSURANCE

The auditor has performed a limited assurance of the Sustainability Report 2020. Refer to the Assurance Report on page 35.

## SUSTAINABILITY REPORT IN ACCORDANCE WITH GRI STANDARDS

Trelleborg's 2020 Sustainability Report has been prepared in accordance with the GRI Standards: Core option. The scope of the sustainability report is commented on page 34, and is further outlined in the GRI Content Index on pages 40–43.

## 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. This report is Trelleborg's yearly Communication on Progress.

# TRELLEBORG SEALS, DAMPS AND PROTECTS

Modern-day society would not function without polymer materials, or rubber and plastics as they are commonly known.

Machines, tools and accessories need sealing, damping and protecting using a material that is durable, elastic and tough.

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

## Seal

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



## Damp

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



**TRANSPORTATION EQUIPMENT:** The ability of polymers to absorb pulsating forces makes them a key material for vibration damping and thereby extending the service life of, for example, rail vehicles and ships.

## Protect

To protect is to manage the impact from natural and man-made forces.

**INFRASTRUCTURE CONSTRUCTION:** Fenders dampen forces from vessels as they arrive at port. Trelleborg's other SmartPort solutions also make it easier for the pilot to perform its work well, quicker and more safely.



**VEHICLES:** Sandwich constructions using rubber and aluminum can control both noise and vibrations in vehicles.

## TRELLEBORG AND 2020 IN BRIEF

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications. The Group comprises three business areas – Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems, and a reporting segment, Businesses Under Development.

Trelleborg is working continuously to create value for all its stakeholders. For those who are considering an investment in Trelleborg, there are a number of factors that form the basis for the Group's value creation.

### » GLOBAL TRENDS SUPPORT BUSINESS FOCUS

Trelleborg operates in selected market segments where the Group has the potential to achieve favorable profitability and leading positions. Global trends such as urbanization, population growth and increased transportation benefit Trelleborg's choice of segments and support the focus on products and solutions for better sustainability.

### » STRONG POSITION AND VALUE CREATION BUILT ON APPLICATIONS EXPERTISE

Trelleborg's strong positions with engineered products and solutions are the result of in-depth applications expertise that reflects customers' needs and play a critical role in their applications.

### » CONTINUOUS OPTIMIZATION OF THE PORTFOLIO AND PROCESSES

Trelleborg's continuous efforts to improve its geographic balance, optimize its portfolio, improve structures and strive for Excellence have yielded consistent and strong results, even in years with lower growth.

### » BALANCED EARNINGS AND STRONG CASH FLOW

Trelleborg operates in market segments with a favorable balance between early and late cyclical industry, thus providing balanced earnings. The Group's strong cash flow allows it to maintain a high rate of acquisitions and offer favorable dividends in parallel with facilitating organic growth.

NUMBER  
OF COUNTRIES  
WITH OPERATIONS

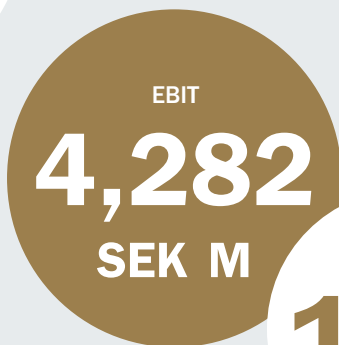
**50**

NUMBER OF EMPLOYEES

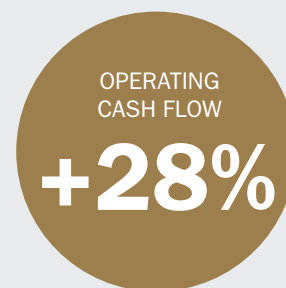
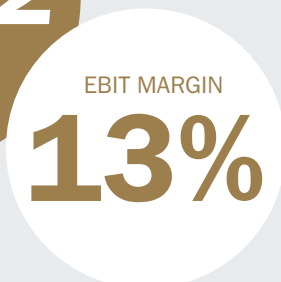
**22,209**



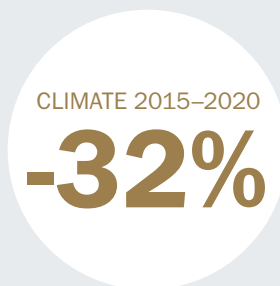
Net sales for 2020 declined 10 percent to SEK 32,836 M. Organic sales declined 9 percent compared with 2019, impacted by the market development as a result of the Coronavirus pandemic.



EBIT, excluding items affecting comparability, fell 8 percent year on year to SEK 4,282 M, corresponding to an EBIT margin of 13.0 percent.



Operating cash flow amounted to SEK 5,332 M, up 28 percent compared with 2019.

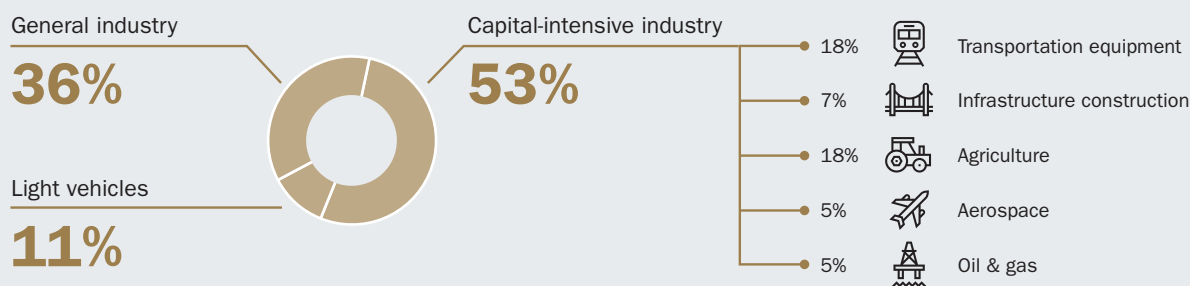


The “20 by 20” climate target was achieved with a good margin. The target was a 20-percent reduction in CO<sub>2</sub> emissions relative to sales, with 2015 as the base year. For 2021–2025, the climate target “50 by 25” has been established, meaning a 50-percent cut in emissions from operations relative to sales in the period ahead. Read more on pages 18–19.

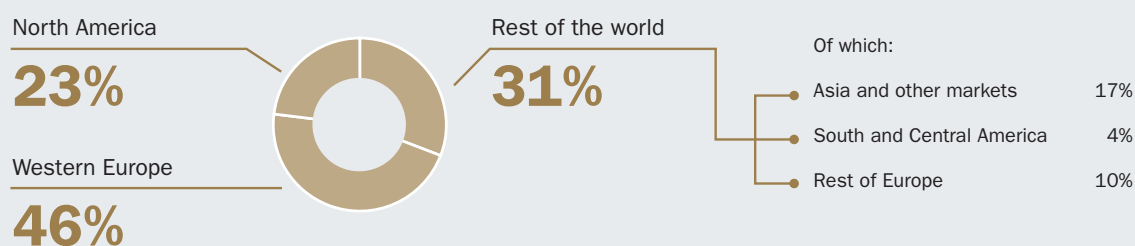


Earnings per share, excluding items affecting comparability, amounted to SEK 10.89. For the Group in its entirety, earnings per share amounted to SEK 10.00.

SHARE OF THE TRELLEBORG GROUP'S NET SALES



NET SALES PER REGION



# NET PROFIT FOR THE YEAR SHOWS THAT TRELLEBORG'S STRATEGY AND BUSINESS MODEL ARE WORKING

Despite a downturn in sales and earnings of 10 and 8 percent, respectively, excluding items affecting comparability, the operating margin was 13 percent, which represents a year-on-year improvement. Operating cash flow rose 28 percent, the best to date for the Group.

## How would you describe 2020?

It really was a different year. There is so much of 2020 we would like to leave behind, but there are also things to take into 2021. Despite a downturn in sales and earnings of 10 and 8 percent, respectively, the operating margin was a strong 13 percent, which is a year-on-year improvement. The fact that we managed to improve the operating margin in a year like 2020 is an indication of excellent operational control, that the way we work is successful and that concrete measures were able to offset the lower demand arising from the pandemic.

Operating cash flow also strengthened significantly in relation to operating profit. In 2020, we delivered record-high operating cash flow – the best in the history of the company. We therefore reduced our indebtedness substantially during the year and are entering 2021 with a clearly stronger balance sheet.



**We delivered record-high operating cash flow – the best in the history of the company.”**

At the same time, we should also remember that some 1,700 employees left Trelleborg during the year due to the negative market trend brought on by the pandemic. While the situation meant that we had to adjust our costs, this was nonetheless regrettable.

Overall, however, I consider net profit for 2020 as further confirmation that our strategy and decentralized business model can withstand various types of challenges and market turmoil.

## What is the key factor behind Trelleborg's earnings in 2020?

As I mentioned, our decentralized organization showed its strength during the year and, despite the pandemic, we retained our agility and focus on serving our customers. I would really like to thank our dedicated employees for their fantastic efforts – while maintaining safety – to sustain our customer relationships and deliveries when also adhering to strict cost control with good pricing discipline. Very impressive!

We have built a stronger Trelleborg over many years based

on continuous improvement, so we were relatively well-equipped from the start. This has taken the form of minor but continuous improvements of our operating reality, complemented by investments and synergies from acquisitions that accelerated our progress. Regardless of the challenges that arise, we will continue to focus on steadily improving our leading positions in selected segments, and on making it easier to do business with us.

## What similarities do you see with the 2008–09 financial crisis?

Not that many. Both the financial crisis and the Coronavirus pandemic had a negative effect on the world economy, but the course of events and conditions are widely different. Trelleborg was a completely different company during the financial crisis compared with today. Now, for example, Trelleborg has a substantially improved financial base with high liquidity and solid long-term finance in place.

Both times, we were quick to respond to the changing circumstances even though neither situation was easy to review. In the early days of the pandemic, there was an extra challenge due to the restrictions imposed by authorities in the approximately 50 countries in which we operate, varying both regionally and locally. But, as I said, the Group's business operations make their own decisions, and we have shown our regional strength and maintained better customer support than very many others.

## What lessons can you learn from the pandemic for the future?

It confirms the strength of how we work, that it is important to act locally and fast, but also learn lessons from these kinds of global crises – to initiate strong general measures at Group level from the start, and to ensure that actions are initiated locally.

Trelleborg always puts the safety and well-being of its employees first. And we did that in this situation by introducing extensive procedures and measures to prevent the spread of the virus, while continuing to focus on the needs of our customers. And in general, it worked. In Italy, which was very hard hit, we received an award for our ability to organize and maintain continuity while so much was under lockdown.

In general, I think that our model, with effective local decision-making close to our customers, worked well during the difficult circumstances that prevailed during 2020.

EBIT MARGIN  
CORE BUSINESSES  
**13.8%**

The core operations comprise the three business areas. Businesses Under Development includes the operations undergoing a strategic review, refer to page 32 in the Annual Report 2020.

EBIT MARGIN  
BUSINESSES UNDER  
DEVELOPMENT  
**6.4%**

**Have there been any changes in trends that affect Trelleborg?  
Customer behaviors, urbanization...**

While long-term global trends may have changed slightly, we do not expect to see any major effects over time. We still believe that our model of a global presence combined with local customer contact and support is the model of the future. It's possible that more decisions will be made regionally or locally in the future. That outcome would be in line with our existing business models and we feel comfortable with the fact that we are also well-positioned in this aspect compared with most of our competitors.

One relevant question in relation to sales is how we can attract potential new industrial customers and develop new solutions in a fully digital environment. Existing customers are obviously easier to reach via digital channels because we already know each other. Another challenge in a more digital environment is how to build a local relationship for customer interaction.

Advanced projects, where customers need more guidance at every stage, are also difficult to start up and maintain from a digital perspective, while new business models focused on customer support and services are well suited to digital mediums. These issues are high on the agenda and we also feel we are making progress in this area.

**The Businesses Under Development reporting segment is almost intact after its establishment. What's happening?**

Several divestments were carried out during the year. Molded components operations in Sweden and Estonia were divested, as well as a small operation in France for rubber-covered rollers and belts.

For other units in this reporting segment, we continued to prepare both processes and legal structures during the year. The structural work is largely completed, which will enable us to act swiftly if certain conditions are met. Discussions with external stakeholders were limited during the summer, obviously affected by the restrictions related to the pandemic. However, several discussions on structural alternatives resumed at the end of the year. I have high hopes that this will generate results within a reasonable time horizon, and well within the framework of our initial communication. On the one hand, it involves proceeding with potential buyers for some units while, on the other hand, it means integrating other units that have shown the right positioning and earning capacity into our core operations in the best way possible.

**What segments performed particularly well during the year?  
Why?**

The general impression is that all segments and geographic areas experienced volatility during the year.

During the first six-months, we saw a rapid and sharp decline in demand in the automotive industry, but this recovered fairly quickly for us. The situation was reversed for the health-care & medical sub-segment, which showed a strong trend at the beginning of the year, probably due to overbuying, but later declined when customers seemed to have built up their stocks.



However, sales of tires for agricultural machinery remained stable at a positive level during the year. This was very gratifying, because we entered the year in a subdued market, which was also impacted when several original equipment manufacturers of agricultural machinery shut down their production facilities for a few weeks because of the pandemic.

Geographically, the trend varied in different parts of the world. In simple terms, the pandemic originated in Asia, and Asia is also the region that recovered first. Europe was affected somewhat later and is also behind Asia in terms of recovery, while North America is even further behind Europe.

But this is how Trelleborg is. Our various parts largely covariate with the global industrial production and our diversified operations help to reduce underlying risks. The challenge here is that we experienced a business cycle that is usually five to seven years long in 10 to 12 months.

**Do you think aerospace will recover? How have you adapted the company?**

Sales to the aerospace industry halved compared with 2019 and we are not expecting any immediate improvement, despite a slight uptick in demand at the end of the year. However, we still have faith in the segment and believe that future demand for advanced technical solutions will be very positive for us, albeit from a new and clearly lower level than before, which we are currently adapting to. We have a very good reputation in the industry, and meet the industry's extremely high standards for quality, safety, and environmental considerations.

**Name some major investments during the year.**

We have been cautious about starting major investments during the year, but also careful to continue those we have already started. Nonetheless, our investments amounted to SEK 1,220 M in 2020.

In China, for example, we are expanding our production capacity for marine fenders. We are continuing to invest in the facilities where we produce special solutions for medical technology applications. In the Czech Republic and Serbia, we continue to expand our manufacturing capacity for agricultural tires.



**We experienced a business cycle that would normally take five to seven years in just 10 to 12 months.”**

We are also increasing our investments in processes and systems to ensure that we can benefit from new digital tools that are being developed and established. All our operations are carrying out these types of investments. For example, we are investing heavily in both the business and the logistics systems in our sealing operation. Preparations are under way to increase the efficiency of our customer support with more integrated solutions, while also benefiting from the efficiency improvements offered by these new ways of working.

All these investments combined will generate high returns in the form of lower costs and higher sales.

**Name some major restructures during the year.**

We are working continuously to improve the Group's structure, to ensure we are in the right place with the right business. As part of these processes, we have consolidated a number of operations in North America, with the aim of having fewer but more efficient production facilities on that continent. These include our production of coated fabrics and fender operations. Some of this restructuring was accelerated by the effects of the pandemic, but we have been working on the vast majority for some time.

**Where there no acquisitions made during the year?**

Acquisitions are a key element of Trelleborg's strategy, but it was challenging to make reasonable valuations of companies during the year. We are continuing to seek on an ongoing basis companies that can improve our offering and market positions. But, as previously mentioned, we are mainly interested in small bolt-on acquisitions that can strengthen us in niches or broaden our offering to existing customers.

**What segments and niches do you consider most important for Trelleborg's continued growth in the coming years? Where is innovation taking place?**

We have generally favorable positions and a well-balanced portfolio. Everything could obviously be further improved, but we have a good starting point. There is a reasonable balance between operations that are growing early or late over a business cycle. The key to success is always that we can combine our polymer expertise with in-depth application know-how in the relevant niche.

That said, some of the largest and most important changes for us are still, for example, the mechanization and automation of agriculture, which has significance for our agricultural tires. The general electrification of vehicles, machinery and tools is also important and is placing new demands on machinery designs that require newly developed sealing and antivibration solutions. This is favoring those of us who really understand these applications. In addition, healthcare & medical is an attractive and growing area for us; sensors, semiconductors and electrical transistors are another. In these cases, for example, we can often benefit from our advanced cleanroom technology.

We work continuously with product innovations and 2020 was no exception. One example was the launch of an innovative seal for sliding doors and windows, which is helping manufacturers to design larger and more complex buildings. New and improved seals, including fire seals for aircraft, were launched during the year. I would also like to mention Trelleborg's range of tires for off-highway vehicles, which was expanded during the year and offered a higher degree of technical content.

A growing area for us, especially in mature markets, is innovations that create attractive and effective customer offerings. One such example is Intellistok, a restocking innovation that replaces physical inventory counts and manual orders of specialty seals, or the ongoing roll-out of our Interfit concept in our tire operations, where we can offer a service package for our customers that is a first in the tire industry.



**Can you say anything about Trelleborg's digital transformation?**

We want to use technology to streamline and simplify underlying internal processes, administration, and external offerings, with the ultimate aim of providing our customers a simpler and better solution. This includes smart and intelligent products, communication with our customers, and new business models or sales approaches. However, all product development should be carried out at a pace that works for our customers. Nobody gains from digital solutions perceived as too complex, or where the benefits are not available to customers because of their own internal processes. There are many fantastic ideas linked to digitization, but all parts of the operations must be on side to create real value for everyone in the value chain.

**Tell us about Trelleborg's new sustainability ambitions.**

If we begin with climate action, we have really raised the bar with our target for 2025. We are aiming to halve our CO<sub>2</sub> emissions relative to sales within five years. From a slightly longer perspective, our vision is to achieve carbon-neutral operations by 2035. We will also be working with our suppliers to radically reduce emissions in our supply chain.

While climate change was the most important issue during the year, we also worked on the roadmap for how we can achieve our target while strengthening our entire sustainability strategy.

'Protecting the essential' has become the motto for our new strategy. I will give you some examples in addition to our emissions reduction targets. We will be working toward circular material flows, which means a higher share of bio-based and recycled materials, improving the wellbeing of our employees in various ways, monitoring our supply chain even more closely, and becoming even more involved in the local community in the places where we operate. I am proud to say that, even during such a difficult year, we were still able to focus on strengthening our corporate responsibility.

**Does Trelleborg have the talent required?**

Our starting point is to recruit locally. That is in line with our decentralized organization and belief that decisions are best made locally, by the people who are close to the business and understand the local conditions. Finding the best talent is a never-ending struggle and there is a labor shortage in some regions. Access to good employees is important and we always take into account whether the right skills and qualified labor are available prior to, for example, establishing new sites and investments. Companies are made of people – their ideas, skills, and commitment – not machines or facilities.

At the same time, we must motivate and develop our current talent. We want to retain our employees and continuously invest in in-house leadership training, specialist training and training through our Excellence programs. The continuous exchange of best practices via the Excellence programs is raising the bar for what we can achieve in our core processes. In our decentralized organization, it is important that we challenge ourselves to do better every day.

**How is Trelleborg working to improve diversity in the company?**

We believe that a diverse pool of talents creates added value for our business. We cannot discriminate against anyone because of their ethnicity, gender, or religion. We must include

and develop everyone for the benefit of our company. I am proud of the ethnic diversity in our leadership, and we are working in a variety of ways to increase the number of women in leadership roles.

**Trelleborg celebrated 115 years as a company in 2020.**

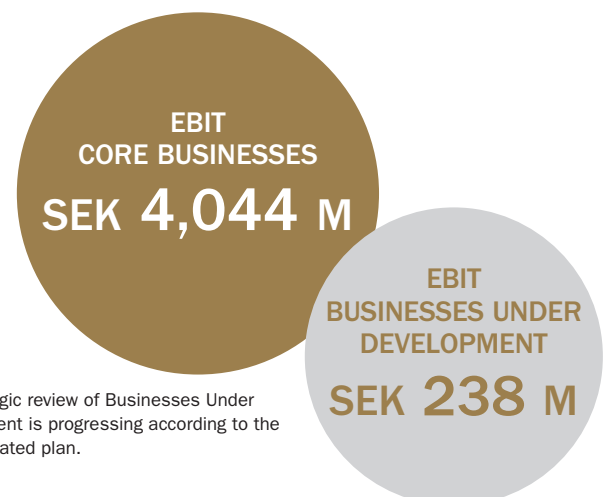
Yes, that's right. In October 1905, Trelleborgs Gummifabriks AB was registered with the Royal Patent Office, with the entrepreneur Henry Dunker as majority shareholder. The company soon became the leading rubber company in Scandinavia, and we are now a world leader in engineered polymer solutions. The company has made a fantastic journey, through economic cycles and crises, technological and product innovations, and changes to production processes.

**How do you see your own role in the company's continued development? What are the immediate challenges for you and the company?**

My main task is to ensure that we have the right leaders in the right places and that major strategic decisions are implemented successfully and effectively. In a normal year, I would spend most of my time thinking about the future – the development of our employees and planning ahead. Due to the circumstances, the past year led to more focus on getting things done as soon as possible and adapting to the effects of the pandemic, rather than initiating new things. Now it's time to lift our gaze again and create the right conditions, so that we can continue to build a stronger and better Trelleborg. We can do lots of things well, but we can always be better, and now it's time to raise the bar after a challenging year.

I have previously said that a successful Trelleborg requires motivated and engaged employees who have their feet planted firmly on the ground, see the world as it is, act accordingly and take action fast and methodically. That became a key element of leadership in 2020 and could be the most important lesson we are taking with us into 2021.

*Trelleborg, February 2021*



The strategic review of Businesses Under Development is progressing according to the communicated plan.

# TARGETS AND OUTCOMES 2020

The year was characterized by volatility in all segments and geographies, which negatively impacted sales. In parallel, the Group's operating margin was strengthened in relation to the preceding year. The selected key sustainability figures demonstrated a continued positive trend and the climate target for 2020 was achieved.

## SALES GROWTH

		Outcome 2020	Average 5 years	Commentary on outcome in 2020
Total sales growth, including organic growth in excess of the underlying market growth for continuing operations, over an economic cycle.	<p>Line chart showing total sales growth from 2016 to 2020. The y-axis ranges from -16% to 16%. The x-axis shows years 16, 17, 18, 19, and 20. A target line is set at 5-8%. The data points are approximately: 2016: 10%, 2017: 15%, 2018: 10%, 2019: 10%, 2020: -10%.</p>	<b>-10.0%</b>	<b>6.0%</b>	Net sales was impacted by the Coronavirus pandemic and amounted to SEK 32,836 M (36,588), representing a decrease of 10 percent (+8) in relation to 2019. Organic sales declined by 9 percent (0).

## EBIT MARGIN

		Outcome 2020	Average 5 years	Commentary on outcome in 2020
EBIT margin, excluding items affecting comparability for continuing operations, over an economic cycle.	<p>Line chart showing EBIT margin from 2016 to 2020. The y-axis ranges from 10% to 16%. The x-axis shows years 16, 17, 18, 19, and 20. A target line is set at ≥15%. The data points are approximately: 2016: 12.5%, 2017: 12.8%, 2018: 13.5%, 2019: 12.2%, 2020: 13.0%.</p>	<b>13.0%</b>	<b>13.1%</b>	The EBIT margin was 13.0 percent (12.7). The margin improved as a result of strict cost control and good price discipline across the Group.

## RETURN ON SHAREHOLDERS' EQUITY

		Outcome 2020	Average 5 years	Commentary on outcome in 2020
Return on shareholders' equity (ROE), including items affecting comparability for continuing operations, over an economic cycle.	<p>Line chart showing Return on Shareholders' Equity (ROE) from 2016 to 2020. The y-axis ranges from -2% to 16%. The x-axis shows years 16, 17, 18, 19, and 20. A target line is set at ≥12%. The data points are approximately: 2016: 10%, 2017: 11%, 2018: 11%, 2019: -0.7%, 2020: 9.4%.</p>	<b>9.4%</b>	<b>8.2%</b>	Return on shareholders' equity for continuing operations, including items affecting comparability, amounted to 9.4 percent (-0.7). As a result of impairment of capital employed in the Businesses Under Development reporting segment in 2019, ROE was negative in the preceding year.

<sup>1</sup> Excluding items affecting comparability.

## OPERATIONS

	Outcome 2020	Commentary on outcome in 2020	UN Goals	
<p><b>Health and safety</b></p> <p>To continuously reduce occupational injuries and illnesses with more than one day's absence – Lost Work Cases (LWC). In addition, the average number of working days lost due to occupational injuries and illnesses is to decrease.</p>	<p>Number 500 250 0</p> <p>LWC/100 employees 4 2 0</p> <p>Target: &lt;2.0</p> <p>■ LWC = Lost Work Cases    — LWC per 100 employees</p>	<p><b>1.4 LWC</b></p> <p>PER 100 EMPLOYEES</p>	<p>In 2020, the average was 1.4 LWCs (2.0) per 100 employees, a 30-percent improvement from the preceding year and entirely in line with the goal of &lt;2.0 for 2020.</p> <p>The average number of days lost per injury was 36.6 (28.3).</p>	
<p><b>Climate</b></p> <p>The “20 by 20” target aimed to reduce direct and indirect carbon emissions (Scope 1 and 2) by at least 20 percent relative to sales by 2020 (compared with base year 2015 of 16.0 metric tons/SEK M).</p>	<p>tons CO<sub>2</sub> 500,000 250,000 0</p> <p>t/SEK M 18 9 0</p> <p>Target: -20%</p> <p>■ Share of indirect emissions    ■ CO<sub>2</sub> (t)/Net sales, SEK M ■ Share of direct emissions    ■ Pro forma incl. the CGS acquisition, full year</p>	<p><b>-32%</b></p> <p>COMPARED WITH BASE YEAR 2015</p>	<p>In 2020, the value was 10.9 tons per SEK M, which corresponds to a 32-percent decrease compared with the base year.</p> <p>Find out more about the forthcoming climate target and vision on page 19.</p>	

## COMPLIANCE

	Outcome 2020	UN Goals	
<p><b>Suppliers</b></p> <p>Suppliers corresponding to at least 80 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>Trelleborg met the defined target level in 2020 with a good margin. Suppliers corresponding to 88.9 percent (86.4) of the reported relevant purchasing spend in the production units were reviewed.</p> <p>Target: 80%</p>	<p>In 2021, a new risk assessment will be carried out due to the supplier reviews to be performed in the forthcoming period. Refer to pages 26–27.</p>	
<p><b>Anti-corruption and human rights</b></p> <p>Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child and forced labor, as well as discrimination (reported and reviewed).</p>	<p>0 cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2020. Similarly, 0 cases (0) of child labor or forced labor were reported.</p> <p>Of 5 reported cases of discrimination (11), measures were taken in 4 cases (8), while 1 case (3) is still being processed.</p> <p>During the year, 6 matters (17) were dealt with that originated from the whistleblower system. In some cases, reviews were carried out, which identified non-compliances with the Group's Code of Conduct, and relevant measures were taken.</p>		

## SOCIAL ENGAGEMENT

	Outcome 2020	UN Goals
<p><b>Local communities</b></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 most of the locations where Trelleborg operates, the company has partnerships with, for example, schools and universities. Youth and community activities are prioritized in sports sponsorship. Trelleborg is also involved in a number of special programs for children and youth development in such countries as Sri Lanka, India, China and Sweden.</p> <p>The operation in Sri Lanka was impacted in 2020 by local regulations concerning the Coronavirus pandemic, which resulted in periods of school closures.</p>	

# VALUE GENERATION AT TRELLEBORG



## BUSINESS CONCEPT

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

## STRATEGY

### Strategy for leading positions.

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

Both Group-wide and in the business areas, Trelleborg's strategy work is supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are:

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

Read more on pages 14–19.

## 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. Read more on page 56.

## CORPORATE CULTURE

**Trelleborg's internal culture.** The Group is characterized by far-reaching delegation of responsibilities and powers and encourages rapid decisions. Trelleborg has a culture that promotes commitment, responsibility, good ethics in business relationships, and positive interaction with the community in which the Group conducts operations.

## INNOVATION

**Better function, better business, better sustainability.** The core of Trelleborg's product development is engineered polymer solutions that meet customer-specific requirements for functional properties. In various ways, the purpose

of these is also to improve business factors – productivity, costs, sales and profitability – and the sustainability profile for customers.

## CORE CAPABILITIES

### » Polymer engineering

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

### » Local presence, global reach

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

### » Applications expertise

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

### » Customer integration

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

### » Business accelerator

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

## SUSTAINABILITY CONSIDERATIONS

Read more about outcomes for the year in the area of sustainability and about Trelleborg's preventative work on pages 20–39.

### Raw materials

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

### Energy and climate

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

### Impact on people and the environment

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

### Upstream in the value chain

The production of raw material and components by suppliers upstream in the value chain has itself a significant environmental impact. Moreover, the environment is affected by transport activities and historical soil or groundwater contamination originating from previous land owners.

MARKET SEGMENTS

Trelleborg's market segments.

The seven selected market segments are a mix of general industry, capital-intensive industry and light vehicles, which represent as a whole a favorable balance between early and late cyclical industries. The Group's exposure to various market segments has changed over time to balance the demand. Read more on page 17 in the Annual Report 2020.

COMPETITORS

Few comparable competitors.


Competition in the various markets largely comprises smaller companies that are regional specialists in one or more niche markets in various market segments or product categories. Read more on page 25 in the Annual Report 2020.


 GENERAL INDUSTRY


 TRANSPORTATION EQUIPMENT

 INFRASTRUCTURE CONSTRUCTION

 AGRICULTURE

 AEROSPACE

 OIL & GAS

 LIGHT VEHICLES

VALUES FOR STAKEHOLDERS

CUSTOMERS:

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

SUPPLIERS:

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

EMPLOYEES:

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

SHAREHOLDERS: <sup>1</sup>

- » Share price trend
- » Dividend

SOCIETY:

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

CREDITORS:

- » Interest income

Circularity in production and business

A clear and obvious challenge is a more comprehensive circular approach in processes, products and business models. This includes the gradual replacement of input raw materials with recycled materials, petroleum-based materials with materials from renewable sources, and an increasing share of support/service offerings. Refer also to page 16.

CREATED AND DISTRIBUTED ECONOMIC VALUE

In total in 2020, Trelleborg's operations generated economic value totaling SEK 33,084 M (36,670) of which SEK 28,328 M (33,035) was distributed among stakeholders as shown in the description below and the diagram:

Suppliers: Material and services  
**SEK 16,996 M** (19,494)

60.0%

Employees: Salaries and remuneration including payroll overheads  
**SEK 10,133 M** (11,031)

35.8%

Society: Tax paid  
**SEK 772 M** (763)

2.7%

Creditors: Interest expenses  
**SEK 427 M** (459)

1.5%

<sup>1</sup> No dividend was paid in 2020, in accordance with the resolution of the Annual General Meeting.

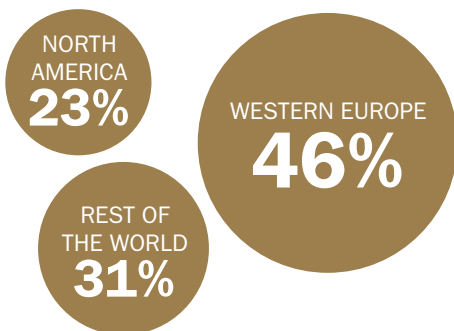
# TRELLEBORG'S STRATEGY FOR LEADING POSITIONS

Trelleborg's strategy of securing leading positions in selected segments is supported by four strategic cornerstones. These ensure that all levels within the Group maintain focus and conduct activities that are in line with the strategy.



These are the cornerstones that Trelleborg works with Group-wide and in the business areas to optimize its respective operations and, thereby, capture market leadership. The cornerstones support the strategy individually and in combination.

## NET SALES PER REGION



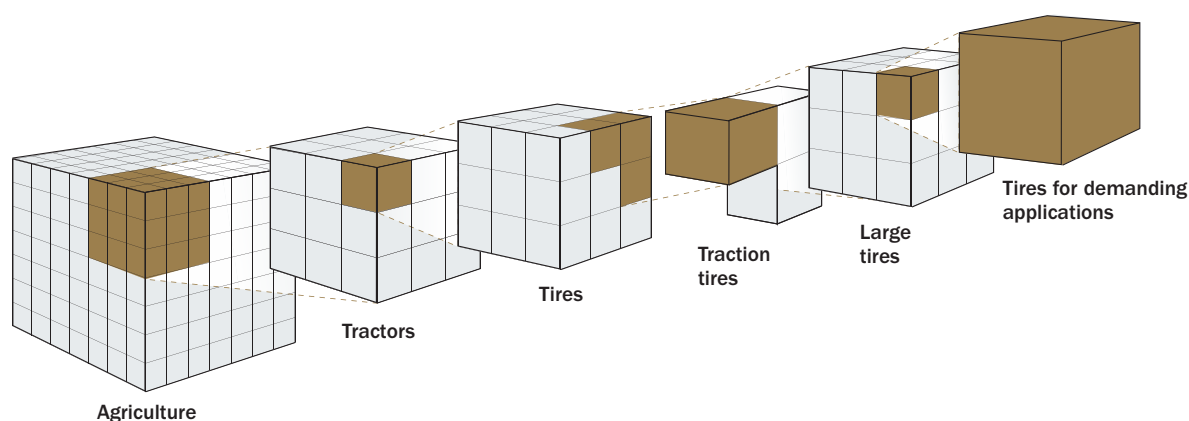
### GEOGRAPHICAL BALANCE

**Enhanced geographical balance.** A prioritized task for Trelleborg is to strengthen its market presence in selected markets outside Western Europe and North America. China is on the way to becoming the largest global economy, and Africa is eventually expected to follow Asia as a high-growth region. However, the European and North American markets remain important for Trelleborg. The Group both acquires and invests in these geographic areas when it strengthens the total Group. The long-term global trends indicate even more connecting markets and even more rapid technology development. There are growth opportunities in selected niches throughout the world. Trelleborg will be present in the geographies that enable profitable growth.

The principal drivers for Trelleborg include proximity to customers in expanding and profitable segments, following them in their globalization processes and developing local customer relationships, which may become global.

Trelleborg's long-term ambition is to achieve a geographic balance, where Western Europe and the Rest of the World each account for an expected 40 percent of the Group's sales, while the remaining share is expected to continue being generated in North America.

**Decentralized organization.** Trelleborg sees strength in the ability to combine a strongly decentralized and local organization with the competence and financial opportunities of the global company. Business decisions are 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 trade barriers and pandemics, by having a balanced geographic presence.



### PORTFOLIO OPTIMIZATION

**Improved business portfolio.** The Group is pursuing focused 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 improve its positions in selected niches. The rate of investment is, therefore, high as is the pace of development for new products and solutions. Initiatives can be launched in several dimensions. They may, for example, concern the expansion into new closely-related segments, technologies or applications, or to new geographical areas.

- » What types of business could grow most and with the best return on investment?
- » Where should investments be made in the business portfolio and where is there improvement potential?
- » What part of the business portfolio should possibly be discontinued or divested?
- » How can the product and service offering be improved?
- » What segments, product categories and technologies are prioritized?

The illustration above shows an example of a niche market that the Group has chosen to focus on.

In the large agricultural market, Trelleborg specializes in premium tires for agricultural machinery, specifically on radial tires primarily for tractors. There are advantages to producing these tires locally, not only because of the high transport costs and customs duties, but also due to the positive effects of being close to the customers. Tires are becoming increasingly intelligent

and can be supplied with a tire inflation system. A number of service offerings have been developed to grow and strengthen the positions in the aftermarket. The issue of sustainability is central, from production and the product's composition to the tire's impact on, for example, fuel consumption, traction and soil compaction.

**Acquisitions and divestments.** Acquisitions are a core feature of Trelleborg's strategy and the Group acquires businesses in attractive niches where opportunities exist to achieve competitive advantages and a leading position. The acquisitions are often small bolt-on acquisitions and the selection process for these is essentially the same as for other growth activities and investments. Trelleborg makes acquisitions to become more rapidly established in a closely related segment, obtain technologies or applications, but also to access new geographies.

Immediate synergies are usually achieved in purchasing and knowledge transfer through operational improvements.

Operations may be divested and these are primarily activities that are, for various reasons, no longer seen as belonging to the core business or lack the necessary development potential.

### STRUCTURAL IMPROVEMENTS

**Adapted structures.** The globalization of Trelleborg's business involves being in the right location with the right operations. The focus is on developing operations and localizing them to areas where Trelleborg can grow and recruit the right talent and do the best job. In certain cases, this means that Trelleborg moves an operation to

### DIVESTMENTS 2020

	Sales (2019), SEK M	Employees
Molded components operations in Sweden and Finland	250	240
Operation in France in rubber-covered rollers and belts	70	30
<b>Total</b>	<b>320</b>	<b>270</b>

No acquisitions were carried out in 2020.

another geographical market; in other cases, it means upgrading and developing the operation where it is. However, it is also about developing offerings that make life easier and increase value for customers and developing and working within new business models. Trelleborg therefore invests in new technology and machinery, human capital, international management, local managers and development of local markets, all with the aim of improving and enhancing its structure.

**New technology** enables new ways to generate value for and interact with customers. Trelleborg 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. As a result, Trelleborg's business is increasingly shifting from solely supplying products to also delivering services and solutions. The Group is also investing in smart technology in manufacturing and in various smart logistics solutions.

Trelleborg offers, for example, SmartPort, a collective term for Trelleborg's intelligent marine systems solutions.

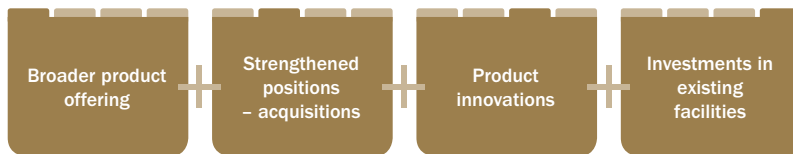
These are products and equipment for berthing, docking and mooring but also a technology platform that communicates with and provides valuable data to vessels, pilots and port authorities, in order to make navigation and berthing more efficient and safe.

In recent years, Trelleborg has carried out several major investments and structural improvement in the area of healthcare & medical. The Group has also had a broad focus on the area through acquisitions, as well as investments in plants and personnel, and in various technologies. In the US, there are now technologically advanced facilities that, for example, work with precise liquid injection-molding, using Liquid Silicone Rubber (LSR) and manufacturing in cleanroom environments. Capacity is also available in Europe, with world-class production sites in both Switzerland and Bulgaria.

Trelleborg's antivibration operation has similarly been strengthened and developed. Using a combination of product innovations, geographic expansion, structural enhancements and acquisitions, a historically strong base in industrial applications has been broadened into strong offerings in antivibration solutions, including for rails, rail vehicles and vessels.

**Circularity** is another aspect of structural improvements. It is a consistent ambition to find different ways to close the loop for whole products, parts of products or input materials, with the primary aim of reducing resource consumption or alternatively reusing resources – or as a last resort – to recycle them, in accordance with the Reduce–Reuse–Recycle model.

An example of greater circularity at Trelleborg in



## TRELLEBORG'S SOLUTIONS FOR SUSTAINABILITY AND THE UN SUSTAINABLE DEVELOPMENT GOALS

Trelleborg's products and solutions offer a range of solutions that satisfy the vital needs of society. This becomes clear when put in relation to the UN Sustainable Development Goals, particularly for:

- » Sustainable cities and infrastructure
- » Sustainable environmental and energy solutions
- » People's health and food security

The Group's commercial progress is based on these solutions and is therefore also connected to sustainable development, see the examples on pages 16–19 and in the table on page 32.

The triangle Trelleborg – Customers – Society forms a relationship where all parties reap the benefits achieved from Trelleborg's innovative solutions for better sustainability.

### TRELLEBORG'S SOLUTIONS – SUSTAINABLE CITIES AND INFRASTRUCTURE



#### GOAL 6 Clean water and sanitation

Modern societies require well-functioning underground pipeline systems that provide fresh water and remove waste water. Trelleborg's flexible pipe connectors including seals for concrete pipes and manholes allow for lateral joint movement. The products have significantly fewer breaks and leaks than conventional, nonflexible pipes, particularly in places where earthquakes are common.



recent years is in its production of industrial tires, where the company successfully raised the use of recycled raw materials in the form of carbon black and rubber powder and also completely different materials, such as recycled textiles or coconut shell powder. All with the aim of improving circularity.

Recycled carbon black, which gives rubber compounds the same or better performance than using virgin carbon black, is also present in other areas of the Group, such as in customized products.

There are also examples within Trelleborg of circular business, where the focus is on services rather than products. These could be smart systems that optimize stock management for customers who need seals and other components, or smart tire services, which allow the customer to lease industrial tires instead of buying them. Trelleborg also offers trenchless and “no-dig” technology that provides an effective alternative to replacing sewer pipes: the technology seals pipes from the inside.

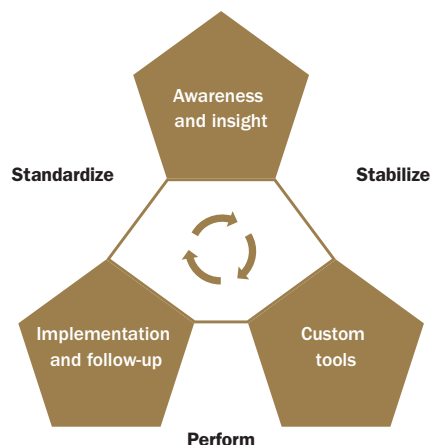
Recycling, greater resource efficiency and circular business models offer considerable potential to reduce CO<sub>2</sub> emissions in society.

## EXCELLENCE

**Excellence in core processes.** Trelleborg conducts systematic internal work to further improve key processes, such as purchasing, manufacturing and sales, as well as issues concerning logistics (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.



Manufacturing Excellence is the oldest of these initiatives and the program 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.

A safe work environment and resource efficiency are integrated parts of Manufacturing Excellence. Refer to pages 20–23 and 36–37.



### GOAL 9 Sustainable industry, innovation and infrastructure

Energy, maintenance and wear are costs for train operators that can be influenced. A Trelleborg axle guiding bush allows the train wheels to soften up when they go through a curve by allowing the alignment of the wheel and the axle to be varied in response to the axle's vibration frequency. In this way, energy consumption and abrasion damage to wheels and track profiles are reduced.



### GOAL 11 Sustainable cities and communities

Buildings close to main roads and railways are exposed to noise, vibration and mechanical load. Trelleborg's insulating, flexible layers of natural rubber are installed in the building's foundations and bearing structure. These layers prevent energy transfer by shifting the frequency spectrum between land-borne vibrations and the building structure. This is the same technique used to protect buildings against earthquakes.

### CLIMATE STRATEGY

**Solutions for sustainability.** For society as a whole, many of Trelleborg's products and solutions help to save energy and reduce emissions, and therefore play a part in sustainable energy supply. With regard to climate issues, Trelleborg therefore has an important role to play in the transition of the global society.

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

**New climate target.** Trelleborg's new "50 by 25" climate target for the 2021–25 period will be applied using 2020 as the base year.

In line with society's target to keep global warming lower than 1.5°C, Trelleborg's established climate target for the period is to reduce direct and indirect CO<sub>2</sub> emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year.

Accordingly, the target for 2025 is for these emissions to be less than 5.5 tons per SEK M, since the 2020 value was 10.9 tons per SEK M.

In addition, the target entails that Trelleborg-related indirect emissions of greenhouse gases (GHG) throughout the value chain will also be clearly reduced, mainly through supplier dialog, particularly in the areas of *Purchased goods and services* and *Transports*, refer to the next page.

The new climate target was launched in February 2021 combined with the vision of achieving climate

neutrality in Trelleborg's own operations, meaning net zero emissions, by the end of 2035.

Trelleborg's new climate target and climate vision may be fine-tuned in dialog with the Science Based Targets initiative, in accordance with how the conditions change for achieving the 1.5°C target for society at large.

**How will this be achieved? Energy efficiency, renewable energy and investments are the keys.** In addition to becoming more energy-efficient every year through improvement efforts carried out under the Manufacturing Excellence program (see page 17), Trelleborg aims to continuously reduce the operation's CO<sub>2</sub> emissions over time by transitioning to renewable energy from sources such as wind, solar and hydro power. Furthermore, investments will be made locally in the facilities' energy supply, examples being the transition to biomass in Sri Lanka in 2019, or via local solar power units (see page 36).

**Trelleborg's earlier "20 by 20" climate target was achieved by a very good margin** at the end of 2020, mainly by switching to green electricity and continuous energy efficiency improvements during the period. The target was to become 20 percent more emissions efficient by the end of 2020, using 2015 as the base year. At the end of the year, Trelleborg had achieved 10.9 tons per SEK M, a reduction of 32 percentage points since the base year of 2015, when the baseline derived from proforma values from Trelleborg and the Czech company CGS acquired in 2016 was 16.0 tons per SEK M.

The CO<sub>2</sub> emissions included in the earlier target are the direct emissions caused by energy produced internally (Scope 1) and the indirect emissions caused by energy purchased for own consumption (Scope 2).

HALVED  
MISSIONS IN  
FIVE YEARS

## TRELLEBORG'S SOLUTIONS – SUSTAINABLE ENVIRONMENTAL AND ENERGY SOLUTIONS



### GOAL 7 Clean energy

Offshore wind farms are built on various types of foundations, depending on turbine size, water depth, seabed and climate. Trelleborg supplies grout seals that close the gap between the turbine's tower and pile. The seals are up to eight meters in diameter and have to support the steel monopile and the larger transition piece that slides over it during the foundation's construction.



### GOAL 13 Climate action

Heat that is created by friction in hydraulic cylinders is a waste of energy. Lubricants with low viscosity can reduce the friction, but are also extremely destructive to the seals. Specialty seals developed by Trelleborg can withstand, in addition to high pressure, extreme temperatures and counteracting forces in the cylinder, as well as aggressive lubricants, which yields energy savings and a longer lifespan.

Trelleborg previously conducted a Scope 3 analysis in cooperation with EY aimed at obtaining a general picture of indirect emissions along the value chain of operations. In 2021–2022, this analysis will be updated to obtain an even clearer view of Scope 3 and to be able to set a base value for quantitative improvement of these indirect emissions not later than 2025.

The analysis made earlier showed that the Scope 3 emissions of the operations are significant, meaning that they overall clearly exceed the total emissions in Scope 1 and 2.

*Purchased products and services* were the single largest emission category and within this, purchases of polymers in particular. Next were *purchased transportation*, downstream and upstream. These categories are estimated by EY to correspond to approximately 90 percent of emissions in Scope 3 for Trelleborg.



The Task Force on Climate-related Financial Disclosures (TCFD) is the call for climate action from the financial markets. It describes how companies should handle their climate-related information, including risks and opportunities. See page 39 for an overview of how Trelleborg meets TCFD's recommendations.




CDP's climate, water and supplier engagement reports. Trelleborg has participated in CDP's voluntary reporting of greenhouse gas emissions since 2007. In the Annual CDP Report for 2020 on climate issues, Trelleborg received a score of B (2019: A-). Water issues were reported for the third time, and here Trelleborg received a score of B- (2019: B-), which corresponds to the second highest level. Trelleborg's SER (Supplier Engagement Rating) by CDP is A-. The SER score demonstrates how effectively a company cooperates with their suppliers concerning the climate. To assess the level, CDP uses a company's responses to the CDP questionnaire on climate change.



Trelleborg second in its category in 2020 Sustainability ranking. Trelleborg came second in the Durable consumer goods category in the Swedish sustainability ranking Hållbara Bolag 2020, arranged by the business daily Dagens Industri and the Aktuell Hållbarhet magazine. Trelleborg was third in its category in 2019. The ranking was carried out by the Lund University School of Economics together with an advisory committee.

CLIMATE – NEW TARGETS AND NEW VISION

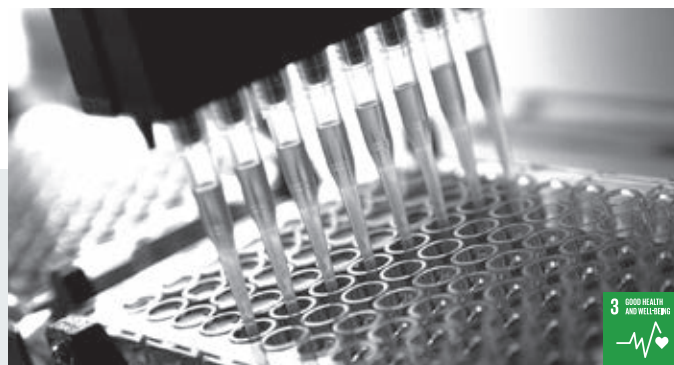
 TARGET ACHIEVED <b>“15 by 15”</b> <b>2015</b>	 TARGET ACHIEVED <b>“20 by 20”</b> <b>2020</b>	TARGET <b>“50 by 25”</b> <b>2025</b> Reduce direct and indirect CO <sub>2</sub> emissions (Scope 1+2) by 50 percent related to sales by the end of 2025, with 2020 as the base year, and achieve significant reductions of emissions along the value chain (Scope 3).	VISION <b>“CO<sub>2</sub> neutral”</b> <b>2035</b> By 2035, Trelleborg will have achieved net zero level in terms of CO <sub>2</sub> emissions from its own operations.
TARGET AND VISION AHEAD			

TRELLEBORG'S SOLUTIONS – PEOPLE'S HEALTH AND FOOD SECURITY



**GOAL 2 Zero hunger**

With effective tractor tires, farmers can produce more for increasing numbers of people. Trelleborg's integrated central tire inflation system, CTIS+ Inside, makes it possible to inflate or deflate tire pressure in both front and rear wheels in adjustment to the terrain using only a few clicks of a button, directly from the tractor cab. The tractor uses less fuel, gains better traction and contributes to reduced soil compaction.



**GOAL 3 Good health and well-being**

Highly engineered components for drug delivery systems are being developed at a rapid pace. Active pharmaceutical ingredients (API) are incorporated in Trelleborg's molded components in Liquid Silicone Rubber (LSR). The applications are used, for example, as additives for antibiotics to prevent infections in such items as catheters or comprise medication that targets specific body parts in a controlled and optimized manner.

## OPERATIONS: EFFICIENT AND SUSTAINABLE RESOURCE USAGE



Constant process efficiency work is conducted within the scope of Trelleborg's program for Manufacturing Excellence. This includes all types of resources, such as energy and raw materials, toward the aim of achieving circularity. The proportion of renewable energy is to steadily increase to reduce climate impact in line with the climate target of "50 by 25" and the vision of carbon neutrality by 2035. The Resources part of the Operations focus area is clearly linked to the Sustainable Development Goals in the categories 3, 8, 12 and 13. Read more about the connection to each goal on pages 32–33.

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

The Trelleborg's Group environmental policy – available at [www.trelleborg.com](http://www.trelleborg.com) – stipulates that attention is given to the precautionary principle, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes. As a chemical user, Trelleborg is affected by the EU REACH regulation.

In addition to the local work with REACH compliance, work related to chemicals continues to be carried out within the framework of the Global Chemical Task Force, a corporate-level team. The team documents and assists the business units in their efforts to phase out and replace substances that are currently considered harmful, and monitors such substances that may be of interest in the future. An internal Restricted Materials List has been compiled, and active efforts were again spent in 2020 by the Global Chemical Task Force focusing on such prioritized materials.

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

**Resource efficiency and circularity.** The Manufacturing Excellence program framework takes a systematic approach to improvements for enhanced safety, quality, delivery precision and efficiency that also yields distinct positive effects on resource consumption by minimizing all resource waste. Refer also to the section on circular business and resource efficiency on pages 16–17 and 31.

A new development group – *Polymers for tomorrow* – within Trelleborg will analyze new, interesting materials research and development as of 2021. This development group (comprising members from the business areas and the Group) will monitor potential strategic collaborations for bio-based materials, recycled materials

and completely new polymer solutions in accordance with the principles of circularity.

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

*Energy Excellence*, a long-standing initiative for systematic energy optimization at all units, is an integrated part of the Manufacturing Excellence program. All production units must present an activity plan to reduce energy consumption.

In addition to process-related measures, Trelleborg's units are focusing on different types of systems for improved monitoring of energy consumption and on increasing energy awareness among personnel.

The positive outcome for the year of energy consumption (see table on page 36) reflects lower production volumes as well as ongoing efficiency enhancements in energy use.

**Renewable energy.** The proportion of renewable energy – which will be continuously increased – is reported as a separate indicator in the table on page 36. For example, all UK production units have transitioned to renewable electricity in 2020. A significant project was completed in Sri Lanka in 2019, where biomass replaced fossil fuel to produce steam for production.

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

**Climate.** A description of Trelleborg's new long-term climate strategy, with the "50 by 25" climate target for 2025 and the "Climate-neutral business" vision for 2035 is presented on pages 18–19.

A new overview adapted to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) is presented on page 39.

*Outcome of climate target for 2020.* The base line for the Group's previous "20 by 20" climate target was set on the basis of the performance of all Trelleborg units in



# 10.3%

10.3 percent of energy consumption was renewable in 2020, compared with 3.6 percent in 2019, a substantial improvement in one year.

2015, meaning the proforma values from Trelleborg and the Czech company acquired in 2016. With this baseline as a starting point, the target set was achieved with a good margin, with an overall 32 percent improvement since the base year.

The “20 by 20” climate target reflected the carbon intensity, meaning the total size of CO<sub>2</sub> emissions within Scope 1 and 2 relative to the volume of operations.

The detailed outcome in 2020 with regard to climate-related indicators is shown in the table on page 36.

- » In the climate area, Trelleborg applies intensity targets (tons of CO<sub>2</sub> per SEK M in sales), in an historical context that includes substantial acquisitions and divestments. This as the current emissions per year should reflect relevant operating volume to be more comparable over time.
- » The calculation of CO<sub>2</sub> emissions from the consumption of purchased electricity is mainly built on location-based national conversion factors from the International Energy Agency (2018 version). Conversion factors for electricity consumption reflect the average total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil.
- » For renewable 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.

Only two of the Group’s units – Prague in the Czech Republic and Tivoli in Italy – are included in the EU Emissions Trading System (EU ETS). Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO<sub>2</sub>). Each year, the operations concerned must report their emissions of CO<sub>2</sub> and transfer emission allowances corresponding to the emissions caused. The actual number of allocated emission allowances for Trelleborg in 2020 was 34,864 (34,008).

**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 36. Major reductions in consumption have been made on an ongoing basis by using, for example, 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.

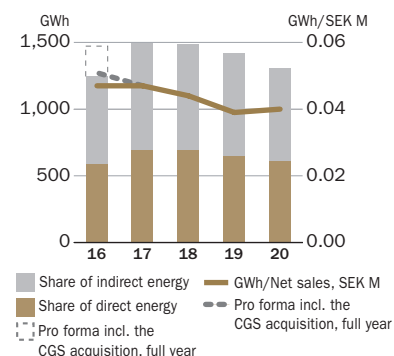
**Waste.** Continuous efforts are taking place within local operations to cut production waste, which helps to reduce the amount of waste, and to increase the rate of recycling. In the same manner the volume of hazardous waste is gradually decreasing.

- » Recycling is carried out by external partners and internally, see the diagram on page 37.
- » For further information, refer to resource efficiency and circularity on pages 20 and 32.

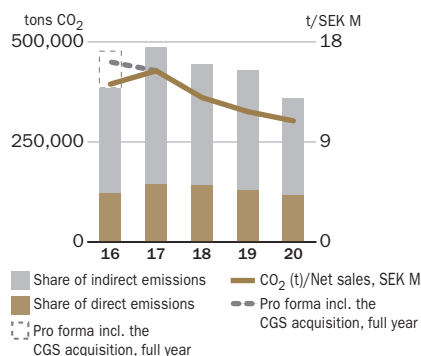
**Emissions to air.** In addition to energy-related emissions – such as CO<sub>2</sub>, sulfur dioxide and nitrogen oxides – the Group’s emissions to air mainly consist of volatile organic compounds (VOCs). Trelleborg uses the same definition of VOC as the EU.


The reduction of VOC emissions is a priority, both from an environmental and health perspective, and these emissions have been continuously reduced in recent years, refer to the table on page 36. Emissions are mainly derived from the use of solvent-based adhesives, and are critical only for a limited number of products and production units.

ENERGY



CLIMATE



**-5%**  Relative to sales, total waste decreased 5 percent (7).

**-11%** Emissions to air of volatile organic compounds (VOC) were clearly reduced during the year, from 564 tons to 504 tons. Relative to sales, these were constant.

# OPERATIONS: EMPLOYEE SAFETY, DIVERSITY AND DEVELOPMENT



The most important Group-wide program to achieve a safe workplace is Manufacturing Excellence, which includes the occupational health and safety program Safety@Work. Greater gender equality and more female managers is an integrated part of work with diversity and inclusion. Furthermore, Trelleborg believes in offering employees individual opportunities to become engaged, learn and grow to advance in their careers. The People part of the Operations focus area is clearly linked to the UN Sustainable Development Goals (SDGs) in categories 5 and 8. Read more about the connection to each goal on pages 32–33.

**Work environment – health and safety.** The highest priority in dealing with the pandemic situation in 2020 at all Trelleborg workplaces was employee safety. Local restrictions were addressed and some national coordination was used, refer to page 49 in the annual Report 2020.

Trelleborg's longstanding Safety@Work program aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. The program includes all staff, both employees and insourced, without exception. In 2020, the program was relaunched under the "Team up for Safety" theme. Activation through local initiatives and workshops that further deepen risk awareness and preventive efforts among employees will continue in 2021.

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

No fatal accidents occurred in 2020. Refer to page 37.

The total outcome for the year for OHS-related indicators is shown in the table on page 37, 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. Enhanced 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 on page 27), 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. See more about discrimination on pages 11 and 38.

**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.

**Age.** A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent.

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

Trelleborg has also established an internal key figure to measure the retention of young talent within the organization.

**Gender.** In an engineering-dominated company like Trelleborg, efforts to achieve a more even 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 significantly more balanced in the operations.

An internal key figure was introduced to measure the number of female managers down to management 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

## 43%

The proportion of women on the Board in 2020 was 43 percent (38).

executive and managerial positions, and for all of the Group's training and development programs, particularly its leadership.

Trelleborg has also put new 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.

**Trelleborg Group University**, the Group's joint training organization, has retained a high level in terms of completed training courses in 2020, despite the pandemic, totaling 21,878 (27,904). Note that the same employee may have completed several training courses. The aim was to move classroom training online – a total of 98 percent of participation was virtual.

Leadership is the learning area that had most participants during the year, including 272 supervisors (500) from production who completed the new Local Leadership program.

A large part of the Excellence program was forced to have a temporary break during the year due to the pandemic.

TRELLEBORG'S GLOBAL PRESENCE AND GENDER DISTRIBUTION

The number of employees in the Group at year-end, including insourced and temporary employees, was 22,209 (23,935). Of the total number of employees, 95 percent work outside Sweden.

During the year, the average number of employees in the Group's operations decreased to 21,470 (22,952), of whom women accounted for 25 percent (25). Refer to Note 10, page 87, in the Annual Report 2020.

Salaries and other benefits for employees (excluding insourced employees) in the Group's operations amounted to SEK 8,136 M (8,733).

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 <sup>1</sup>

Distributions by country	2020	2019
Czech Republic	3,593	3,964
US	2,923	3,303
UK	1,751	2,017
China	1,534	1,599
Italy	1,345	1,338
Germany	1,111	1,141
Sweden	1,044	1,181
France	967	1,054
Sri Lanka	962	945
Slovenia	845	925
Other	6,134	6,468
<b>Total</b>	<b>22,209</b>	<b>23,935</b>

<sup>1</sup> Including insourced and temporary employees.



Gender distribution, global 25 percent women, 75 percent men.

DIVERSITY INITIATIVES IN 2020

In 2020, Trelleborg continued its work related to diversity and development:

- » Almost 600 new employees and existing employees took part in the Group e-learning program on the topic of diversity and inclusion to increase awareness of the significance of diversity and unconscious prejudices. The course is part of Trelleborg's Awareness program for new employees.
- » In the annual succession planning process, Trelleborg noted greater gender balance among employees with the potential to become managers at level 4 in the organization.

EDUCATIONAL AND DEVELOPMENT INITIATIVES IN 2020

In 2020, Trelleborg developed and launched a new Excellence initiative, People Excellence, 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. It had a positive reception – at the beginning of 2021, 956 managers had begun People Excellence training.



# COMPLIANCE WITH LAWS AND CODES



On the basis of the Group's Code of Conduct, Trelleborg pursues work for exemplary business conduct both internally and across the value chain to ensure compliance with laws, rules and international agreements. The Compliance focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 8 and 16. Read more about the connection to each goal on pages 32–33.

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

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

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

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

In the area of data protection, the General Data Protection Regulation (GDPR) was rapidly rolled out to relevant target groups in Europe in 2018–2020.

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

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

During 2020, the Compliance Task Force held four meetings that addressed, among other aspects, a new drug and alcohol directive, trade restrictions, coordination of Coronavirus pandemic measures, evaluation conducted of the Trelleborg Compliance Program, compliance and effects of new legislation such as new rules for data protection, information security and a review of legal entities. The Compliance Task Force also continued its review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg.

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

The Group's Whistleblower Policy also entitles all employees to report any

**5,799**

individuals underwent training during the year in anti-corruption, competition law, contract management and so forth.

The clear increase in recent years is primarily the result of the launch of e-learning programs.



A new drug and alcohol directive was launched in 2020 at Trelleborg.



suspected legal or regulatory violations without repercussion. Refer to the table on page 38 for matters reported via the whistleblower system. This system was supplemented with employee surveys carried out at regular intervals that receive a high response rate (81 percent in the most recent survey in 2019). 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) and the UK (Bribery Act, Modern Slavery Act – which is designed to prevent forced labor and sex trafficking).

**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 38.

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

Within the framework of Trelleborg's ERM processes for internal risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant internally. However, if the entire value chain is taken into consideration, the risk is classed as higher, see section below on child labor, for example, and the illustration on page 27.

**Child labor.** A number of potential risks in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at rubber plantation level. 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.

**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 2020, Trelleborg's corporate website renewed its annual statement regarding the management of issues concerning forced labor, child labor and trafficking, mainly in accordance with the UK's Modern Slavery Act and the California Transparency in Supply Chain Act.



At the end of 2020, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (73) of all facilities.



**51%**

51 percent of all employees (51) are represented by a trade union through collective agreements.

#### GROUP POLICIES IN THE AREA OF COMPLIANCE

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

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



During the year, 6 matters (17) were reported via the whistleblower system, most of which concerned complaints about local management and measures such as staff reductions.

**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 38.

**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 38 and about Trelleborg's diversity and inclusion activities on pages 22–23.

Contaminated soil is currently being remediated at 9 units (9).



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

*Environmental management systems.* A cornerstone of the Group's environmental strategy is that major production units must have an ISO 14001-certified environmental management system. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 38.



In 2020, 4 environmental studies (16) of facilities were performed in conjunction with (potential) acquisitions or closures.

*Environment laws and permits.* Fines or sanctions for breaches of environment or OHS-related rules are shown in the table on page 38. 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 38.

*Environmental studies.* For potential acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2020 is presented in the table on page 38.

**Suppliers.** A total of about 23,000 suppliers are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber, (see also page 5), 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 decentralized responsibility for performance (see also page 33 in the Annual Report 2020). 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.

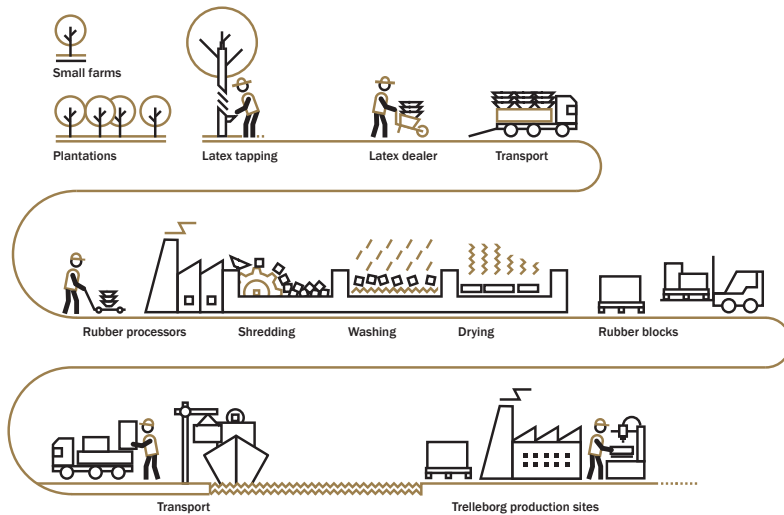
**88.9%**

Sustainability assessments took place of suppliers corresponding to 88.9 percent (86.4) of the reported relevant purchasing spend.

**Supplier assessment.** Supplier assessments have primarily been conducted 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 38 for the year's outcome. A new digital system for supplier assessments was launched in 2020, which will further streamline the process and make it more transparent.

In conjunction with the launch of a new climate target, follow-up of the climate performance of suppliers and other selected sustainability performance measures will be further developed during the coming five-year period.

PRODUCTION NATURAL RUBBER



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

Trelleborg has a 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.

Since 2014, major training initiatives and visits have taken place in Sri Lanka, while meetings and visits have been conducted in Southeast Asia and Africa (Ivory Coast).

From 2021, Trelleborg intends to join the work of the Global Platform for Sustainable Natural Rubber, an initiative aimed at leading the global improvement of socioeconomic and environmental performance in the natural rubber value chain.

**Supplier audits.** Work auditing “at-risk suppliers” through site visits had to be suspended during the year due to the pandemic, see also page 38. In earlier work up until 2020, the focus was on textile suppliers, chemicals suppliers and natural rubber suppliers. The basis for selection of suppliers to audit through site visits is a legal, geographic and material risk assessment. Underperforming suppliers are given a deadline of one to three months for corrective measures following an audit. The time limit varies depending on the severity of the breaches.

In 2021, another risk assessment will be carried out to provide a basis for the supplier reviews and audits in the forthcoming period.

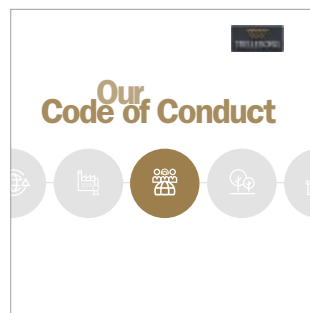
The Code of Conduct is the basis for all compliance Trelleborg’s Code of Conduct in the areas of environment, OHS and ethics forms a basis for all operations in the Group, and applies to all employees, without exception. A comprehensive review of the Code of Conduct was carried out in 2019.

A global training initiative started that year, when more than 85 percent of all employees received training. 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, and contains new regulations in areas such as trade

restrictions, information processing and diversity. It is available for download from [www.trelleborg.com](http://www.trelleborg.com).

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



*Trelleborg’s Code of Conduct, Whistleblower Policy and Compliance Program form 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.*

## BROAD-BASED SOCIAL ENGAGEMENT



Trelleborg engages with the community wherever the Group operates. Some of its most visible programs are in countries where the initiatives make the greatest difference, including Sri Lanka and China, where youth development is supported through school projects. Global partnership and guidelines form another aspect of Trelleborg's community engagement and sustainability dialog.

The Community involvement focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 4 and 17. Read more about the connection to each goal on pages 32–33.

**Trelleborg's value for society.** In the longer term, Trelleborg's products and solutions represent the company's broadest and clearest opportunity to contribute 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 what matters in society, such as people, infrastructure and assets, which is described on pages 16–19.

Trelleborg's total value creation and its distribution in 2020 between various stakeholders in society is presented on page 13 and in the table on page 39.

**Local development programs.** In all of the different places in which the Group operates, Trelleborg aims to promote, through local involvement, the social integration of groups, such as children/young people as well as functionally diverse groups. This is usually through educational and development initiatives, which include meaningful recreational activities, such as culture, physical activity and sports. Development programs with this focus are taking place in countries in which Trelleborg operates. One positive, long-term effect of these initiatives is that young talent are made aware of Trelleborg as an employer.

Similar cooperation – support or sponsorship – of activities with an environmental, health or social focus are in progress locally at a significant number of Trelleborg units. In local collaborations with sports clubs, the issue of diversity is prioritized, primarily through activities targeting young people. An inventory during 2019 found more than 240 such local, regional, national and global initiatives involving Trelleborg, 70 percent of which targeted young people.

In addition to these, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta, Örebro University and Lund University/the International Institute for Industrial Environmental Economics in Sweden (refer also to page 31) as well as with various interest groups.

**Sri Lanka.** In partnership with Star for Life, a school program has been ongoing in Sri Lanka since 2012 and

this was extended over time to include two schools in the Colombo area: Kelani College and Bellana College.

The 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.

In 2020, program activities were affected by the Coronavirus situation in the country, with the closure of schools, and accordingly, limited possibilities to conduct program activities on site.

The program at Kelani College was previously evaluated and found to have resulted in improvements in attendance, positive attitudes, better study results, physical and mental balance and a reduction in absenteeism and fewer conflicts.

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

**India.** In 2020, partnerships with several different voluntary organizations in India continued. One important initiative is a scholarship program that supports further educations for talented young people. A *Village Uplift Program* was previously run in cooperation with the Hand in Hand organization, with the aim of creating an environment and an infrastructure to promote local development for the Maralukunte community in the Bengaluru region, located some 70 km from Trelleborg's facilities.

**China.** The latest major initiative was launched in 2019 in China and addresses school children in rural areas, whose parents have moved far away to work and handed 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 10 centers for these young people. The 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.

# >240

More than 240 global, regional and local cooperative initiatives.

**For integration and diversity in 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 Trelleborgs FF and Ramlösa Södra clubs, organizations that stand out as having used sport as a method for community initiatives, such as creating social interaction and meaningful recreational activities for groups of young people, for example, newly arrived refugees and functionally diverse groups.

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

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 2007, Trelleborg has also openly reported climate data to CDP (refer to page 19), for transparency toward all stakeholders in terms of emissions, risks/opportunities and other material climate-related information. Similar water reporting to the CDP has been added in recent years.

*UN Sustainable Development Goals gain ground.* Trelleborg will continue to develop its reporting in accordance with 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 shared agenda until 2030.

A detailed index of the link between Trelleborg's operations and the UN goals, including a risk description, is available on pages 32–22, while the commercial relevance is also described with product examples on pages 17–19.

## SUSTAINABILITY INITIATIVES IN TRELLEBORG'S WORLD



**GLOBAL** In September, Trelleborg's President Peter Nilsson signed the UN Global Compact's "Statement from Business Leaders for Renewed Global Cooperation", which emphasized the importance of international cooperation in tackling global problems. The statement was presented to the Secretary-General of the United Nations, António Guterres, on September 21 as part of the organization's 75th anniversary.

**GLOBAL** Trelleborg's initiative to eliminate disposable plastic bottles from all of our workplaces all over the world has been successfully implemented in 80 percent of relevant local companies, and approximately 850,000 fewer half-liter plastic bottles have been thrown in the trash worldwide. All companies and units have organized the venture themselves since the solutions vary widely depending on local conditions. At the end of 2020, the above result had been achieved and work is now continuing at Trelleborg to reduce pressure on the environment from plastic waste that is disseminated and finds its way into seas and nature.



# GOVERNANCE OF SUSTAINABILITY AT TRELLEBORG

Trelleborg: Protecting the essential



### Code of Conduct and monitoring.

A pillar of the internal sustainability work is Trelleborg's Code of Conduct (new version launched in 2019, see also page 24 and 27) and policies in the areas of environment, occupational health and safety (OHS) and ethics. The Code is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, which Trelleborg signed in 2007.

The Code of Conduct applies to all employees without exception. Training in the content of the Code is mandatory for all employees.

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

### Whistleblower Policy.

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

### Reporting and external reporting.

The internal collection of sustainability data is mandatory for all units included in the Group during the relevant period and is mainly performed within the framework of monthly reporting via Manufacturing Excellence (see page 20) and via specific sustainability reporting from all Trelleborg units twice per year. The same system is used to report both financial and sustainability data.

The external reporting of sustainability issues that is published in Trelleborg's Annual Report and in the annual, more comprehensive, Sustainability

Report is based on GRI Standards guidelines, according to the Core option. The separate Sustainability Report contains detailed descriptions and an index to clarify exactly how the report follows the GRI guidelines.

From 2019, there is a supplementary index that considers Trelleborg's operations relative to the UN SDGs, see pages 32–33.

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

### Organization.

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

Starting in 2016, the entire Board was regularly presented with case stories related to Trelleborg's ongoing sustainability work at Board meetings. A more in-depth review of sustainability targets and indicators in each focus area for the coming period is also presented at the annual Board meeting after mid year. Overall, this clearly reflects the Board's commitment to the strategic direction.

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

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

### Organization

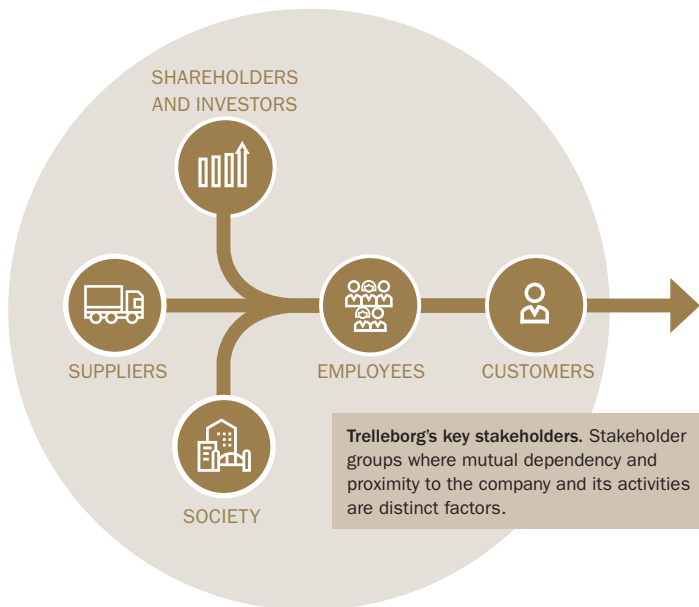


### Frequency of meetings/focus:

- » 2 times/year: Strategy and earnings
- » 2 times/year: Strategy and earnings
- » 2 times/year: Strategy, focus/earnings
- » 2–3 times/year: Strategy, focus/earnings and audit

# STAKEHOLDER DIALOG FOCUSING ON MATERIAL ASPECTS

## Trelleborg's key stakeholders



## Materiality analysis

Significance to stakeholders' perceptions and decisions	VERY IMPORTANT	<ul style="list-style-type: none"> <li>• Open and honest communication</li> <li>• Corporate governance and transparency</li> <li>• Environmental performance of products</li> <li>• Compliance with legislation and human rights</li> <li>• Measures against corruption and bribery</li> <li>• Measures against anti-competitive behavior</li> <li>• Use of hazardous chemicals</li> <li>• Supplier practices</li> <li>• Energy and climate</li> <li>• Emissions</li> <li>• Waste</li> <li>• Occupational health and safety</li> </ul>
	IMPORTANT	<ul style="list-style-type: none"> <li>• Labor/Management relations</li> <li>• Investment and divestment practices</li> <li>• Risk and crisis management</li> <li>• Public policy and lobbying</li> <li>• Talent attraction and retention</li> <li>• Training and development</li> <li>• Diversity</li> <li>• Community relations</li> </ul>
		<p>IMPORTANT</p> <p>VERY IMPORTANT</p> <p>Significance of financial, environmental and social impact</p>

### Trelleborg's stakeholder engagement.

2020 differs from preceding years as very few stakeholder dialogs were held as personal meetings. These were replaced with conference calls and online meetings, a natural consequence of adapting to the Covid-19 rules introduced worldwide in March.

Activity this year was again dominated by the key group "Shareholders and Investors", though the clearest change in activity was in dialog with "Employees". The number of questions from internal stakeholders has risen notably in the area of sustainability. Most concern business aspects and products.

The main issues – excluding the company's handling of the pandemic, which is described on page 6 in this report and page 10 in the Annual Report 2020 – addressed by various stakeholders in 2020 were:

- » The company's handling of climate change (see pages 18–19, 20–21, 36 and 46)
- » Circularity in materials handling and business models (see page 20 and below)
- » Management of sustainability-related risk, including climate risks (see below and page 46)

See also the overview of *Common questions in stakeholder engagement* below.

### Common questions in stakeholder engagement:

#### » How is Trelleborg managing the increasingly urgent issue of climate change?

The climate target for 2020, "20 by 20", was reached at the end of the year, see page 36.

The starting point in preparing the company's new climate target (for the period 2021–2025) and long-term climate vision (for 2035) has always been to contribute to society's goal to keep global warming to below 1.5 degrees Celsius, by using a science-based analysis of emissions from operations within Scope 1 and 2. In parallel, other emissions are also addressed across the value chain (Scope 3 emissions), mainly via purchased products and services, and from transportation. This resulted in the "50 by 25" target for the period until 2025, and also the vision to achieve climate neutrality in own operations by 2035, see pages 18–19.

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

One pilot area for circularity has been industrial tires, where a number of activities have already been tested and put into production, such as a greater share of recycled raw materials.

During 2020, work has continued drawing up a general model for Trelleborg's view of circular resource use and business, as an additional step toward more efficient use of resources. Using this general model for circularity, training and

### 2020 review and analysis.

Trelleborg's priorities for sustainability work were again reviewed. In October 2020, exercises were again conducted with about 40 students from Örebro University and the master's program in Sustainable business, where they evaluated the content of Trelleborg's latest Sustainability Report from the perspective of 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. The main issues/conclusions are summarized below.

*New risk analysis.* New in 2020 is the expansion of the materiality analysis also to include risks in accordance with the UN Sustainable Development Goals (SDGs). For the first time within the framework of the newly established Sustainability Risk Task Force, Trelleborg's operations across the value chain have been analyzed with regard to the 17 UN SDGs and their 169 targets concerning risks and impact on society and the environment. The analysis prioritizes and highlights the risks associated with Trelleborg's operations – both risks resulting from the operations and those that may impact operations – that are considered most severe and likely, see illustration on page 33.

The views collected from the stakeholder dialog, review and the new risk analysis were addressed during work on the 2020 Sustainability Report.

the further application of the approach will continue in 2021 and in the years ahead. A group has been created to identify new, interesting material research and development in accordance with the principles of circularity, refer to page 20 for more information.

#### » 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 page 46. New in 2020 is the supplementary risk/impact evaluation in accordance with the UN SDGs, see illustration and comments on page 33. The evaluation prioritizes and highlights the risks and impacts/effects that are considered most severe and likely to occur.

# TRELLEBORG AND THE UN SUSTAINABLE DEVELOPMENT GOALS

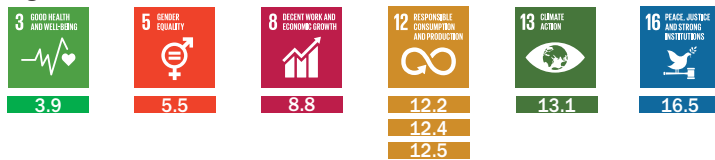
The UN Sustainable Development Goals encompass 17 areas that are of key significance to the world. In many of these areas, Trelleborg can make an important contribution to social development – particularly through its innovative products and solutions, but also through sustainability activities in its own operations. A sustainability risk overview along the value chain is presented on the next page. See also pages 16–19.

UN Goals	Implications	Trelleborg's products, solutions and social activities for/contribution to the sustainable development of society, with reference to the UN targets.
 1 NO POVERTY	Goal 1 is to end poverty in all its forms everywhere.	
 2 ZERO HUNGER	Goal 2 is to end hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Solutions for sustainable agriculture and greater productivity in agriculture, primarily agricultural tires (2.3). Other products for sustainable systems for food production, including food hoses (2.4).
 3 GOOD HEALTH AND WELL-BEING	Goal 3 is to ensure healthy lives and promote well-being for all at all ages.	Products to improve road safety, such as brake shims (3.6). Components in the field of healthcare & medical, such as for medical equipment and for drug and vaccine delivery systems (3.8). Reduced involvement in solutions in the field of oil & gas (3.9).
 4 QUALITY EDUCATION	Goal 4 is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Training and support projects for local communities within the framework of Trelleborg's community engagement (4.2).
 5 GENDER EQUALITY	Goal 5 is to achieve gender equality and the empowerment of all women and girls.	
 6 CLEAN WATER AND SANITATION	Goal 6 is to ensure availability and sustainable management of water and sanitation for all.	Products to safeguard and protect water resources, such as pipe seals and pipe repair solutions (6.4).
 7 AFFORDABLE AND CLEAN ENERGY	Goal 7 is to ensure access to affordable, reliable, sustainable and modern energy for all.	Solutions for the safe extraction and transport of energy (7.1). Components for wind, solar and hydro power solutions (7.2).
 8 DECENT WORK AND ECONOMIC GROWTH	Goal 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Goal 9 is to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Solutions for reliable, sustainable, resilient and high-quality infrastructure, including window/door seals, facade profiles and pipe seals, such as in trains and the rail system area (9.1).
 10 REDUCED INEQUALITIES	Goal 10 is to reduce inequality within and among countries.	
 11 SUSTAINABLE CITIES AND COMMUNITIES	Goal 11 is to make cities and human settlements inclusive, safe, resilient and sustainable.	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 trains and the rail system (11.2). Solutions to protect and safeguard the world's cultural and natural heritage, including water management and seals (11.4).
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Goal 12 is to ensure sustainable consumption and production patterns.	
 13 CLIMATE ACTION	Goal 13 is to take urgent action to combat climate change and its impacts.	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	Goal 14 is to conserve and sustainably use the oceans, sea and marine resources for sustainable development.	Products for ports and marine solutions, including Ocean Cleanup (14.2).
 15 LIFE ON LAND	Goal 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Goal 16 is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	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	Goal 17 is to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	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).



Sustainability risks and own impact

High risk



Medium risk



In 2020, Trelleborg conducted its first assessment in accordance with the UN Sustainable Development Goals (SDGs) in the area of sustainability-related risk along the value chain and own impact on surroundings. All 169 UN targets were assessed in relation to the risks and impact Trelleborg's activities cause.

The image shows goals where risk/impact are considered high or medium-high, by weighing both the factors *severity* and *likelihood of occurring*.

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

Targets in SDGs with exposure to risk ■ = high risk		Relevant risk/impact for Trelleborg	Risks along the value chain?	Trelleborg's own impact	Examples of management, page
2.4	Sustainable food production systems and resilient agricultural practices	Technological shift away from tractors in global agriculture	Use and recycling		Business intelligence/macro trends and strategic planning 14–15
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 22, 37, Global Chemical Task Force 20, REACH activities 20
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 22–23
5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	Percentage of women managers.		Production and organization	Diversity and inclusion, work with 22–23
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 21, 36
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 18–20, Energy Excellence 17, 36, Circularity 16, 20, 31, Waste 21, 37
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 26–27, Code of Conduct 27, 38
8.6	Substantially reduce the proportion of youth not in employment, education or training	Recruitment		Production and organization	Diversity and inclusion. Age 22
8.7	Eradicate forced labor, human trafficking and child labor	Forced labor and child labor, particularly relevant early in the value chain (natural rubber)	Suppliers	Production and organization	Child labor, human trafficking, forced labor, zero tolerance approach to 25, Human rights 25
8.8	Protect labor rights and promote safe and secure working environments for all workers	Safe work environment.	Suppliers	Production and organization	Safety@Work 22, 37
10.3	Ensure equal opportunity and eliminate discrimination	Wage difference women – men		Production and organization	Discrimination, zero tolerance approach to 25
12.2	Sustainable management and efficient use of natural resources	Resource scarcity and fossil raw materials	Raw materials, Suppliers	Production and organization	Energy efficiency 18, 20, 36, Polymers for tomorrow 20, 31, Water use and water supply 21, 36, Circularity 16, 20, 31
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 20, REACH activities 20, Waste management 21, 37, Emissions to air 21, 36
12.5	Substantially reduce waste generation	Resource efficiency and circularity	Raw materials, Use and recycling	Production and organization	Manufacturing Excellence 17–18, 20, Waste 21, 37, Circularity 16, 20, 31
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	Circularity 16, 20, 31, Polymers for tomorrow 20, 31, Climate impact 18, 36
14.1	Prevent and significantly reduce marine pollution of all kinds	Problem of microplastics	Raw materials, Use and recycling		Message in a bottle 29, Circularity 16, 20, 31
15.2	Promote the implementation of sustainable management of all types of forests, halt deforestation and restore degraded forests	Deforestation (natural rubber)	Raw materials, Suppliers		Natural rubber chain, Dialog with suppliers 27, Global Platform for Sustainable Natural Rubber 27
16.2	End abuse, exploitation, trafficking and all forms of violence against and torture of children	Risk of child exploitation in the value chain (natural rubber)	Suppliers	Production and organization	Child labor, zero tolerance approach to 25, Natural rubber chain 27
16.3	Promote the rule of law and ensure equal access to justice for all	Regulatory compliance globally	Suppliers	Production and organization	Regulatory compliance 24–25, 38, Suppliers 26–27
16.5	Substantially reduce corruption and bribery in all their forms	Compliance with laws and the Code of Conduct	Suppliers	Production and organization	Regulatory compliance 24–25, in the supply chain 26–27, Code of Conduct 27

# SUSTAINABILITY REPORTING – SCOPE, CHANGES, PRINCIPLES AND ASSURANCE

**Scope.** This is Trelleborg Group's Sustainability Report for 2020, which is the third reporting year according to the GRI Standards – Core guidelines. The Sustainability Report is published annually (previous release was in March 2020). It is integrated into the Annual Report as well as in the form of an extended standalone Sustainability Report in pdf format.

The standalone version also serves as a yearly Communication on Progress to the UN Global Compact, which Trelleborg signed in 2007. The aim is that the report shall give an accurate overview of the Group's activities, performance and commitments related to environment, health, safety and social issues, including business ethics.

The intended target group is everyone concerned about Trelleborg: shareholders, investors, employees, customers and suppliers, authorities, the media, students and researchers, and local stakeholders/neighbors.

- » Unless otherwise stated, the data presented refer to calendar year 2020.
- » Figures for the preceding year (2019) are shown in parentheses. A ten-year overview of the company's sustainability performance is available at page 49.
- » The report covers all Trelleborg's legal entities where ownership exceeds 50 percent, including all production and non-production units, except where otherwise stated.

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

This report is in line with the requirements in the Swedish Annual Accounts Act concerning the seven responsibility areas it mentions: business model, risks, policy/target, anticorruption, environment, human rights and social conditions, see the table on page 43.

**Significant changes from previous report.** The basis of this Sustainability Report 2020 is a materiality analysis made by Trelleborg. It comprises important sustainability aspects and indicators from internal and external stakeholder perspectives.

Our focus areas Operations (divided into *Resources and People*), Compliance, and

*Social Engagement* have been slightly altered to match Trelleborg's new sustainability strategy Protecting the Essential, launched 2021.

*Products/solutions for better sustainability* is also part of the sustainability scope, see pages 16–19.

Changes in the 2020 report are

- » An overview of risks and impacts along the value chain according to an SDG perspective has been added on p. 33.
- » An index overview of TCFD recommendations and where they are addressed in the report has been added on p. 39.

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

Reports from units acquired or divested cover the period of the year when they have actually been part of the Trelleborg Group. It is the responsible manager for each unit that carries ultimate responsibility for the sustainability data provided, while the reporting itself, including data correctness and quality assurance, is carried out under the supervision of each unit's financial controller/director, also involving input from environmental, HR, purchasing and other specialists.

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

- » The reporting of indirect carbon emissions complies with CDP's recommendations, which means that 2018 conversion factors from the IEA were applied.
- » Safety@Work is a production facility program exclusively, which affects the Health and Safety reporting of Lost Work Cases, LWC, and other connected indicators.

**External assurance.** Deloitte has performed a limited assurance of Trelleborg's Sustainability Report 2020. The assurance report is to be found on page 35.

An overview of Trelleborg's sustainability work is also found at [www.trelleborg.com](http://www.trelleborg.com) under the heading Sustainability. Also Environmental Reports, Sustainability Reports and CR Reports from prior years are available from this website.

## PRODUCTION FACILITIES INCLUDED IN TRELLEBORG'S SUSTAINABILITY REPORT 2020

<b>Australia</b>	Brisbane East Bentleigh Kewdale Perth	<b>Italy</b>	Lodi Vecchio Livorno Modena Pianezza Tivoli	<b>UK</b>	Bridgwater Cadley Hill Great Yarmouth Halesowen Hawarden Leicester Nottingham Rochdale Rotherham Skelmersdale Tewkesbury Trinity Park Westbury
<b>Brazil</b>	Barueri, São Paulo Feira de Santana Macaé São José dos Campos	<b>Latvia</b>	Liepāja	<b>USA</b>	Aurora Berryville Bone Terre Boston Bristol Broussard Charles City Delano 1 Delano 2 Denver El Segundo Elk Rapids Fort Wayne Monson Milford (Pipe Seals) Morristown New Haven New Haven, Indiana Niskayuna North Smithfield Northborough Paso Robles Rankin Road Rutherfordton Salisbury Spartanburg Streamwood Toledo Tustin
<b>Bulgaria</b>	Pernik	<b>Lithuania</b>	Tauragė		
<b>China</b>	Hebei Pudong Qingdao Xiaogan Ximei Road, Wuxi Xingtai Xinzhuan Zhongtong	<b>Malta</b>	Hal Far		
<b>Czech Republic</b>	Hradec Králové Mladá Boleslav Nachod Otrokovice Praha Velké Porici Zlín (Šedesátá) Zlín (Šternberská) Zlín (Vavreckova)	<b>Mexico</b>	Guanajuato Tijuana Queretaro Tijuana (Pipe Seals)		
<b>Denmark</b>	Helsingør	<b>Netherlands</b>	Ridderkerk		
<b>Estonia</b>	Kuressaare	<b>Norway</b>	Mjøndalen		
<b>Finland</b>	Kiikka	<b>Poland</b>	Bielsko-Biala Czechowice-Dziedzice		
<b>France</b>	Cernay Clermont-Ferrand Condé-sur-Noireau Lyon Mirambeau Nantes Sancheville	<b>Serbia</b>	Ruma		
<b>Germany</b>	Grossheubach Lathen Velten	<b>Singapore</b>	Singapore		
<b>India</b>	Bengaluru Husur, Bengaluru Jigani Link Road, Bengaluru	<b>Slovenia</b>	Kranj Ptuj		
		<b>Spain</b>	Izarra		
		<b>Sri Lanka</b>	Kelaniya (Trelleborg Lanka) Kelaniya (Trelleborg Tyres Lanka) Malwana		
		<b>Sweden</b>	Ersmark Forsheda (Mixing) Gävle Havdhem Kalmar Trelleborg (Agri) Trelleborg (EF/Mixing) Trelleborg (Industrial Solutions) Värnamo Örebro		
		<b>Switzerland</b>	Stein am Rhein		
		<b>Turkey</b>	Gebze 1 Gebze 2 Tokat		

# ASSURANCE REPORT – 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 of Trelleborg AB to undertake a limited assurance engagement of the Trelleborg AB's Sustainability Report for the year 2020. The Company has defined the scope of the Sustainability Report below the table of contents of the Annual Report and the Statutory Sustainability Report on page 2.

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

The 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 19 February 2021  
Deloitte AB






Hans Warén  
Authorized Public Accountant

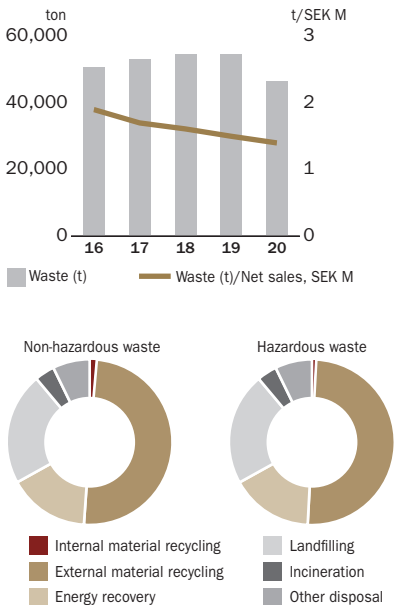
Lennart Nordqvist  
Expert Member of FAR

## OUTCOME IN 2020 IN THE AREA OF OPERATIONS: RESOURCES









Resources	Where?	Outcome 2020	Goals and main governance
<b>ENERGY</b>	■	In total, energy consumption has been at a lower level year-on-year, partly due to lower production volumes. Relative to sales, consumption increased slightly, which during a year such as 2020 with generally lower volumes and production disruption from the pandemic is attributable to the basic energy consumption needed to keep the facilities in operation.	<p>The internal target for the Group is to improve its energy-efficiency by at least 3 percent annually. The proportion of renewable energy is to gradually increase, both for direct and indirect energy.</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 pages 17–18, 20).</p> <p>Local energy coordinators are trained via global training sessions, and a shared toolbox is available.</p>
Energy consumption	■	Total of 1,308 GWh (1,414). The share of direct energy is 612 GWh (648), and the share of indirect energy is 696 GWh (766).	
Energy consumption relative to sales	■	0.040 GWh per SEK M (0.039). Energy consumption relative to sales increased approximately 3 percent.	
Renewable energy	■	10.3 percent (3.6) of total energy consumption, mainly consisting of purchased renewable electricity, but also the transition to, for example, biomass and internally generated electricity at facilities. The internally generated electricity is produced from solar cells and amounted to 671 MWh (546).	
Energy cost	■	SEK 698 M (816).	
<b>CLIMATE</b>	■	Both in total and relative to sales, CO <sub>2</sub> emissions decreased in 2020, which is primarily attributable to a higher proportion of green electricity. Trelleborg's systematic measures for energy efficiency contribute to the results, which at the end of 2020 yielded a decrease of 32 percent in CO <sub>2</sub> emissions in relation to sales compared with the base value of 16.0 tons/SEK M from 2015, based on pro forma values (dashed line in the diagram) from Trelleborg and CGS, an acquisition from 2016.	<p>The "20 by 20" climate target aimed to achieve a 20-percent reduction of CO<sub>2</sub> emissions (in Scope 1 and 2) in relation to sales in the 2015–2020 period. This goal was reached and exceeded: the total reduction for the 2015–2020 period was 32 percent.</p> <p>For the 2021–2025 period, the new "50 by 25" target has been established, in line with society's goal to keep global warming to below 1.5 degrees Celsius. During the period, Trelleborg will aim to halve its CO<sub>2</sub> emissions in Scope 1 and 2, in relation to sales, and also achieve a substantial reduction in emissions across the value chain (Scope 3). Read more on page 18.</p>
Total CO <sub>2</sub> emissions	■	358,400 tons (429,400), of which direct emissions amounted to 117,400 tons (128,800), and indirect emissions 241,000 tons (300,600).	
CO <sub>2</sub> emissions relative to sales	■	10.9 tons per SEK M (11.7). Compared with last year, there was a clear improvement during 2020, mainly due to the transition to renewable electricity.	
<b>WATER</b>	■	In 2020, water use, meaning water for production and sanitary water, decreased in absolute terms but increased relative to sales.	<p>Even if water use is one of the central environmental key figures reported, a decrease in consumption is most crucial in production areas with water shortages, or where water shortages can be expected. Refer to page 21.</p>
Water use	■	2.19 million m <sup>3</sup> (2.31)	
Water use relative to sales	■	66.5 m <sup>3</sup> per SEK M (63.1)	
Water withdrawal	■	61 percent municipal water (60) 21 percent from the company's own wells (20) 18 percent surface water (rivers, lakes, etc.) (19.5) 0.5 percent other sources (0.5)	
<b>EMISSIONS</b>	■	Emissions of volatile organic compounds (VOC), clearly decreased in total during the year but remained unchanged relative to sales.	<p>Reducing <i>volatile organic compounds</i> (VOC) emissions is a priority both from an environmental and health perspective. Emissions of VOC are defined according to EU standards.</p>
VOC	■	504 tons (564)	
VOCs relative to sales	■	0.015 tons per SEK M (0.015)	
Sulfur dioxide	■	55 tons (113)	
Nitrogen oxides	■	48 tons (55)	

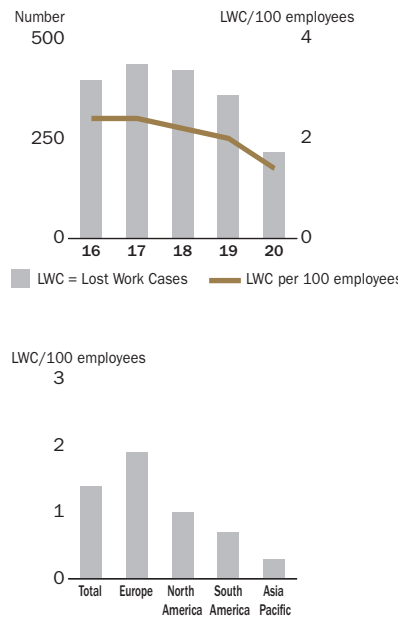
**Symbols:** ■ = Internal, all units   ■ = Internal, all production units   ■ = Internal, certain units   □ = External, suppliers or acquisition candidates





Resources	Where?	Outcome 2020	Goals and main governance
<b>WASTE</b>		In 2020, the amount of waste decreased in absolute terms, with falling production volumes, and also relative to sales. The volume of hazardous waste decreased clearly, which was in line with goals. Waste management methods, both for hazardous waste and other waste, are shown in the diagram below to the right.	Waste minimization is an expressed goal in the Manufacturing Excellence initiative, which is conducted in all production units, see also pages 17–18 and 20. The volume of hazardous waste is to gradually decrease.
Waste volume		46,270 tons (54,600). Of the total volume, rubber accounted for 31 percent (30) Hazardous waste totaled 4,540 tons (4,780), a decrease of 5 percent since the preceding year.	
Waste volume relative to sales		1.4 tons per SEK M (1.5)	
Waste cost		SEK 62 M (69)	
Waste management		1 percent to internal material recycling (1) 50 percent to external material recycling (46) 16 percent for energy recovery (15) 4 percent to incineration (4) 22 percent to landfill (27) 7 percent for other disposal (8) The distribution between methods for handling non-hazardous waste and hazardous waste is presented in the diagram to the right. The handling method was chosen by the supplier in just under half of the cases. In about a quarter of cases, the method was chosen by Trelleborg, and in about a third of cases the chosen method was the only available.	



OUTCOME IN 2020 IN THE AREA OF OPERATIONS: EMPLOYEES

Employees	Where?	Outcome 2020	Goals and main governance
<b>HEALTH AND SAFETY</b>		The curve shows the number of work-related injury/illness cases per 100 employees resulting in more than one day's absence (LWC). This figure has gradually declined. In 2020, the figure declined approximately 30 percent.	The number of accidents is to steadily decrease. In 2020, LWC per 100 employees was to have fallen below 2.0. 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, and the venture is continuing in 2021.
Fatal accidents		No fatal accidents (1) occurred during the year.	
LWC		218 cases (361) resulting in at least one day's absence (LWC). Of these, 14 (22) were insured staff, and 37 (41) women.	
LWC per 100 employees		1.4 LWC per 100 employees (2.0). For insured employees, the figure was 1.0 (1.3), and for women 1.1 (1.2). See the diagram to the right for the regional situation.	
LWD		36.6 work days lost on average per injury (28.3).	
Safety committee		94 percent of facilities have a safety committee (89) with representatives from both employers and employees.	
Absenteeism in Sweden		6.8 percent of normal working hours (5.4).	
Systems for occupational health and safety management		At the end of 2020, 29 units (29) were certified under OHSAS 18001 or ISO 45001, corresponding to 24 percent (24) of all facilities.	



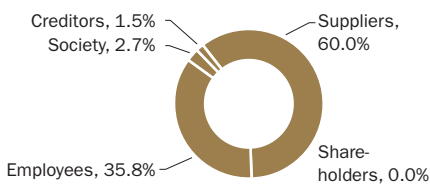
**Symbols:**  = Internal, all units  = Internal, all production units  = Internal, certain units  = External, suppliers or acquisition candidates

OUTCOME IN 2020 IN THE AREA OF COMPLIANCE

Compliance	Where?	Outcome 2020	Goals and main governance
Anti-corruption and competition law	■	5,799 employees (2,893) 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 2020, a further 5,900 employees completed the course.	In line with this aim, employees underwent training, through e-learning or classroom training, during 2019–2020.
Compliance (general)	■	There were zero (0) reported significant breaches of laws and permits during the year.	Local governance in accordance with the Code of Conduct and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting. The Compliance Task Force is a central forum for all compliance issues, refer to pages 24–25.
Compliance (environmental)	■	2 cases (3) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 553,000 (243,000)	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, 6 matters (17) were reported via the Whistleblower system, most of which concerned complaints about local management and measures such as staff reductions. In some cases, reviews were carried out and identified non-compliances with the Group's Code of Conduct and policies, and relevant measures have been taken in these cases.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	5 cases (11) of discrimination, all from the US, were reported and reviewed. In 4 of the cases (8), a settlement was reached between the parties or other relevant measures were taken. 1 case (3) is under investigation.	Zero tolerance applies to discrimination (reported and reviewed cases). Local governance in accordance with the Code of Conduct. Reported cases are dealt with at local level and reported centrally.
Freedom of association	■	51 percent (51) of employees are represented by a trade union through collective agreements. In China, however, certain restrictions related to freedom of association apply.	The right to freedom of association, through union or other personal representation, and collective bargaining, is highlighted in the Code of Conduct.
Child labor	■ □	Zero breaches (0) were reported in 2020.	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 2020.	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 88.9 percent (86.4) of the reported relevant purchasing spend in the production units. 2 units reported ongoing investigations in December 2020. No supplier relationships (1) were terminated in 2020 for reasons related to the Code of Conduct. No new supplier audits (10) were conducted involving on-site visits in 2020 due to the pandemic situation.	The goal is to only work with suppliers who adhere to applicable sections of Trelleborg's Code of Conduct. Reviews, including self-assessments, are to be completed with at least 80 percent of the reported relevant purchasing spend. Site visits with an audit of "at-risk suppliers" (selection based on geographic and material risk assessment) supplement the self-assessments. Since 2016, 61 supplier audits have been conducted (61), of which a limited number were additional visits to previously audited suppliers. Audits since 2016 have mainly taken place in China. Refer also to page 27.
Environmental management systems	■	At the end of 2020, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (73) of all facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system.
Unplanned emissions	■	During the year, 1 case (0) of unplanned emissions was reported. The emissions took place in Lodi Vecchio, Italy, and consisted of about 1.6 m <sup>3</sup> of thermal oil.	Local governance of all handling operations subject to permits, even via the environmental management systems in accordance with ISO 14001.
Remediation of contaminated soil	■	Contaminated soil is currently being remediated at 9 units (9). Another 11 facilities (11) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 53 M (58).	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	●●● □	In 2020, 4 environmental studies (16) of facilities were performed in conjunction with potential acquisitions or closures.	Environmental studies are conducted to assess and outline the environmental impact and identify potential environmental liabilities for the company in question.

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

## OUTCOME IN 2020 IN THE AREA OF SOCIAL ENGAGEMENT

Social engagement	Where?	Outcome 2020	Goals and main governance
Distributed economic value	■ □	<p>In total, Trelleborg's operations generated economic value of SEK 33,084 M (36,670) of which SEK 28,328 M (33,035) is distributed between stakeholders (suppliers, employees, shareholders, creditors, society). See details on page 13.</p> <p><b>Distributed value 2020</b></p>  <p>Creditors, 1.5% Society, 2.7% Suppliers, 60.0% Shareholders, 0.0% Employees, 35.8%</p>	<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 accentuated by Trelleborg's various products and solutions that contribute to the sustainability of society (more on pages 16–19).</p>
Local communities	□	<p>Educational and development programs are being run in Sri Lanka (one pre-school, two schools for pupils at the equivalent of secondary level), India, Sweden and a number of other countries. A new program for school children in China was started in 2019. The operation in Sri Lanka was impacted in 2020 by local regulations relating to Covid-19, which during periods led to school closures.</p>	<p>Good relationships with local communities wherever the company operates is one goal that Trelleborg strives to achieve through local – and sometimes centrally supported – educational and development initiatives, often targeting children and young people. 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

## TCFD INDEX OVERVIEW

This index describes where the central recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) are addressed in the annual report. Some issues, such as scenario analysis are still under development.

Area/target	TCFD recommendations	References/pages
Climate: organization and governance	a) Describe the organization's governance around climate-related risks and opportunities.	President's comment 9, Organization 30, Chairman of the Board 52 (in the Annual Report 2020)
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	President's comment 9, Organization 30
Climate strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability-related risk 33, 46, 48
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate strategy and risks 18–21, Sustainable products and solutions 16–19
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate strategy and risks 18–21, Sustainable products and solutions 16–19
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability-related risk 33, 46, Risk identification and assessment 31–33, Stakeholder questions on climate risk 32
	b) Describe the organization's processes for managing climate-related risks.	Sustainability-related risk 46, 33, Climate strategy 18–19, 20–21, 36, Organization 30
	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 18–21, Sustainability-related risk 33, 46
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 11, 36, Climate target and vision 18–19, Climate strategy and risks 20–21, Sustainability-related risk 33
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Trelleborg only reports Scope 1 and 2: Results 11, 20, 36, Sustainability-related risk 33, 46, 48, Ten-year overview 49
	c) Describe the metrics used by the organization to manage climate-related risks and opportunities and performance against targets.	Target overview 10–11, Outcome for the year 11, 36, Climate target and vision 18–19, Climate strategy and risks 20–21, Ten-year overview 49

# GRI CONTENT INDEX

Trelleborg's Sustainability Report for 2020 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 2020. 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 35.

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

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>General disclosures</b>				
<b>Organizational profile</b>				
102-1	Name of the organization		50	137
102-2	Activities, brands, products, and services		2-3, 12-13, 16-17	Cover, 1, 14-15, 20-21, 24-31, 33
102-3	Location of headquarters		50	Cover, 137
102-4	Location of operations		4-5, 23	2-3, 39
102-5	Ownership and legal form		50	10-11, 137
102-6	Markets served		2-3, 5, 13-19	Cover, 1, 3, 15-31, 33
102-7	Scale of the organization		4-5, 10, 13	2-3, 8, 15, 17, 24-32
102-8	Information on employees and other workers		4, 23, 49	2, 39, 133
102-9	Supply chain		11-13, 26-27	9, 14-15, 42-43
102-10	Significant changes to the organization and its supply chain		4-5, 15	2-3, 19, 32, 94
102-11	Precautionary Principle or approach		20	36
102-12	External initiatives		16-20, 28-33, 44-45	20-23, 36, 44-45, 122-125
102-13	Membership of associations		2-3, 27, 29-30, 32-33, 40-45	Cover, 43, 45, 122, 124-125, 130
<b>Strategy</b>				
102-14	Statement from senior decision-maker		6-9	4-7
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior		24-25, 29-30	14-15, 33, 40-41, 45, 122
<b>Governance</b>				
102-18	Governance structure		30	53, 122
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups		13, 31	15, 123
102-41	Collective bargaining agreements		25	41
102-42	Identifying and selecting stakeholders		31	123
102-43	Approach to stakeholder engagement		31	123
102-44	Key topics and concerns raised		31-39	123-129
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		34	92-93
102-46	Defining report content and topic Boundaries		30-31, 34	122-123
102-47	List of material topics		31	123
102-48	Restatements of information	No restatements 2020		
102-49	Changes in reporting	New features in the 2020 report were that a new table for sustainability-related risks was introduced, as well as a new TCFD index. In general, contents have even more visibly been adapted to the UN Sustainable Development Goals.	33-34, 39	125, 129
102-50	Reporting period		50	137
102-51	Date of most recent report		50	137
102-52	Reporting cycle		50	137
102-53	Contact point for questions regarding the report		50	137
102-54	Claims of reporting in accordance with the GRI Standards		2-3, 29, 30, 34, 40-43	Cover, 45, 56, 122, 130
102-55	GRI content index		40-43	130
102-56	External assurance		2-3, 34-35	Cover, 131



GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Operations</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Operations</i></p> <p>Trelleborg's objectives to be a safe workplace and manage all resources as efficiently as possible constitutes a vital part of the Group's daily operations for all employees and sub-contractors. Core activities for this work are the Manufacturing Excellence and Safety@Work programs.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and mainly relate to internal units, in particular production units. Many of the aspects apply to all production units, while some aspects such as water scarcity-related issues and VOC emissions primarily apply to a limited selection of units. The area's development is primarily driven by Manufacturing Excellence, Human Resources and those locally responsible for health, safety &amp; 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. 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>	20–23, 31, 36–37	36–39, 123, 126–127
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
<b>Materials</b>				
301-2	Recycled input materials used	The internally recycled material percentage is related to total waste, not to total material input.	16–17, 37	20–21, 127
<b>Energy</b>				
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.	20–21, 36, 49	36–37, 126, 133
302-3	Energy intensity		21, 36, 49	37, 126, 133
302-4	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure energy savings through intensity figures rather than through absolute energy consumption only.	20, 36, 49	22, 36, 126, 133
<b>Water and effluents</b>				
303-1 (2018)	Interactions with water as a shared resource		21, 36	37, 126
303-3 (2018)	Water withdrawal		36, 49	126, 133
<b>Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	Trelleborg has no other significant GHG emissions than CO <sub>2</sub> .	11, 18, 21, 36	9, 22, 37, 126
305-2	Energy indirect (Scope 2) GHG emissions		11, 18, 21, 36	9, 22, 37, 126
305-3	Other indirect (Scope 3) GHG emissions	Trelleborg does not report Scope 3 emissions at this stage. However, 2021 and 2022 will be devoted to establishing a relevant baseline for future reporting. A first tentative analysis was previously made 2018, and the relevant emission categories of this analysis are stated, as well as the indication that Scope 3 emissions will be addressed in a forthcoming quantified climate target, latest by 2025.	19, 36	23, 126
305-4	GHG emissions intensity		11, 18, 21, 36, 49	9, 22, 37, 126, 133
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.	18, 21, 36	22, 37, 126
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions		21, 36, 49	37, 126, 133
<b>Effluents and waste</b>				
306-2	Waste by type and disposal method		21, 37, 49	37, 127, 133
<b>Occupational health and safety</b>				
403-1 (2018)	Occupational health and safety management system		22, 37	38, 127
403-8 (2018)	Workers covered by an occupational health and safety management system			

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Resources</b>				
<b>Occupational health and safety</b>				
403-9 (2018)	Work-related injuries	Rates per 100 employees equal 200,000 working hours. Trelleborg does not report global absentee rate. In some countries where Trelleborg operates, absenteeism is measured mainly for production purposes, which currently causes too large risks of errors to a global figure. High-consequence work-related injuries and hazards related to them are not reported.	11, 37, 49	9, 127, 133
403-10 (2018)	Work-related ill health	Work-related illnesses are not reported separately, only together with work-related injuries.	11, 37, 49	9, 127, 133
<b>Training and occupation</b>				
404-2	Programs for upgrading employee skills and transition assistance programs	Programs included in report are mostly Trelleborg Group University offerings, both in general or specifically those with a diversity aspect.	24–25	46–47
<b>Diversity and equal opportunity</b>				
405-1	Diversity of governance bodies and employees	Only gender distribution is fully reported.	23	39
<b>Compliance</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<i>Management of the focus area Compliance</i> 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. 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). 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.	20–23, 31, 36–37	36–39, 123, 126–127
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
<b>Economic performance</b>				
201-4	Financial assistance received from government			84 (note 6)
<b>Anti-corruption</b>				
205-2	Communication and training about anti-corruption policies and procedures	Trelleborg reports an aggregated outcome on Group level only.	24, 38	40, 128
205-3	Confirmed incidents of corruption and actions taken		11, 38, 49	9, 128, 133
<b>Anti-competitive behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		38, 49	128, 133
<b>Effluents and waste</b>				
306-3	Significant spills		26	42
<b>Environmental compliance</b>				
307-1	Non-compliance with environmental laws and regulations		26, 38, 49	42, 128, 133
<b>Supplier environmental assessment</b>				
308-2	Negative environmental impacts in the supply chain and actions taken		26–27	42–43
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken		11, 26, 38, 49	9, 42, 128, 133
<b>Freedom of association and collective bargaining</b>				
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	26, 38, 49	42, 128, 133
<b>Child labor</b>				
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.	11, 25, 38, 49	9, 41, 128, 133

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Compliance</b>				
<b>Forced or compulsory labor</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	From a general perspective (Maplecroft 2010, 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.	11, 25, 38, 49	9, 41, 128, 133
<b>Supplier social assessment</b>				
414-1	New suppliers that were screened using social criteria	Trelleborg reports percentage of suppliers screened against reported relevant purchasing value.	11, 25–26, 38, 49	9, 42–43, 128, 133
414-2	Negative social impacts in the supply chain and actions taken	The year 2020 did not yield any new supplier audits, mainly due to the covid-19 situation. 2021 will be devoted to a renewed supply chain risk assessment. Explaining priority for supplier audits: China is found clearly on top of Trelleborg-relevant country risk ranking (Maplecroft 2010) regarding human/labor rights breaches.	11, 25–26, 38, 49	9, 42–43, 128, 133
<b>Socioeconomic compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area		24–25, 38, 49	41–42, 128, 133
<b>Social Engagement</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Social Engagement</i></p> <p>Trelleborg's role in society extends from global sustainability issues to local programs for development and diversity. The value of the business to society is expressed in innovation for sustainable solutions that protect the environment, people, infrastructure and assets, and in value creation for various stakeholder groups in society. The overall objectives include that the company wants to be perceived as a good corporate citizen who has a given role in sustainable development.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and relate to internal operations as well as external engagement. The focus area's development is primarily driven by Group Communications centrally, and via local initiatives.</p> <p>External projects, stakeholder dialog, education, sponsorship, employee activities, as well as transparent sustainability reporting 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. 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 shared agenda until 2030.</p>	11, 28–29	9, 44–45
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
<b>Economic performance</b>				
201-1	Direct economic value generated and distributed		13, 49	15, 133
<b>Local communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs		11, 28–29	9, 44–45

The Annual Report 2020 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	8–33	10–19
Risks	48–51	46–48
Policy/target	8–9, 14–15, 22–23	10–13, 18–19
Anti-corruption	40–43, 124, 128	24–27, 32, 38
Environment	36–39, 124, 126–127	20–23, 32, 36–37
Human rights	40–43, 128, 133	24–27, 38, 49
Social conditions	44–45, 129	28–29, 39

# UN GLOBAL COMPACT PRINCIPLES

Trelleborg is a signatory to the United Nations Global Compact, a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. Trelleborg's Code of Conduct serves as an important tool in the Group's sustainability work and implementation of UN Global Compact principles 1–10. The Group's whistleblower policy ensures every employee the right to report suspicions of serious breaches of laws or regulations without any repercussions (see page 18 in this report).

## HUMAN RIGHTS: PRINCIPLES 1–2

Principle	Examples of initiatives that actively promote human rights are:
<b>1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2020 (see pages 10–11)</li> <li>» Stakeholder dialog (see page 31)</li> </ul>
<b>2:</b> Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>» The area of human rights (see pages 24–25, 38)</li> <li>» Diversity &amp; inclusion (see pages 22–23)</li> <li>» Risks and risk management (see pages 33, 46–48)</li> </ul>

## LABOR: PRINCIPLES 3–6

Principle	Examples of initiatives that actively promote labor standards are:
<b>3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2020 (see pages 10–11)</li> <li>» Stakeholder dialog (see page 31)</li> </ul>
<b>4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labor.	<ul style="list-style-type: none"> <li>» Child and forced labor (see pages 25, 38)</li> <li>» Freedom of association (see pages 25, 38)</li> </ul>
<b>5:</b> Businesses should uphold the effective abolition of child labor.	<ul style="list-style-type: none"> <li>» Suppliers (see pages 26–27, 38)</li> </ul>
<b>6:</b> Business should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>» Diversity &amp; inclusion (see pages 22–23)</li> <li>» Risks and risk management (see pages 33, 46–48)</li> </ul>

## ENVIRONMENT: PRINCIPLES 7–9

Principle	Examples of initiatives that actively promote environmental responsibility are:
<b>7:</b> Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2020 (see pages 10–11)</li> </ul>
<b>8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> <li>» Trelleborg's solutions for sustainability and the UN Sustainable Development Goals (see pages 16–19)</li> <li>» Climate strategy (see pages 18–19)</li> </ul>
<b>9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>» Operations: efficient and sustainable resource usage (see pages 20–23, 36–37)</li> <li>» Risks and risk management (see pages 33, 46–48)</li> </ul>

## ANTI-CORRUPTION: PRINCIPLE 10

Principle	Examples of initiatives that actively promote anti-corruption are:
<b>10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2020 (see pages 10–11)</li> <li>» Anti-corruption and competition law (see pages 24–25, 28)</li> <li>» The Code of Conduct (see page 27)</li> <li>» Suppliers (see pages 26–27, 38)</li> <li>» Risks and risk management (see pages 33, 46–48)</li> </ul>

# UN GLOBAL COMPACT ADVANCED CRITERIA

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

[www.trelleborg.com/Sustainability](http://www.trelleborg.com/Sustainability)

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

The UN Sustainable Development Goals (SDG) introduced in 2015 encompass 17 areas that are of key significance to the world. All the SDG:s are included in the new index at page 46, illustrating Trelleborg's contribution to a sustainable society, through innovative products and solutions as well as through sustainability work in its own operations. For more information about Trelleborg's solutions for sustainability, see pages 16–19 in this report.



## UN GLOBAL COMPACT ADVANCED LEVEL AND HOW IT CORRELATES TO SUSTAINABILITY IN OUR 2020 REPORTING

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

Reference:

COP: 10–13, 30

Annual Report: 8–9, 14–15, 122

**CRITERION 2:** The COP describes value chain implementation

Reference:

COP: 10–13, 31–33

Annual Report: 8–9, 14–15, 123–125

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

Reference:

COP: 11, 20–29, 36–39, 49

Annual Report: 9, 36–45, 126–129, 133

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

Reference:

COP: 11, 20–29, 36–39, 49

Annual Report: 9, 36–45, 126–129, 133

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

Reference:

COP: 20–29, 36–39

Annual Report: 36–45, 126–129

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

Reference:

COP: 16–19

Annual Report: 20–23

**CRITERION 16:** The COP describes strategic social investments and philanthropy

Reference:

COP: 28–29, 39

Annual Report: 44–45, 129

**CRITERION 17:** The COP describes advocacy and public policy engagement

Reference:

COP: 28–29

Annual Report: 44–45

**CRITERION 18:** The COP describes partnerships and collective action

Reference:

COP: 28–29

Annual Report: 44–45

**CRITERION 19:** The COP describes CEO commitment and leadership

Reference:

COP: 6–9, 30

Annual Report: 4–7, 122

**CRITERION 20:** The COP describes Board adoption and oversight

Reference:

COP: 30

Annual Report: 122

**CRITERION 21:** The COP describes stakeholder engagement

Reference:

COP: 31–33

Annual Report: 123–125

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

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

**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 47. 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 47–48 in this report and in Note 32 on pages 107–109 in the Annual Report 2020 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 strategic cornerstones on pages 14–17.
- » **Operational risks** are risks that Trelleborg can itself largely

manage and prevent, and which mainly pertain to processes, assets and employees. Read more on pages 20–23.

- » **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 24–27.
- » **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 32, pages 107–109 in the Annual Report 2020.

In the Corporate Governance Report on pages 58–59 in the Annual Report 2020, 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.

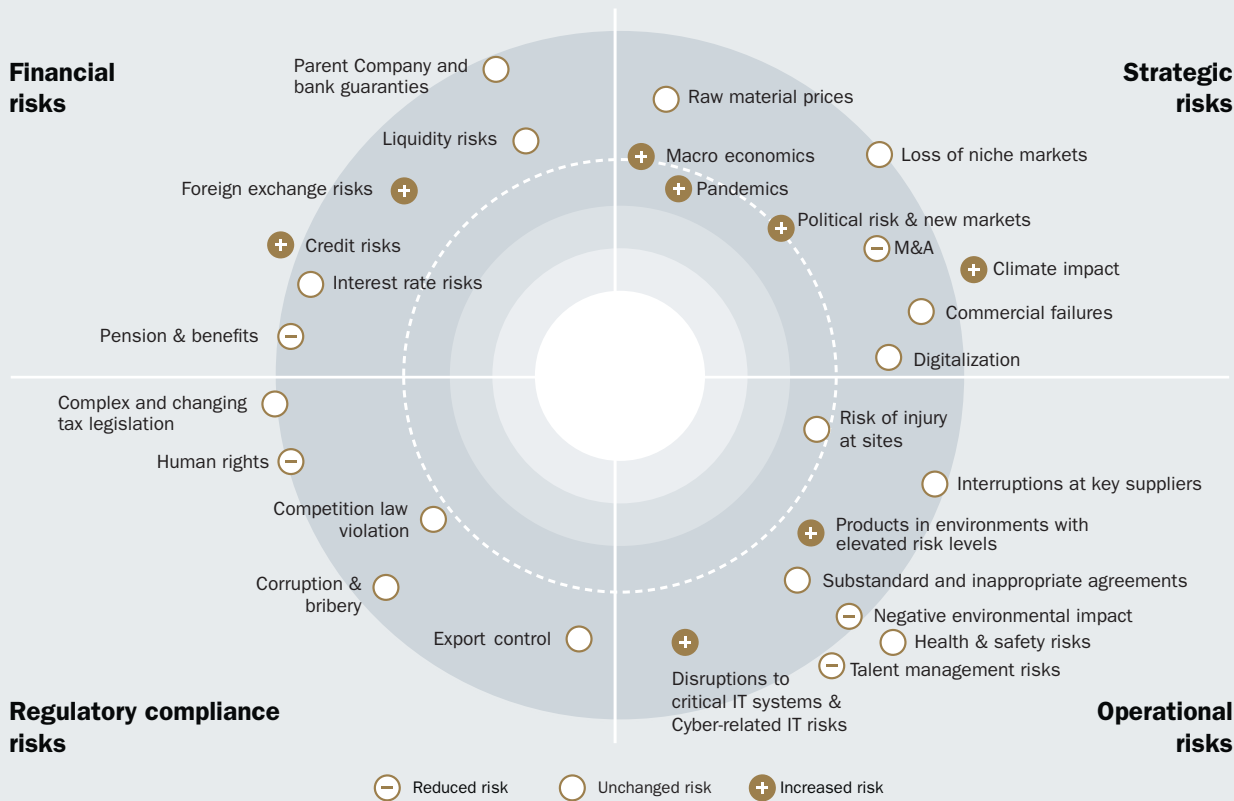
Confidence risks – that is, events and behaviors that negatively impact the company's brands and confidence – are another risk that the Group highlights. For example, the behavior or business decisions of an individual employee could destroy the confidence built up over a long period of time. Trelleborg 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 a team from the 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.

**The Coronavirus pandemic** in 2020 is an event that affected the Group's earnings. The pandemic as such was new for Trelleborg, but, in principle, its management followed an already established order. Operational and business-centric decisions are managed at a local level, according to the local conditions and restrictions issued by the authorities. A temporary national coordination task force was instituted to ensure a shared approach to the measures required in a country that has several Trelleborg units. In turn, the national coordination task force reported to the Group's crisis organization, which ensured that those affected had the tools and support they required to manage the situation.

# RISKS THAT COULD SIGNIFICANTLY AFFECT THE GROUP

**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.






## REGULATORY COMPLIANCE RISKS <sup>1</sup>


Risks	Focus	Management and main activities	Relevance for UN goals
Violation of laws and permits	Compliance with applicable legislation	The Compliance Task Force leads and coordinates initiatives in this area, see page 24. 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.  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.	16.3
Corruption and fraud	Measures preventing fraudulent conduct	Established policies and procedures form the basis of the work in this area, which is supplemented with routine training and a letter of acceptance, signed yearly, for the relevant employees, see page 24. Trelleborg's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussions, see page 38.  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.	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, see page 27 and 38.	8.8

<sup>1</sup> 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 UN goals
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, oil and gas, 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.	
Substandard 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.	
Negative environmental impact	Review of the sites' local environment and focus on hazardous materials and chemicals	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.  The Global Chemical Task Force leads the work to phase out and replace substances that are considered harmful, and monitors such substances that may be of interest in the future, using an internal Restricted Materials List, see page 20. In addition, there is ISO 14001 multi-site certification, which results in increased standardized analysis and control.	 12.4
Risk of injury at sites	Protection of critical sites	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.  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.	 13.1
Work environment risks	Health and safety	Risks in the area of health and safety are managed via Safety@Work, see page 22. Issues concerning employees are otherwise monitored as part of Compliance with laws and codes, see pages 25–26, and diversity, see pages 22–23.	 8.8
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 UN goals
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	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 pages 16–19.	
	Reduction of CO <sub>2</sub> emissions	During the year, 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 lower than 1.5°C, Trelleborg's established climate target for the period is to reduce direct and indirect CO <sub>2</sub> emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year. Refer to pages 18–19.  For many years, energy efficiency has been the focus of the Manufacturing Excellence program, see pages 20–21.	 13.1

## FINANCIAL RISKS

Read more about Trelleborg's financial risk management in Note 32, pages 107–109 in the Annual Report 2020.



# SUSTAINABILITY TEN-YEAR OVERVIEW

Focus area	Key figures	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Operations</b>											
Employees	Number of employees at year-end	22,209	23,935	24,045	23,152	23,245	16,450	16,552	15,825	15,280	21,307
Health and safety	LWC (Lost Work Cases – cases resulting in at least one day's absence)	218	361	422	438	402	238	223	209	255	384
Gender	Percentage of women on the Board	43	38	38	38	33	33	29	29	29	29
Energy	Total energy consumption, GWh	1,308	1,414	1,486	1,493	1,248	942	903	873	859	1,232
	Energy consumption, GWh per SEK M	0.040	0.039	0.044	0.047	0.047	0.038	0.040	0.041	0.040	0.042
Climate	Total CO <sub>2</sub> emissions, metric tons	358,400	429,400	442,800	487,200	385,000	280,000	276,900	260,800	244,600	385,000
	CO <sub>2</sub> emissions, metric tons per SEK M	10.9	11.7	13.0	15.4	14.2	11.3	12.3	12.1	11.5	13.2
Water	Water use, million m <sup>3</sup>	2.19	2.31	2.29	2.36	2.18	1.85	1.98	2.0	1.9	2.7
	Water use, m <sup>3</sup> per SEK M	66.5	63.1	67.4	74.7	80.4	74.6	87.7	88.5	90.9	92
Emissions	VOC emissions, metric tons	504	564	655	952	1,005	903	1,195	1,049	854	1,816
	VOC emissions, metric tons per SEK M	0.015	0.015	0.019	0.030	0.037	0.036	0.053	0.049	0.040	0.062
	SO <sub>x</sub> emissions, metric tons	55	113	181	187	184	204	216	189	263	391
	NO <sub>x</sub> emissions, metric tons	48	55	62	65	54	45	41	38	42	60
Waste	Waste, metric tons	46,300	54,600	54,700	53,500	50,600	44,500	44,700	45,350	43,400	62,100
	Waste, metric tons per SEK M	1.4	1.5	1.6	1.7	1.9	1.8	2.0	2.1	2.0	2.1

<b>Compliance</b>											
Compliance (general)	Number of material breaches of laws and permits during the year	0	0	0	0	0	0	0	0	0	0
Compliance (environmental)	Number of breaches of laws and permits resulting in fines or sanctions	2	3	2	5	3	4	3	0	2	4
Discrimination	Number of reported cases	5	11	7	5	5	8	1	1	8	4
Freedom of association	Proportion of employees that are represented by a trade union through collective agreements	51	51	54	53	54.7	52.2	48.1	51.5	43.5	49
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	88.9	86.4	85.5	84	80.6	84	84	81.4	79.5	75
	Number of audits of at-risk suppliers during the year (started 2015)	0	10	22	15	14	12				

<b>Social engagement</b>											
	Sales, SEK M	32,836	36,588	34,005	31,581	27,145	24,803	22,515	21,473	21,262	29,106
	Economic value distributed among stakeholders, SEK M	29,616	33,035	31,148	29,127	25,053	22,797	20,808	20,211	19,850	27,010
	Taxes paid, SEK M	772	763	919	732	593	472	627	587	460	480

All data in this overview was reported in the respective years, with the exception of climate figures for 2018, which were adjusted in 2019.



Trelleborg Series B share has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe as of August 5, 2020. The ESI index comprises companies that are included in the Russell Global Index and that display the best results in the area of Corporate Social Responsibility.

**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 2019 Annual Report was published in March 2020.

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, 2019. All figures in the section "The year in brief" and "Trelleborg's business areas" 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.

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

The Trelleborg Group has annual sales of approximately SEK 33 billion and operations in about 50 countries. The Group comprises three business areas: Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems – and a reporting segment, Businesses Under Development.

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

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