

Corporate governance that supports value generation

2015 was an intense year for the Board and the Trelleborg Group. The year was characterized by continued challenging market conditions, and the Board of Directors has been following this development carefully.

Trelleborg delivered excellent results, which have contributed to value growth.

Trelleborg signed an agreement to acquire CGS Holding during the year. The acquisition, which is expected to be completed in the first half of 2016, will then be Trelleborg's largest in decades and will span several business areas.



Value generation in focus. Trelleborg's mission is to generate value for customers, thereby creating stable profitability and sustainable growth for the company, and long-term shareholder returns. Trelleborg has continued to consolidate its position as a world leader in engineered polymer solutions. Despite challenging market conditions during the year and economic and political turmoil in some parts of the world, Trelleborg has once again demonstrated an ability to adapt to changing market conditions.

In the Board, we have repeatedly discussed various growth initiatives that could strengthen Trelleborg in the long term. This could take the form of growth in geographies and segments or through innovation, customer integration and bolt-on acquisitions.

CGS Holding will strengthen Trelleborg in several areas. The signing of the agreement to acquire CGS Holding, which was announced last autumn, was obviously preceded by discussion in the Board over a longer period of time. With its strong and favorably performing operations in agricultural and specialty tires and engineered polymer solutions, CGS will strengthen and complement Trelleborg's already leading positions in a number of existing areas. The transaction is subject to approvals from relevant authorities and is expected to be completed in the first half of 2016.

The total cash purchase consideration amounts to approximately SEK 10.9 billion on a debt-free basis. Trelleborg's net debt/equity ratio will initially increase and exceed the company's long-term objective. The aim is that the net debt/equity ratio will return to a similar level as before the acquisition over the next 12-18 months. The consideration in the event of a potential sale of TrelleborgVibracoustic, for example, would help to bring this about.

However, Trelleborg's acquisitions are normally smaller bolt-on acquisitions to existing operations, in which the Group buys access to a geographic market, market or customer segment or a new technology. It would also be reasonable in the future to expect smaller acquisitions as a complement to such major acquisitions as CGS. A number of smaller strategic acquisitions were implemented during the year that have already made a positive impression on the business and will gradually strengthen the Group.

Corporate governance that benefits employees. A clear strategy, with a clear structure and clear rules, will ensure that both management and employees maintain their focus on developing our business. A recurring discussion among Board members is the balance between development of the Group's business opportunities, and identification and management of the risks we face in an increasingly complex and dynamic world. Together with management and employees, we ensure that corporate governance becomes a tool for increasing the value of Trelleborg.

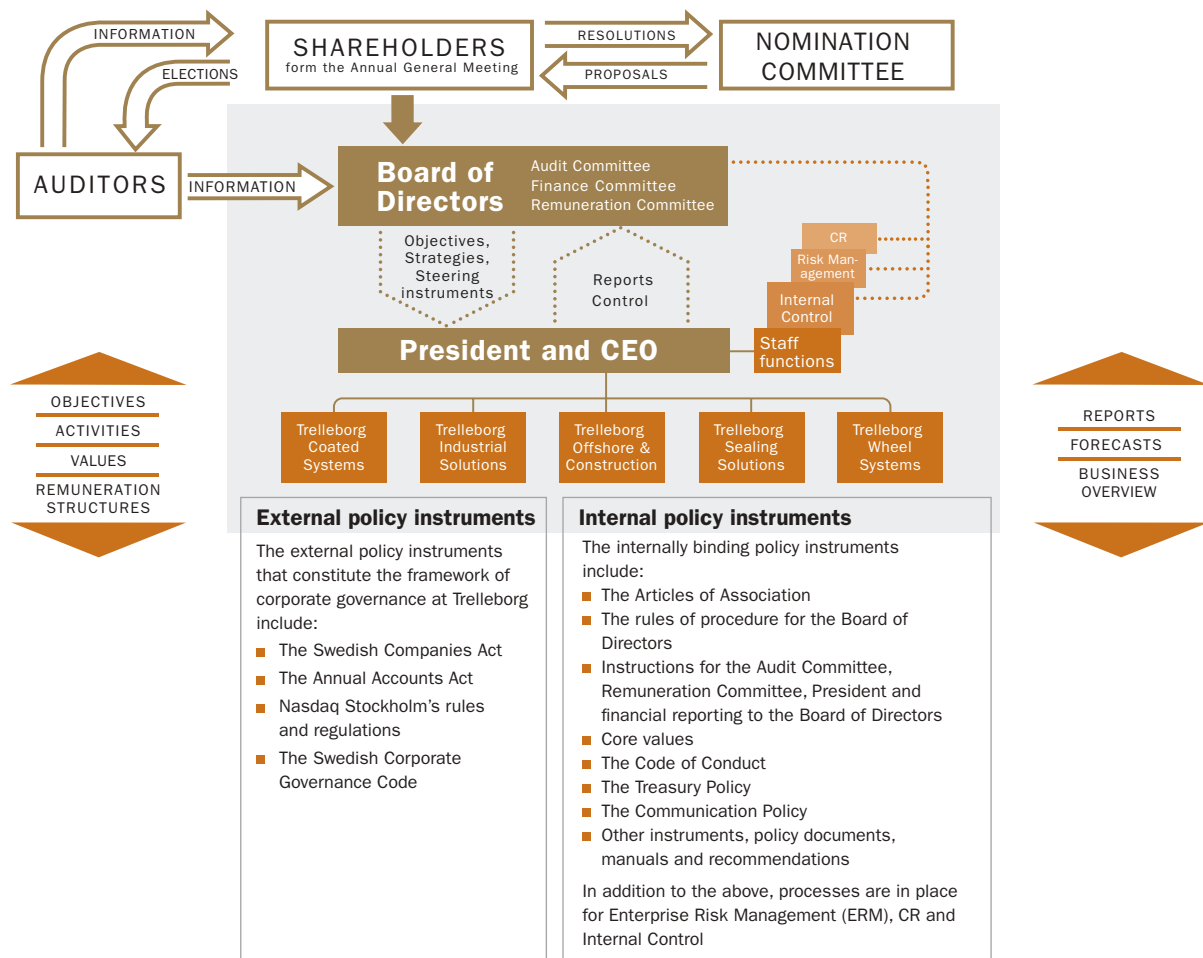
Notwithstanding Trelleborg's governance processes, including the work of the Board, the auditors and the committees, the most important form of governance lies with our frontline employees. It is employees who meet our customers every day, who offer them the best solutions and help to accelerate their businesses – as well as Trelleborg's. It is also employees who help to increase our productivity and reduce waste, who manage projects and help to develop the entire team in the most effective way. It is the frontline's judgement and training that controls risk management. It is the employees who make Trelleborg competitive and I would like to extend a warm vote of thanks to all of our employees for the past year.

I would also like to thank Board members Claes Lindqvist, Heléne Vibbleus and Nina Udnes Tronstad, who will not be standing for reelection and will therefore be leaving the Board at the 2016 Annual General Meeting after many years of dedicated service.

Sören Mellstig
Chairman of the Board

Corporate Governance

Trelleborg is a publicly traded Swedish limited liability company listed on Nasdaq Stockholm Large Cap. Trelleborg applies the Swedish Corporate Governance Code and presents its 2015 Corporate Governance Report in this section. Trelleborg has no deviations to report. The report has been examined by the company's auditor.



The basis for corporate governance at Trelleborg. A key feature of the Trelleborg Group's culture and core values is effective corporate governance with the purpose of supporting the Board of Directors and management in their efforts to increase customer benefits and achieve greater value and transparency for shareholders.

The responsibility for management and control of the Trelleborg Group is distributed between the shareholders, the Board of Directors, its elected committees and the President, as illustrated above. Note that the joint venture TrelleborgVibracoustic is not included in Trelleborg's corporate governance.

Shareholders. Shareholders exercise their power at the Annual General Meeting, which is Trelleborg's highest decision-making body. The Meeting adopts the Articles of Association and, at the Annual General Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and make decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability toward the company of the Board members and the President. The

Annual General Meeting also makes resolutions regarding the appointment of the Nomination Committee and its work, and the principles for the remuneration and other employment terms for the President and other senior executives. Trelleborg's Annual General Meeting is usually held in April.

Annual General Meeting 2015. The 2015 Annual General Meeting took place on April 23, 2015 in Trelleborg. At the meeting, 726 shareholders (658) were in attendance, personally or by proxy, representing about 73 percent (71) of the total number of votes. A



single shareholder, Dunker Interests, represented approximately 74 percent (76) of the votes at the meeting. The Chairman of the Board, Sören Mellstig, was elected Chairman of the Meeting. All Board members elected by the Annual General Meeting were present.

Resolutions. The complete minutes and information on the 2015 Annual General Meeting, including the President's speech, are available at www.trelleborg.com. The resolutions passed by the Meeting included the following:

- Dividends to be paid for the 2014 fiscal year as per the Board's and President's proposal in the amount of SEK 3.75 per share.
- Re-election of all Board members
- Election of Anne Mette Olesen as new Board member
- Re-election of the Chairman of the Board
- Election of auditor
- Remuneration for the Board members and the auditor
- Principles for remuneration and other employment terms for the President and other senior executives
- Procedures for the Nomination Committee's appointment and work

Annual General Meeting 2016. Trelleborg's 2016 Annual General Meeting will be held on April 21, 2016 in Trelleborg. For information on the Annual General Meeting, refer to *page 114*.

Shareholders and the share. For information on shareholders and the Trelleborg share, refer to *pages 5-7* and www.trelleborg.com.

Nomination Committee. The Nomination Committee represents the company's shareholders and nominates Board members, the Chairman of the Board and the auditor, and proposes remuneration to be paid to these.

Nomination Committee for the 2016 Annual General Meeting. The 2015 Annual General Meeting passed a resolution regarding the Nomination Committee and assigned the Chairman of the Board the task of asking representatives of Trelleborg's five major shareholders, not later than by the end of August, to each appoint one member to the Nomination Committee. The composition of the Nomination Committee is presented in the table to the right. The Nomination Committee also included Chairman of the Board Sören Mellstig as a co-opted member. The Nomination Committee's guidelines for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Nomination Committee observes the rules regarding the independence of Board members, as stated in the Swedish Corporate Governance Code. The Nomination Committee for 2016 held 5 meetings (5) and a number of telephone conferences. As a basis for

the Committee's work, the Chairman of the Board presented a report on the work of the Board, which included a Board evaluation performed by an external party, and a number of Board members were interviewed. Furthermore, the President was interviewed on the performance of the business.

Nomination Committee for the 2016 Annual General Meeting

Name/Representing	Share of votes, Aug 31, 2015	Share of votes, Dec 30, 2015
Roland Bengtsson, Dunker Interests	54.0%	54.0%
Tomas Risbecker, AMF Insurance & Funds	3.0%	3.3%
Henrik Didner, Didner & Gerge Funds	2.5%	2.7%
Olof Jonasson, First AP Fund	1.7%	1.7%
Peter Rönström, Lannebo Funds	1.2%	1.3%
Total	62.4%	63.0%

Proposals to the 2016 Annual General Meeting. The Nomination Committee has decided to submit the following proposals to the 2016 Annual General Meeting for resolution:

- Re-election of Board members: Hans Biörck, Jan Carlson, Sören Mellstig, Peter Nilsson, Anne Mette Olesen and Bo Risberg

Work of the Board of Directors in 2015

10 Board meetings (8) were held in 2015. Work focused largely on structural issues, acquisitions and the strategic plan.



The President presents a report on the operations' performance at scheduled Board meetings. All business areas are usually given an opportunity to make an in-depth presentation of their operations at a Board meeting at least once per year. The Board conducts reviews with the auditor when audit reports are to be considered.

- Re-election of Sören Mellstig as Chairman of the Board
- Election of Gunilla Fransson, Johan Malmquist and Susanne Pahlén Åklundh as new Board members

Board of Directors. The Board of Directors is responsible for the organization and management of Trelleborg's affairs. In accordance with the Articles of Association, the Board of Directors is to consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until the close of the next Annual General Meeting.

Composition of the Board of Directors in 2015

In 2015, Trelleborg's Board of Directors comprised nine members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors.

The Group's CFO, Ulf Berghult, attends the Board meetings as does the General Counsel, Charlotta Grähs, who serves as the Board's secretary. Other salaried employees of the Group participate in the Board meetings to make presentations on specific matters when necessary.

For further information on Board members, refer to *pages 70-71* and *Note 3 on pages 92-93*.

Chairman of the Board. The responsibility of the Chairman of the Board is to lead and guide the work of the Board and ensure that the work is well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialog with the President and is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and for ensuring that the Board's decisions are executed.

Independence of the Board. The Board's assessment, which is shared by the Nomination Committee, of the Board members' independence in relation to

Trelleborg and the shareholders is presented in the table on pages 70-71. As evident from the table, Trelleborg complies with the Swedish Corporate Governance Code's requirements stipulating that the majority of the Board members elected by the General Meeting must be independent in relation to Trelleborg and company management, and that at least two of these are also to be independent in relation to Trelleborg's major shareholders.

Evaluation of Board members 2015.

The Chairman of the Board is responsible for evaluating the Board's work.

In 2015, an external consultant distributed questionnaires to Board members and, based on their responses and interviews carried out in previous years, analysed the results. These results were subsequently presented and discussed by the Board and Nomination Committee, forming the basis for evaluating the size and composition of the Board. The evaluation focused on the Board activities in general and on the contributions made by individual Board members, including the Chairman and President.

Board evaluations carried out in previous years have distinctly influenced the work of the Board and committees.

Board Committees. The Board has established three committees from within its ranks without this otherwise impacting the Board's responsibilities and duties. These are the Audit, Finance and Remuneration Committees.

Audit Committee. In 2015, the Audit Committee comprised Heléne Vibbleus, who also chairs the Committee, Hans Biörck, Claes Lindqvist and Bo Risberg. The Group's CFO, Ulf Berghult, the Group's General Counsel, who is also the Secretary of the Audit Committee, Charlotta Gråhs, the Head of the Internal Control staff function, the Head of Group Finance, the Head of Group Treasury and the Head of Group Tax participate in the Committee meetings, as does the



“ In 2015, the Finance Committee dedicated time and effort to CGS Holding. The transaction is subject to approvals from relevant authorities, and is expected to be finalized in the first half of 2016. When completed, it will be the largest acquisition for Trelleborg in decades.”

Sören Mellstig, Chairman of the Finance and Remuneration Committees

company's auditor, when necessary. In 2015, the Audit Committee held 5 meetings (5). The matters in which the Committee represents the Board are presented in the illustration on page 65.

Finance Committee. In 2015, the Finance Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Bo Risberg. Others who participate in Finance Committee meetings include the President and CEO Peter Nilsson, Group CFO Ulf Berghult and the VP Strategic Development & Group Projects, who is also the Finance Committee Secretary. In 2015, the Finance Committee held 3 meetings (3). The Finance Committee acts on behalf of the Board, preparing the strategic issues in relation to financing, evaluating the Group's existing and required financing scope and the impact of major acquisitions on the Group's financial situation.

Remuneration Committee. In 2015, the Remuneration Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Jan Carlson. Senior Vice President, Human Resources, Paolo Astarita, who succeeded Sören Andersson during the year and is also Secretary of the Remuneration Committee, participates in Committee meetings. In 2015, the Remuneration Committee held 5 meetings (5). The Remuneration Committee represents the Board in such matters as remuneration and other employment conditions for senior executives, management succession and succession planning, and leadership development.

Auditor. The Annual General Meeting appoints an auditor that examines the annual report and accounts, the consolidated financial statements, the administration of the Board of Directors and President, and the annual report and accounts of subsidiaries, and submits an audit report.

Auditor 2015. Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including Authorized Public Accountants Mikael Eriksson and Cecilia Andrén Dorselius. Mikael Eriksson is the Auditor in Charge. The 2015 Annual General Meeting appointed PricewaterhouseCoopers AB as Trelleborg's auditor for a period of one year.

President and Group Management.

The President and CEO manages the day-to-day administration of Trelleborg. The President is assisted by Group Management comprising presidents of business areas and managers of corporate staff functions.

Group Management 2015. At the end of 2015, Group Management comprised 11 individuals. In 2015, Group Management held 5 meetings (5). These meetings focused on the Group's strategic and operational performance and budget follow-up.

Trelleborg's operations are organized into five business areas. These consist of about 20 business units, which in turn comprise approximately 40 product areas. The organization is based on the principle of decentralized responsibility and authority.

Each legal unit, which do not necessarily reflect the operating units, has its own Board of Directors that focuses on regulatory compliance, among other aspects.

For additional information about Group Management, refer to pages 72-73.

“ The Audit Committee works on a recurrent basis with interim reports and internal control, but also spent a great deal of time during the year on processes and prioritizations for risk management activities in the Group.”

Heléne Vibbleus, Chairman of the Audit Committee



Internal Control. The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control over financial reporting is included as a part of the overall internal control at Trelleborg, and constitutes a central component of Trelleborg's corporate governance.

Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following: effective and efficient business activities, reliable reporting and compliance with applicable legislation and regulations. The Internal Control process takes its starting point for the process in the regulatory framework for internal control updated in 2013 and issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is based on 17 fundamental principles linked to five components. The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring.

Internal control over financial reporting.

Internal control of the financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Control environment. The Board of Directors bears overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg and instructions for its Audit and Remuneration Committees that define the Board's responsibilities and regulate the internal distribution of work between itself and its committees. The Board has established an Audit Committee from within its ranks that represents the Board in

matters concerning the monitoring of Trelleborg's financial reporting and, in relation to financial reporting, to monitor the efficiency of Trelleborg's internal control, internal audit and risk management activities. The Audit Committee is to also represent the Board by keeping itself informed in matters relating to the audit of the annual report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Audit Committee is also to represent the Board by monitoring the Group's work in relation to CR and ERM issues and day-to-day financing operations, and annually reviews and makes proposals for changes to the Treasury Policy.

The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work involving internal control is delegated to the President.

The Group's Internal Control staff function serves as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control over the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal policy instruments for financial reporting primarily comprise the Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

Risk assessment. Trelleborg's risk assessment of financial reporting aims to identify and evaluate the most significant risks, including risk of fraud and risks in connection with significant changes, that affect internal control over financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed

Auditor's remuneration 2015

SEK M	2015	2014
<i>PricewaterhouseCoopers</i>		
Audit assignment	25	23
Audit activities other than audit assignment	1	1
Tax consultancy services	4	4
Other services	8	6
<i>Other auditors</i>		
Audit assignment	1	1
Tax consultancy services	0	0
Other services	0	0
Total	39	35



MIKAEL ERIKSSON
Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989.

Qualifications: Graduate in business administration, Authorized Public Accountant since 1984.

Assignments: Eniro, Meda, EcoLean and Elverket.

Born: 1955.



CECILIA ANDRÉN DORSELIUS
Authorized Public Accountant

Auditor of the Trelleborg Group since 2015. Director of PricewaterhouseCoopers AB since 2011.

Qualifications: Graduate in business administration, Authorized Public Accountant since 2009.

Assignments: Beijer Ref.

Born: 1979.

through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Risk assessment in relation to financial reporting is conducted as part of the Enterprise Risk Management process, which is described on pages 56-57.

Control structures. The most significant risks identified in terms of financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram below. As of 2015, approximately 130 subsidiaries report their status by way of self-assessment with

respect to all minimum requirements for good internal control. In the past, the minimum requirements for good internal control were divided into an A and B level, where the 50 largest companies were to apply both levels and the approximately 75 smaller companies only the A level. The control structures in the accounting and reporting process, which are significant for ensuring the reliability of financial reporting, contain 50 of the approximately 280 minimum requirements for good internal control.

Information and communication. Information and communication regarding internal policy instruments for financial reporting are available to all relevant employees on Trelleborg's intranet. Information and communication relating to financial reporting is also provided through training.

The Group has a process in which all relevant employees confirm their awareness of and compliance with the Group's internal policy instruments.

The Group's CFO and the Head of the

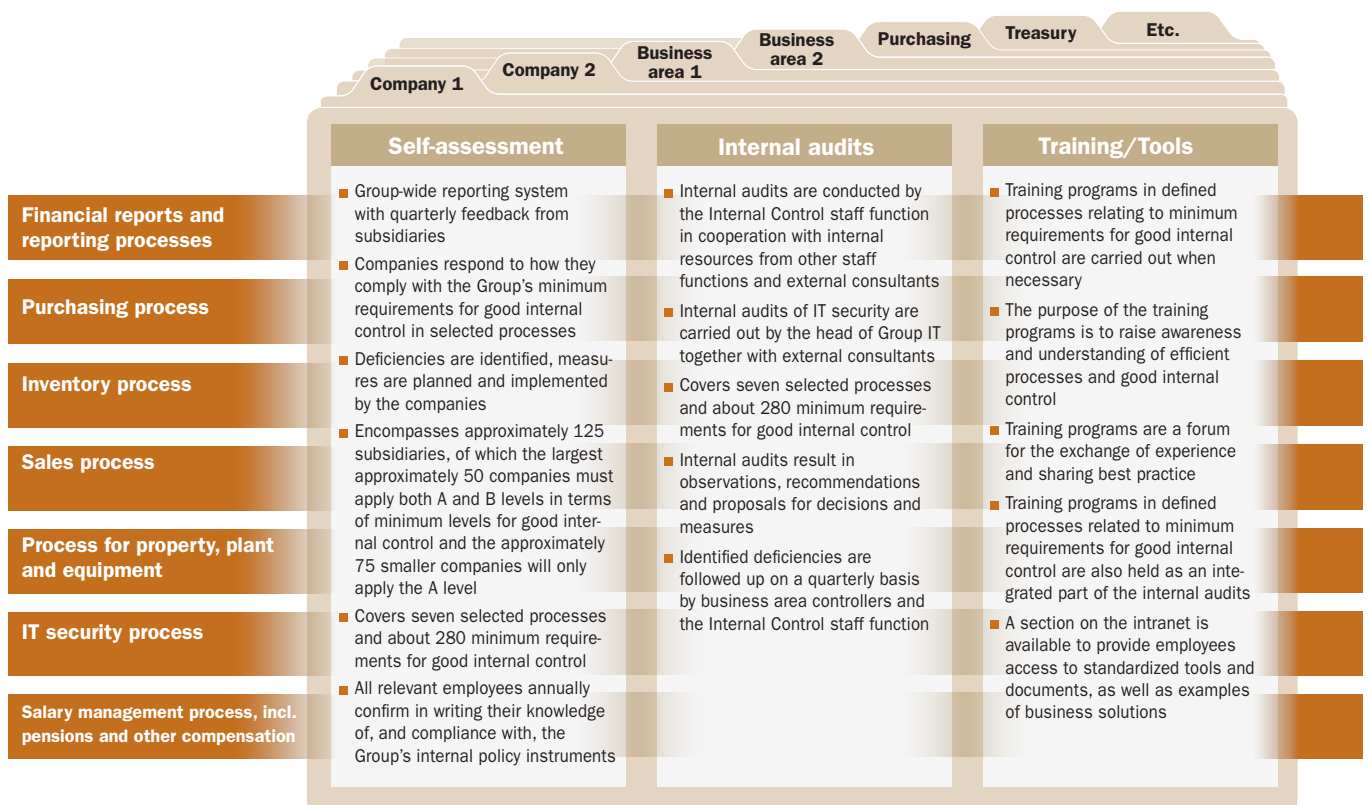
Internal Control staff function report the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board.

External financial reporting is performed in accordance with relevant external and internal policy instruments.

The process for the Group's whistleblower policy has been gradually improved.

Monitoring. Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Finance, Group Treasury and Group Tax as well as the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assess-

Internal control structure of the Trelleborg Group



ments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by Trelleborg's auditor. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets.

Activities in 2015. In 2015, the Internal Control staff function conducted 56 internal audits (44) in 25 countries (19), of which 14 were IT security audits (17) and 7 were system implementation audits (2). The emphasis was on Europe, Asia and the U.S. Most of the internal audits were conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT

security were carried out by the head of the IT Group staff function together with external consultants. In 2015, the Internal Control staff function worked on a broad front with reviews of all processes. Focus areas that received greater attention during the year included monitoring of the implementation of the new enterprise resource planning system (ERP system) and holding companies.

Activities in focus in 2016. The number of internal audits will generally continue to increase in 2016. Geographically speaking, the Internal Control staff function will temporarily devote a greater focus to Europe. In 2016, the Internal Control staff function will continue to work broadly with reviews of all processes. A small number of combined financial and legal internal audits are planned in cooperation with the Legal Department.



Further information on corporate governance

The following information is available at www.trelleborg.com:

- Corporate Governance Reports from 2004 and onward.
- Information regarding Trelleborg's Annual General Meetings from 2004 and onward:
 - Notifications
 - Minutes
 - President's speeches
 - Press releases