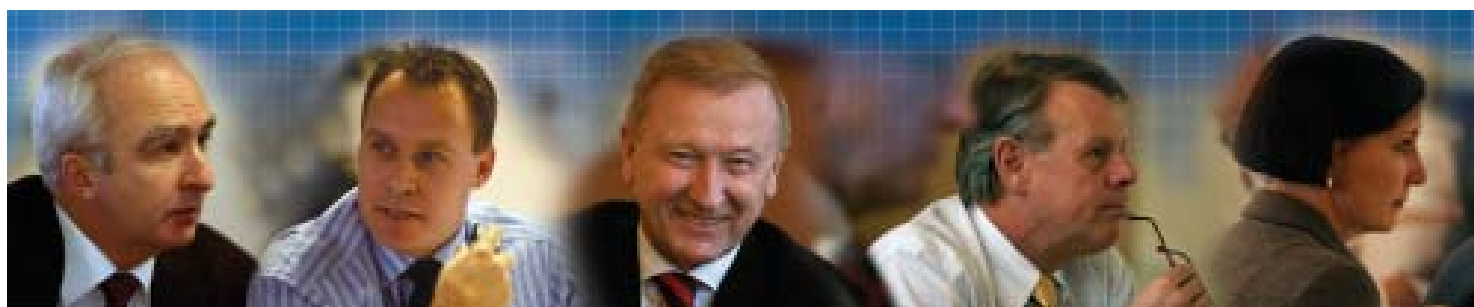


Corporate Governance Report 2006



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How Trelleborg is governed

Trelleborg applies the Swedish Code of Corporate Governance and in this section presents the 2006 Corporate Governance Report.



Application of Swedish Code of Corporate Governance 2006

In its work to continuously follow up the application of the Code, Trelleborg produced the document entitled "Overview of Trelleborg AB's application of the Swedish Code of Corporate Governance 2006," which is available on the web site, www.trelleborg.com.

Reviews in 2006 did not lead to Trelleborg reporting any deviations.

This Corporate Governance Report has not been reviewed by the Company's auditors.

www.trelleborg.com

Shareholders

Trelleborg's Series B shares have been traded on the Stockholm Stock Exchange since 1964. The share capital in Trelleborg AB on December 31, 2007 amounted to SEK 2,259 M, represented by 90,357,261 shares. Trelleborg has two classes of shares: 9,500,000 Series A shares and 80,857,261 Series B shares. Series

A shares each carry ten votes and Series B shares each carry one vote. All of the Series A shares are owned by the Dunker Funds and Foundations, which were created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber-production plants, Henry Dunker, who died in 1962.

The number of shareholders in Trelleborg at year-end was 44,223. Of the total number of shares, foreign shareholders corresponded to approximately 30 percent. Institutions accounted for the majority of ownership. Of the total shares at year-end, 84 percent were owned by legal entities, 16 percent by private individuals, representing 92 percent and 8 percent, respectively, of the total number of votes.

www.trelleborg.com

Annual General Meeting

The Annual General Meeting is generally held in the month of April in Trelleborg. The

2006 Annual General Meeting took place on Tuesday, April 25, 2006. Approximately 900 shareholders attended the meeting, representing about 67.5 percent of the votes. Anders Narvinger was elected Chairman of the meeting. All Board members elected by the Annual General Meeting were present.

Summary of the decisions made at the 2006 Annual General Meeting

- The meeting adopted the income statement and balance sheet and the consolidated income statement and consolidated balance sheet, decided to dispose of profits in accordance with the proposal on the treatment of unappropriated earnings, discharge the members of the Board and the President from liability and, in accordance with the proposal by the Board and the President, distribute a dividend of SEK 5.50 per share for 2005.

- The meeting decided that the number of Board members elected by the Annual General Meeting should remain seven and that, as previously, no Board deputies should be appointed.
- Heléne Bergquist, Staffan Bohman, Rolf Kjellman, Berthold Lindqvist, Claes Lindqvist and Anders Narvinger were re-elected to the Board and Peter Nilsson was elected as a new member of the Board.
- Anders Narvinger was re-elected Chairman of the Board.
- The meeting decided that fees to Board members, excluding travel expenses, should be paid in the total amount of SEK 2,300,000, to be distributed as follows: SEK 800,000 to be paid to the Chairman and SEK 300,000 to be paid to each member of the Board who is not an employee of the Group. The meeting also decided that remuneration should be paid to the Audit Committee in the amount of SEK 125,000 to the Chairman of the Committee and SEK 75,000 to the other Audit Committee members, and that, as previously, the auditors shall be compensated for reasonable expenses as specified by invoice based on actual time on the completion of their assignment.
- The meeting decided that a Nominations Committee shall prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of

the Chairman and other Board members and, when applicable, present proposals for auditors and remuneration to the Board and the auditors. The Meeting also decided on the procedure for the appointment of the members of the Nominations Committee and its work.

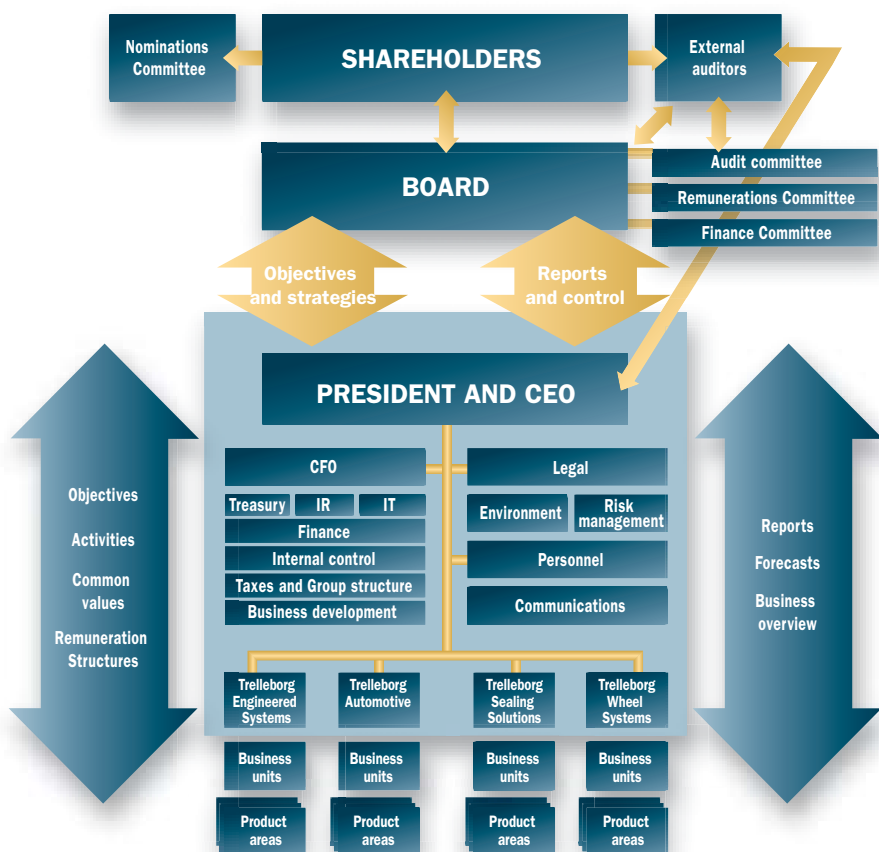
- In accordance with the Board proposal, the meeting decided to authorize the Board, in a departure from the shareholders' preferential rights, to decide on the divestment of the treasury shares as liquidity in conjunction with acquisitions through business combinations of companies or operations, and to authorize the Board, with or without preferential rights for shareholders, to decide on the divestment of treasury shares in a manner other than via the Stockholm Stock Exchange to finance the acquisition of companies or operations.

- The meeting decided on the principles for remuneration and other conditions of employment for the President and other senior executives.

- The meeting decided on certain amendments to the Articles of Association following the provision from the new Swedish Companies Act that came into force on January 1, 2006.

- The meeting decided on a reduction of share capital of SEK 140,577,500 through the cancellation without repayment of the 5,623,100 Series B shares repurchased by the Company supported by resolutions made by previous Annual General Meetings.

For further information on the 2006 Annual General Meeting, refer to www.trelleborg.com, where all documents from the meeting are available.



The Annual General Meeting is the Trelleborg Group's highest decision-making body. The meeting appoints the Board of Directors, which is responsible for sharing the management and control of the Trelleborg Group among the Board of Directors, its elected committees and the President in accordance with the Swedish Companies Act, other legislation, rules and regulations governing listed companies, including the Swedish Code of Corporate Governance, the Articles of Association and the Board's and its Committees' own internal control instruments. Trelleborg's overall legal structure is described in Note 17, page 66 of the Annual Report.

Nominations Committee

Composition of the Nominations Committee

In accordance with a decision by the Annual General Meeting, the Nominations Committee shall consist of five members, who are to be representatives of five major shareholders at the close of the third quarter. The procedures for the appointment and work of the Nominations Committee established by the meeting are as follows:

- The Chairman of the Board shall, at the close of the third quarter, contact five major shareholders in the company who shall be given the opportunity to appoint one member of the Nominations Committee each, who should not be a Board member.
- In addition, the Nominations Committee may decide that the Board Chairman be included but may not be made Chairman of this Committee.
- When proposing nominations, the Board Chairman shall, as part of the Committee's work, report to the Nominations Committee on the current status of the Board's work, requirements for specialist expertise and so forth, which may be significant to the appointment of Board members.
- It shall be possible for individual Trelleborg shareholders to submit proposals for Board members to the Nominations Committee for further evaluation within the parameters of its work.
- Information concerning the composition of the Nominations Committee shall be published not later than six months prior to the Annual General Meeting and in the company's interim report for the third quarter.
- The Nominations Committee shall have the right to charge the company with expenses for recruitment consultants, if such assistance is deemed necessary, in order to provide an appropriate selection of Board candidates.
- The Nominations Committee shall present the results of its work at the Annual General Meeting.

Nominations Committee 2006

In accordance with the decision of Trelleborg's 2006 Annual General Meeting, the Board Chairman was assigned the task of asking five representatives of the company's five major shareholders to become members of the Nominations Committee to formulate proposals on the composition of Board members and Board fees to be presented to the 2007 Annual General Meeting for approval. The following persons were asked and accepted a place on the Nominations Committee:

- Didrik Normark, Henry and Gerda Dunker Foundation, Chairman of the Nominations Committee.

- Ramsay Brufer, Alecta, Secretary to the Nominations Committee.
 - Lars Öhrstedt, AFA/TFA.
 - Henrik Didner, Didner & Gerge Mutual Funds.
 - Åsa Nisell, Swedbank Robur Fonder.
- Board Chairman Anders Narvinger was also a member of the Nominations Committee for 2006. The Committee represents approximately 65 percent of the shareholders' votes. No remuneration was paid to the members of the Nominations Committee.

Work of the Nominations Committee

The Nominations Committee held three meetings in 2006. As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President at the first meeting. In addition, the Board Chairman presented the annual evaluations of Board members. At the second meeting, the Board Chairman reported on the Board's work during the year, the written rules of procedure for the Board, and the work of the Remunerations Committee. Rolf Kjellman, Chairman of the Audit Committee, participated in the meeting for the agenda item "Work of the Audit Committee" and reported on the work of the Committee and its future focus. The third meeting was dedicated to matters concerning the notice of and the agenda for the Annual General Meeting.

The aim of the principal owners is that elected Board members shall possess knowledge and experience relevant for Trelleborg. The rules regarding independent members, as stated in the Swedish Code of Corporate Governance, are observed.

The Nominations Committee has decided to propose to the 2007 Annual General Meeting that all Board members be reelected.

Every year, the Nominations Committee presents a report on its work for the year. Additional information on the Nominations Committee, for example contact information, is available at www.trelleborg.com.



The Board of Directors and its activities

Composition of the Board

In accordance with the Articles of Association, the Board of Directors of Trelleborg AB shall consist of three to ten members, elected by the Annual General Meeting for

Read more about corporate governance in Trelleborg at

www.trelleborg.com/corporategovernance.

Here you will find more information, for example:

- Overview of Trelleborg AB's application of the Swedish Code of Corporate Governance
- Articles of Association
- 2007 Annual General Meeting
- Annual General Meeting in prior years (Meeting documents, presentation by the President, minutes, etc.)
- Nominations Committee
- Steering instruments (for example, Code of Conduct)
- Previous years' Corporate Governance Reports

the period until the end of the next Annual General Meeting. The Articles of Association allow for the election of deputies – however, currently there are no deputies elected by the Annual General Meeting. During recent years, the Annual General Meeting has elected seven members, including the President, who is also the Chief Executive Officer. In accordance with legislation, employees elect three Board members and a deputy.

In 2006, the Trelleborg union council re-elected to the Board personnel representatives Kim Davidsson and Karin Linsjö (Swedish Trade Union Confederation) and Alf Fredlund and Rolf Larsson (deputy) fackliga koncernrådet (the Negotiation Cartel for Salaried Employees in the Private Business Sector) for the period until the next Annual General Meeting. Trelleborg's CFO, Bo Jacobsson, and its Chief Accountant, Gertrud Andersson, participate in all meetings as does the General Counsel, Ulf Gradén, who serves as the Board's Secretary. Other salaried employees of the company participate in Board meetings to present various types of information.

Rules of procedure

Each year, the Board of Directors establishes a formal work plan clarifying the Board's responsibilities and regulating the internal division of duties between the Board and its

Committees, including the role of the Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as Board work on accounting, auditing matters and financial reporting. The work plan also governs how the Board shall receive information and documentation as the basis for its work and to be able to make well-founded decisions. The Board has also issued separate President's instructions and instructions for financial reporting to the Board and has adopted other special steering documents, including a Finance Policy, a Communications Policy and a Code of Conduct.

Responsibilities of the Chairman

The Chairman heads the work of the Board and is responsible for ensuring its compliance with the Swedish Companies Act, other relevant legislation and regulations, the applicable rules governing listed companies, including the Swedish Code of Corporate Governance, the Articles of Association, and the internal steering documents of the Board and its Committees. It is the responsibility of the Chairman to monitor operations, in consultation with the President, and to ensure that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions. The Chairman is responsible for evaluating the Board's activities, and this evaluation is then shared with the Nominations Committee. The Chairman also participates in evaluation and development questions regarding the Group's senior executives. The Chairman represents the company in all ownership issues.

Responsibilities of the Board

The responsibilities of the Board include monitoring the work of the President through ongoing reviews of the operation over the year. The Board is also responsible for ensuring that Trelleborg's organization, management and guidelines for the administration of the company's interests are structured appropriately and that there is satisfactory internal control. In addition, the responsibilities of the Board include setting strategies and targets, establishing special control instruments, deciding on large acquisitions and divestments of operations, deciding on other large investments, deciding on deposits and loans in accordance with the Finance

Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession.

Board activity in 2006

According to the current rules of procedure, the Board must convene seven times a year and otherwise as necessary. In 2006, the Board held eleven meetings, of which four were extra meetings. The main topics of discussion were as follows:

No. 1/06: Year-end report, auditing and legal issues. Auditors present.

No. 2/06: Annual Report 2005, acquisition matters.

No. 3/06: Three-month interim report, acquisition matters, etc.

No. 4/06: Statutory meeting following the Annual General Meeting; Committee elections, authorized signatories, adoption of rules of procedure for the Board, instructions for the President and instructions for financial reporting to the Board.

No. 5/06: Acquisition matters.

No. 6/06: Acquisition matters, structural issues.

No. 7/06: Six-month interim report, etc.

No. 8/06: Strategic issues, visit to foreign operations.

No. 9/06: Strategic plan, internal control and financing matters.

No. 10/06: Nine-month interim report, structural issues, etc.

No. 11/06: Follow-up of auditing. Auditors present.

The Board conducts reviews with the auditors when plans for the audit procedure are presented and when audit reports are to be considered.

All business areas are given an opportunity at least once a year to give an in-depth presentation of their operations at a Board meeting.

Audit Committee

The Audit Committee comprises Board members Rolf Kjellman, who is also the Chairman of the Committee, Heléne Bergquist and Anders Narvinger. The Group's CFO, Bo Jacobsson, and General Counsel and Secretary, Ulf Gradén, participate in the Audit Committee meetings. The company's auditors also participate in the Audit Committee meetings. A total of seven meetings

of the Audit Committee were held in 2006. The Audit Committee usually meets in conjunction with Board meetings and its primary task is to ensure that established principles for financial reporting and internal control are adhered to and that appropriate relations are maintained with the auditors in accordance with "Instructions for the Audit Committee established by the Board of Directors of Trelleborg AB." The results of the Audit Committee's work, in the form of observations, recommendations and proposals, are reported to the Board on an ongoing basis.

Remunerations Committee

In accordance with the decision of the 2006 Annual General Meeting, the Board shall appoint a Remunerations Committee to decide on matters pertaining to remuneration and terms of employment for the President and establish principles for remuneration to other senior executives

The Remunerations Committee consists of Board members Anders Narvinger, who chairs the Committee, and Berthold Lindqvist. The Remunerations Committee convened five times during 2006 and maintained ongoing communications in conjunction with appointments and other payroll issues. The Committee reports its work to the Board.

Finance Committee

The Board has had a Finance Committee for several years, the primary task of which is to support and monitor financial operations, annually assess and propose changes to the Finance Policy, evaluate and prepare matters for decision by the Board and, after each meeting, to report on its work at the subsequent Board meeting.

The Finance Committee consists of Board members Rolf Kjellman, who is also Chairman of the Finance Committee, Heléne Bergquist and Anders Narvinger. The Group's CFO, Bo Jacobsson, and General Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. When necessary, the Senior Vice President, Group Finance participates. The Committee held three meetings in 2006.

Remunerations

The fees paid to the members of the Board of Directors elected by the Annual General Meeting are established by the Annual Gen-

Composition of the Board and number of meetings 2006

Name	Elected	Position	Remunerations Committee	Finance Committee	Audit Committee	Attendance at Board meetings	Attendance at Committee meetings
Anders Narvinger	1999	Chairman	•	•	•	100%	100%
Heléne Bergquist	2004	Member		•	•	100%	100%
Staffan Bohman	2000	Member				91%	
Rolf Kjellman	1997	Member		•	•	100%	100%
Berthold Lindqvist	1996	Member	•			91%	100%
Claes Lindqvist	2004	Member				91%	
Peter Nilsson	2005	Member				100%	
Kim Davidsson	1994	Employee representative				100%	
Alf Fredlund	2001	Employee representative				100%	
Karin Linsjö	2000	Employee representative				73%	
Rolf Larsson	2002	Employee representative				100%	

• = Chairman ● = Member

eral Meeting, based on the proposals of the Nominations Committee. The Chairman of the Board receive a fee of SEK 800,000 (700,000) for the period May 2006 to April 2007. The remaining five members who were elected by the Annual General Meeting and are not Group employees receive remuneration totaling SEK 1,500,000 (1,250,000), distributed as SEK 300,000 (250,000) each. Consequently, total fees paid to Board members amount to SEK 2,300,000 (1,950,000), excluding reimbursement for travel expenses. In addition, remuneration is paid to the Audit Committee in the amount of SEK 125,000 to the Chairman and SEK 75,000 to the Audit Committee members. No consulting fees to Board members were paid in 2006.

Auditors

The responsibilities of the Nominations Committee include preparing a proposal to the Annual General Meeting of auditors to be elected at the meeting for a period of four years. The 2004 Annual General Meeting elected the PricewaterhouseCoopers AB firm of authorized public auditors, including Göran Tidström and Olov Karlsson, with Göran Tidström as Auditor in Charge. Göran Tidström is the Chairman of the Board of PricewaterhouseCoopers Sverige AB and EFRAG (European Financial Reporting Group) and a Board member of IFAC (International Federation of Accountants). Göran Tidström's audit assignments in addition to Trelleborg include Securitas, Telia Sonera and AB Volvo. Göran Tidström has been an Authorized Public Accountant since 1974.

Olov Karlsson has been an Authorized Public Accountant since 1980. In addition to Trelleborg, Olov Karlsson also has audit assignments with AB Volvo and Pergo AB.

Internal control and financial reporting

Since 2004, the Trelleborg Group has been conducting a systematic process under the supervision of the General Counsel, to examine, update and coordinate the reporting and control routines for decision-making in the Group's legal and operational sectors. The Group is also conducting work to map and evaluate the most significant risks and introduce appropriate measures to control such risks.

Trelleborg established a new Internal Control staff function in 2005 that reports to the Group's CFO. This function works

Independence of the Board

	Independent in relation to the company	Independent in relation to company's major shareholders
Anders Narvinger	Yes	Yes
Heléne Bergquist	Yes	Yes
Staffan Bohman	Yes	Yes
Berthold Lindqvist	Yes	Yes
Rolf Kjellman	Yes	No – Has assignments for Trelleborg's main owner, the Dunker Funds and Foundations.
Claes Lindqvist	Yes	No – Has assignments for Trelleborg's main owner, the Dunker Funds and Foundations.
Peter Nilsson	No – President & CEO	

Remuneration to Board of Directors (SEK) for the period May 2006 – April 2007

Remuneration is not paid to members of the Remunerations or Finance Committees.

Consulting fees are not paid to Board members.

SEK	Board fees	Remuneration for Committee work	Total
Anders Narvinger, Board Chairman	800,000	75,000	875,000
Heléne Bergquist	300,000	75,000	375,000
Staffan Bohman	300,000	–	300,000
Berthold Lindqvist	300,000	–	300,000
Rolf Kjellman, Chairman of Audit Committee	300,000	125,000	425,000
Claes Lindqvist	300,000	–	300,000
Peter Nilsson	–	–	–
Total	2,300,000	275,000	2,575,000

Remuneration to auditors

SEK M	2006	2005
Standard remuneration	30	26
Remuneration for services in addition to auditing services*	14	6
Total	44	32

*Remuneration for services in addition to auditing services refers primarily to tax consultations and corporate acquisitions. Refer also to Note 4, page 62.

Business concept and objectives

Values

Code of conduct

Policies, manuals and recommendations

Other steering instruments

Steering instruments

Trelleborg has a number of policies and manuals containing binding rules and recommendations governing the Group's operations and its employees. Examples of these documents: Code of Conduct, Financial Manual (accounting and reporting regulations), Finance Policy, Communications Policy and Remuneration Policy.

Read more about our steering instruments at www.trelleborg.com. Here you can find complete versions of many of our steering instruments.



President and Group Management

The President manages operations in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, including the Swedish Code of Corporate Governance, the Articles of Association and the parameters set by the Board, including its instructions to the President.

In consultation with the Chairman of the Board, the President prepares necessary information and basic documentation on the basis of which the Board can make well-founded decisions, he presents matters and motivates proposed decisions, as well as reporting to the Board on the development of the company.

The President is responsible for leading the work conducted by Group Management and renders decisions in consultation with other members of the management team, which consists of the heads of the business areas and Group staff functions; a total of 12 persons at year-end 2006. For changes from the second quarter of 2007, refer to pages 88-89. Overseen by the President, Group Management conducts regular reviews of Group operations.

Remunerations

Trelleborg's principles for remuneration to senior executives entail that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. The remuneration structure shall comprise base and variable salary, pension and other remuneration, which together form the individual's total remuneration package. Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets.

The principles for remuneration shall vary depending on local conditions. For further information, refer to www.trelleborg.com, Corporate Governance, 2006 Annual General Meeting, "Principles for remuneration and other conditions of employment for senior executives."



In 2006, the President, who is also the Chief Executive Officer, received a base salary, variable salary and other remuneration, as stipulated in the table on the next page. The variable salary portion is subject to an upper limit of SEK 3 M per full year. The variable

proactively with further developing and improving the internal control through risk assessments, preparation of target scenarios and compiling a special set of regulations with standards and minimum requirements for the internal control over the financial reporting. The function also works with evaluating the level of internal control over the financial reporting based on follow-ups of self-assessments.

Trelleborg's CFO and the Head of the Internal Control staff function report periodically on their work with the internal control over the financial reporting to the Audit Committee. The Board will continuously evaluate whether the need exists for developing this function into a formal, separate internal audit function.

The Board oversees the quality of financial reporting through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy, partly by considering reports from the Audit Committee in the form of written minutes, and partly through observations, recommendations and proposals for decisions and measures. The Board also

assures the quality of financial reporting by considering interim reports, annual reports and year-end reports in detail at its meetings. The Board has delegated to Group Management responsibility for checking financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

From 2006, Trelleborg's six-month interim reports are reviewed in outline by the Group's auditors.

Auditors' reporting to the Board and shareholders

The Board's Audit Committee is responsible for maintaining ongoing contact with the company's auditors. The auditors follow an audit plan that incorporates the comments and concerns of the Audit Committee and the Board, and report their observations to the Audit Committee and the Board during the course of the audit and in conjunction with the establishment of the 2006 Annual Report in February 2007. The auditors also participate in the Annual General Meeting, at which they report on the audit and the observations they made.

salary portion is based on 65 percent of Trelleborg's consolidated profit before tax. A further 35 percent of variable salary is based on Trelleborg's consolidated net profit. Neither includes the effects of structural changes approved by the Board. The variable salary portion does not constitute pensionable income.

The President has a pension agreement that entitles him to retire at age 65. However, this agreement permits both the company and the President, without any further reasoning, to demand early retirement from the age of 60, with a mutual period of notice of six months. From the point in time at which the President takes early retirement, the employment contract and pension agreement cease to apply. The pension agreement is entirely premium-based, with the premium calculated at 35 percent of the President's fixed annual salary. For 2006, the pension premium was expensed in its entirety as stipulated in the table below.

The President's contract stipulates that the company is required to give a 24-month period of notice. This clause does not apply if termination is initiated by the President, in which case a period of notice of six months is required. The principles governing remuneration to other senior executives are based on a fixed salary and a variable salary. The

variable portion has a fixed upper limit and usually comprises a maximum of 30–50 percent of the total salary, based primarily on the trend of earnings. For reasons of competitiveness in the market, the fixed upper limit for certain senior executives localized outside Sweden amounts to 70 percent.

Some of these senior executives have agreements providing for a mutual entitlement to request early retirement at 60. Such early retirement carries with it a contractual remuneration of 60 percent of the person's regular annual salary up to 65 years of age, when the old-age pension generally commences. At the beginning of 2007, the defined-benefit pension plans were replaced by defined-contribution plans whereby pension premiums are calculated at 30 percent of the annual base salary. For certain senior executives, an extended required period of notice – usually 12, 18 or 24 months – also applies if notice is served by the company, but not if the person concerned resigns. Use of a company car is an optional benefit available to the President and other senior executives.

Incentive program

In 2005, the Board decided to introduce a long-term incentive program for the President and certain senior executives (approximately 25 individuals) who have a signifi-

cant influence on earnings per share for the Trelleborg Group. The Board also decided to introduce a similar program for 2006. Both of these programs are rolling three-year programs for which the Board will decide on any new programs on an annual basis. The programs are cash-based and comprise an addition to the annual variable salary, and presuppose that the senior executive is employed at the Trelleborg Group at December 31 of the year in which the program expires. The target figure is the Trelleborg Group's earnings per share and an annual improvement of 10 percent, including costs for the programs. For 2005, the Board decided on a target of SEK 12.40 in earnings per share. The maximum outcome for the 2005 program is 100 percent of the senior executive's annual variable target salary at the end of the program. For 2006, the Board decided on a target of SEK 14.10 in earnings per share, with a maximum outcome of 150 percent of the senior executive's annual target variable salary at the end of the program. The outcome is calculated annually and is accumulated over a three-year period and any outcome is paid during the first quarter in the year after the program expires. Therefore, payment for the program decided upon in 2005 will take place during the first quarter of 2008, and payment for the program decided upon in 2006 will take place during the first quarter of 2009. The outcome does not comprise pensionable income. Earnings for 2006 were not charged with any cost for these programs.

Other incentive programs

The Group has no ongoing convertible debenture or warrants programs at the present time.



Specification of Board fees and salaries for the President, Executive Vice Presidents and other senior executives

2006 SEK 000s	Board fee/ Basic salary	Variable salary	Other benefits	Pension cost	Total
Chairman of the Board	826				826
Other Board members, five persons	1,594				1,594
President	5,134	1,280	114	1,682	8,210
Executive Vice Presidents, two persons at December 31, 2006	6,666	763	465	2,300	10,194
Other senior executives, 11 persons	25,068	5,397	948	5,770	37,183
Total	39,288	7,440	1,527	9,752	58,007

The long-term incentive program did not entail any cost in 2006.

2005 SEK 000s	Board fee/ Basic salary	Variable salary	Other benefits	Pension cost	Total
Chairman of the Board	730				730
Other Board members, five persons	1,380				1,380
Former President	4,058	2,697	112	6,899	13,766
New President	1,395	625	32	420	2,472
Executive Vice Presidents, two persons effective October 1, 2005	5,272	1,866	351	1,219	8,708
Other senior executives, 11 persons	23,569	7,237	1,026	6,270	38,102
Total	36,404	12,425	1,521	14,808	65,158

In addition to the above, SEK 2,400,000 was expensed with regard to long-term incentive programs.

BOARD OF DIRECTORS

ANDERS NARVINGER



CLAES LINDQVIST



KARIN LINSJÖ



ROLF KJELLMAN



HELÉNE BERGQUIST



KIM DAVIDSSON



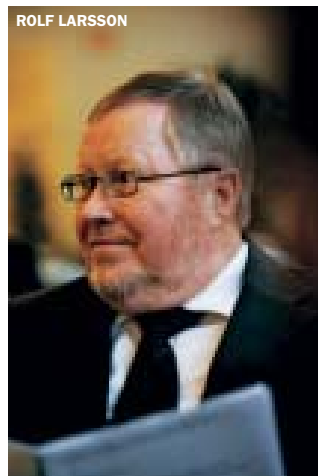
BERTHOLD LINDQVIST



STAFFAN BOHMAN



ROLF LARSSON



Members elected by Annual General Meeting

ANDERS NARVINGER
Chairman of the Board

Director-General of the Association of the Swedish Engineering Industries.

Chairman of Alfa Laval AB, Swedish Trade Council and Invest in Sweden Agency. Board member of Volvo Car Corporation.

Qualifications: M.Sc. Eng. Graduate in business administration. Has previously held a number of positions in the ABB Group, including President and Chief Executive Officer of ABB Sweden.

Holdings 2006: 10,000 shares.

Holdings 2005: 10,000 shares.

Born: 1948. Elected to Board: 1999.

CLAES LINDQVIST
Board member

Board member of Dunkers Funds and Foundations, Southern Swedish Chamber of Commerce and Industry, SIMI Scandinavian International Management Institute, Novotek AB, Konstruktionsbakelit AB, Connect Skåne, Öresundskraft Produktion AB, among others.

Qualifications: Graduate in business administration, M.Sc.Eng. Previous positions include a variety of senior positions at ASEA and Åkerlund & Rausing, and President and Chief Executive Officer of Högånäs AB.

Holdings 2006: 10,000 shares.

Holdings 2005: 2,000 shares.

Born: 1950. Elected to Board: 2004.

PETER NILSSON
President and CEO

Qualifications: M.Sc.Eng.

Previous positions include Business Area President, Trelleborg Engineered Systems, management consultant at BSI.

Holdings 2006: 26,500 shares.

Holdings 2005: 1,500 shares.

Born: 1966. Elected to Board: 2006

Members appointed by employees

KIM DAVIDSSON
Employee representative

Engineering employee, appointed by the Unions of the Trelleborg Group (LO).

Chairman of the Industrial Labor Union appointed by the executive committee and Chairman of the Trelleborg European Work Council

Qualifications: Tool maker, training in labor law, personnel policy and economics.

Holdings 2006: -

Holdings 2005: -

Born: 1947. Elected to Board: 1994.

ALF FREDLUND
Employee representative

Engineer, appointed by the Unions of the Trelleborg Group (PTK).

Chairman, local union section SIF (Swedish Union of Clerical and Technical Employees in Industry) at Trelleborg AB.

Qualifications: Engineer.

Holdings 2006: 2,710 shares (own and family members').

Holdings 2005: 4,818 shares (own and family members').

Born: 1946. Elected to Board: 2001.

HELÉNE BERGQUIST
Board member

Senior Vice President, Group Controller, AB Electrolux.

Qualifications: Graduate in business administration.

Previously Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden and Chairman of the educational committee of FAR (the Institute for the Accounting Profession in Sweden) and Board member of Association for the Development of Generally Accepted Accounting Principles.

Holdings 2006: 1,500 shares

Holdings 2005: 800 shares.

Born: 1958. Elected to the Board: 2004.

ROLF LARSSON
Deputy employee representative

Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).

Qualifications: IT and business development studies.

Holdings 2006: -

Holdings 2005: -

Born: 1942. Elected to Board: 2002.

KARIN LINSJÖ
Employee representative

Appointed by the Unions of the Trelleborg Group (LO).

Board member of the Social Services Board, Municipality of Trelleborg.

Qualifications: Elementary school and plant training.

Holdings 2006: 167 shares.

Holdings 2005: 167 shares.

Born: 1954. Elected to Board: 2000.

Auditors: PricewaterhouseCoopers AB

GÖRAN TIDSTRÖM
Authorized Public Accountant, Auditor in Charge

Auditor since 2004.

Assignments: Auditor of Securitas, Telia Sonera and AB Volvo. Chairman of the Board of EFRAG (European Financial Reporting Group) and Board member of IFAC (International Federation of Accountants).

Born: 1946.

OLOV KARLSSON
Authorized Public Accountant

Auditor since 2004.

Assignments: Auditor of AB Volvo and Pergo AB.

Born: 1949.

STAFFAN BOHMAN
Board member

Vice Chairman of EDB Business Partner ASA, Oslo, Swedfund AB and the Institute of International Business at the Stockholm School of Economics.

Board member of Atlas Copco AB, Dynapac, Inter IKEA Holding SA, Ratos, and Scania.

Qualifications: Stockholm School of Economics and the Stanford Business School, US.

Previously Chief Executive Officer of DeLaval, Gränges and SAPA.

Holdings 2006: 12,000 shares.

Holdings 2005: 12,000 shares.

Born: 1949. Elected to Board: 2000.

ROLF KJELLMAN
Board member

President of Henry Dunkers Förvaltnings AB.

Executive Member of Henry and Gerda Dunker Foundation and Donation Fund No. 2.

Qualifications: Commercial Secondary School and Advanced Banking Training.

Previously Regional General Manager, SEB in Malmö and the province of Skåne.

Holdings 2006: 2,000 shares.

Holdings 2005: 2,000 shares.

Born: 1939. Elected to Board: 1997.

BERTHOLD LINDQVIST
Board member

Chairman of Munters AB. Board member of Securitas AB, JM AB, Cardo AB, and other companies.

Qualifications: Med. Dr. hc., Graduate engineer.

Previously positions include President and Chief Executive Officer of Gambro.

Holdings 2006: 2,000 shares.

Holdings 2005: 2,000 shares

Born: 1938. Elected to Board: 1996.

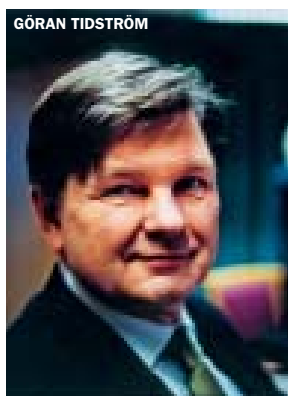
PETER NILSSON



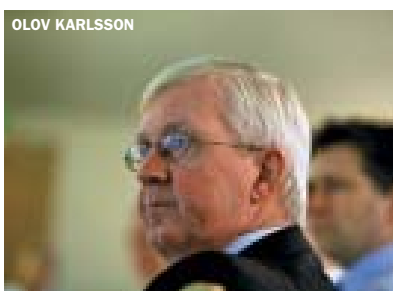
ALF FREDLUND



GÖRAN TIDSTRÖM



OLOV KARLSSON



Report by the Board of Directors on internal control over the financial reporting for fiscal year 2006

Trelleborg has defined internal control in a broader perspective as a process that is influenced by the Board of Directors, executive management and other employees and formulated to provide a reasonable assurance that Trelleborg's goals are achieved in terms of appropriate and effective business activities, reliable financial reporting and compliance with applicable legislation and regulations. The process is based on a control environment that creates discipline and structure for the other four components of the process, namely, risk assessment, control structures, information, communication and monitoring. The departure point for the process is the framework for internal control issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

This internal control report has not been reviewed by the company's auditors.

Control environment

Decision-making channels, authorization and responsibility are defined in the Board's rules of procedure, instructions for the Audit Committee and instructions for the President, and in the authorization and division of responsibility that pertains to the legal and operational organizations.

Trelleborg has control instruments in the form of policies, and manuals that contain binding rules and a number of recommendations that provide guidelines and instructions for the Group's operations and employees, such as Business Concepts and Objectives, Values, Code of Conduct, Financial Policy, Communications Policy and Financial Manual.

The instruments named above, combined with laws and regulations, including the Swedish Code of Corporate Governance, comprise pertinent regulations for publicly listed companies, and the articles of association provide the foundation for the control environment.

Risk assessment

Trelleborg's process for risk assessment, involving the identification of significant risks to which the operations are exposed, including the financial reporting, is the basis for control and control level requirements within the parameters established by the Board of Directors and the executive management.

A comprehensive risk assessment concerning risk related to financial reporting was conducted during 2005 to identify the areas in which these risks lie within the organization and its processes. The risk assessment was led by the Internal Control staff function and resulted in a more clearly defined target scenario for the focus of continued efforts to further develop and improve internal control over the financial reporting.

The detailed risk assessment from 2005

was updated in 2006 where it was established that the risk assessment from 2005 still applies and therefore the target scenario regarding the focus on the continued work with the financial control over the financial reporting stands firm.

Control structures

The significant risks identified that impact the internal control over the financial reporting are managed by Trelleborg's control structures. These structures are intended to ensure the fulfillment of fundamental requirements for the financial reporting and are documented in process and internal control descriptions.

Ongoing work efforts are continuing to eliminate or reduce identified significant risks that impact the internal control over the financial reporting within the parameters established by the Board and executive management.

The work includes development and improvements of control activities and systems in order to prevent, discover and correct errors and deviations. The work also includes further training for the employees.

In 2006, a special set of regulations with standards and minimum requirements for internal control over the financial reporting and tools for the documentation of processes and internal control descriptions in a number of prioritized risk areas were developed. The process of implementing these regulations in approximately 40 of the Group's largest legal entities is currently underway. An additional number of legal entities will be included in this work from 2007.

In 2007, a set of regulations with standards and minimum requirements for steering internal control over the financial reporting will be expanded to include further risk areas.

Information and communication

Trelleborg has internal information and communication channels intended to support completeness and accuracy in the financial reporting, for example, by providing access to and knowledge of instruments in the form of policies, manuals and recommendations concerning financial reporting for all affected employees. In addition, results of the company's work with internal controls over the financial reporting were submitted periodically to executive management.

As a standing item on the agenda of Audit Committee meetings in 2006, Trelleborg's CFO and the head of the Internal Control staff function continuously reported on their work regarding the internal control over the financial reporting.

The external information and communication is controlled in part by the company's Communication Policy, which describes Trelleborg's general principles for the release of information.

Monitoring

In addition to its regular operational and financial follow-ups, Trelleborg developed and implemented in 2006 a Groupwide reporting system for the status of internal control over the financial reporting. Using this reporting system, Trelleborg has monitored the compliance of the new special set of regulations with standards and minimum requirements for the internal control over the financial reporting that has been implemented in a number of prioritized risk areas through the self-assessments and reporting performed by the approximately 40 legal entities initially included in this implementation process.

According to plans, the frequency of the self-assessments of the legal entities will be supplemented with a formal, centrally

coordinated assessment process of these units in 2007.

Statement

Trelleborg established a new Internal Control staff function in 2005 that reports to the Group's CFO. As stated above, this function works proactively with further developing and improving the internal control through risk assessments, preparation of target scenarios and compiling a special set of regulations with standards and minimum requirements for the internal control over the financial reporting. The function also works with evaluating the level of internal control over the financial reporting based on follow-ups of self-assessments. Trelleborg's CFO and the Head of the Internal Control staff function report periodically on their work with the internal control over the financial reporting to the Audit Committee. The Board continuously evaluates whether the need exists for developing this function into a formal, separate internal audit function.

Trelleborg, February 12, 2007

The Board of Directors of Trelleborg AB

PETER NILSSON



LENNART JOHANSSON



PETER SUTER



MAURIZIO VISCHI



SÖREN ANDERSSON



VIKTORIA BERGMAN



CLAUS BARSØE



BO JACOBSSON



PETER CLAESSION *



CLAES JØRWALL



ULF GRADÉN



PETER NILSSON
President and CEO
Acting Business Area President, Trelleborg Automotive

Qualifications: M.Sc.Eng.
 Previous positions include Business Area President, Trelleborg Engineered Systems, management consultant at BSI.
 Holdings 2006: 26,500 shares.
 Holdings 2005: 1,500 shares
 Born: 1966. Employed: 1995, in current position since 2005.

BO JACOBSSON
Chief Financial Officer (CFO) and 1st Executive Vice President, Trelleborg AB

Qualifications: University studies in business administration.
 Previously held positions including CEO of the Scancem Group and CFO of Telia AB.
 Holdings 2006: 5,000 shares (own and family members').
 Holdings 2005: 5,000 shares (own and family members').
 Born: 1951. Employed: 1975-1997, 2002, CFO since 2002 and Executive Vice President since 2005.

MAURIZIO VISCHI
Business Area President, Trelleborg Wheel Systems

Qualifications: MBA.
 Previously held management positions within Pirelli.
 Holdings 2006: -
 Holdings 2005: -
 Born: 1955. Employed: 1999, in current position since 2001.

LENNART JOHANSSON
Business Area President, Trelleborg Engineered Systems

Qualifications: M.Sc.Eng.
 Previously President of Kemira Kemi, business unit manager at Kemira OY and Perstorp AB.
 Holdings 2006: -
 Holdings 2005: -
 Born: 1960. Employed: 2005, in current position since 2005.

CLAUS BARSØE
Business Area President, Trelleborg Sealing Solutions

Qualifications: B.Sc. Econ.
 Previously held positions including market director Alfa Laval and various positions within Busak+Shamban and Polymer Sealing Solutions.
 Holdings 2006: -
 Holdings 2005: -
 Born: 1949. Employed: 2003, in current position since 2003.

PETER SUTER
Senior Vice President, Procurement and Strategic Projects

Qualifications: MBA.
 Member of ETRMA (European Tyre and Rubber Manufacturers Association).
 Previously President of JD Stenqvist and Finess International.
 Holdings 2006: 8,085 shares.
 Holdings 2005: 9,085 shares
 Born: 1943. Employed 1991, in current position since 2007.

PETER SVENBURG*
Senior Vice President, IT

Qualifications: Bachelor of Law
 Previously held positions including CIO at Scancem/ HeidelbergCement
 Holdings 2006: -
 Holdings 2005: -
 Born: 1949. Employed: 2006, in current position since: 2006.

* Member of Group Management from March 31, 2007.

** Will leave the company on March 31, 2007.

GERTRUD ANDERSSON**
Senior Vice President, Group Finance

Qualifications: Graduate in business administration.
 Previously held various positions within the Trelleborg Group.
 Holdings 2006: 44,110 shares.
 Holdings 2005: 44,110 shares
 Born: 1944. Employed: 1963, in current position since 1997.

CLAES JÖRWALL
Senior Vice President, Taxes and Group Structures

Qualifications: Graduate in business administration.
 Previously held positions including department manager at the Swedish National Tax Board.
 Holdings 2006: 273 shares.
 Holdings 2005: 273 shares
 Born: 1953. Employed: 1988, in current position since 1988.

ULF GRADÉN
Senior Vice President, General Counsel and Secretary

Qualifications: Bachelor of Law. Reporting clerk, court of appeal.
 Previously held positions including corporate legal counsel at Mölnlycke and General Counsel at PLM/ Rexam.
 Holdings 2006: -
 Holdings 2005: -
 Born: 1954. Employed: 2001, in current position since 2001.

SÖREN ANDERSSON
Senior Vice President, Human Resources

Qualifications: University studies in economics, sociology and education.
 Board member of the Industry and Chemistry organization.
 Previously held several HR positions within SCA.
 Holdings 2006: 2,000 shares.
 Holdings 2005: 2,000 shares.
 Born: 1956. Employed: 1998, in current position since 1998.

MIKAEL BYSTRÖM
Senior Vice President, Investor Relations

Qualifications: Studies in communications, economics and behavioral science.
 Board member of SIRA (Swedish Investor Relations Association).
 Previously held positions including Senior Vice President, Communications at Boliden and Trelleborg Group.
 Holdings 2006: 2,199 shares (own and family members').
 Holdings 2005: 2,199 shares (own and family members').
 Born: 1961. Employed: 1990, in current position since 2005.

VIKTORIA BERGMAN
Senior Vice President, Corporate Communications

Qualifications: Studies in marketing, communications and PR.
 Previously held positions including Falcon Bryggerier and Vice President, Corporate Communications at Trelleborg.
 Holdings 2006: 500 shares (own and family members').
 Holdings 2005: 500 shares (own and family members').
 Born: 1965. Employed: 2002, in current position since 2005.

PETER CLAESON*
Senior Vice President, Group Treasury

Qualifications: Graduate in business administration
 Previously: Gota Bank
 Holdings 2006: 1,000 shares
 Holdings 2005: 1,000 shares
 Born 1965. Employed 1992, in current position since 2004.

PETER SVENBURG *



MIKAEL BYSTRÖM

