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Underwater buoyancy

Hundreds of kilometers out to sea, gigantic drills are being used to locate oil. In this extremely harsh environment, the oil rig is protected by Trelleborg's specially-designed buoyancy modules, which reduce the weight of long, heavy oil pipelines made of steel - a **different** solution.

Focus on strategy issues and risk management



Sound governance and control supports good business. This was the heading for my introduction to this section of Trelleborg's 2007 Annual Report. I believe that this is even more important in the turbulent business environment that has particularly characterized the latter part of 2008. Sound corporate governance is not only about structure and clarity in management and areas of responsibility, but it also relates to good transparency so that shareholders can understand and monitor the development of the company – which is also increasingly important in times marked by harsh market conditions and major challenges. Trelleborg, as with any other company, must earn the trust of its stakeholders on a daily basis.

During the year, the work of the Board of Directors focused largely on strategy issues – the best way to develop our operations for the future. We compete in a demanding market in which our strategies provide stability and long-term focus. At the same time, our strategies provide support on a daily basis when we must rapidly adapt and act to cope with the prevailing situation, which involved radical changes to market conditions at the end of 2008.

Another key issue in a volatile environment is risk management. For the past two years, we have taken a more systematic approach to how we develop and work on an integrated approach to risk in the Group. During 2008, we placed particular emphasis on further strengthening what we call Enterprise Risk Management, and continued work to identify and evaluate the Group's risks and risk management. We now have a framework and a structure in place.

Governance and control, strategies, risk management and corporate responsibility are closely related issues. In this year's Annual Report, this is highlighted by placing the sections on Risk Management, Corporate Governance and Corporate Responsibility close together. We are endeavoring to further develop our work within these areas into an integrated part of daily operations. We have made some progress, but much work remains – which is the way it should be. These are not processes with fixed completion dates; they must be developed and improved continuously.

A handwritten signature in blue ink, which appears to read 'Anders Narvinger'.

Anders Narvinger
Chairman of the Board

Corporate Governance

2008

Trelleborg is a publicly traded Swedish limited company that is listed on the NASDAQ OMX Nordic Exchange Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2008 Corporate Governance Report in this section. Follow-up during 2008 has resulted in Trelleborg not having any deviations to report. This report has not been examined by the Company's auditor.

Shareholders

Trelleborg's Series B shares have been traded on the NASDAQ OMX Nordic Exchange in Stockholm since 1964. Share capital in Trelleborg amounted to SEK 2,259 M, represented by 90,357,261 shares, each with a par value of SEK 25.00.

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.

At the end of the year, the number of shareholders was 42,600 (41,631).

Of the total number of shares, foreign shareholders accounted for approximately 18 percent (26). Institutions accounted for the majority of ownership. Of the total shares at year-end, 83 percent (85) were owned by legal entities, 17 percent (15) by private individuals, representing 91 percent (92) and 9 percent (8), respectively, of the total number of votes.

For further information on the share and shareholders, refer to pages 108 – 109 and Trelleborg's website. [www](http://www.trelleborg.com)

Annual General Meeting

The 2008 Annual General Meeting took place on Monday, April 28, 2008 in Trelleborg. At the meeting, 649 shareholders were in attendance, personally or by proxy, representing about 70 percent of the votes. One shareholder, Dunker Funds and Foundations, represented approximately 79 percent of the votes at the meeting on its own. Anders Narvinger was elected Chairman of the meeting.

All Board members elected by the Annual General Meeting were present, with the exception of Berthold Lindqvist.

Resolutions

The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- To pay a dividend of SEK 6.50 per share for 2007 as per the Board's and President's proposal.

Further information on corporate governance

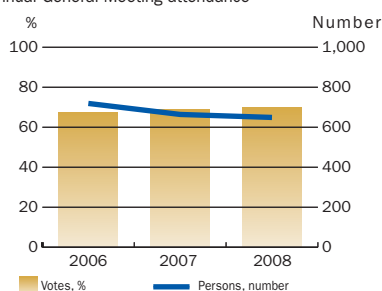
The following information is available at www.trelleborg.com:

- The document "Overview of Trelleborg AB's application of the Swedish Code of Corporate Governance"
- In-depth information on internal steering documents, such as the Articles of Association and the Code of Conduct
- Information from Trelleborg's Annual General Meetings since 2004:
 - Notification of AGM
 - Minutes of AGM
 - President's presentations
 - Press releases
- Corporate Governance Reports of earlier years, since 2004.

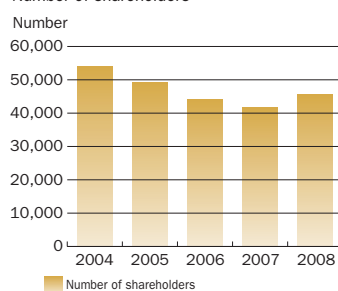
The Swedish Code of Corporate Governance is available at: www.kodkollegiet.se. [www](http://www.kodkollegiet.se)

- Re-election of the Board members Heléne Bergquist, Staffan Bohman, Rolf Kjellman, Claes Lindqvist, Anders Narvinger and Peter Nilsson. The election of new Board member Sören Mellstig to replace Berthold Lindqvist, who declined re-election.
- Re-election of Anders Narvinger as Chairman of the Board.
- Re-election of PricewaterhouseCoopers as the Company's auditor for an additional four-year period.
- That fees to Board members, excluding travel expenses, should be paid in the total amount of SEK 2,750,000, to be distributed as follows: SEK 950,000 to be paid to the Chairman and SEK 360,000 to be paid to each member of the Board who is not an employee of the Group, that remuneration should be paid to the Audit Committee in the amount of SEK 150,000 to the Chairman of the Committee and SEK 100,000 to the other Audit Committee members, that remuneration should be paid for assignments in the Nominations Committee in the amount of SEK 50,000, and that the auditor's fees shall be based on a cost-level agreement for the four-year mandate period.
- The principles for remuneration and other conditions of employment for the President and other senior executives.
- Procedures for the Nominations Committee's appointment and work.

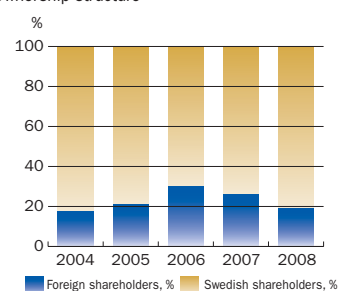
Annual General Meeting attendance



Number of shareholders



Ownership structure



Nominations Committee

In accordance with a resolution by the 2008 Annual General Meeting, the Chairman of the Board was assigned the task of asking five representatives of the company's major shareholders at the close of the third quarter to become members of the Nominations Committee in order to formulate proposals on Board members, the Chairman of the Board, and remuneration to Board members and Board committees to be presented for approval at the 2009 Annual General Meeting. The composition of the Nominations Committee was published on Trelleborg's website and through a press release on October 23, 2008.

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

The Nomination Committee for 2009 held two meetings and a number of telephone conferences. The Nominations Committee comprised Didrik Normark, Henry and Gerda Dunker Foundation (Chairman), Ramsay Brufer, Alecta (Secretary) and the members Lars Öhrstedt, AFA Insurance Companies, Henrik Didner, Didner & Gerge Funds and KG Lindvall, Swedbank Robur Funds. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nominations Committee for 2009. The Committee represented approximately 69 percent of the shareholders' votes.

As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President. In addition, the Chairman of the Board presented annual evaluations of the Board members' efforts. The Chairman of the Board also presented information on the Board's work during the year and the work of the Audit, Finance, and Remunerations Committees.

Rolf Kjellman, elected to Trelleborg's Board in 1997 representing Trelleborg's principal shareholder the Dunker Funds and Foundations, has declined re-election at the 2009 Annual General Meeting. Rolf Kjellman, born in 1939, has retired from his position as Executive Member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2., but remains a member of the Board. Claes Lindqvist, also a member of the Board of Trelleborg, will replace Rolf Kjellman as the Executive Member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2.

The Nominations Committee proposes that the 2009 Annual General Meeting elect Hans Biörck as the new member of the Board.

Hans Biörck, born in 1951, holds a degree in business administration and is Executive Vice President and Chief Financial Officer at Skanska AB. Among other positions, he was formerly CFO of Autoliv

Inc and CFO of Esselte AB, where he also held other positions. Hans Biörck has been a member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2 since 2003. He is also a member of the Swedish Financial Reporting Board.

Moreover, the Committee proposes the re-election of all other Board members, with Anders Narvinger as Chairman.

Board of Directors

Trelleborg's Board of Directors comprises seven members elected by the Annual General Meeting, which includes the President and CEO.

Sören Mellstig was elected as a new Board member to the 2008 Board of Directors. Berthold Lindqvist declined re-election. Other members were re-elected. All personnel representatives were re-elected: Kim Davidsson and Karin Linsjö representing LO (The Swedish Trade Union Confederation), and Alf Fredlund and Rolf Larsson (deputy) representing PTK (The Council for Negotiation and Cooperation). During the year, Rolf Larsson, who retired, was replaced by Birgitta Håkansson as deputy. The Group's CFO, Bo Jacobsson, attends the Board meetings as does the General Counsel, Ulf Gradén, who is the Board's secretary. Other salaried employees participate in the Board meetings to make presentations on particular matters.

Independence of the Board

The Board's assessment, which is shared by the Nominations Committee, regarding the members' position of dependence in relation to the company and the shareholders is presented in the table "Composition of the Board 2008/2009." As evident from the table, Trelleborg complies with NASDAQ OMX Stockholm's rules and regulations and the Swedish Code of Corporate Governance's requirements that the majority of the Board members elected by the General Meeting must be independent in relation to the company and the company management, and that at least two of these shall also be independent in relation to the company's major shareholders.

Work of the Board of Directors

During 2008, 12 Board meetings were held, of which three were extraordinary meetings. The main issues were:

- **No. 1, February:** Year-end report 2007, forecast 1 2008, report from auditor, Enterprise Risk Management, structural and acquisition issues. Auditor present.
- **No. 2, February:** 2007 Annual Report.
- **No. 3, April:** Interim report for first quarter, review of ongoing activities within Trelleborg Automotive, investments, structural and acquisition issues.
- **No. 4, April:** Statutory meeting following the Annual General Meeting. Authority to sign for the company, internal steering instruments, Board committees.
- **No. 5, June:** Forecast 2 2008, cash-flow and financing issues, investments, structural and acquisition issues.
- **No. 6, July:** Six-month report, investments, structural and acquisition issues

Nominations Committee for the 2009 Annual General Meeting

Name	Representing	Share of votes December 31, 2008
Didrik Normark	Dunker Funds and Foundations	55.6%
Ramsay Brufer	Alecta	4.8%
Lars Öhrstedt	AFA Insurance Companies	4.5%
Henrik Didner	Didner & Gerge Funds	3.6%
KG Lindvall	Swedbank Robur Funds	0.9%
Total		69.4%

- **No. 7, September:** Strategy plan, investments, structural and acquisition issues, internal steering instruments, Enterprise Risk Management. Visit to Trelleborg Engineered Systems in Mjøndalen, Norway.
- **No. 8, September:** Economic trend, earnings issues, structural issues pertaining to Trelleborg Automotive in France.
- **No. 9, October:** Economic trend, earnings issues.
- **No. 10, October:** Interim report for the third quarter, economic trend, earnings issues, raw-material prices, structural issues connected to Trelleborg Automotive, structural projects, forecast 2009, cash-flow and financing issues.
- **No. 11, November:** Report from auditor, forecast 1 2009, structural issues connected to Trelleborg Automotive. Auditor present.
- **No. 12, December:** Economic trend, issues related to earnings.

The Board conducts reviews with the auditor when plans for the audit procedure are presented and when audit reports are to be considered. All business areas are usually given the opportunity to give an in-depth presentation of their operations at a Board meeting at least once a year.

Evaluation of Board members 2008

The Chairman of the Board is responsible for evaluating the Board's work including the efforts of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is also conducted with the assistance of external consultants. During 2008, evaluations were conducted through interviews and discussions between the Chairman of the Board and individual Board members, as well as feedback and discussions with the entire Board of Directors. The evaluation focuses on such aspects as supply and demand for specific expertise and work methods. The evaluation is also used by the Nominations Committee as the basis for proposals for Board members and remuneration levels.

Audit Committee

In 2008, the Audit Committee comprised the Board members Rolf Kjellman, who is also the Committee Chairman, Heléne Bergquist and Anders Narvinger. The Group's CFO, Bo Jacobsson, the Group's General Counsel and Secretary of the Audit Committee, Ulf Gradén, and the Head of the Internal Control staff function participate in the Audit Committee meetings, as does the company's auditor.

In 2008, the Audit Committee held five meetings at which the primary issues were risk analysis, the establishment and follow-up of the plan for the Internal Control staff function, a review of the elected auditor's audit plan and the results of the audit, a review of interim reports, the annual report and the year-end report and policies applied in the financial reporting. The Audit Committee also considered reporting within the framework of Corporate Responsibility and commenced work on the drafting of matters concerning Enterprise Risk Management.

Finance Committee

In 2008, the Finance Committee consisted 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. Head of Group Finance participated when necessary.

The Finance Committee held six meetings during 2008. The work primarily focused on internal steering instruments, financial risk management and financing matters.

Remunerations Committee

In 2008, the Remunerations Committee comprised the Board members Anders Narvinger, who also chairs the Committee, Staffan Bohman and Claes Lindqvist.

The Remunerations Committee held three meetings in 2008 and also maintained ongoing communications in conjunction with appointments and other payroll issues. Work during 2008 focused primarily on the Groups' leadership development and terms of employment and incentives for senior executives.

Auditor

The responsibilities of the Nominations Committee included preparing a proposal for the Annual General Meeting concerning the auditor to be elected at the meeting for a period of four years. The 2008 Annual General Meeting re-elected the PricewaterhouseCoopers AB firm of authorized public auditors, including authorized public accountants Göran Tidström and Olov Karlsson. Göran Tidström was appointed as Auditor in Charge.

GÖRAN TIDSTRÖM **Authorized Public Accountant, Auditor in Charge**

*Auditor in the Trelleborg Group since 2004.
Partner of PricewaterhouseCoopers since 1976.
Qualifications: Graduate in business administration,
Authorized public accountant since 1973.
Assignments: Auditor of Telia Sonera, AB Volvo, Meda,
the Royal Opera. Chairman of the Board of EFRAG (Eu-
ropean Financial Reporting Group) and Deputy Presi-
dent of IFAC (International Federation of Accountants).
Born: 1946.*



OLOV KARLSSON **Authorized Public Accountant**

*Auditor since 2004.
Partner of PricewaterhouseCoopers since 1987.
Qualifications: Economist program Umeå University,
Authorized public accountant since 1980.
Assignments: Auditor of AB Volvo.
Born: 1949.*



Board of Directors



ANDERS NARVINGER



ROLF KJELLMAN



PETER NILSSON



ALF FREDLUND



HELÉNE BERGQUIST



CLAES LINDQVIST



KARIN LINSJÖ



STAFFAN BOHMAN



SÖREN MELLSTIG



KIM DAVIDSSON



BIRGITTA HÅKANSSON

Rolf Kjellman has declined re-election at the 2009 Annual General Meeting. The Nominations Committee, comprising the Chairman of the Board and representatives of the major shareholders corresponding to approximately 69 percent of the shareholders' votes in Trelleborg, has decided to propose that the Annual General Meeting elect **Hans Biörck** as new Board member. See page 44 for further details.

Composition of the Board 2008/2009

Name	Born	Position	Elected	Dependence	Audit Committee	Finance Committee	Remunerations Committee
Anders Narvinger	1948	Chairman	1999	No	Member	Member	Chairman
Heléne Bergquist	1958	Member	2004	No	Member	Member	–
Staffan Bohman	1949	Member	2000	No	–	–	Member
Rolf Kjellman	1939	Member	1997	Yes*	Chairman	Chairman	–
Claes Lindqvist	1950	Member	2004	Yes*	–	–	Member
Sören Mellstig	1951	Member	2008	No	–	–	–
Peter Nilsson	1966	Member	2006	Yes*	–	–	–
Kim Davidsson**	1947	Member	1994				
Alf Fredlund**	1946	Member	2001				
Karin Linsjö**	1954	Member	2000				
Birgitta Håkansson**	1950	Deputy***	2008				

* Rolf Kjellman and Claes Lindqvist are dependent in relation to the company's major shareholders since they both have assignments for Trelleborg's main owner, Dunker Funds and Foundations. Peter Nilsson is dependent in relation to the company as a result of his position as Trelleborg's President.

** Member/deputy appointed by the employees.

*** Replaced Rolf Larsson, who retired in October 2008.

ANDERS NARVINGER Chairman of the Board

Director-General of the Association of Swedish Engineering Industries.

Chairman of Alfa Laval AB (publ), V&S AB (Vin & Sprit), Coor Service Management AB and Lund University Development AB.

Board member of Volvo Car Corporation.

Qualifications: M.Sc. Eng. and 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 2008: 10,000 shares.

Holdings 2007: 10,000 shares.

PETER NILSSON President and CEO

Board member of Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.

Qualifications: M.Sc. Eng.

Previous positions include Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.

Holdings 2008: 26,500 shares and 100,000 call options (refer to page 51).

Holdings 2007: 26,500 shares.

HELÉNE BERGQUIST Board member

Management Consultant.

Chairman of the Board of INVISIO Headsets AB (publ).

Board member of Nordic Growth Market NGM AB.

Qualifications: Graduate in business administration.

Previously Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden.

Holdings 2008: 1,500 shares.

Holdings 2007: 1,500 shares.

STAFFAN BOHMAN Board member

Vice Chairman of Scania AB (publ) and EDB Business Partner ASA, Oslo (publ).

Board member of Atlas Copco AB (publ), Boliden AB (publ), Inter IKEA Holding SA, Ratos AB (publ) and OSM AB.

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

Previously Chief Executive Officer of DeLaval, Gränges and SAPA.

Holdings 2008: 25,000 shares.

Holdings 2007: 20,000 shares.

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 2008: 8,000 shares.

Holdings 2007: 2,000 shares.

CLAES LINDQVIST Board member

Board member of the Dunker Funds, Southern Swedish Chamber of Commerce and Industry, Novotek AB (publ), Connect Skåne, among others.

Qualifications: Graduate in business administration and M.Sc. Eng.

Previous positions include a variety of senior positions at ASEA and Akertund & Rausing, and President and Chief Executive Officer of Höganäs AB and Öresundskraft AB.

Holdings 2008: 10,000 shares.

Holdings 2007: 10,000 shares.

SÖREN MELLSTIG Board member

Chairman of the Board of Aleris AB, Vatus Medical AB and Textilia AB.

Board member of Munters AB (publ), Ferrosan A/S, PaloDex Oy, Dako A/S and Rindi Energi AB.

Qualifications: Graduate in business administration.

Previous positions include President and Chief Executive Officer of Gambro and CFO and Vice President of Incentive.

Holdings 2008: 20,000 shares.

Holdings 2007: 10,000 shares.

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 (LO) and Chairman of the Trelleborg European Work Council.

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

Holdings 2008: –

Holdings 2007: –

ALF FREDLUND Employee representative

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

Chairman of Unionen Trelleborg AB.

Qualifications: Engineer.

Holdings 2008: 7,600 shares (own and family members).

Holdings 2007: 2,710 shares (own and family members).

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 2008: 167 shares.

Holdings 2007: 167 shares.

BIRGITTA HÅKANSSON Deputy employee representative

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

Vice Chairman of Unionen Trelleborg AB.

Qualifications: Secretarial studies, training in IT and accounting.

Holdings 2008: 527 shares.

Holdings 2007: 527 shares

Board members' attendance in 2008/2009					
Name	Position	Board meeting	Finance Committee	Audit Committee	Remunerations Committee
Anders Narvinger	Chairman	12 of 12	6 of 6	5 of 5	3 of 3
Heléne Bergquist	Member	12 of 12	6 of 6	5 of 5	–
Staffan Bohman	Member	12 of 12	–	–	3 of 3
Rolf Kjellman	Member	11 of 12	6 of 6	5 of 5	–
Claes Lindqvist	Member	12 of 12	–	–	3 of 3
Sören Mellstig	Member	10 of 10*	–	–	–
Peter Nilsson	Member	12 of 12	–	–	–
Kim Davidsson	Member	12 of 12	–	–	–
Alf Fredlund	Member	12 of 12	–	–	–
Karin Linsjö	Member	11 of 12	–	–	–
Birgitta Håkansson	Deputy	4 of 4**	–	–	–

Karin Linsjö was absent from Board meeting No. 5 in June. Rolf Kjellman was absent from Board meeting No. 9 in October.
– Member not included in the committee in question. * Elected at the 2008 Annual General Meeting. ** Appointed during the year.

Overview of governance in the Trelleborg Group

Shareholders

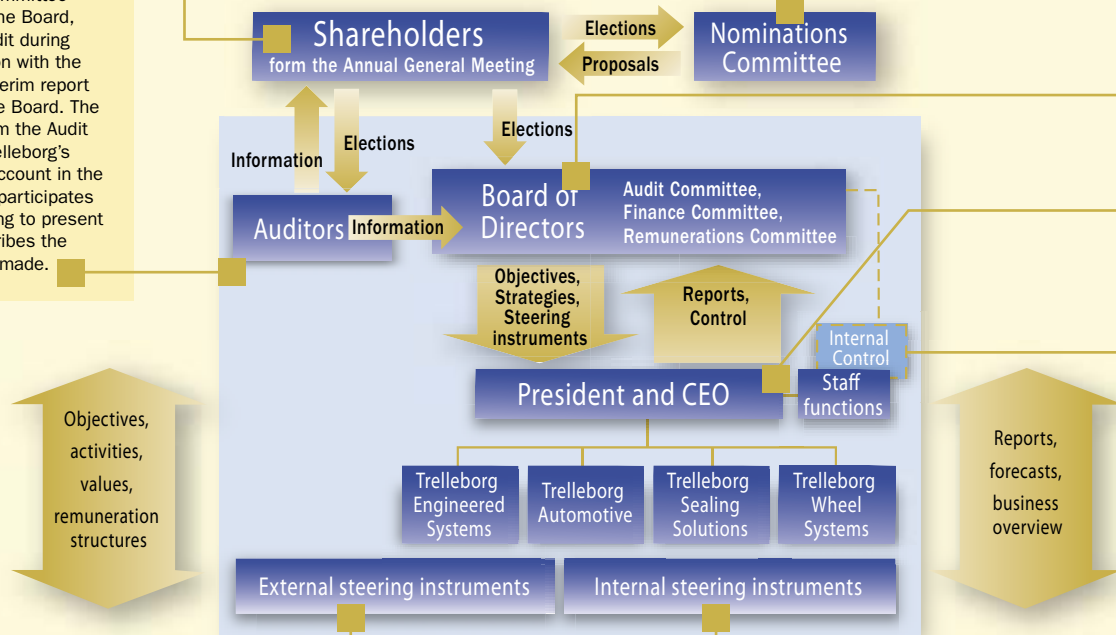
The right of shareholders to make decisions on the affairs of Trelleborg is exercised by the Annual General Meeting or, where appropriate, an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in Trelleborg, Sweden, in the month of April. The Meeting adopts the Articles of Association, appoints the members and Chairman of the Board, elects the auditor, resolves on the adoption of the income statement and balance sheet, resolves on the allocation of the company's profit and the discharge from liability to the company for the Board members and the President, makes resolutions regarding the appointment of the Nominations Committee and its work, and the principles for the remuneration and employment terms for the President and other senior executives.

Nominations Committee

Trelleborg's Annual General Meeting makes resolutions regarding procedures for the appointment and work of the Nominations Committee. The 2008 Annual General Meeting decided that a Nominations Committee shall operate in order to prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of Board members, the Chairman and, where applicable, present proposals regarding auditors and remuneration to the Board, Board committees and the auditors. The Nominations Committee shall consist of five members, who are to be representatives of the five largest shareholders at the close of the third quarter. Accordingly, the Chairman of the Board shall, at the close of the third quarter, contact the five largest shareholders in the company, who shall each be given the opportunity to appoint one member of the Nominations Committee. In addition, the Nominations Committee may decide that the Chairman of the Board be a part of the Committee, but not be appointed its chairman. For a complete account of the resolutions of the Annual General Meeting, see the minutes from the Annual General Meeting available at: www.trelleborg.com.

Auditor

Trelleborg's auditor, elected by the Annual General Meeting, audits the company's Annual Report and accounts as well as the Board's and the President's management. The auditor's work is based on an audit plan and he continuously reports observations to the Audit Committee throughout the year and to the Board, both after the hard-close audit during the autumn and in connection with the approval of the six-month interim report and the Annual Report by the Board. The auditor collects opinions from the Audit Committee with regard to Trelleborg's risks, which are taken into account in the audit plan. The auditor also participates in the Annual General Meeting to present the audit report, which describes the audit work and observations made.



External steering instruments

The external steering instruments that constitute the framework of corporate governance within Trelleborg include the Swedish Companies Act, the Annual Accounts Act, the listing agreement with the NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other relevant legislation.

Internal steering instruments

The internally binding steering instruments include the Articles of Association adopted by the Annual General Meeting and the Rules of procedure for the Board of Directors of Trelleborg approved by the Board, Instructions for the President of Trelleborg, Instructions for financial reporting to the Board of Trelleborg, Instructions for the Audit Committee established by the Board of Trelleborg, the Code of Conduct, the Communication Policy and the Treasury Policy. In addition to these steering instruments, there are a number of policies and manuals that contain binding rules, as well as recommendations that provide guidelines and guidance for the Group's operations and employees. These include Values, Financial Manual (accounting and reporting rules),

Remuneration Policy and a definition of processes and the minimum requirements for effective internal control, including internal control regarding financial reporting. Complete versions of many of the Group's steering instruments are available on Trelleborg's website.

Rules of procedure of the Board of Directors

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 the Board's 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.

Instructions for the President

Each year, the Board of Directors also establishes written instructions for the President that clarify the President's responsibility for operational management, the form and content of reporting to the Board, requirements of internal steering

President and Group Management

The President and CEO 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 documentation on the basis of which the Board can make well-founded decisions, presents matters and motivates proposed decisions, while reporting to the Board on the development of the company. The President is responsible for leading the work conducted by Group Management and makes decisions in consultation with other members of the management team, which consists of the heads of the business areas and Group staff functions.

Internal Control

The Internal Control staff function operates as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function works on developing and improving internal control regarding financial reporting in the Group, in part by proactively focusing on the internal control environment and in part by examining how internal control works. The proactive work on the internal control environment focused particularly on developing and improving processes and establishing minimum requirements for effective internal control with regard to financial reporting, policies with responsibility and authority, and developing training, networking and experiential exchange within the Group in the field of internal control. Efforts to examine the effectiveness of the internal control included risk assessments as a basis for prioritization, development, introduction, performance monitoring and follow-up of self-evaluations in the Group's companies and business areas, which are supplemented with internal audits that are performed by the Internal Control staff function or external consultants, Deloitte, under the supervision of the Internal Control staff function. The function complies with an annual plan for its work, which is approved by the Audit Committee. The Group's CFO and the Head of the Internal Control staff function report the results of the function's work to the Audit Committee in connection with its meetings.

documents, and issues that always require a Board decision or reporting to the Board, such as the adoption of interim reports, annual reports and year-end reports, decisions regarding major acquisitions and business divestments, decisions regarding other large investments, decisions about investments and loans in accordance with the Treasury Policy, information on guarantees above a certain level, adoption of remuneration and employment terms for the President and executives reporting directly to him.

Code of Conduct

Within the Trelleborg Group, efforts are made to create added value for stakeholders without compromising the company's high ambitions with regard to the environment and social responsibility. The Group's Code of Conduct establishes how Trelleborg should conduct its business, including principles within the areas of Workplace and Environment, Marketplace, Society and Community and Corporate Governance. The Code of Conduct applies to all employees, including managers and Board members in the Trelleborg Group, in all markets, always and without exception. Trelleborg also encourages suppliers, sales representatives, consultants and other business partners to adopt the principles of both the Global Compact and Trelleborg's own Code of Conduct.

The Board of Directors

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 annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. Although the Articles of Association allow for the election of deputies, there are currently no deputies elected by the Annual General Meeting. In 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. Trelleborg's CFO participates in the Board meetings as does the General Counsel, who also serves as the Board's Secretary. The Board has established three committees, the Audit Committee, the Remunerations Committee and the Finance Committee.

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 the deliberation of evaluation and development matters regarding the Group's senior executives. The Chairman represents the company in all ownership issues.

Responsibilities and work of the Board

The responsibilities of the Board include monitoring the work of the President through ongoing reviews of the operation over the year, 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 internal control instruments, deciding on major acquisitions and divestments of operations, deciding on other major investments, deciding on financial investments and loans in accordance with the Treasury Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession. The Board must convene at least seven times a year and otherwise as necessary.

The Board's responsibility for financial reporting

The Board oversees the quality of financial reporting in part through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy, in part by considering reports from the Audit Committee in the form of written minutes, and 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 corporate management the responsibility for checking financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

Board committees:

The Audit Committee usually meets in connection with the Board meetings and has the primary task of ensuring compliance with established principles for financial reporting and internal control and that appropriate relationships with the company's auditor are maintained in accordance with the "Instruction for the Audit Committee established by the Board of Directors of Trelleborg AB". The Audit Committee is also charged with monitoring the follow-up and reporting of issues covered by Corporate Responsibility. 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 of Directors.

The Finance Committee has the primary task of supporting and monitoring financial operations, annually assessing and proposing changes to the Finance Policy, evaluating and preparing matters for decision by the Board and, after each meeting, reporting on its work at the subsequent Board meeting.

The Remunerations Committee has the primary task of representing the Board in matters concerning remuneration and terms of employment for the President and executives reporting directly to him based on the principles for remuneration and terms of employment for the President and other senior executives as adopted by the Annual General Meeting. The Committee continuously reports its work to the Board.

Values

Trelleborg's values – customer focus, performance, innovation and responsibility – comprise a long-term commitment that, when combined with its business concept, objectives and strategies, guides the employees in their daily activities. *Customer focus* means an ambition to be the primary supplier of solutions in selected markets. All decisions are made with the customer in focus, with the objective of creating added value for the customers and Trelleborg in close cooperation. *Performance* entails outperforming competitors and involves achieving results and the manner in which this is conducted. Culture and attitudes within Trelleborg shall promote *Innovation*. The daily ambition is to think differently, in a new and creative manner. Innovation is an important driver of growth. All employees also have a *Responsibility* for Trelleborg in its entirety – the company's profits and good reputation.

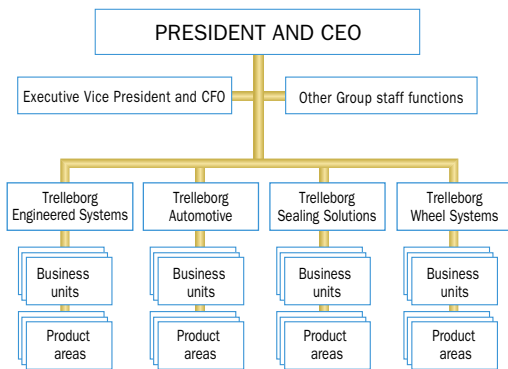
Group Management

President and Group Management

Trelleborg's operation is organized into four business areas. These encompass 20 business units that cover about 40 product areas. Trelleborg has a decentralized structure, with a strong focus on responsibility and performance, which is combined with clearly-defined Group-wide processes that aim to achieve synergies.

The President and CEO leads 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 staff functions. At the end of 2008, Group Management comprised a total of 12 persons.

During 2008, seven meetings comprising Group management were held. These focused on the Group's strategic and operational development and budget follow-up. In addition to these meetings, close cooperation takes place on a daily basis on various issues between the operational business and representatives of the various staff functions. The company aims to create an open, clear and honest working culture, with short decision-making paths.



PETER NILSSON**President and CEO**

Qualifications: M.Sc. Eng.

Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.

Previously held positions include Business Area President, Trelleborg Engineered Systems, and other posts within the Trelleborg Group, as well as management consultant at BSI.

Holdings 2008: 26,500 shares and 100,000 call options*.

Holdings 2007: 26,500 shares.

Born: 1966. Employed: 1995, in current position since 2005.

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

Qualifications: University studies in business administration.

Previously held positions include CEO of the Scancem Group and CFO of Telia AB.

Holdings 2008: 5,000 shares (own and family members) and 25,000 call options*.

Holdings 2007: 5,000 shares (own and family members).

Born: 1951. Employed: 1975-1997, CFO since 2002 and Executive Vice President since 2005.

LENNART JOHANSSON**Business Area President, Trelleborg Engineered Systems**

Qualifications: M.Sc. Eng.

Previously held positions include President of Kemira Kemi, business unit manager of Kemira OY and Perstorp AB.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1960. Employed: 2005, in current position since 2005.

ROGER JOHANSSON**Business Area President, Trelleborg Automotive**

Qualifications: Master of Business and Economic science.

Previously held positions include Vice President of General Motors Powertrain Europe and General Motors Purchasing Europe.

Holdings 2008: 5,000 shares and 25,000 call options*.

Holdings 2007: 5,000 shares.

Born: 1965. Employed: 2007, in current position since 2007.

CLAUS BARSØE**Business Area President, Trelleborg Sealing Solutions**

Qualifications: B.Sc. Econ.

Previously held positions include market director Alfa Laval, various positions within Busak+Shamban and Polymer Sealing Solutions.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1949. Employed: 2003, in current position since 2003.

MAURIZIO VISCHI**Business Area President, Trelleborg Wheel Systems**

Qualifications: MBA.

Previously held management positions within Pirelli.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1955. Employed 1999, in current position since 2001.

PETER SUTER**Senior Vice President, Procurement and Strategic Projects.**

Qualifications: MBA.

Previously President of JD Stenqvist and Fines International and Business Area President, Trelleborg Building Systems.

Holdings 2008: 10,085 shares.

Holdings 2007: 8,085 shares.

Born: 1943. Employed 1991, in current position since 2007.

PETER SVENBURG**Senior Vice President, IT**

Qualifications: Bachelor of Law.

Previously held positions include CIO at Scancem/Heidelberg-Cement.

Holdings 2008: 107 shares.

Holdings 2007: 107 shares.

Born: 1949. Employed 2006, in current position since 2006.

CLAES JÖRWALL**Senior Vice President, Taxes and Group Structures**

Qualifications: Graduate in business administration

Previously held positions include department manager at the Swedish National Tax Board.

Holdings 2008: 273 shares.

Holdings 2007: 273 shares.

Born: 1953. Employed 1988, in current position since 1988.

ULF GRADÉN**Senior Vice President, General Counsel and Secretary**

Qualifications: Master of Law. Reporting clerk, court of appeal.

Previously held positions include Corporate Legal Counsel at Mölnlycke and General Counsel at PLM/Rexam.

Holdings 2008: 10,000 call options*.

Holdings 2007: -

Born: 1954. Employed 2001, in current position since 2001.

SÖREN ANDERSSON**Senior Vice President, Human Resources**

Qualifications: University studies in economics, sociology and education.

Previously held several HR positions within SCA.

Holdings 2008: 2,000 shares and 10,000 call options*.

Holdings 2007: 2,000 shares.

Born: 1956. Employed 1998, in current position since 1998.

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 2008: 500 shares (own and family members) and 10,000 call options*.

Holdings 2007: 500 shares (own and family members).

Born: 1965. Employed 2002, in current position since 2005.

***Press release from the Henry and Gerda Dunker Donation Fund No. 2, February 26, 2008:
Henry and Gerda Dunkers Donation Fond No 2 offers call optionprogram in Trelleborg**

Henry and Gerda Dunkers Donationsfond 2 has decided to offer certain management executives of Trelleborg to purchase call options which carry rights to purchase shares of series B in Trelleborg AB. The call options will be offered at market price. The purpose of the offering is to promote long-term commitment for Trelleborg AB and to encourage management executives to become shareholders in Trelleborg AB in the future which is important for the commercial development of Trelleborg AB. Nine management executives have purchased 255.000 call options at a price of SEK10.98/option. Each call option will entitle to purchase one share of series B in Trelleborg AB during the period March 15, 2008 - March 15, 2012 at an exercise price at SEK 125.50.

The board of Trelleborg AB has been informed of this offer. Trelleborg do not participate in the offer and will not have any expenses in connection with the offer.

The Henry and Gerda Dunker Donation Fund No. 2 is one of five legal entities within the "Dunkerfoundations" which controls 13.4% of the shares and 55.5% of the votes in Trelleborg AB.

Helsingborg, February 26, 2008

HENRY AND GERDA DUNKER DONATION FUND NO. 2

Remuneration to the Board and senior executives

Principles

The following principles for remuneration to senior executives in the Trelleborg Group were adopted by the 2008 Annual General Meeting. The Board's motion to the 2009 Annual General Meeting regarding principles for remuneration, see Note 3, page 90, is the same as that adopted by the 2008 Annual General Meeting.

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 fixed 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. It shall be possible for the principles for remuneration to vary depending on local conditions. Also refer to www.trelleborg.com, Corporate Governance, Annual General Meeting: "Principles for remuneration and other conditions of employment for senior executives."



Remuneration to management 2008

President

During 2008, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2008, which corresponds to 65 percent of fixed salary and is 100-percent based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board. The variable salary does not constitute pensionable income. In 2008, no variable salary was payable to the President, since the target figures were not achieved.

The President has a pension agreement that entitles him to retire at the age of 65. However, under the terms of the pension agreement, both the company and the President have the right, without special justification, to request early retirement from the age of 60, with a mutual six-month notice of termination. The employment agreement and pension

agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is solely premium-based, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2008 as shown in the table below.

The President's employment contract stipulates that termination of employment by the company shall be subject to a period of notice of 24 months, which does not apply if termination is initiated by the President. The period of notice from the President is six months.

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The variable part has an established upper limit and accounts for about 25-65 percent of fixed annual salary, based mainly on the earnings trend for the Group.

Some of the executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation normally amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. Pension plans are defined-contribution schemes, whereby the pension premium is calculated at 30 percent of the fixed annual salary.

For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, which do not apply when initiated by the individual. For the President and other senior executives, there is an opportunity to have a company car as a benefit.

The Group has a global remuneration policy that covers all managers and senior salaried employees. In addition, there is a policy that covers certain provisions for remuneration to senior executives, which covers pension terms, medical expenses insurances and company cars.

Long-term incentive program

The Board of Directors resolved in 2005 to introduce a long-term incentive program for the President and certain senior executives that hold a significant influence on the Trelleborg Group's earnings per share. The Board of Directors also resolved to introduce a similar program in 2006,

Remuneration to Group Management 2008								
SEK 000s		Fixed	Variable	Bonus due	Incentive	Pension	Benefits	Total
Position	Year	salary	salary	for 2006	program			
President	2008	6,693				2,402	153	9,248
	2007	5,937	3,300	1,275	825	2,185	100	13,622
Executive Vice President	2008	3,211				2,024	127	5,362
	2007	3,101	1,324		312	1,850	115	6,702
Group Management, others (10) ¹⁾	2008	28,168	5,228			8,046	817	42,259
	2007	25,599	8,533		2,286	9,540	623	46,581
Total	2008	38,072	5,228	-	-	12,472	1,097	56,869
Total	2007	34,637	13,157	1,275	3,423	13,575	838	66,905

1) Changes to Group Management took place in 2007. In 2008, all individuals were employed throughout the entire fiscal year.

2007, 2008 and 2009. The programs are ongoing three-year programs for which the Board will, on a yearly basis, possibly approve new programs and define their scope, objective and number of participants.

The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive is employed by the Trelleborg Group as per December 31 in the year in which the program ends.

Purpose

The incentive program is directional and has long-term content that aims to continue to promote commitment of senior executives to the Group's development and thereby increase value for the Group's shareholders.

Target figures

The target value for the incentive program is the Trelleborg Group's earnings per share, with an annual improvement of 10 percent, excluding items affecting comparability and the impact of any share buyback programs, and includes costs for the programs.

For 2006, the Board established a target of SEK 14.10 in earnings per share, in 2007, a target of SEK 11.90 and in 2008, a target of SEK 14.40, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period, and potential payments are made in the first quarter of the year after the program expires. Accordingly, for the program approved for 2005, payment was made in the first quarter of 2008, for the program approved in 2006, payments will be made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, and for the program approved in 2008, payments will be made in the first quarter of 2011. The payments do not constitute pensionable income. In 2008, earnings were charged with SEK – (9,964,000).

Other incentive programs

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

Remuneration to the Board 2008

The fees paid to the members of the Board of Directors elected by the Annual General Meeting are established by the Annual General Meeting based on the proposals of the Nominations Committee. For 2008, remuneration was paid as per the table below. No remuneration is paid to members of the Finance Committee. No consulting fees were paid to the Board members. Remuneration is not paid to Board members who are also employed by the Group.

Remuneration to the auditor 2008

Remuneration for services in addition to auditing services primarily refers to tax consultations and corporate acquisitions. For 2008, remuneration was paid as per the table below.

Remuneration to auditors 2008			
SEK M	2008	2007	2006
Remuneration for auditing services	37	35	30
Remuneration for other services	9	12	14
Total	46	47	44

Remuneration to the Board (SEK) for the period May 2008 – April 2009

Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members.

SEK Name	Position	Board fees		Audit Committee		Remunerations Committee		Total	
		2008	2007	2008	2007	2008	2007	2008	2007
Anders Narvinger	Chairman	950,000	900,000	100,000	90,000	50,000	–	1,100,000	990,000
Heléne Bergquist	Member	360,000	340,000	100,000	90,000	–	–	460,000	430,000
Staffan Bohman	Member	360,000	340,000	–	–	50,000	–	410,000	340,000
Rolf Kjellman	Member	360,000	340,000	150,000	125,000	–	–	510,000	465,000
Claes Lindqvist	Member	360,000	340,000	–	–	50,000	–	410,000	340,000
Berthold Lindqvist	Member	–	340,000	–	–	–	–	–	340,000
Sören Mellstig	Member	360,000	–	–	–	–	–	360,000	–
Peter Nilsson	President	–	–	–	–	–	–	–	–
Total		2,750,000	2,600,000	350,000	305,000	150,000	–	3,250,000	2,905,000

Report by the Board of Directors on Internal Control

The responsibility of the Board of Directors for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance, which also includes requirements on annual external information disclosure concerning how internal control is organized insofar as it affects financial reporting.

Internal Control as regards financial reporting is a part of the total internal control within Trelleborg, whose starting point for the process is in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, refer to review below, and is a key component in Trelleborg's Corporate Governance. Internal Control is also a part of the Group's Enterprise Risk Management process; refer to page 36.

The following description was prepared in accordance with the Swedish Code for Corporate Governance and represents the Board of Directors' report on internal control regarding financial reporting. This description does not constitute part of the formal Annual Report documents and has not been reviewed by the company's auditor.

Internal Control over financial reporting

Internal Control as regards financial reporting aims to provide reasonable assurance with regard to the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports, and 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 the overall responsibility for internal control of the financial reporting. The Board has established a written formal work plan that clarifies the Board's responsibilities and regulates the Board's and its committees' internal distribution of work.

Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure that established principles for financial reporting and internal control are adhered to and that appropriate relations are maintained with the company's auditors. The Board has also established instructions for the President and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the ongoing work on internal control as regards the financial reporting is delegated to the President. The Group's Internal Control staff function works as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing and enhancing internal control over the financial reporting in the Group by proactively concentrating on the internal control environment and by examining the effectiveness of the internal control.

Internal steering instruments for financial reporting primarily comprise the Group's Treasury Policy, Communication Policy and Finance Manual, which define the accounting and reporting rules, and the Group's definition of processes and minimum requirements for internal control over financial reporting.

Internal Control – a process that supports operational goal achievement

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 appropriate and effective business activities, reliable 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 and communication, and monitoring. The starting point for the process is the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), www.coso.org.

The control environment includes the values and ethics upon which the Board, the Audit Committee, the President and Group Management base their communication and actions, as well as the Group's organizational structure, leadership, decision routes, authorizations, responsibilities and the expertise of the employees. An overview of the Group's organization and governance, including external and internal steering instruments that are important elements of Trelleborg's control environment, are outlined on pages 10–11 and 48–49. Trelleborg's values constitute a long-term commitment, which, combined with business concepts, targets and strategies, guides the employees in their daily work. Trelleborg's Code of Conduct comprises principles for how business should be conducted. Trelleborg is characterized by a decentralized organization that is managed based on target-oriented leadership with clear targets and rewards based on performance.

Risk assessment is described on pages 36–39.

Control structures are about which controls were chosen to manage Group risks. Examples of control strategies that are applied in the Group are found on pages 36-39 and on page 55.

Information and communication, external and internal. External information and communication include, for example, reporting to authorities and external financial reporting. Internal information and communication are about creating awareness among Group employees about external and internal steering instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists where Group employees confirm that they comply with Group policies. Trelleborg also has a whistle blower policy, which means that each employee may, without repercussions, report suspicions of legislation or regulation violations. Internal information and communication also concerns the information generated by Trelleborg's process for internal control being fed back to the Board, Audit Committee, President and Group Management as a basis for being able to make well-founded decisions. The Group's CFO and Head of the Internal Control Group staff function submits a report to the Audit Committee, which in turn submits a report to the Board.

Monitoring aims to secure the effectiveness of the process through a number of different activities, such as monitoring of operations in terms of established goals, self-evaluations, internal audit and other monitoring activities.



Risk assessment

Trelleborg's risk assessment as regards financial reporting aims to identify and evaluate the most significant risks 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 financial reporting are fulfilled and comprise the basis for how risks shall be managed 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.

Control structures

The most significant risks identified as regards 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 purpose of the control structures is to ensure efficiency in the Group's processes and effective internal control and is based on the Group's minimum requirements for effective internal control in defined, significant processes, which is demonstrated in the diagram below. Minimum requirements comprise more general as well as detailed controls and can be both preventive and detective in nature and have been subdivided into A and B levels, according to which the A level shall be applied by all of the companies in the Group and the B level by only the Group's largest companies.

A comprehensive revision of minimum requirements for IT security controls was conducted in 2008. In addition, the Purchasing process and the annual accounts and reporting process, with the associated minimum requirements for effective internal control, were developed in 2008 and will be introduced in the Group in 2009.

Information and Communication

Information and communication regarding internal steering instruments for financial reporting are available on Trelleborg's intranet to all employees concerned.

In 2008, some 60 key employees completed a number of training courses relating to the sales process and the inventory management process under the supervision of the Internal Control staff function. The flow chart detailing defined processes connected to the minimum requirements for effective internal control was distributed and discussed during training. A new section of the intranet is under development

and will provide coworkers with the possibility to access tools and documents that support effective internal control and steering and give examples of sound operational solutions. This service will be launched at the beginning of 2009.

One of the processes utilized by the Group requires all relevant employees to confirm compliance with Trelleborg's policies on an annual basis. The Group's CFO and the Head of the Internal Control staff function have reported 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 steering instruments.

Monitoring

Monitoring to ensure the effectiveness of internal control as regards financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function and by the Group's companies and business areas. Monitoring includes the follow up of monthly financial reports in relation to budget and targets, as well as quarterly reports with results from self-assessments in the Group's companies and business areas, and using results from internal audits performed by the Internal Control staff function or external consultants, Deloitte, under the direction of the Internal Control staff function. 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. In 2008, focus areas for the Internal Control staff function were the sales process, the IT security process and training in the sales process and inventory management process. Focus areas in 2009 will include the purchasing process, the annual accounts and reporting process, and the launch of a new section of the intranet containing standardized tools, documents and examples of operational solutions.

Trelleborg, February 10, 2009

The Board of Directors of Trelleborg

Significant processes:

- self assessment
- internal audit
- training/tools

