

## SAFE AND EFFICIENT USE OF RESOURCES



The Resources focus area is clearly linked to the UN goals in categories 7, 8, 12 and 13. Read more about the connection to each goal on page 49.

Health & safety is a prioritized area for all of Trelleborg's employees within the scope of Trelleborg's program for Manufacturing Excellence. Continuous work focused on process efficiency is also carried out within the parameters of the program. This includes all types of resources, such as energy and raw materials, toward the aim of achieving a circular approach. For energy, the proportion of renewable energy is to steadily increase to reduce climate impact.

The most important program to achieve efficient resource management and a safe workplace is Manufacturing Excellence, which also includes the occupational health & safety program Safety@Work.

The Manufacturing Excellence framework takes a systematic approach to improvements for enhanced safety, quality, delivery precision and efficiency that also yields distinct positive effects on resource consumption by focusing on minimizing all resource waste. Refer also to the Annual Report 2019, page 35.

# -9%

The number of accidents per 100 employees declined 9 percent.

**Work environment – health and safety.** Trelleborg's Safety@Work program aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. The program includes all staff, both employees and insourced, without exception.

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

One fatal accident occurred in 2019. Refer to page 34.

The total outcome for the year for OHS-related indicators is shown in the table on page 132, including the share of sites that have a safety committee. The number of units with certified systems for occupational health and safety management according to OHSAS 18001/ISO 45001 is also reported as of this year.

**Raw materials and chemicals.** The Group's principal raw materials in Trelleborg's processes are polymers (rubber, composites and plastics), metal components, as well as

additives comprising softening agents (oils) and fillers such as carbon black, and vulcanizing agents (sulfur, peroxides).

The Trelleborg's Group environmental policy – available on [www.trelleborg.com](http://www.trelleborg.com) since 2019 – stipulates that the precautionary principle shall be observed, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes. As a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the local work with REACH compliance, the Global Chemical Task Force, a corporate-level team, continued to pursue its works related to chemicals during the year. The team assists the business units in their efforts to phase out and replace substances that are currently considered harmful, and monitors such substances that may be of interest in the future. An internal Restricted Materials List has been compiled, and work efforts were again actively pursued in 2019 by the Global Chemical Task Force focusing on such prioritized materials.

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

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

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



# -11%

Energy consumption relative to sales, decreased 11 percent in 2019, which is clearly better than the internal goal of 3 percent.

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

The positive outcome for the year of energy consumption (see table on page 34) reflects ongoing efficiency enhancements that can be most clearly seen in the improvement in results of the Group's most recently acquired units.

**Renewable energy.** The proportion of renewable energy is reported as a separate indicator in the table on page 34. A significant project was completed in Sri Lanka, where biomass has replaced fossil fuel to produce steam for production as of 2019.

Internally generated electricity is being produced using solar cells in Modena, Italy (new installation in 2019), in Malta and in Bengaluru, India.

**Climate.** A special overview of targets and challenges in the climate area adapted to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) is presented on page 19.

Trelleborg's "20 by 20" climate objectives address and reflect the carbon intensity (no other greenhouse gases are included), meaning the total size of CO<sub>2</sub> emissions within Scope 1 and 2 relative to the size of operations, as well as work on a transition to emission optimization of energy sources in each country. The outcome in 2019 for these climate-related indicators is shown in the table on page 34. Trelleborg has corrected the value for the preceding year for CO<sub>2</sub> emissions due to inaccurate emissions deductions made in 2018 regarding the purchase of renewable energy.

The acquisitions of recent years have entailed that operations have become more energy-intensive as a result of an increased proportion of tire manufacturing. For the next few years, one key goal is to continue work to make all units more energy-efficient.

The base line for the Group's "20 by 20" climate goal was set on the basis of the performance of all Trelleborg units in 2015. Using this baseline, developments in 2019 were favorable and provide a solid foundation at the end of this 2020 target period. Read more about the next target period from 2021 on page 19.

The calculation of CO<sub>2</sub> emissions from the consumption of purchased electricity, steam and other indirect types of energy is mainly based on national conversion factors from the International Energy Agency (during the past year, these factors were updated to the version from 2018).

Conversion factors reflect the average total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil. All adjustments of emissions compared with national conversion factors must be attested by a certificate from suppliers of the energy mix and net emissions delivered.

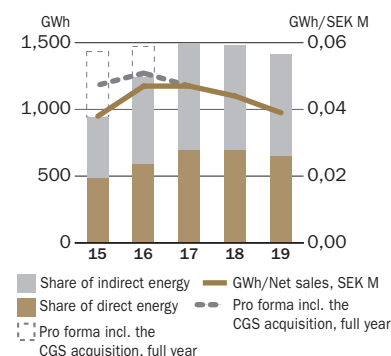
Only two of the Group's units – Prague in the Czech Republic and Tivoli in Italy – are included in the EU Emissions Trading System (EU ETS).

Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO<sub>2</sub>). Each year, the operations concerned must report their emissions of CO<sub>2</sub> and transfer emission allowances corresponding to the emissions caused. The actual number of allocated emission allowances for Trelleborg in 2019 was 34,008.

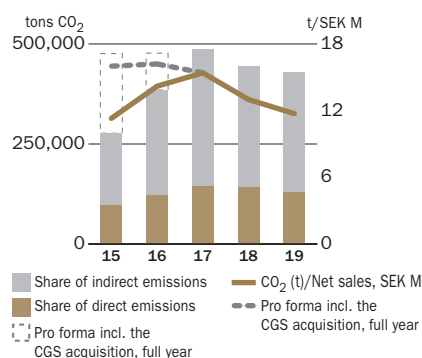
**Water.** Water is mainly used for cooling and washing in the production processes. The outcome for the year for water-related indicators is shown in the table on page 35. Major reductions in consumption have been made on an ongoing basis by using, for example, improved cooling and recycling systems.

Emissions to water are limited. They mainly comprise organic matter. An evaluation of water supply has been carried out for regions where Trelleborg's production units are located, and indicates that certain units are located in regions where water scarcity may

## ENERGY



## CLIMATE



**-7%**



Water use decreased during the year, despite growth in sales and production volumes. In total, the Group reduced water use by 7 percent relative to sales.

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



become an issue, such as in China, Italy, Malta, the US and Sri Lanka. The focus for central water follow-up activities is on these regions.

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

- » Recycling is carried out by external partners and internally, see the diagram on page 35.
- » Refer also to the section on circular resource efficiency on pages 36 and 19.

**-14%**  
Emissions to air of volatile organic compounds (VOC) were clearly reduced during the year, in part through increased recycling.

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

The reduction of VOC emissions is a priority, both from an environmental and health perspective, and these emissions have been continuously reduced in recent years, refer to the table on page 35. Emissions are mainly derived from the use of solvent-based adhesives, and are critical only for a limited number of products and production units.

#### ALL DISPOSABLE PLASTIC BOTTLES ARE TO BE REMOVED FROM TRELLEBORG

In 2019, a global campaign was launched to eliminate all disposable bottles made of plastic before the end of 2020. Each facility in every country is to decide on the most suitable approach, as the situation and the best solution to the issue varies locally. A global section on the intranet page has been set up to exchange ideas and successful approaches.



The original idea for the campaign came from an employee who was inspired when attending the *One Young World Summit* for younger employees in international companies, see also on page 27.

#### TRELLEBORG ADVANCES TO THE HIGHEST LEVEL FOR REPORTING CLIMATE DATA



Since 2007, Trelleborg has participated in the CDP's (formerly referred to as the Carbon Disclosure Project) voluntary reporting of greenhouse gas emissions. This involves reporting relevant key figures and data, measures to prevent adverse climate impacts, and products, solutions and initiatives to improve society in this respect.

In the Annual CDP Report for 2019 on climate issues, Trelleborg received a score of A- (2018: B), which means the Group has advanced and demonstrates the highest level, Leadership, of how environmental concerns are inter-related with operations. This is higher than Europe's regional average.

A company's path towards a high level of environmental protection/administration is described by CDP using a process in four scoring levels that begin with Level D (Transparency), continues with C (Awareness), followed by B (Governance), and finally A (Leadership).

Water issues were also reported for the second time, and here Trelleborg received a score of B- (B-).

#### TRELLEBORG THIRD AGAIN IN ITS CATEGORY IN SUSTAINABILITY RANKING 2019

Trelleborg came third in the Durable consumer goods category in the new Swedish sustainability ranking Hållbara Bolag 2019, arranged by the business daily *Dagens Industri* and the *Aktuell Hållbarhet* magazine. Trelleborg was also third in its category in 2018.

In addition to information from company reports and websites, the companies have completed a survey about how they work with strategy and the UN Sustainable Development Goals, environment, climate, human rights, anti-corruption, standards and certificates and HR issues.

The ranking was carried out by the Lund University School of Economics together with an advisory committee.

# TRELLEBORG AND CLIMATE 2019: THE WAY FORWARD

Based on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), this page describes how Trelleborg's climate work is organized, how the Group is strategically contributing to lower emissions in society, risks/opportunities and goals and metrics.

## STRATEGY AND ORGANIZATION

Trelleborg's current climate target of "20 by 20" is to increase energy-efficiency by 20 percent, using 2015 as the base year, by the end of 2020.

The CO<sub>2</sub> emissions in question are the direct emissions caused by energy produced internally (Scope 1) and the indirect emissions caused by energy purchased for own consumption (Scope 2). By the end of 2019, Trelleborg had achieved a reduction of 27 percentage points since 2015, when the base value was 16.0 tons/SEK M.

**Green energy is key.** In addition to becoming more emission-efficient every year through activities carried out under the Manufacturing Excellence program (see page 16), Trelleborg is aiming to reduce CO<sub>2</sub> emissions over time by transitioning to renewable energy from sources such as wind, solar and hydro power.

In 2019, a significant transition to renewable steam production using biomass from rubber plantations was carried out at Trelleborg's facilities in Sri Lanka.

**After "20 by 20", Trelleborg will draw up a new climate target.** The target will use 2020 as the base year. In the new climate target, which will be communicated in 2020, Trelleborg will:

- » take into account the scientific practice of how to achieve the 1.5 degree goal for society. The target will not only address Scope 1 and 2, but will also address emissions throughout the value chain, Scope 3, that are linked to Trelleborg.
- » In its new climate target, Trelleborg intends consider how the transition to renewable energy can be implemented in different countries through investments, technical innovation and other factors that influence the potential rate of emission reductions.

Climate change has been an important issue on Trelleborg's sustainability agenda for many years. The organization and governance is the same as for other sustainability issues. The Board – which regularly includes sustainability/climate on its agenda – and its Audit Committee are the highest governing bodies.

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

Internally, the target to continuously become more energy-efficient, and thus more climate efficient, is a fundamental part of the Group's efforts to achieve world-class manufacturing. This systematic effort in all of the Group's units is associated with the strategic Trelleborg Excellence program, which aims to improve core processes (see the Annual Report 2019, page 35). In addition to this, the Group is pursuing a systematic transition of its own energy supply toward renewable energy.

## INDIRECT EMISSIONS ALONG THE VALUE CHAIN

**In 2018, Trelleborg conducted an analysis** in cooperation with EY aimed at obtaining an initial general picture of indirect emissions along the value chain of operations, Scope 3.

The analysis showed that these emissions are significant and overall clearly exceed the total emissions in Scope 1 and 2. Purchased products and services were the single largest emission category. Next were purchased transportation, downstream and upstream. Back in 2016, EY estimated emissions from Trelleborg's transportation downstream to be substantial and approximately on a par with total Scope 2 emissions.

**As a consequence of this report**, and in preparing a new climate target, Trelleborg will further expand monitoring of emissions by major suppliers. Focus will be on polymer suppliers and transportation.

## RISKS AND OPPORTUNITIES

**Climate risks.** The overview of the Group's risks on pages 42–47 includes a description of material sustainability-related risks managed at Group level. Climate-related risks are described separately below.

**Opportunities.** Trelleborg has identified opportunities associated with greater energy-efficiency for some time and engaged in systematic work in this area, as part of Manufacturing Excellence, see the Annual Report 2019, page 35.

**Energy sources.** Renewable energy reduces Trelleborg's CO<sub>2</sub> footprint over time. See page 17.

**Products and solutions.** Many of Trelleborg's products and solutions help customers and society save energy. Refer to pages 4, 15 in this report and page 33 in the Annual Report 2019.

## TARGETS AND METRICS

Trelleborg monitors on an annual basis both direct (Scope 1) and indirect (Scope 2) CO<sub>2</sub> emissions. These are measured relative to sales to relate these to the scale of production. Refer to the table on page 34, as well as Strategy and organization above.

## REUSE OF RESOURCES

**Circular business.** Recycling, greater resource efficiency and circular business models offer considerable potential to reduce CO<sub>2</sub> emissions in society. In Trelleborg's case, industrial tire operations have played a particularly pioneering part in increasing the share of renewable and recycled raw materials and introducing service and lease-based business models. Refer also to page 14.



The Task Force on Climate-related Financial Disclosures (TCFD) is the call for climate action from the financial markets. It describes how companies should handle their climate-related information, including risks and opportunities.