

Corporate Responsibility Report 2016

**WE SEAL, DAMP AND
PROTECT CRITICAL
APPLICATIONS
IN DEMANDING
ENVIRONMENTS**

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Trelleborg AB is a public limited liability company. Corporate Registration Number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden.

The Corporate Responsibility Report is published in English. The Corporate Responsibility Report 2015 was published in April 2016.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the preceding fiscal year, 2015. All figures in the section "Trelleborg in brief" relate to continuing operations, unless otherwise stated.

This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

This Corporate Responsibility Report was produced in collaboration with RHR/CC in Malmö, Sweden. Translation by The Bugli Company.

Index with reference to GRI, Global Reporting Initiative

Indicator categories: G4=General Standard Disclosures, EC=Economic, EN=Environmental, LA=Labor Practices and Decent Work, HR=Human Rights, SO=Society.

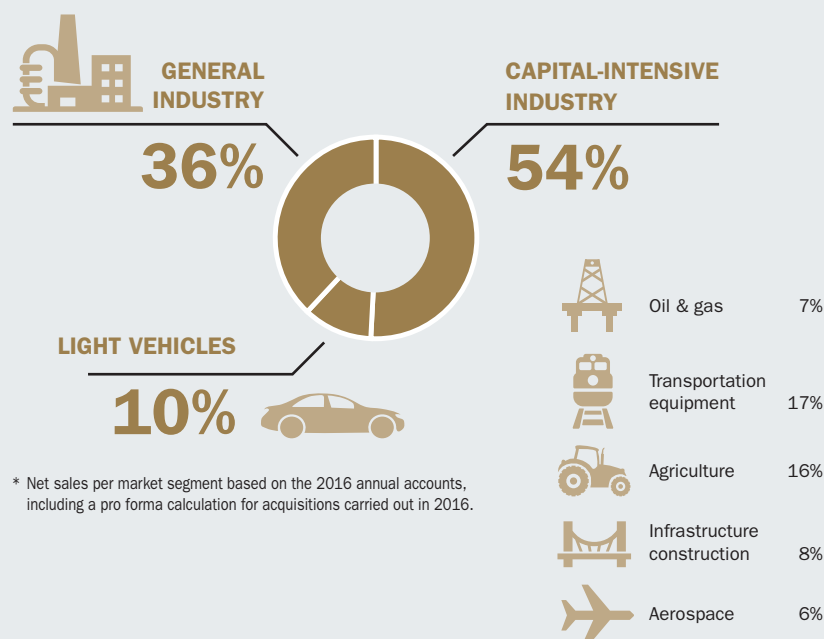
An indicator with an asterisk* signifies an indicator with comments regarding aspects that have been omitted (these can be found in the GRI index on pages 39-41.)

TRELLEBORG IN BRIEF 2016

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

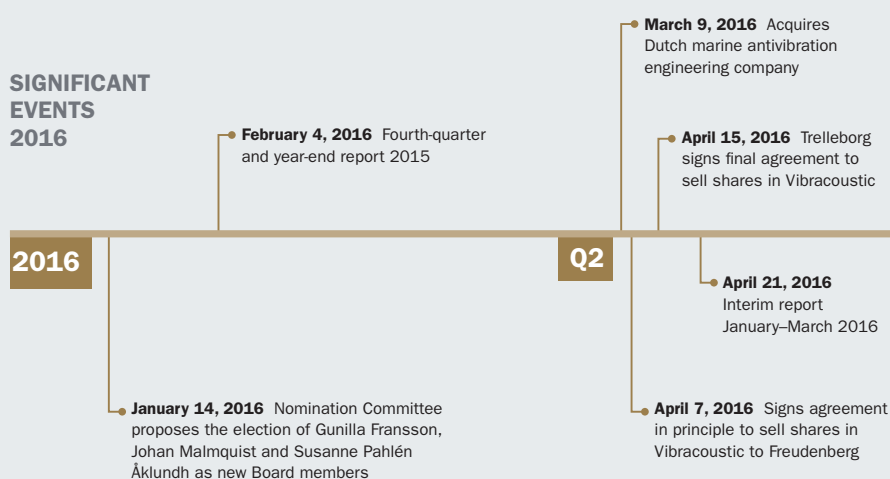
FOUNDED IN	1905
HEAD OFFICE IN	TRELLEBORG
NUMBER OF COUNTRIES WITH OPERATIONS	50
LISTED ON NASDAQ STOCKHOLM, LARGE CAP	1964
NUMBER OF EMPLOYEES	23,245
SALES IN 2016 (SEK M)	27,145

SHARE OF THE TRELLEBORG GROUP'S SALES*



* Net sales per market segment based on the 2016 annual accounts, including a pro forma calculation for acquisitions carried out in 2016.

SIGNIFICANT EVENTS 2016



SOLID PLATFORM FOR THE FUTURE

Trelleborg has closed the chapter on yet another eventful year. The Vibracoustic joint venture was divested and the purchase of CGS Holding, Trelleborg's largest corporate acquisition in decades, was finalized. The Group has advanced its positions and has a solid structure in place for the future.

EBIT increased and the EBIT margin was sustained at a high level. Sales rose by 9 percentage points compared with the preceding year, predominantly driven by the acquisition of CGS in addition to other bolt-on acquisitions.

The Group's favorable results reflect its focus on leading market positions, higher value in customer solutions and effective cost control in an environment distinguished by a continued weak trend for several market segments. The decline in organic sales was mainly attributable to the oil & gas and agriculture segments, while a more positive trend was noted in the aerospace and light vehicles segments. Organic sales were lower year on year. Several growth-promoting investments were made during the year, at the

same time as the Group is driven by an interaction between organic and acquired growth.

Digital technology is yielding new growth opportunities for Trelleborg and the Group is focusing intently on the development of diverse digital offerings that simplify and increase value for the customer. This includes smart products with built-in sensors and tracking systems, as well as online design programs and digital solutions for web-based and mobile applications that make it easier to do business with Trelleborg.

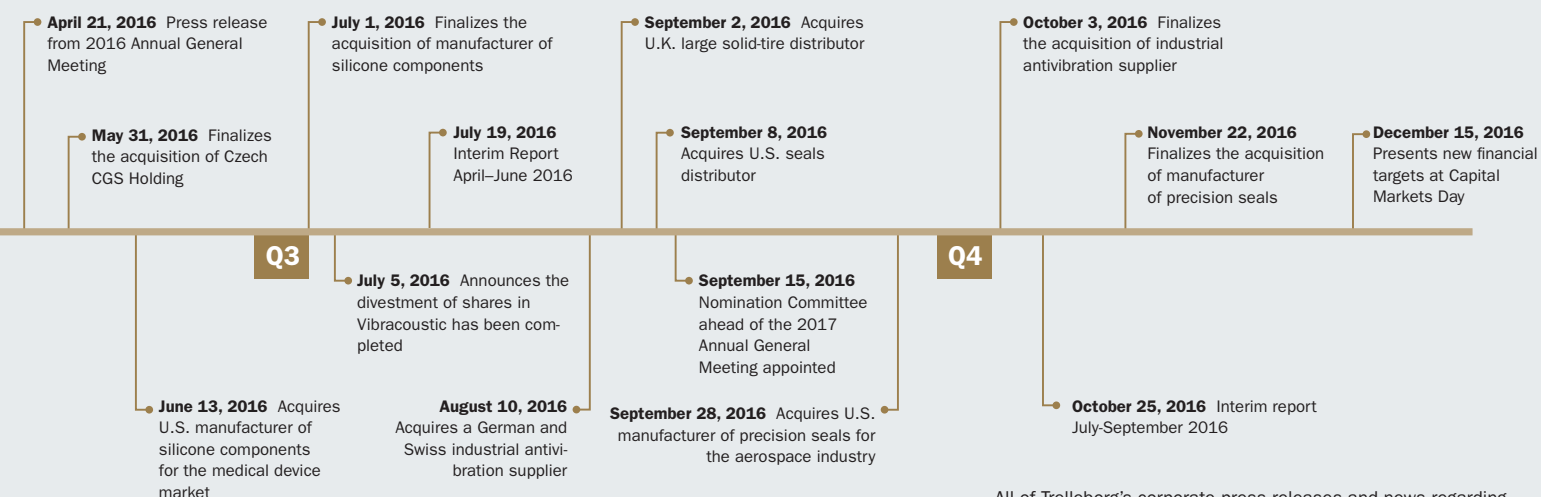
The Group maintained its focus on CR work, reflecting a shared commitment, by Trelleborg and its suppliers, to comply with legislation and regulations, including international agreements. Trelleborg also aims to offer a safe workplace and resource-efficient production, and to be an attractive employer known for its diversity and dedication. The Group strives to raise the bar in all of these areas every year. Energy-efficient and climate-friendly operations is one example of an area where the Group works relentlessly to save energy and further streamline production.

Key figures, continuing operations, SEK M	2016	2015
Net sales	27,145	24,803
Organic sales, %	-5	-2
EBITDA, excluding items affecting comparability	3,700	3,325
EBITDA margin, %	13.6	13.4
EBIT, excluding items affecting comparability	3,496	3,219
EBIT margin	12.9	13.0
Items affecting comparability	-391	-257
EBIT	3,105	2,962
Operating cash flow	3,460	2,282
Cash conversion ratio, %	99	71
Return on shareholders' equity, % ¹⁾	10.1	11.5
Earnings per share, SEK ¹⁾	8.18	7.73
Dividend, SEK	4.25	4.00

¹⁾ Including items affecting comparability.



Hevea Brasiliensis is the Latin name for the rubber tree from which the sap is collected to produce rubber.



All of Trelleborg's corporate press releases and news regarding products and solutions are available at www.trelleborg.com.

A professional portrait of Peter Nilsson, President and CEO of Trelleborg. He is a middle-aged man with short brown hair, wearing a dark navy blue suit jacket over a light blue dress shirt and a dark tie with a small white diamond pattern. He is looking directly at the camera with a slight smile, and his hands are clasped together in front of him. He is wearing a gold ring on his left ring finger and a silver-toned watch on his left wrist. The background is a bright, out-of-focus interior space.

**“2016 WAS AN
EVENTFUL YEAR
FOR TRELLEBORG”**

WE ARE CONTRIBUTING TO A MORE SUSTAINABLE SOCIETY

A year that has made us stronger. A year of new challenges during which we were also able to begin showing how our innovations are contributing to sustainability.

During the year, we began to truly show our business environment and customers how our polymer-based innovation helps to protect the environment, people, infrastructure and assets. With the launch of *Blue Dimension™ – solutions for better sustainability*, we now have numerous examples to demonstrate how well-equipped Trelleborg is for future challenges. Read more about how our solutions contribute to an increasingly sustainable society on pages 34-44 in the Annual Report 2016.

2016 was also an eventful year for Trelleborg in other ways. The acquisition of new operations, particularly Czech-based CGS, helped our Group to expand significantly. Although Trelleborg emerged from the year better equipped for the future, it is also facing new challenges. When it comes to health and safety as well as energy efficiency, we have considerable work to do in several of our recently acquired units before we can achieve the levels we are striving toward within the Group.

Overall, Trelleborg's CR work reflects our shared commitment to comply with legislation and rules, including international agreements, to offer a safe workplace and resource-efficient production, and to be an attractive employer known for its diversity and dedication. We endeavor to raise the bar for ourselves in all of these areas every year. Some of the most important aspects of our four focus areas are:

Regulatory compliance. When it comes to compliance with legislation and rules, we assign high priority to further developing our work related to training and information in all relevant areas; a new Code of Conduct will be introduced throughout the Group in 2017. Our goals also apply to our suppliers, who we encourage to comply with our Code of Conduct and the guidelines of the UN Global Compact.

Resources. We continuously seek to conserve our resources when it comes to energy and raw materials, to eliminate all wastefulness and to be a safe and secure workplace. Our Safety@Work, Energy Excellence and climate-related programs – for which we have established a new, challenging target for 2020 – remain top priorities within all units, particularly our recently acquired units.

Diversity. We work actively in many ways to truly show that diversity is important to us and positive for our business. We are introducing a new key figure to help us increase the percentage of female managers in our operations, which will ultimately yield a higher number of female candidates for senior positions.

Community involvement. Trelleborg cultivates good local relationships wherever we are in the world by participating in various community activities and through selected local projects that aim to support child and youth development. Our high-profile school and community projects in Sri Lanka, Brazil and India are good examples of this.

These were some of the most important features of our CR work during the year, both within in the company and along our value chain – from suppliers to more sustainable customers and society.



Peter Nilsson, President and CEO

TRELLEBORG AND THE GLOBAL COMPACT

Since 2007, Trelleborg has been affiliated with the UN Global Compact network, an initiative to promote responsible business practices in the areas of the environment, labor, human rights and anti-corruption.



GRI G4 GUIDELINES AND EXTERNAL AUDITORS

Trelleborg's 2016 CR Report is based on GRI G4, the Global Reporting Initiative's Sustainability Reporting Guidelines, with Core options.

PricewaterhouseCoopers has reviewed and assured compliance with this option, with a focus on the most significant CR issues. Refer to the Assurance Report on page 35.

The 2016 CR report is prepared for sustainability reporting in compliance with the Annual Accounts Act.

For a detailed GRI Content Index and the Annual Accounts Act index, refer to pages 39-41 in this report.

VALUE GENERATION AT TRELLEBORG



Today, the Trelleborg Group is a world leader in engineered polymer solutions, whose innovative solutions accelerate performance for customers in a sustainable way. This overview shows both the key factors and main risks underlying value creation.



► BUSINESS CONCEPT

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

► STRATEGY

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

Trelleborg works with the strategy, both Group-wide and in the business areas, supported by four strategic cornerstones that – individually and in combination – underpin the strategy.

The strategic cornerstones are:

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

Read more on
pages 30-33 in the
Annual Report.

► CORE CAPABILITIES

Value generation through core capabilities. Trelleborg's business is built on five core capabilities that enable the Group to deliver value, where polymer engineering and a local presence, combined with global reach, provide a solid foundation. The value-driving factors of applications expertise and customer integration act as a business accelerator for Trelleborg's customers. Trelleborg's five core capabilities are:

» Polymer engineering

Within Trelleborg's selected segments, the Group has pioneered applied polymer-engineering and materials technology for more than a century.

» Local presence, global reach

Wherever Trelleborg conducts business, its employees act as a local partner and leverage the Group's global strength and capabilities.

» Applications expertise

Trelleborg has leading-edge technology and in-depth understanding of the challenges customers must overcome to seal, damp and protect their critical applications.

» Customer integration

Trelleborg always makes it easy to do business with the Group, by integrating closely with markets and customers through multiple channels.

» Business accelerator

Trelleborg works as a proactive and long-term business partner, delivering solutions based on market foresight, contributing to better business for its customers.

RISKS

► SUPPLIER-RELATED RISKS

Risks that are beyond the company's direct control upstream in the value chain but that could nevertheless have a clearly negative impact on people's trust in the company. Refer to *page 16*.

► MAJOR RISKS

A number of risks identified as having a major potential impact on the entire Group and are therefore managed at Group level. Refer to *pages 29-33*.

► FINANCIAL RISKS

Primarily financing and liquidity risks, interest rate and foreign exchange risks, and financial credit risks. Refer to Note 31, *pages 114-116* in the Annual Report.

INNOVATION

Better function, better business, better sustainability. The core of Trelleborg's product development is engineered polymer solutions that meet customer-specific requirements for functional properties. In various ways, the purpose of these is also to improve business factors – productivity, costs, sales and profitability – and the sustainability profile for customers.



GENERAL INDUSTRY



OIL & GAS



TRANSPORTATION EQUIPMENT



AGRICULTURE



INFRASTRUCTURE CONSTRUCTION



AEROSPACE



LIGHT VEHICLES

CORPORATE CULTURE

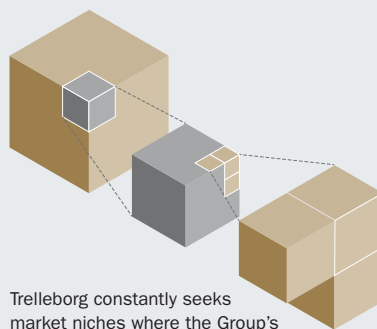
Trelleborg's internal culture. The Trelleborg Group is characterized by far-reaching delegation of responsibilities and authorities. The Group gives its employees extensive freedoms under responsibility and encourages rapid, proactive leadership. Trelleborg has built up a culture over many years that stimulates commitment, responsibility, good ethics in business relationships, and positive interaction with the community in which the Group operates.

MARKET SEGMENTS

Trelleborg's balanced market. The seven chosen market segments are a mix of general industry, capital-intensive industry and light vehicles, which represent a favorable balance between early and late cyclical industry. The Group's exposure to various market segments has changed over time to balance the demand. Read more about the market segments on pages 38-44 in the Annual Report.

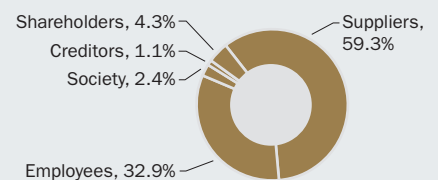
FUTURE GROWTH

Future growth investments. Several dimensions must be taken into consideration when prioritizing future growth investments. These may include segments, niches and product categories combined with geographies, regional and local presence, customers and applications that determine the investments, from the perspective of mature and growing markets.



Trelleborg constantly seeks market niches where the Group's knowledge provides market leadership.

Distributed value 2016



In total in 2016, Trelleborg's operations generated economic value totaling SEK 27,466 M (25,489), of which SEK 25,053 M (22,797) was distributed among stakeholders as shown in the diagram above and specified below:

Suppliers: Payment for material and services: SEK 14,852 M (13,601).

Employees: Salaries and benefits: SEK 8,247 M (7,518).

Shareholders: Dividend in 2016: SEK 1,084 M (1,017). Long-term dividend policy: 30-50 percent of net profit for the year.

Creditors: Interest expenses: SEK 277 M (189).

Society: Taxes paid: SEK 593 M (472).

CONFIDENCE RISKS

Risks associated with the market's confidence in the company as a reliable player and supplier. Refer to page 29.

OTHER SUSTAINABILITY-RELATED RISKS

Sustainability-related risks – other than identified major risks – whose impact could have serious consequences for the company and its operations. Refer to page 29.

THE GROUP IN BRIEF

TARGETS AND OUTCOMES

The Trelleborg Group strengthened its positions during the year despite challenging market conditions in several segments. Strict and precise cost control was maintained despite the Group growing by about one-fifth, which required integration measures to be taken. However, new acquisitions had a temporary adverse impact on the outcome of certain indicators in the Corporate Responsibility (CR) area. Otherwise, the CR activities reflect the Group's commitment to comply with legislation and regulations, provide a safe and secure workplace with resource-efficient production and retain its position as an attractive employer characterized by diversity and social commitment.

RESOURCES

Health and safety

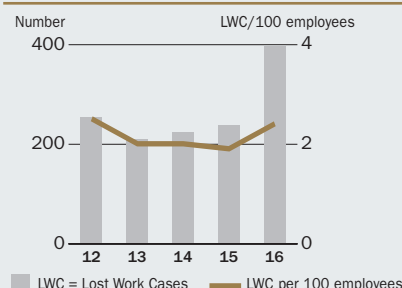
Focus and target: The key figure of occupational injuries and illnesses with at least one day's absence is defined as Lost Work Cases (LWC) per 100 full-time employees per year.

In addition, the number of working days lost due to occupational injuries and illnesses is measured at each individual site.

Outcome: In 2016, the average outcome was 2.4 LWCs (1.9) per 100 employees. The increase is entirely attributable to newly added units during the year.

The average number of days lost per injury was 24.1 (29.8).

Health and Safety



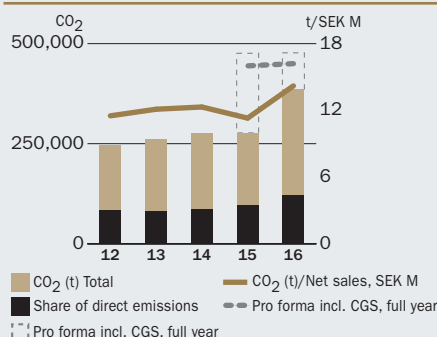
Climate

Focus and target: The "20 by 20" target aims to reduce direct and indirect CO₂ emissions (Scope 1 and 2) by at least 20 percent relative to sales by 2020 (compared with base year 2015 and the pro forma value of 16.0 metric tons/SEK M, see below and page 18 for more information).

Outcome: In 2016, the value was 14.2 metric tons/SEK M (11.3), with the increase entirely attributable to newly added units, which have resulted in a new product mix and new geographic footprint for the Group. To enable accurate comparisons moving forward, pro forma values have been calculated for 2015 and 2016, including the outcome for CGS's units for the full years.

Refer to pages 17-21 for details, including the "20 by 20" target for the years ahead.

Climate impact



REGULATORY COMPLIANCE

Anti-corruption and human rights

Focus and target: Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child and forced labor, and discrimination (reported and reviewed). At the end of 2017, 85 percent of employees will have completed Code of Conduct training.

Outcome: Zero cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2016. Furthermore, zero cases (0) of child labor or forced labor were reported. Of 5 reported cases of discrimination (8), a settlement was reached between the parties in the majority of cases, while others are still subject to negotiations.

During the year, 14 matters were reported via the whistleblower system. In some cases, reviews were carried out, which identified non-compliances with the Group's Code of Conduct and policies, and relevant measures were taken in these cases. Refer to pages 14-16.

Suppliers

Focus and target: The Group aims to only work with suppliers who adhere to the applicable sections of Trelleborg's Code of Conduct.

Audit in the form of self-assessment to be completed with suppliers corresponding to 80 percent of the relevant global purchasing value in the production units, as defined by Trelleborg.

Outcome: Despite newly acquired units and the subsequent addition of many suppliers, Trelleborg met the target level. Suppliers corresponding to about 81 percent (84) of the value defined by Trelleborg were audited.

Refer to page 16 regarding supplier audits and how they strengthen supplier review activities.

SALES GROWTH

EBIT MARGIN

RETURN ON SHAREHOLDERS' EQUITY

FINANCIAL

RESOURCES

REGULATORY COMPLIANCE

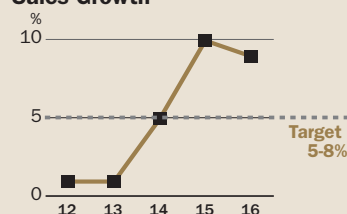
TARGET OR

TARGET 5-8%

Total sales growth, including organic growth in excess of the underlying market growth for continuing operations over an economic cycle

OUTCOME: 9%

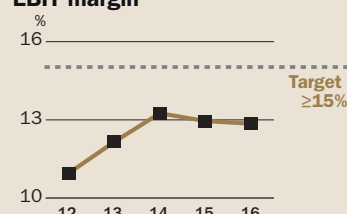
Sales growth of 9 percent (10) was primarily acquisition-driven. Organic sales declined by 5 percent, structural changes contributed 15 percent and exchange rate effects had a negative impact of 1 percent on sales.

Sales Growth**TARGET ≥ 15%**

EBIT margin, excluding items affecting comparability for continuing operations over an economic cycle

OUTCOME: 12.9%

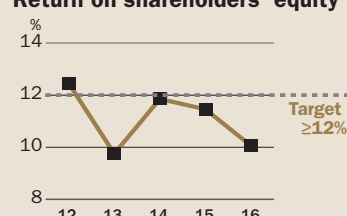
The EBIT margin of 12.9 percent (13.0) declined slightly compared with the preceding year, with the trend in the oil & gas segment and integration costs in conjunction with acquisitions, for example, negatively impacting the margin.

EBIT margin**TARGET ≥ 12%**

Return of shareholders' equity (ROE) for continuing operations over an economic cycle

OUTCOME: 10.1%

The capital gain in connection with the divestment of Vibracoustic increased equity, although this had a negative effect on return on shareholders' equity for continuing operations. The outcome was 10.1 percent (11.5).

Return on shareholders' equity ¹⁾

¹⁾ Including items affecting comparability.

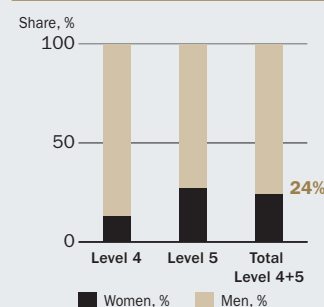
DIVERSITY

Focus and target: Trelleborg works to attract, develop and retain talented young people and aims to achieve a balanced mix in terms of ethnicity and gender, especially at management levels.

As of 2016, the aim is to continuously increase the share of female managers at management levels 4-5.

Outcome: In 2016, the share of women at management levels 4-5 in Trelleborg's units was 24 percent. This is the same percentage as for the organization as a whole (refer to page 32 in the Annual Report 2016). The share of women is highest at level 5, 27 percent, while the figure at level 4 is 13 percent.

The share of women in Group management is 9 percent (9), and on the Board 33 percent (33).

Gender distribution at management levels 4-5**SOCIETY**

Focus and target: Trelleborg supports the local communities in which it operates by participating in a variety of social activities, and at selected locations by providing support for teaching and educational activities for young people, often with a focus on meaningful leisure activities. These operations are to be continuously developed over time by adding new programs.

Outcome: In many of the places where Trelleborg operates, the company has partnerships with, for example, schools, universities and interest groups. With regard to sports sponsorship, youth activities are prioritized, while the company is also involved in a number of special programs that support child and youth development in such countries as Sri Lanka, Brazil and India. The program in Sri Lanka was expanded to include another school in 2016. Refer to page 23.

MANAGING TRELLEBORG'S CORPORATE RESPONSIBILITY

Code of Conduct and monitoring. A pillar of the internal CR work is Trelleborg's Code of Conduct (see also page 14) and policies in the areas of environment, occupational health and safety (OHS) and ethics. The Code is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, which Trelleborg signed in 2007.

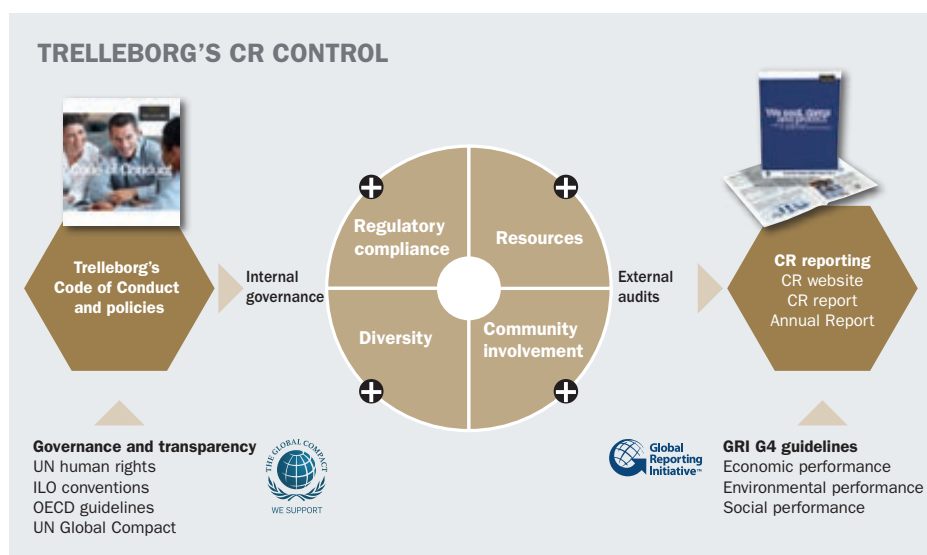
The Code of Conduct applies to all employees without exception, and training in the Code is mandatory for all employees. Refer to page 14.

Internal CR governance is further supported by various types of internal audits, within the framework of the occupational Safety@Work program and the ISO 14001 environmental management system, for example, as well as random external audits, such as initiatives to monitor compliance with the Code of Conduct. In November 2016, PricewaterhouseCoopers performed external audits of Trelleborg's units in Sri Lanka.

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

CR reporting and external reporting. The collection of CR data relates to all units included in the Group during the relevant period and is mainly performed within the framework of monthly reporting via Manufacturing Excellence (see page 33 in the Annual Report 2016) and via specific CR reporting from all Trelleborg units twice per year. The same system is used to report both financial and CR data.

The external reporting of Corporate Responsibility issues that is published in *Trelleborg's Annual Report* and in this annual, slightly more comprehensive *Corporate Responsibility Report* is based on the G4 Guidelines of the Global Reporting Initiative (GRI), according to the Core option. In addition, there is a Corporate



Responsibility section under About Us on Trelleborg's website www.trelleborg.com, from where Annual Reports and CR Reports can also be downloaded, including those published in previous years. The CR Reports also serve as Trelleborg's annual Communication on Progress (COP) reports for the UN Global Compact.

This CR Report for 2016 contains detailed descriptions of sustainability governance and an index to clarify exactly how the report follows the GRI guidelines.

Organization. At Board level, the Audit Committee has been assigned to monitor the Group's work with CR issues. In 2016, the Board was presented with new case stories from Trelleborg's daily Corporate Responsibility work at each meeting. Together with a more in-depth review at the Board meeting at mid-year of CR targets and indicators for each focus area for the coming period, this has helped to clearly underline the Board's commitment to the strategic direction.

The operational CR organization consists of a Steering Committee comprising the managers of Group Legal, Group Corporate Communications and HR staff functions, while the day-to-day activities take place in the *Corporate Responsibility Forum*, a group comprising representatives from the Group Corporate

Communications, Legal Department, Environment, HR, Purchasing and Group Finance/Treasury staff functions, and from the Manufacturing Excellence Program, as well as out in the operational units.

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

ORGANIZATION



TRELLEBORG FOCUSES ON MATERIAL ASPECTS

Trelleborg has gathered the aspects that key internal and external stakeholders consider most significant into four focus areas: Regulatory Compliance, Resources, Diversity and Community Involvement. Like most of the world's leading companies, Trelleborg's CR Report is based on the GRI G4 Global Reporting Initiative Guidelines.

Key stakeholders. The determination of key stakeholders for Trelleborg is primarily based on the degree of mutual dependency, and the direct impact of Trelleborg's operations and activities on this stakeholder group.

Key stakeholder groups with mutual and direct relationships with the company and its activities can be found across the value chain – *Suppliers, Employees and Customers*.

Another key group with a strong mutual relationship is *Shareholders*, including potential owners, meaning investors.

In terms of sustainability issues, a major portion of the stakeholder group *Society* comprises citizens with a direct connection to Trelleborg's operations, such as those living close to Trelleborg's facilities. Among these members of society is another growing group who, via Trelleborg's products and solutions, have a positive effect on the sustainability of society at large. As part of Trelleborg's focus on solutions for sustainability (Blue Dimension™, refer to page 24), this contribution to society will be further accentuated in the future.

In addition, *Society* stakeholders are represented by the media, researchers and students, for example, whose interaction with the company takes the form of

personal meetings with company representatives as well as other forms of dialog and communication, such as websites, social media or CR and Annual Reports.

Materiality analysis. Several rounds of materiality analyses have been conducted since 2007 using surveys and interviews with internal and external stakeholders. The purpose of these analyses is to ensure that the company's CR efforts take into consideration the significance of Trelleborg's operations for various stakeholder groups and that its CR communication actually meets their expectations.

The outcome is presented in the figures below. The predominant aspects in the outcome of these analyses have consistently been expectations with respect to *Compliance with legislation and human rights, Measures against corruption and bribery and Measures against anti-competitive behavior* as well as a number of key environmental aspects for the industry such as *Energy consumption, Emissions, Waste and Use of hazardous chemicals*.

For some stakeholder groups, other aspects such as *Diversity, Community relations, Open and honest communication, Corporate governance and transparency and Environmental performance of products*

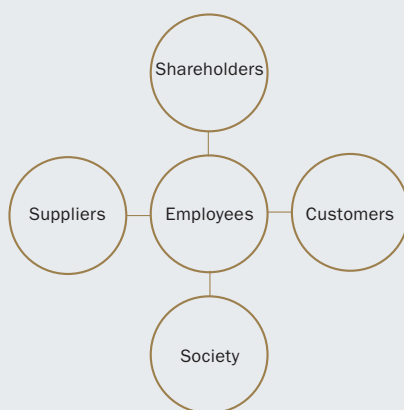
have also emerged as highly significant. Using this analysis, Trelleborg has combined its most material sustainability aspects into four focus areas: *Regulatory Compliance, Resources, Diversity and Community Involvement*. For a more detailed overview of how the sustainability aspects are allocated to each of the focus areas, refer to the Index on pages 39-41.

Review. Trelleborg's materiality analysis and focus areas were reviewed during autumn 2016. It should be noted that the review was based on the company's CR Reports up to 2015.

» Representatives of the key stakeholder groups Shareholders/investors, Customers and Society/environmental organizations were asked to provide feedback on which sustainability aspects they consider most significant for Trelleborg, which areas of the Group's sustainability work they believe can be further improved and where they see business opportunities combined with sustainability for Trelleborg.

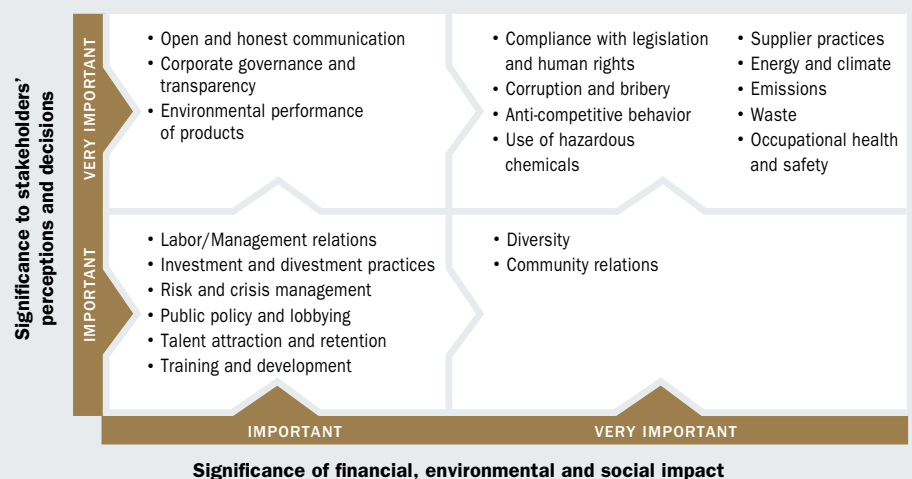
» In cooperation with the International Institute for Industrial Environmental Economics at Lund University in Sweden, exercises were conducted in October

FOCUS ON MATERIAL ASPECTS



Key stakeholders. Groups characterized by a strong degree of mutual dependency, both from the perspective of the stakeholder group and the business.

MATERIALITY ANALYSIS



Materiality analysis. The most material sustainability aspects for both external and internal stakeholders are shown in the upper right quadrant.

2016 with about 50 students from the two Master's programs offered by the institution. The goal was to evaluate the materiality analysis in Trelleborg's 2015 Annual Report and its new focus on sustainability-related products, Blue Dimension™, partly based on the perspectives of key stakeholders. The students were divided into groups that acted as each stakeholder group and used the results of their roleplay to produce views and criticism of the CR Report and promotional materials for Blue Dimension™. Another day was also devoted to presenting and commenting on the results for Trelleborg.

Looking at both the various aspects of the review from external stakeholders and the internal evaluations conducted by Trelleborg during the year, the most obvious change in the 2016 materiality analysis is that products and solutions for sustainability

are more clearly considered a new area for the future. A clear example is the section on Blue Dimension™ on pages 24-27.

Another question that emerged during 2016 was how Trelleborg can most effectively work to promote diversity in terms of establishing a broader recruitment base to employ women in leading positions and as Board members. One obvious possibility is to take active steps to expand the number of women at middle management levels 4 and 5, which correspond to two and three levels, respectively, below the position of business area president. This type of work will ultimately generate more female candidates for senior positions. Refer to page 9 and page 22.

A selection of the other recurring conclusions of the evaluation for each focus area is presented below. These conclusions were addressed during the preparation of this 2016 CR Report and the corresponding online communication.

Proposed improvements:

» **Regulatory compliance.** Further clarity is requested with respect to the Group's approach within the focus area. Strategic sourcing is considered an important aspect: supplier reviews should continue and be further developed, and natural rubber is a priority in terms of risks.

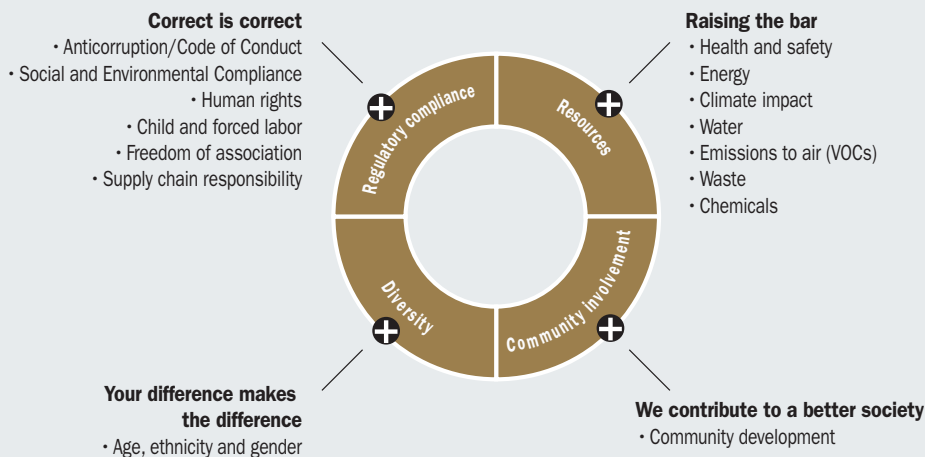
Trelleborg's comments: This is a prioritized area in 2017 and subsequent years. A new roll-out of the Code of Conduct and continued focus on natural rubber are high on the CR agenda.

» **Resources.** Trelleborg handles large quantities of chemicals, which requires increasingly well-developed management in terms of environmental and work environment risks. The climate issue remains central: the expansion of the tire operations during the year has created challenges in terms of CO₂ emissions, and fossil raw materials represent an



Representatives of the international team of Masters students that conducted the evaluation of materiality in Trelleborg's CR Report in October 2016. The MESPOM and EMP Master's programs at the International Institute for Industrial Environmental Economics, Lund University, Sweden, educates future policy makers in the field of global environmental sustainability.

TRELLEBORG'S FOCUS AREAS AND MATERIAL ASPECTS



area where a long-term strategy should be established.

Trelleborg's comments: The area of chemicals remains in focus for the Group Chemical Task Force. The new "20 by 20" climate target addresses emissions and is carefully monitored (see pages 18-21).

» **Products.** What Life Cycle Assessment procedures are in place? In what areas can we move toward "servicification", meaning selling a service rather than a product?

Trelleborg's comments: Via Blue Dimension™, the procedures for lifecycle thinking and analysis will be further developed in the years ahead. Servicification is the focal

point for Trelleborg's investments in intelligent solutions, see page 45 in the Annual Report 2016.

The image below shows how various material sustainability aspects are distributed, both along the value change – from Suppliers upstream to Society downstream – and across various focus areas.

EXAMPLES OF STAKEHOLDER DIALOG IN 2016:

February 22-25

Sustainable supply chain. Meetings with textile companies and natural rubber suppliers in Bandung, Indonesia, and in Singapore

May 11

Presentation and discussion concerning Trelleborg's sustainability work and targets at the Trelleborg European Works Council (TEWC) in Sneeksteren, Denmark

May 24

Full-day visit to Trelleborg by Asian business leaders on the theme of Sustainable Business Practices within the Framework for the Swedish Institute Management Program (SIMP).

June 3

Information meeting and discussion regarding Trelleborg's sustainability work with institutional investors at Nordea in Stockholm, Sweden.

September 22

Visit and presentation on Trelleborg by program managers and coaches in Trelleborg's Star for Life school program in Kelaniya, Sri Lanka.

September 30

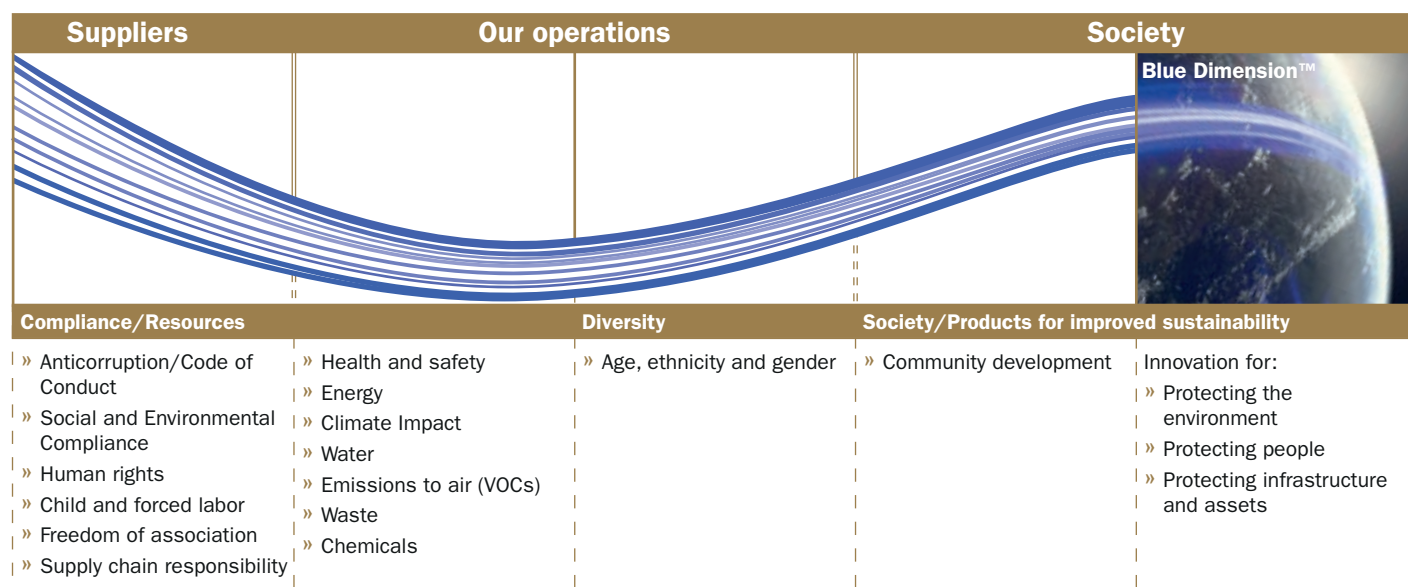
Participation in a panel discussion on sustainability reporting at PwC in Malmö, Sweden.

October 18-20

Stakeholder exercise with Master's students (see previous page) at the International Institute for Industrial Environmental Economics at Lund University, Sweden.

December 7

Global Child Forum meeting on the theme of "Nordic Companies and Children's Rights". Trelleborg selected as a positive example.



Trelleborg and the value chain. While Trelleborg's focus areas when it comes to CR have historically been based on the Group's operations, they have been expanded over time to include other activities both upstream and downstream in the value chain. In terms of materiality, social aspects were supplemented for the first time in 2016 with a new aspect: Products that contribute to the sustainability of society. This was done following input from the examination of the materiality analysis and the launch of Blue Dimension™ (refer to page 24) in Trelleborg's various markets during the year.

COMPLIANCE WITH LAWS AND CODES

Trelleborg's Code of Conduct in the areas of environment, OHS and ethics applies to all employees, without exception. The Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact.

Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussion. The Company's Code of Conduct and associated training program was revised in 2016 and will be launched throughout the Group in 2017, something that will contribute further to increasing awareness of relevant legislation, internal regulations and the Trelleborg Group's Code of Conduct.

Trelleborg's extensive work with regulatory compliance includes the prevention of corruption, anti-competitive practices, human rights violations and environmental law breaches.

Anti-corruption and competition law.

Trelleborg has a zero tolerance policy toward all forms of corruption, including all types of bribery and extortion, blackmailing, nepotism, racketeering and embezzlement. The original contents of Trelleborg's Group-wide Competition Law Compliance Program, launched in 2008, has been continuously developed and now includes such issues as anti-corruption, export control, employee relations as well as questions about professional conduct and business ethics. Recently introduced elements are aimed at achieving excellence in the management of contracts, and in issues related to global distributors and agents. The program also provides information and guidance on the relevant legislation, such as English anti-corruption law.

In order to show how compliance with laws and regulations is an ongoing and

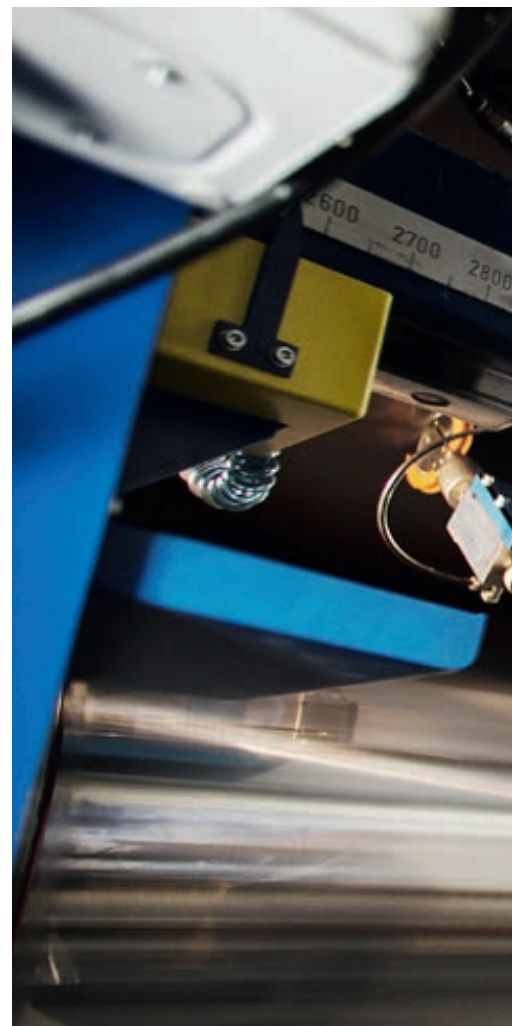
long-term commitment for Trelleborg, a Compliance Task Force with senior representatives from staff functions was established in 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of regulatory compliance.

During the year, the Compliance Task Force held four meetings that addressed, among other things, an update to training courses for the Code of Conduct and Group policies (see box below), a description of the role of Compliance Officer, trade restrictions, compliance and effects of new legislation, a review of legal entities and the integration of acquired businesses.

In 2016, more than 650 managers and employees with customer contact underwent training in seminar form on competition law, contract management and other issues related to regulatory compliance.

In addition to this, approximately 120 managers and employees took part in online meetings about contract management, and some 200 managers and employees in online meetings about export restrictions. Preparatory measures were undertaken for the launch of new e-learning programs about export restrictions, U.S. corruption legislation (FCPA) and competition law, in order to further ensure an understanding of legal compliance issues.

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



The Group's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussion.

During the year, 14 matters were reported via the Whistleblower system, most of which concerned complaints about local management and measures such as staff reductions. In some cases, reviews were carried out that identified non-compliances with the Group's Code of Conduct and policies, and relevant measures have been taken in these cases.

In 2016, Trelleborg's Compliance Task

THE CODE OF CONDUCT IS THE BASIS FOR REGULATORY COMPLIANCE AND CR

Trelleborg's Code of Conduct in the areas of environment, OHS and ethics applies to all employees, without exception. The Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact. Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussion.

The Company's training material for policies and Code of Conduct was revised in 2016 and will be rolled-out throughout the Group in the first quarter of 2017. The goal is that 85 percent of the Group's employees will have completed the Code of Conduct training during the year. E-learning and other training material is available in 11 languages.

New training material in competition law has also been launched in 2017 in e-learning format, which enables a faster global roll-out for the target groups concerned.





Force completed its initiated review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg as a world leader in engineered polymer solutions. The Group's Compliance Program supports senior and middle management, as well as employees in the field and on the shop floor. They are supported by Compliance Officers in each company, who undergo special training in which they are encouraged as a group to share best practice in compliance issues to help others respond to the situations that may arise in their daily work.

Specific legislation must be followed in certain countries, such as the U.S. (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control legislation) and the U.K. (Bribery Act, Modern Slavery Act, which is designed to prevent the U.K. from becoming a destination country for men, women and children who are transported mainly from Africa, Asia and Eastern Europe for sex trafficking and forced labor).

Compliance with laws and permits. Being a listed company with global operations, Trelleborg is subject to a range of laws, regulations and directives. No cases (0) of

significant breaches of laws and permits leading to legal consequences or fines were reported in 2016, (with the exception of environment and OHS-related laws, which are presented on the next page).

The area of human rights comprises fundamental rights defined by conventions and declarations, including those pertaining to child and forced labor, freedom of association and collective bargaining, discrimination/diversity and gender equality. All of these areas are addressed in Trelleborg's Code of Conduct, see page 14.

Within the framework of Trelleborg's ERM processes for risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant. A number of potential risks in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at rubber plantation level, see below.

Child labor. In 2016, zero (0) child labor breaches were reported. Trelleborg has collaborated with Save the Children for several years – a project that is consistent with the company's support for children and youth activities all over the world, and also strengthens our expertise in the area of child labor.

Trelleborg gathered more than 1,000

representatives of direct and indirect natural rubber suppliers in Sri Lanka during 2014–2015 for a series of informational and training meetings, aimed at strengthening their knowledge of Trelleborg's Code of Conduct in general, and of child labor specifically. The same type of work continued in 2016–2017, with a dialog with suppliers relating to Southeast Asia and Africa.

Forced labor includes various phenomena, from outright slavery to forced relocation and forced exploitation of human beings (trafficking). In 2016, zero (0) forced labor breaches were reported.

Freedom of association. Trelleborg's policy is to recognize local union clubs, and the right to collective agreements. No units are assessed to be at serious risk of violation in this area. A total 54.7 percent (52.2) of Trelleborg's employees at the Group's units are represented by a trade union through collective agreements.

Discrimination. No discrimination of employees is permitted on the grounds of gender, religion, age, disability, sexual orientation, nationality, political views or social or ethnic origin, which is presented clearly in the Code of Conduct. In 2016, 5 cases (8) of discrimination were reported and reviewed. A settlement has been reached between the parties in the majority of

cases, while others are still subject to negotiations. Trelleborg considers that measures taken in 2016, including local training, terminating employment for local employees who have breached Trelleborg's Code of Conduct, together with reinforced communication that no discrimination is tolerated in the Trelleborg Group, has helped improve understanding of these issues.

Read more about diversity at Trelleborg on page 22.

The environmental area comprises regulatory compliance with local environmental laws and permits, as well as the ISO 14001 environmental management certification.

Environmental management. A cornerstone of the Group's environmental strategy is that major production units must have an ISO 14001-certified environmental management system. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification, and 2016 was a year when an unusually high number of facilities were added, a net total of 17.

At the end of 2016, 88 units (77) were certified, corresponding to approximately 73 percent (80) of all 120 facilities.

Environment laws and permits. In 2016, 3 cases (4) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported. The total amount is equivalent to SEK 36,000 (243,000).

Unplanned emissions. In 2016, 4 cases (0) of unplanned emissions of caustic soda/paint/chemicals were reported, totaling less than 3 cubic meters.

Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination. Contaminated soil is currently being remediated at 9 units (6). Another 12 facilities (12) are expected to require remediation, although the extent has not yet been determined. Trelleborg is also active as one of several formal parties in another 7 cases (6) of remediation, 3 in

Sweden (3) and 4 in the U.S. (3), although with marginal liability for costs. The Group's provisions for environmental commitments amounted to SEK 61 M (61) at year-end.

Environmental studies. When conducting acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. In 2016, 27 studies (26) of facilities were performed in conjunction with acquisitions or closures.

Suppliers. Suppliers – the total number of which is in the order of 23,000 – are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber, respectively, metal components and additives. No material represents more than 10 percent of the total raw material cost.

While purchasing is based on a joint process, it is distinctly decentralized to the operational units, in line with a far-reaching responsibility for performance. The exception to this is when purchases at the business area or Group level yield cost benefits, particularly in respect of rubber material and indirect purchases, meaning material and services that are not directly included in products.

Trelleborg aims to work only with suppliers that adhere to the Group's business principles. During the year, zero supplier relationships (0) were terminated due to breaches of the Code of Conduct. Furthermore, zero ongoing investigations of such breaches by suppliers (0) were reported.

Supplier assessment. Supplier assessments have primarily been conducted via Group-wide questionnaires, with questions related to human rights, and also OHS, environmental management and social responsibility. Unsatisfactory responses are investigated.

The goal is that every production unit will have completed a supplier assessment equivalent to at least 80 percent of the relevant purchasing value defined by Trelleborg. The outcome in 2016 is suppliers

equivalent to 80.6 percent (84) of the relevant purchasing value underwent an assessment. The many new units acquired in 2016 means that a large number of suppliers have been added to Trelleborg. Work evaluating these is underway, but they are still not at the same level as the other units. The new Trelleborg units have been given training to ensure the correct assessment routines.

Supplier audits. In 2015, work was initiated auditing "at-risk suppliers", and this continued in 2016 with 14 audits (12) performed during the year, primarily in China. The focus has been on textile suppliers and chemicals suppliers. The basis for selection is both a geographic and material risk assessment.

Underperforming suppliers are given a deadline of 1 to 3 months for corrective measures following an audit, depending on the severity of their breaches.

The most serious breaches in 2016 include blocking emergency exits and deviations in routines for chemicals handling.

CENTRAL POLICIES IN THE AREA OF COMPLIANCE

All relevant employees sign an Acceptance Letter every year where they confirm knowledge of and compliance with the policies that form the core of the regulations Trelleborg applies in the area of Compliance:

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



SAFE AND EFFICIENT USE OF RESOURCES

Manufacturing Excellence, which develops Trelleborg's production processes, and the Group's Safety@Work program for health and safety, are two of the pillars of the company's efforts to achieve a safe workplace and efficient resource management.

The year 2016 was characterized by acquisitions which, in certain areas in terms of safety and resource efficiency, means that newly added units will require time to adapt in order to gradually meet the standards and target levels set by Trelleborg. Two of the most important programs for this are Manufacturing Excellence and Safety@Work.

Manufacturing Excellence comprises the areas of safety, quality, delivery precision and efficiency, and is based on a systematic approach to process improvement that also yields distinct positive effects on resource efficiency. Read more about the various Excellence Programs on page 33 in the Annual Report 2016.

Occupational health and safety. Trelleborg's Safety@Work program aims to create a shared safety culture through improvement programs and prevents work-related accidents and injuries. The program is monitored by performing annual audits in which the facilities are assessed in relation to best practice in terms of occupational health and safety management, machine safety, accident follow-ups, etc. Deviations are assessed according to a traffic light system where yellow and red dots require an action plan.

Zero fatal accidents occurred in 2016 (0). In May 2016, an accident was reported in Sri Lanka; an explosion in a mixing chamber caused a blast that hit two employees, one of whom suffered serious burns.

In 2016, a total of 402 cases (238) resulting in at least one day's absence



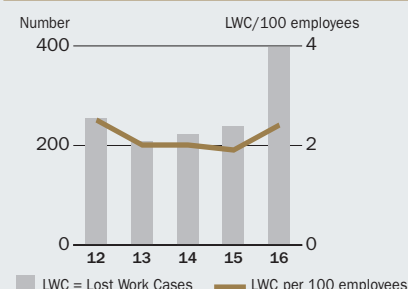
(Lost Work Cases, LWC) were reported. The number of LWC per 100 employees per year was 2.4 (1.9). The increase is entirely attributable to the units added during the year. The newly acquired CGS units generally have a higher accident frequency rate than the rest of the Group, which also impacts the key figures. The aim is to implement Safety@Work in these units in 2017 and to train occupational health and safety officers at each site. The average number

of work days lost per injury was 24.1 (29.8).

Another goal is that all of Trelleborg's facilities have a well-functioning safety committee with representation from plant management. In 2016, such committees were in place at 85 percent (93) of the facilities.

Absenteeism in Sweden. In 2016, total absenteeism at the Group's units in Sweden amounted to 5.9 percent (5.2) of normal working hours.

Health and safety



The number of work-related injury/illness cases per 100 employees resulting in more than one day's absence has gradually declined, but increased in 2016 due to the many newly acquired units.

Key figures

			Relative to sales, SEK M	
	2016	2015	2016	2015
Energy (GWh)	1,248	942	0.047 ¹⁾	0.038
Climate impact (tons CO ₂)	385,000	280,000	14.2 ²⁾	11.3
Water (m ³)	2,180,000	1,850,000	80.4	74.6
Waste (tons)	50,600	44,500	1.9	1.8
Emissions to air (tons VOC)	1,005	903	0.037	0.036

¹⁾ Newly acquired units are included for the portion of the year they have been part of Trelleborg. Compared to the rest of Trelleborg, these units generally have higher energy consumption relative to sales because of their product mix, see comments on page 18. An estimate based on pro forma values for new units in CGS (acquired in 2016) indicates an energy efficiency for Trelleborg + CGS units at the end of 2015 amounting to 0.0473 GWh/SEK M. The equivalent pro forma value at the end of 2016 is 0.0509 GWh/SEK M.

²⁾ A pro forma value at the end of 2015 for Trelleborg + CGS units has also been calculated for CO₂ emissions relative to sales: 16.0 tons/SEK M. This constitutes the base value for the Group's "20 by 20" objective – to reduce emissions relative to sales by 20 percent by the end of 2020 (see pages 19 and 21). The corresponding pro forma value for 2016 is 16.2 tons/SEK M.

Raw materials and chemicals. The Group's principal raw materials are polymers (rubber, composites and plastics) and metal components, as well as additives comprising softening agents (oils), fillers such as carbon black, and vulcanizing agents (sulfur, peroxides). Trelleborg's environmental policy stipulates that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes, and as a chemical user, Trelleborg is affected by the EU REACH regulation.

In addition to the ongoing work with REACH compliance, the central chemical activities during the year were carried out by the Group Chemical Task Force, a corporate-level team that assists the business units in their efforts to phase out substances considered harmful. An internal Restricted Materials List has been compiled, and a project was actively pursued by the team during the year focusing on prioritized materials.

Energy and climate. 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).

In 2016, the Group's total energy consumption was 1,248 GWh (942).

Direct energy consumption based on incineration in own facilities amounted to 590 GWh (446).

The Group's total energy costs for 2016 were SEK 610 M (555).

This all reflects a higher production rate year-on-year, where it should be particularly noted that acquired units increased the size of the Group by approximately one-fifth. The largest acquisition, CGS (see page 31 in the Annual Report 2016), is included with all of its units since June 2016, when the acquisition was completed.

Accordingly, overall use increased, as did energy consumption relative to sales, 0.047 GWh per SEK M (0.038), which must be considered logical as the Group's product mix changed in conjunction with acquisitions in 2016 to a higher proportion of tire manufacturing, a relatively energy-intensive process.

Energy Excellence, an initiative for systematic energy optimization at all units, is part of the Manufacturing Excellence program. All production units have an activity plan to reduce energy consumption, with the target to improve their energy efficiency by 3 percent per year.

In addition to process-related measures, many units are focusing on heat recovery. Another focus in 2016 has been to replace conventional lighting with LEDs.

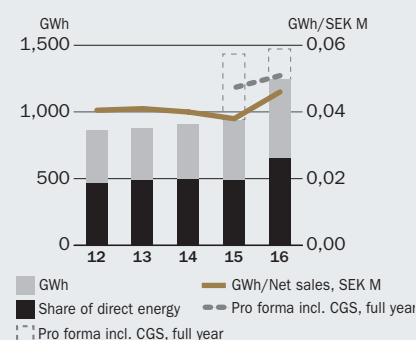
Climate. In 2016, total CO₂ emissions amounted to 385,000 tons (280,000), of which direct CO₂ emissions amounted to 122,300 tons (96,900). Total CO₂ emissions relative to sales were 14.2 tons (11.3) per SEK M.

Trelleborg's new 20 by 20 climate



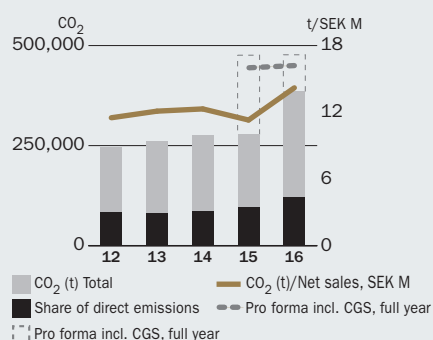
objectives (refer to text on page 21) address the intensity, meaning the total size of the emissions relative to operations, and work to identify optimal energy sources in terms of CO₂ emissions for the operations in each country.

Energy



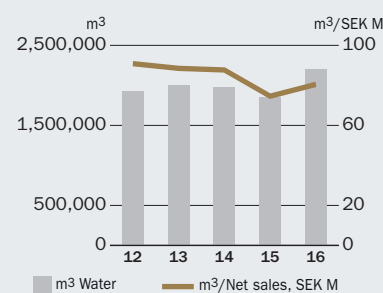
Energy consumption has increased, both in total and relative to sales, due to the impact of acquired units during the year. Over time, Trelleborg's systematic measures for energy efficiency are expected to yield results. For 2015 and 2016, the pro forma values have also been added, indicating the full-year outcome for Trelleborg including the CGS units (acquired in 2016), refer to page 17.

Climate impact



Emissions have increased, both in total and relative to sales, due to the impact of acquired units during the year. Over time, Trelleborg's systematic measures for energy efficiency are expected to yield results. For 2015 and 2016, the pro forma values have also been added, indicating the full-year outcome for Trelleborg including the CGS units (acquired in 2016), refer to page 17.

Water



In 2016, water consumption, meaning water for production and sanitary water, increased in both absolute terms and relative to sales.



A clear challenge in the years ahead is to ensure that recently acquired units, many of which include energy-intensive tire manufacturing, rapidly achieve greater energy efficiency. This would enable even higher climate efficiency, measured in emissions relative to sales. To this end, a new baseline has been created for the “20 by 20” climate goal, based on performance in 2015 for some previous Trelleborg

units and some new units from CGS, see comments in the table on page 17.

Using this baseline, the first year since the integration of the CGS units into the Group (also calculated pro forma) has been relatively stable and provide a foundation for continued improvement. Trelleborg is carefully following developments in order to achieve the climate target by 2020.

The calculation of CO₂ emissions from

the consumption of purchased electricity or steam is based on national conversion factors from the International Energy Agency. These reflect the average total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil. Recently acquired units in countries with an energy mix that produces higher emissions (Czech Republic, Serbia, etc.) has increased Trelleborg's carbon footprint in 2016. This means the year's CO₂ emissions increased in relative terms more than energy consumption.

Some Trelleborg units reported the purchase of “green energy”, which means lower CO₂ emissions per unit of energy used compared with a country average. This has been included in the total emissions figure for 2016.

Water. The focus for monitoring water consumption lies on facilities operating in areas with local or regional water shortages.

In 2016, water consumption was 2.18 million m³ (1.85). Consumption per SEK M was 80.4 m³ (74.6). Of the proportion of water per source, 57 percent (46) was from drinking water, 20 percent (25) from the company's own wells, 23 percent (28) from

CLIMATE REPORTING IN ACCORDANCE WITH THE CDP

Since 2007, Trelleborg has participated in the CDP's (formerly the Carbon Disclosure Project) voluntary reporting of greenhouse gas emissions, which involves openly 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 2016, Trelleborg received a score of C, which means the company demonstrates *Awareness* of how environmental concerns are inter-related with operations (2015: 73D, different scale).

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 D (*Transparency*), continues with C (*Awareness*), followed by B (*Governance*), and finally A (*Leadership*).





surface water and 0 percent (1) from other sources. Water is mainly used for cooling and washing in our production processes. Major savings have been made since 2008 by using, for example, improved cooling and recycling systems.

A mapping of water scarcity has been carried out for regions where Trelleborg's production units are located. The results indicate that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the U.S. and Sri Lanka.

Emissions to water are limited but mainly comprise organic matter.

Waste. In 2016, the total amount of waste was 50,600 tons (44,500). The amount of waste per SEK M was 1.9 tons (1.8). Continuous efforts are taking place within the local operations to cut production waste, which helps to reduce the amount of waste, and with a higher rate of recycling at a lower cost. Recycling is carried out by external partners and internally.

In 2016, the Group's total waste management cost amounted to SEK 68 M (44). The distribution was 4 percent (3) to internal recycling, 49 percent (46) for external recycling, 11 percent (11) for energy recovery, 27 percent (32) for

landfill and 9 percent (8) for other waste management services. Of the total waste, rubber accounted for slightly more than 27 percent (23).

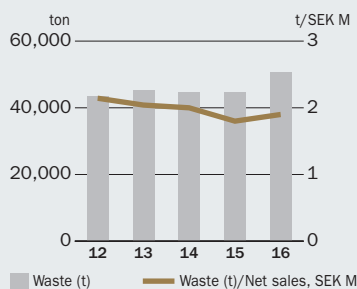
The amount of environmentally harmful or hazardous waste requiring special treatment amounted to 6,287 tons (5,122).

Emissions to air. In addition to energy-related emissions such as carbon dioxide (see pages 18-19), sulfur dioxide – 184 tons (204) – and nitrogen oxides – 54 tons (45), the company'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. Emissions are mainly derived from the use of solvent-based adhesives, which are critical for a relatively limited number of products and production units.

VOC emissions in 2016 totaled 1,005 tons (903). Emissions per SEK M amounted to 0.037 tons (0.036).

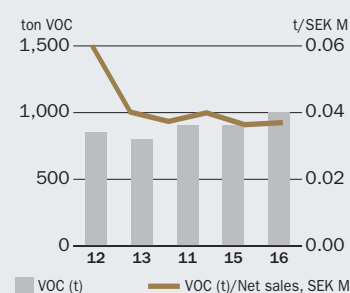
The installation of recycling equipment for solvents is planned for 2017 for the printing blanket unit in Brazil, which in addition to improving the situation locally is also expected to have an impact on VOC emissions for the Group as a whole.

Waste



In 2016, the amount of waste increased in absolute terms and also relative to sales due to newly added units.

Emissions to air



Total VOC emissions, and relative to sales. Despite the addition of many new units in 2016, the figure for emissions relative to sales has remained stable.

TRELLEBORG AND CLIMATE: NEW GOAL “20 BY 20”

Climate change has been an important issue on Trelleborg's sustainability agenda for many years. 2008 was used as the base year for Trelleborg's first long-term objective to significantly improve its internal climate efficiency. The Group's “15 by 15” goal – to become 15 percent more climate-efficient by year-end 2015 – was not only achieved but surpassed.

Being energy-efficient, and thus climate-efficient, is important to the Group's efforts to achieve world-class manufacturing. Trelleborg has once again raised the bar, introducing a new goal for the period until the end of 2020. The goal is now to become another 20 percent more climate-efficient by then, with 2015 as the base year – and we thus refer to the initiative as “20 by 20”.

The emissions in question are the direct emissions caused by energy produced internally, included in Scope 1 of the Greenhouse Gas Protocol (see the diagram below), and the indirect emissions caused by energy purchased for own consumption, corresponding to Scope 2 in the diagram below.

The ongoing Energy Excellence program (refer to page 18) has reduced energy consumption in Trelleborg's production since 2009, while simultaneously reducing CO₂ emissions to different degrees in different countries.

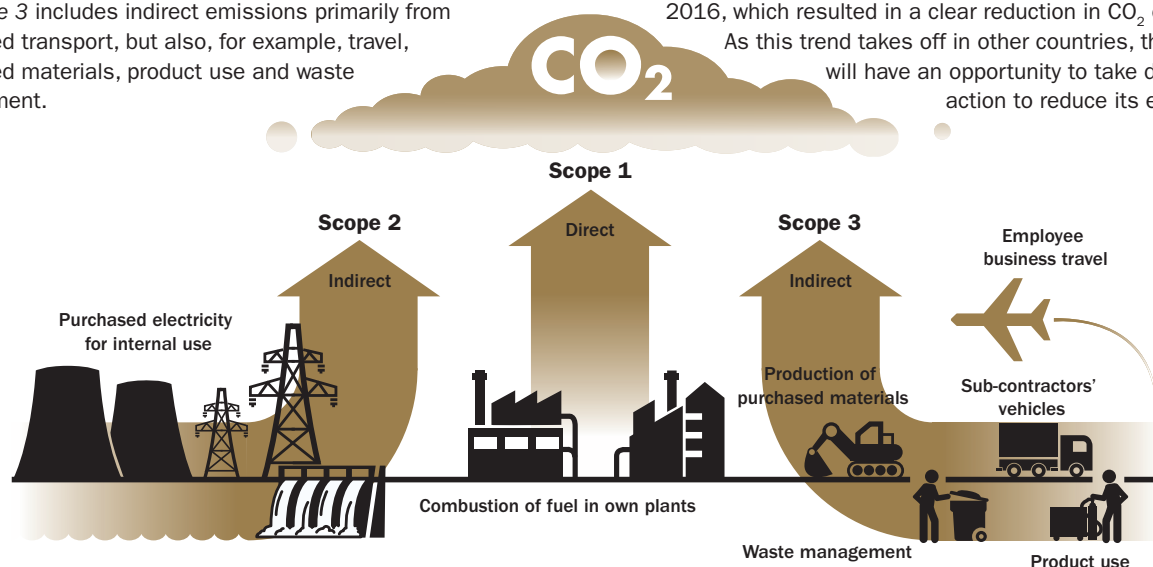
Scope 3 includes indirect emissions primarily from purchased transport, but also, for example, travel, purchased materials, product use and waste management.

The new step “20 by 20” is important but also represents a major challenge since Trelleborg carried out a significant acquisition based in the Czech Republic, which resulted in the Group growing by approximately a fifth of its size, and increased the overall share of tire manufacturing – an energy-intensive process – in the Group. To create true and fair comparative figures, the 2015 figure for the base year has been calculated by adding together Trelleborg's emissions with emissions from CGS's units for the same year.

“The core of Trelleborg's internal improvement efforts is to purposefully save more energy and become even more efficient in our manufacturing processes. Over time, this work will have an effect on our recently acquired operations,” says Trelleborg's President and CEO, Peter Nilsson.

And there is another path to take: In a growing number of countries, “green” energy, particularly electricity, is becoming available at prices comparable with those of fossil energy. As this happens, a transition can take place to renewable energy sources, such as wind, solar and hydropower. This transition has already taken place in Trelleborg's Italian operations. All of the Group's Italian manufacturing facilities switched to green energy in early 2016, which resulted in a clear reduction in CO₂ emissions.

As this trend takes off in other countries, the Group will have an opportunity to take decisive action to reduce its emissions.



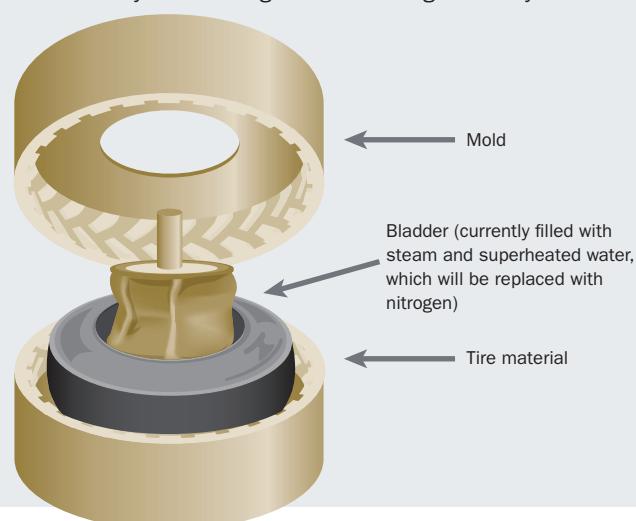
NEW METHOD PROVIDES OPPORTUNITY TO REDUCE CARBON FOOTPRINT

“Through the acquisition of CGS and the Mitas units, new technology comes into play: using nitrogen in the process of vulcanizing tires. This offers Trelleborg Wheel Systems in Tivoli, Italy, the opportunity to end its dependence on superheated water in the production of large agricultural tires. The new method indicates the potential to radically reduce Tivoli's CO₂ emissions,” says Marco D'Angelo, Industry Director at Trelleborg Wheel Systems.

When vulcanizing large tires, the tire material is pressed against the inside of the mold using an expandable bladder. Currently, in Tivoli, this bladder is filled during the process with steam and superheated water at different temperatures and pressure; both parameters are critical for the process. High temperatures strengthen the vulcanization of the inside of the tire, while high pressure helps the compression molding of the outside of the tire.

With the new process – which is already in use at two of Mitas' facilities, in Otrokovice, Czech Republic and Charles City, U.S. – nitrogen can replace steam and superheated water. This

would allow Tivoli to shut down the energy-intensive process of superheating water. The advantages and potential quality risks associated with the method are being investigated by a group coordinated by R&D managers at Trelleborg Wheel Systems.



DIVERSITY PROVIDES OPPORTUNITIES

A significant factor in Trelleborg's value creation is the expertise and diversity of its employees.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (see page 14), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights.

Trelleborg works to achieve a balanced mix of ethnicities, ages and genders in its operations.

Ethnicity. A basic rule is that the company's senior management and other managers should have a local presence, which naturally leads to ethnic diversity in the management of a company that operates in more than 40 countries.

Management at levels 1–3 of the company (senior management team and those in senior positions in the business areas) comprised 13 different nationalities (10).

Age. A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent. Attracting younger people to white-collar positions is also important due to the expected number of retirements over the next ten years.

Trelleborg has for a number of years focused on the younger generations – employees born 1980 and later (Generation Y). Several different initiatives have been carried out, such as a global survey and workshops targeting Generation Y and those who lead employees from younger generations. The Group's intranet is constantly being developed using feedback from younger generations in order to make it more user-friendly and in line with

contemporary expectations for functionality and technology. Regular courses are held focusing on ways to use the intranet.

Trelleborg has also put new emphasis on Employer Branding, meaning the type of employer we are and how we want to be perceived, both internally and externally. To this end, a motto has been written that reflects our promise as an employer as part of an initiative to increase our focus on attracting, retaining and developing talented people. This motto – *Shaping industry from the inside* – is used internally and externally, in both digital channels and in print as well as at career days, trade fairs and other events.

Gender. In an engineering-dominated company like Trelleborg, efforts to achieve a gender balance present challenges that require work at all levels. Higher Group and business area levels remain dominated by men, but the gender distribution is significantly more balanced in the business operations. From 2016, a key figure will be introduced that measures the proportion of women at management levels 4 and 5 (refer to diagram) in the company, with the ambition to raise the percentage from year to year, and over time create a better gender-balanced recruitment base at higher levels.

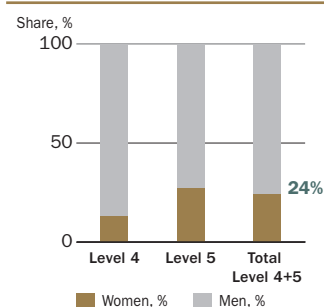
Efforts to achieve a gender balance include actively seeking women candidates for all executive and managerial positions, and for all of the Group's training and development programs, particularly its leadership programs.

The induction program for new managers

has also shown positive signs, with more women at management levels. In 2016, 27 percent of participants were women.

During the final quarter of 2016, special recruitment training was offered to the Group's HR managers regionally in North and South America, Europe and Asia. During the first half of 2017, the same training program will be offered to managers globally. One of the main aims of the training program is to increase awareness and learn to avoid unconscious, preconceived ideas about candidates in a recruitment process, which should eventually result in a workforce with greater diversity.

Gender distribution at management levels 4 and 5*



The proportion of women at management levels 4 and 5 in Trelleborg's units* was 24 percent, the same proportion as for women in the organization as a whole (see Note 11, page 97, in the Annual Report 2016). The proportion of women is highest at level 5: 27 percent, while the share at level 4 is 13 percent.

The proportion of women in Group management is 9 percent (9) and on the Board of Directors 33 percent (33).

* Excluding newly added units. Level 4 corresponds to employees who report to a Business Unit President

TRELLEBORG GROUP UNIVERSITY CONTRIBUTES TO DIVERSITY

Ethnicity. The Group's joint training organization Trelleborg Group University (TGU) supports the company's strategic cornerstone for geographical balance (see page 30 in the Annual Report 2016) in terms of both development and by offering training activities. During 2016, training programs took place in ten different languages in 22 countries within the framework of TGU, including the Excellence initiative.

The Induction Program for New Managers had 37 managers with 16 different nationalities.

The Graduate Program, which started in October 2016, includes participants with 16 different nationalities.

Trelleborg International Management Program (TIMP) was run in 2016 for the first time over three continents, and covered Europe, Asia and North and South America. This was to support our local presence combined with our global reach and to create new opportunities for leadership development, irrespective of the ethical background of participants.

The leadership programs have generally been adapted with the framework for the Trelleborg Group University both to management in intercultural environments and to management across different age groups.

Age. Trelleborg's Mentoring Program offers younger participants an opportunity to develop within Trelleborg, by offering support from an experienced, more senior manager. The Mentoring Program is a valuable initiative to transfer knowledge and experience in the organization to younger generations, and also provides senior mentors an opportunity to learn about expectations on the work, demands on leadership and on technology from the younger generations.

Gender. The Graduate Program, an important part of the Trelleborg Group University's portfolio, provides the Group's young talent with an opportunity to grow and develop their career within Trelleborg. This popular program has been available for a number of years, and the proportion of women participants has increased from an average 15 percent in the early programs to 30 percent in the latest, which started in October 2016.

The Induction Program for New Managers has also shown positive signs, with more women at management levels. In 2016, 27 percent of participants were women.

BROAD-BASED COMMUNITY INVOLVEMENT

Trelleborg's role in society ranges from innovation for better sustainability to local programs for development and diversity.



Trelleborg's value for society. In the longer term, Trelleborg's products and solutions – what Trelleborg calls Blue Dimension™ – represent the company's most important opportunity to contribute to improvements in the sustainability of society. This is achieved through the ability of its products and solutions to protect the environment, people, infrastructure and assets, which is described in more detail on pages 6-7.

Trelleborg's total value generation in 2016 for various stakeholders in society is presented in figures on page 7.

Local development programs. In all of the different places and forms in which the company operates, Trelleborg aims to promote the social integration of groups, such as young people and the disabled. This is usually through educational and development initiatives, which include meaningful recreational activities, such as physical activity and sports. A number of programs with this focus are taking place in various countries, see below.

Other similar cooperation – support or sponsorship – of activities with an environmental, health or social focus are in progress locally at a significant number of Trelleborg units. In local collaborations with sports clubs, diversity is prioritized, primarily in the form of activities targeting young people.

In addition to these, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta and Lund University in Sweden (refer also to pages 11-13 for examples of collaboration with the Interna-

tional Institute for Industrial Environmental Economics in Lund, Sweden) as well as various professional associations.

Sri Lanka. In partnership with Star for Life, a school program has been ongoing in Sri Lanka since 2012 and in 2016 this was extended to include two schools in the Colombo area: Kelani College and Bellana College.

The program aims to inspire and support school children to believe in their future and their dreams through regular coaching sessions and sports and music activities. In Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House in partnership with Child Action Lanka since 2010. The pre-school has daily activities for children with some form of functional disability.



Brazil. Trelleborg supports more than 6,000 children in pre-school operations in the São Paulo region of Brazil through Save the Children and its partner Fundação Abrinq, via a project that improves educational environments by training teachers and better equipping premises and playing areas.



Rädda Barnen

India. In 2016, partnerships with voluntary organizations in India have continued. A Village Uplift Program was run in cooperation with the Hand in Hand organization, with the aim of creating an environment and an infrastructure to promote local development for the Maralukunte community in the Bengaluru region, located some 70 km from Trelleborg's facilities.



For integration and diversity. Trelleborg also runs local initiatives to contribute to social integration. For a number of years, the company has had a recurring cooperation with Trelleborg's Football Association and the Ramlösa Södra sports association, organizations that stand out as having used sport as a method to create social interaction and meaningful recreational activities for groups of young people, such as newly arrived refugees and the disabled.

During 2016, the Group launched additional initiatives in the town of Trelleborg, including internships for newly arrived academics in a program organized by EFL, Lund University, and our own internship program for unaccompanied refugee children in order to facilitate their adjustment to the education system and labor market.

BLUE DIMENSION™ – SOLUTIONS FOR BETTER SUSTAINABILITY

Trelleborg's products and solutions have properties and effects that contribute to a more sustainable society. This is the thought behind Trelleborg's Blue Dimension™ initiative, whose name comes from the color blue that has come to signify sustainable innovation in a growing number of markets.

In brief, the Blue Dimension™ properties of Trelleborg's products and solutions are designed to promote development that contributes to greater sustainability for customers and for society as a whole. These solutions protect the environment, people, infrastructure and assets. They save energy, cut emissions and protect the soil. They contribute to good health and reduce noise and vibrations, creating a quieter and more comfortable work environment. They extend the service life of infrastructure projects, such as tunnels and skyscrapers.

This creates a triangle Trelleborg –

Customers – Society where all parties reap the benefits of solutions that contribute to better sustainability.

Some typical sustainability-related properties of various Trelleborg products are described below.

Trelleborg's Blue Dimension™ initiative is also connected to the UN sustainable development goals, which were launched in 2015, particularly in the areas of energy efficiency, sustainable agriculture, sustainable cities and flood protection. Refer to pages 25-27.

In practice, the initiative and concept mean that the company's business prog-



ress is connected to the progress of society since the transition to a sustainable society creates a wealth of business opportunities for an innovative world leader in engineered polymer solutions.

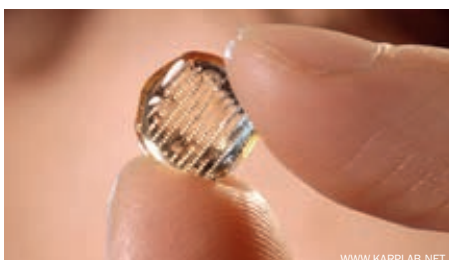
Sustainability-related products from Trelleborg

EXAMPLES THAT PROTECT THE ENVIRONMENT



- » Energy-efficient solutions, such as seals, tires, transportation/automotive components and window/door profiles.
- » Agricultural tires designed to protect the soil and save fuel.

EXAMPLES THAT PROTECT PEOPLE



- » Antivibration solutions that reduce noise and vibrations and provide extra comfort for passengers using various modes of transportation as well as machine operators in industrial production operations.
- » Healthcare & medical products with a direct function or effect on people's health – this image shows microneedle patches used for administering medicine and vaccines.

EXAMPLES THAT PROTECT INFRASTRUCTURE AND ASSETS



- » Solutions that offer increased safety and extend the service life of bridges, tunnels, buildings, pipe/waste systems and other infrastructure for sustainable cities.
- » Industrial antivibration solutions that offer increased safety and extend the service life of aircraft, trains, vehicles, machinery and other valuable assets.

BLUE DIMENSION™ – COMMUNICATION MATERIALS

Trelleborg's communication activities regarding the Blue Dimension™ initiative range from social media and websites to advertisements and brochures.



MORE THAN FUNCTIONALITY AND BUSINESS RESULTS

In addition to being functional and driving business, whenever possible Trelleborg's products and solutions should also contribute to better sustainability. Trelleborg's solutions protect the environment, people, infrastructure and assets. They reduce environmental impact by saving energy, cutting emissions and protecting the soil. They make people's lives quieter and more comfortable. They make projects such as tunnels and skyscrapers last for generations to come. This is what Trelleborg calls *Blue Dimension™* – Solutions for better sustainability.

UN sustainable development goals. These solutions have a clear connection with the global challenges and megatrends facing society. The UN sustainable development goals (SDG) introduced in 2015 encompass 17 areas that are of key significance to the world. In a number of these areas, Trelleborg has the capacity – through its innovative engineered solutions – to make an important contribution to social development:

TRELLEBORG AND THE SUSTAINABLE DEVELOPMENT GOALS

» **Goal 2: Zero hunger** Sustainable agriculture. Sustainable systems for food production.



» **Goal 3: Good health and well-being**

Noise reduction. Components in medical equipment. Administration of medicine and vaccines.

» **Goal 6: Clean water and sanitation** Safe-guarding and protecting water resources.

» **Goal 7: Affordable and clean energy** Safe extraction and transport of energy. Components for wind and solar power solutions.

» **Goal 9: Sustainable industry, innovation and infrastructure** Reliable, sustainable, resilient and high-quality infrastructure. Sustainable industrialization.

» **Goal 11: Sustainable cities and communities**

Protection against water-related catastrophes. Protect and safeguard the world's cultural and natural heritage. Safe, reliable and sustainable transportation systems.

» **Goal 13: Climate action** Build resilience against climate hazards and catastrophes.

Refer to pages 25-27 for examples of how Trelleborg's solutions in various segments also address the UN sustainable development goals.



Trelleborg's contribution to UN Goal 2: Zero hunger Sustainable agriculture. Sustainable systems for food production.

AT A DAIRY FARM

Since the mid-1980s, world milk production has increased by more than 50 percent. Today, there are some 150 million dairy farms around the globe and these are becoming more professional and focused on large-scale production. The agricultural environment is often demanding, calling for reliable solutions with a long service life. Trelleborg offers several products and solutions for dairy farmers.

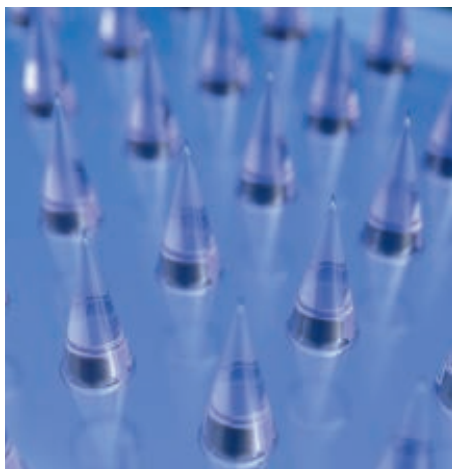
Milk liners are used during the milking process and Trelleborg's hoses are used at the dairy farm and for milk handling and collection as well as at processing and filling plants. A hygienic design of clamps and O-Ring connections is imperative, especially when handling food and beverages.

Tires with reduced pressure minimize soil compaction so that the grass consumed by cows continues to grow lushly to achieve the best milk yields possible. Trelleborg's Progressive Traction tire provides an opportunity to be more efficient in terms of fuel consumption and traction through a technical solution that introduces a double-edged lug design to the tire to better distribute the forces onto the front surface. Even in very humid and muddy terrain, the footprint depth can be reduced.





Trelleborg's contribution to UN Goal 3: Good health and well-being Noise reduction. Components in medical equipment. Administration of medicine and vaccines.



MEDICAL NEEDLES

Medical patches have been around for a long time. Nicotine patches are probably the most familiar example. But for larger-molecule substances, such as insulin, this type of patch did not work initially.

Researchers have been looking at the use of tiny microneedle patches as an alternative for drug and vaccine delivery. The patches, about the size of a fingernail, contain rows of microneedles. When the patches are applied to the skin, the microneedles penetrate the skin's top layer, enough to administer the medication in the patch into a person's system.

Trelleborg has decades of experience using Liquid Silicone Rubber (LSR) technology to create sealing solutions for the healthcare and medical industry. Now it is migrating that LSR know-how to microneedle patches to deliver drugs and vaccines.

Trelleborg is working with device developers and manufacturers to supply highly engineered components for drug delivery systems that include microneedle patches. Using LSR in microneedle patches provides significant advantages in terms of biocompatibility. It's an inert material, so it can be applied without the risk of harmful substances leaching into the body or causing skin irritation.



STOP SQUEALING

Low-frequency brake noise, a long-standing problem in cars, has become a bigger issue as driver expectations and environmental demands increase. As automotive designs become more lightweight, greater structural vibrations make low-frequency brake noise more pronounced. The industry standard for solving squeal noise has been the use of shims or insulators. However, low-frequency squeals and moans require a different solution.

Trelleborg's Requill Tuned Absorbers deal with moans that occur at low speeds and low brake pressure, characterized by a resonant frequency component typically between 100 and 500 Hz. They also counteract low-frequency brake squeal in an approximate range of 800–3,000 Hz.

A unique aspect of Trelleborg's product is that it is able to function from the moment the ignition is switched on, when the vehicle is cold, until the end of the journey. The extremely broad temperature range of this product is possible thanks to Trelleborg's unique design and material selection.

The problem of low-frequency brake noise varies across different makes and models, so Trelleborg has worked with a number of vehicle manufacturers and brake systems suppliers to develop unique solutions for individual applications.



Trelleborg's contribution to UN Goal 7: Affordable and clean energy Safe extraction and transport of energy. Components for wind and solar power solutions.

LESS CO₂ FROM AIRCRAFT

One of the major driving forces behind new aircraft platform development is reduction of fuel consumption. Greening fleets is a key focus as for every ton of fossil fuel burnt, three tons of CO₂ are produced.

To reduce consumption of fossil fuels, aircraft now fly on synthetic and biofuels. This is only made possible by seals, essential safety-critical components of any aircraft engine, being compatible with these fuels. If a sealing material is wrongly specified, these fuels can potentially cause degradation, possibly leading to seal shrinkage and leakage.

To optimize performance and ensure passenger safety, Trelleborg undertakes extensive material development and testing to identify the optimum sealing materials for use with environmentally friendly aviation fuels.



Trelleborg's contribution to UN Goal 9:
Sustainable industry, innovation and infrastructure Reliable, sustainable, resilient and high-quality infrastructure. Sustainable industrialization.



FULL SERVICE

Via its Interfit concept, Trelleborg provides outstanding aftersales tire services on behalf of forklift suppliers across the globe, ensuring customers prompt and efficient tire replacement. Interfit does everything from answering customer-service calls from forklift owners and engineers to providing cost estimates and sending out service technicians to supply new forklift tires.

Many of the customers are OEM equipment dealers who sell and lease forklifts and operate aftermarket parts programs. The other part of the customer base is large end users that have significant fleets of their own that they manage.

Interfit is now central to an innovative new business concept known as I-Rent. Historically, only a small percentage of lease contracts have made a provision for tires. Web-based I-Rent is a service that allows forklift truck dealers to accurately include the full cost of tires in a lease contract and allows forklift dealers to offer their users a single source for parts and maintenance.

Trelleborg's contribution to UN Goal 11:
Sustainable cities and communities Protection against water-related catastrophes. Protect and safeguard the world's cultural and natural heritage. Safe, reliable and sustainable transportation systems.



WATERTIGHT SOLUTIONS PROTECT CITIES AND CULTURAL SITES

Watertight infrastructure plays an important role in protecting cities and cultural sites from flooding in every corner of the world, from Los Angeles to Venice and St. Petersburg. In all of these cases, seals from Trelleborg have played a key role when it comes to using specially designed engineering solutions to prevent water damage to fundamental road infrastructure (in the case of Los Angeles) and priceless historical structures (in the case of Venice and St. Petersburg).

As part of a massive project in Venice, the city constructed a flood protection system to protect the city, the Venetian Lagoon and nearby cities, comprising 78 mobile gates that can be raised during high tide to create temporary flood barriers in three critical locations – the inlets at Lido, Malamoggio and Chioggia. When the gates are not in use, they rest on the bed of the lagoon in special concrete foundations. Gina and Omega seals in natural rubber from Trelleborg have been used in and between the mobile gates.

Trelleborg's contribution to UN Goal 13:
Climate action Build resilience against climate hazards and catastrophes.



INNOVATIVE CABLE SOLUTION FOR WIND FARMS

Trelleborg has long delivered effective cable and flowline protection solutions for the oil and gas industry. Used to protect the lines that transfer oil and gas from rigs back to the mainland, they play a crucial role in protecting the natural environment from potential spills.

Now, with the world looking increasingly for alternative forms of energy, Trelleborg has devised an equally reliable solution for wind farms. NjordGuard is a cable protection system for the renewables market, used to protect the cables carrying the electrical power generated by wind farms from the converter platform back to shore.

Adapting the cable protection system for use by wind farms involved rethinking a number of design features. After some analysis it was decided that the cables don't have to be so large and that the wall thickness of the polymer used could be reduced. Another modification was ensuring that the cable protection could manage the increased amount of heat generated by power cables. With the design challenges successfully overcome, NjordGuard is now ready for rollout on offshore wind projects. Renewable energy has great potential and could help establish a different culture and different manufacturing methods.





RISK AND RISK MANAGEMENT

All business activities involve risk. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not managed correctly could result in damage and losses.

Risk spread. The ability to identify, evaluate, manage and monitor risks plays a central role in the management and control of Trelleborg's business operations. The aim is to achieve the Group's targets while applying well-considered risk-taking within set parameters.

Trelleborg's operations are aimed at a broad range of customers, market segments and niches, with a wide geographic spread. The Group has operations in about 50 countries, sales are conducted in just over 150 countries worldwide and manufacturing operations are carried out at 120 production units. The business is diversified, which provides Trelleborg with an effective underlying risk spread.

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

Sustainability-related risks. In addition to the identified major risks described on *pages 30-33*, there are at least three risk areas related to sustainability issues: the first area pertains to *Regulatory compliance*, meaning the risk of insufficient compliance within both the organization and the supplier chain (refer also to *page 54* in the Annual Report 2016); the second area pertains to *Resources* and primarily relates to risks associated with resource or material shortages or the negative impact of emissions; the third pertains to *Products*, mainly risks associated with the use of Trelleborg's products and services.

Although these areas of sustainability-related risk are not considered major risks for the Group individually, they could all result in credibility risks should they arise.

Credibility risks. As one of the leading companies in the polymer industry, Trelleborg is subject to high expectations from many of its stakeholders. The Group is exposed to a risk that the behavior or business decisions of individual employees could destroy the credibility built up over a long period of time, not least since the Group operates in a global market with a strong brand and in certain segments with an elevated risk level. It is thus crucial that events and conduct that could have a negative impact on the company's brand and credibility are monitored and minimized.

Trelleborg focuses on a variety of issues and activities to strengthen and build stakeholder trust in the Group, such as training in the Code of Conduct, a clear and well-known brand promise, stakeholder dialog, product safety and so forth.

Events or decisions beyond Trelleborg's control that could lead to operational disruptions, damage or loss of substantial impact for the entire Group are also important to monitor and maintain readiness for.

Pages 4-27 in this report include information about Trelleborg's proactive work related to regulatory and code compliance and other areas.

The Corporate Governance Report on *pages 73-75* in the Annual Report 2016 contains a detailed description of the internal controls used to manage the risks associated with financial reporting.

Financial risks are described in Note 31, *pages 114-116*, in the Annual Report 2016.

Enterprise Risk Management. Trelleborg has an established process for Enterprise Risk Management (ERM process) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks by identifying them, evaluating them and providing a basis for decision-making regarding the management of risks, and to enable a follow-up of the risks and how they are managed. Responsibility and reporting channels in the ERM process are illustrated in the diagram on *page 31*.

ERM priorities. Trelleborg has identified 9 major risks in 5 areas. These include risks that may result in damage or loss with substantial impact on the entire Group and therefore justify management of the risk at Group level. The process used to identify these risks is illustrated below.

The Group's various companies, business areas and business units have identified a total of about 250 risks. The vast majority of these risks are managed locally.

Some 30 of these approximately 250

risks that may have a major impact at a business area and/or Group level are identified and discussed each year and thus justify the risk being managed at one of these levels. The evaluation of the risks and consolidation of priorities is led by the Risk Management staff function and comprises a component of the annual strategy process. This process primarily involves the management teams of the business areas, but also Group Management and the staff functions.

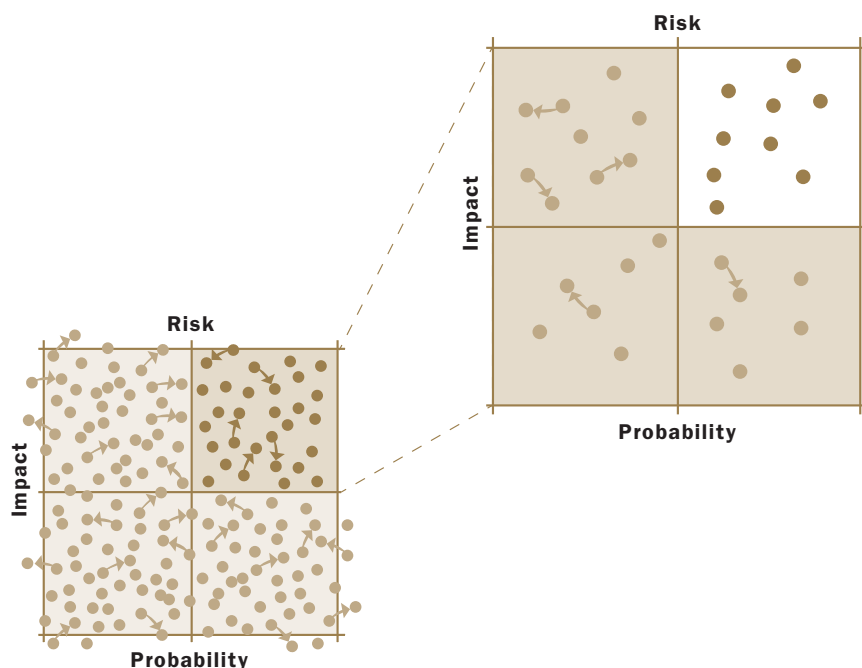
On the basis of the risk prioritization prepared in the ERM process, the Board continuously identifies and prioritizes risks that may significantly affect the possibility of achieving the Group's objectives.

The 9 major risks that are deemed to have a significant impact on the entire Group are managed by the ERM Board, which leads the overall coordination and monitoring of risk activities. 5 meetings are planned in the ERM Board for 2017, which are preparatory meetings for Audit Committee and Board meetings.

Read more about Trelleborg's major risks on *pages 32-33*.



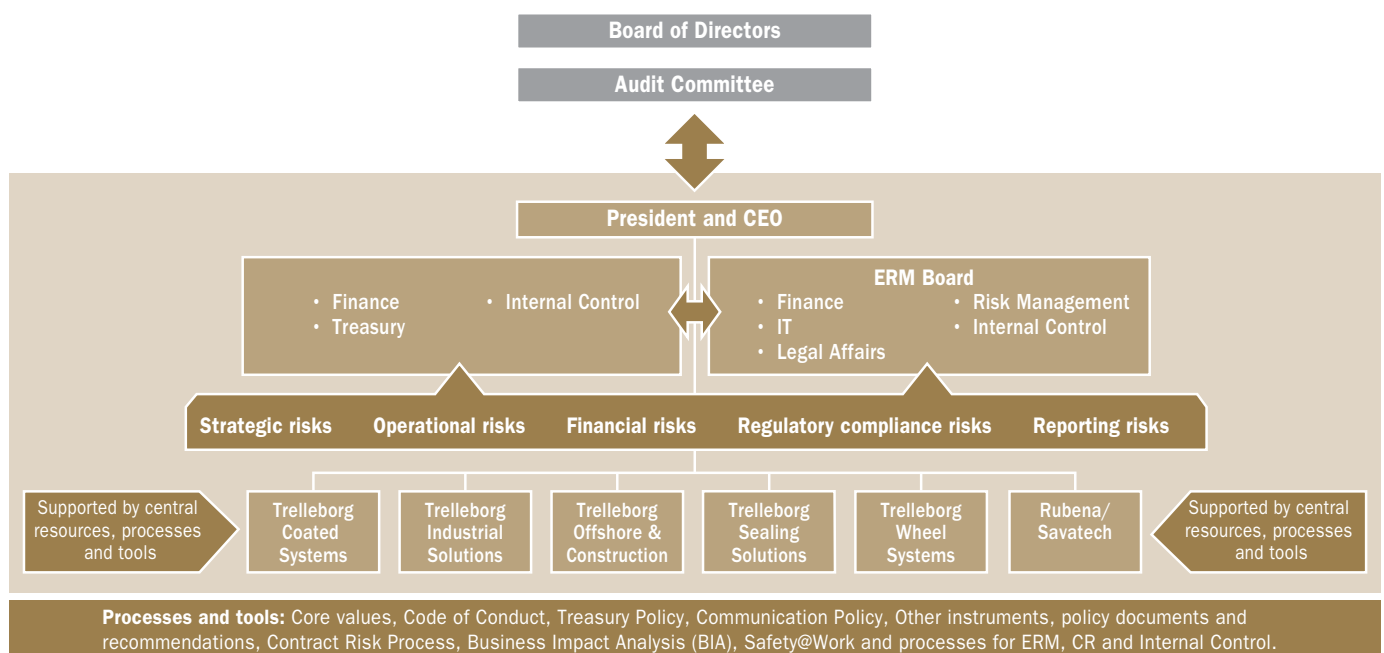
OF 250 IDENTIFIED RISKS, 9 ARE MANAGED AT GROUP LEVEL



These risks may, over time, have more or less of an impact on the business and are more or less likely to occur. Some risks concern all operations in the Group, while others relate only to specific areas or individual operations.

Nine major Group risks

1. Violation of laws and permits
2. Corruption and fraud
3. Products in environments with elevated risk levels
4. Substandard and inappropriate agreements
5. Negative environmental impact
6. Insufficient environmental management
7. Risk of injury at sites
8. Disruptions to critical IT systems
9. Commercial failures



MAJOR RISKS AT TRELLEBORG

RULES








Major risks	Focus	Established key processes	Initiated and ongoing activities
Violation of laws and permits	Compliance with competition law	<ul style="list-style-type: none"> • Training seminars in applicable competition law. • Export control focusing on embargoes and trade restrictions. • Established procedures for approving membership in organizations, for example. Refer to pages 14-15.	Establishment of a central Group steering committee, Compliance Task Force. ● Formalization and expansion of Group Internal Control, focusing on regulatory compliance. ●
Corruption and fraud	Measures preventing fraudulent conduct	<ul style="list-style-type: none"> • Continuous training. • Established policies and procedures. • Acceptance Letters issued by the Group's President, whereby relevant employees sign a letter each year confirming their knowledge of the Code of Conduct and compliance with the Group's internal policy instruments. • Trelleborg's whistleblower policy and process, which implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Refer to page 14. • Review and evaluation of agency and distribution agreements. • Special committee for the counteraction of financial fraud. 	Review of Group's internal policy instruments. ● Introduction of Policy Quick Guides to further increase the distribution and comprehension of regulations and the Group's core values. ●

PRODUCTS & AGREEMENTS




Major risks	Focus	Established key processes	Initiated and ongoing activities
Products in environments with elevated risk levels	Review of products and solutions	<ul style="list-style-type: none"> • Risk assessments to identify products with an elevated risk level, for example, in the areas of oil & gas, marine oil and gas hoses, healthcare & medical and aerospace. • Legal review and risk assessment of contracts and processes concerning production and project management. 	Training and workshops which follow operationally specific risk assessments of products and contracts. The concept was initiated within the Trelleborg Offshore & Construction business area and has now been expanded to selected areas of the Group. ●
Substandard and inappropriate agreements	Examination of agreements	<ul style="list-style-type: none"> • Comprehensive training in issues concerning agreements. • Legal examination and evaluation of contracts in 11 prioritized areas. 	Further development of external services for focused and fast examination of contracts to facilitate business processes. ●

Percentage of risk work completed: ● 25% ● 50% ● 75% ● 100%


SITES

Major risks	Focus	Established key processes	Initiated and ongoing activities
Negative environmental impact	Review of the sites' local environment	<ul style="list-style-type: none"> Mapping of environmental risks for all new building and acquisitions. Continuous surveillance of the sites in question and a focus on the handling of chemicals, rainwater and the risk of flooding. 	<p>Increased surveillance and monitoring of the handling of chemicals. </p> <p>Establishment of ISO 14001 multi site certification, which results in increased standardized analysis and control. </p>
Insufficient environmental management	Focus on hazardous materials and chemicals	<ul style="list-style-type: none"> Update of list of materials with restrictions (see page 16), in relation to the use of chemicals and continued environmental assessments at the point of acquisition. 	<p>Establishment of a Group-wide steering committee for chemicals, Global Chemical Task Force. </p> <p>Further expand the internal list of chemical restrictions. Phase out chemicals with significant environmental and health effects. </p>
Risk of injury at sites	Protection of critical sites	<ul style="list-style-type: none"> External and internal analyses for the Group's operations and results of critical sites. Guidelines for new building and site upgrades. Increase the number of risk-classified sites being upgraded to Highly Protected Risk level (HPR). Improve the lowest performing and most critical sites. 	<p>Selection of Group-wide risk areas, customization of injury-preventing guidelines and increased monitoring. </p> <p>Increased focus on and monitoring of major risks at critical sites. </p> <p>More in-depth mapping of natural disaster risks, with a particular focus on flooding. </p>

IT

Major risks	Focus	Established key processes	Initiated and ongoing activities
Disruptions to critical IT systems	Minimize disruptions	<ul style="list-style-type: none"> Improved level of service in terms of the IT infrastructure. Implement upgrades in a structured, Group-wide manner. Ensure compliance with legal requirements in the various countries in which the Group operates. Improve information security in and between systems. 	<p>Structuring of new ERP implementations and increased monitoring of Internal Control. </p> <p>Localization of servers and review of physical protection and information security. </p> <p>Preparations to ensure the Group's compliance with the requirements in the new EU Data Protection Act. </p>

DISRUPTIVE ACTIVITIES

Major risks	Focus	Established key processes	Initiated and ongoing activities
Commercial failures	New product segments, major projects and acquisitions	<ul style="list-style-type: none"> Acquisition survey and examination program within the areas of finance, operations and law. Central approval of new products in selected segments, such as healthcare & medical and aerospace. 	<p>Increased business support when establishing new product segments and larger projects concerning responsible risk management, legal risks and new establishments of operations. </p>

Percentage of risk work completed:  25%  50%  75%  100%

REPORTING SCOPE AND PRINCIPLES

Scope. This is Trelleborg Group's Corporate Responsibility Report 2016, the third year following GRI G4 – Core guidelines. The Report is published annually (previous release was in March 2016), integrated into the Annual Report and as an extended standalone Report in pdf format. The latter version also serves as *Communication on Progress* to the UN Global Compact. It covers Trelleborg performance and commitments related to environment, health, safety and social issues, including business ethics.

The aim is that the report shall give an accurate overview of the Group's status and activities in the above areas. The intended target group is everyone concerned about Trelleborg: shareholders, investors, employees, customers and suppliers, authorities, the media, students and researchers, and local stakeholders/neighbors.

- » Unless otherwise stated, the data presented refer to calendar year 2016.
- » The figures for the preceding year (2015) are shown in parentheses.
- » The report covers all Trelleborg's legal entities where ownership exceeds 50 percent, including all production and non-production units, except where otherwise stated.

Although the Annual Report uses GRI G4 Guidelines, the Index part is more compressed than the extensive version in this CR Report. In this Report, there are also additional comments in the *Disclo-*

sure on Management Approach pages, and a few additional omissions (marked by *) in the GRI Index.

The Risks section on pages 29-33 in this report is aligned with the Annual Report 2016.

Significant changes from previous report. The basis of this CR Report 2016 is an updated materiality analysis made by Trelleborg. Four focus areas continue to comprise the most important sustainability aspects and indicators from internal and external stakeholder perspectives. The area *Products for improved sustainability* is considered a new area for the future.

This report is in line with the requirements in the Swedish Annual Accounts Act concerning the seven responsibility areas: business model, risks, policy/target, anticorruption, environment, human rights and social conditions, see the table on page 41.

The acquisition of CGS has affected Group performance, which is commented in the Report in several places.

Reporting principles. Each unit submits data into the reporting system, in accordance with the Group's standard for Corporate Responsibility reporting and Manufacturing Excellence reporting. Units acquired or sold reports cover the period of the year they have been part of the Trelleborg Group.

The responsible manager for each unit carries

ultimate responsibility for the corporate responsibility data provided, while the reporting itself, including data correctness and quality assurance, is carried out under the management of each unit's financial controller/director, also involving environmental, HR, purchasing and other specialists.

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

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

External assurance. This report is externally assured by PwC: it is a limited review of Trelleborg's Corporate Responsibility work in 2016. The assurance report is to be found on page 35.

The report is made in accordance with the Global Reporting Initiative's GRI G4, Core level guidelines for sustainability reporting.

An overview of Trelleborg's CR work is also found at www.trelleborg.com under *About us/Corporate Responsibility*. The environmental, sustainability and CR reports from prior years are also available from this website.

PRODUCTION FACILITIES INCLUDED IN TRELLEBORGS'S CORPORATE RESPONSIBILITY REPORT 2016

Australia	Brisbane East Bentleigh Perth	Italy	Lodi Vecchio Modena Livorno Torino Tivoli	UK	Manchester Hawarden Knaresborough Leicester Skelmersdale Coventry Retford Rochdale Bridgwater Cadley Hill Rotherham Tewkesbury
Brazil	Feira de Santana São José dos Campos Macaé Santana do Parnaíba São Paulo, Barueri	Latvia	Liepāja	USA	Broussard Salisbury Morristown Rutherfordton Spartanburg Berryville Randolph West Hardy Rankin Road Milford (Pipe Seals) Milford Park Hills Aurora Bristol Streetsboro Denver Fort Wayne Northborough New Haven Streamwood Charles City Elk Rapids Paso Robles Queretaro Tustin
Bulgaria	Pernik	Lithuania	Tauragė		
China	Pudong Qingdao Zhongtong Xinzhuan Hebei Xingtai Wuxi, Ximei Road	Malta	Hal Far		
Czech Republic	Mladá Boleslav Lesina Hradec Králové Nachod Otrokovice Prague Ruma Velke Porici Zlin	Mexico	Guanajuato Tijuana Tijuana (Pipe Seals)		
Denmark	Helsingør	Netherlands	Ridderkerk		
Estonia	Kuressaare	Norway	Mjøndalen		
Finland	Kiikka	Poland	Skoczów Bielsko-Biala Czechowice-Dziedzice		
France	Mirambeau Lyon Prodyn Cernay Sancheville Clermont-Ferrand Condé-sur-Noireau	Singapore	Singapore		
Germany	Grossheubach Lathen Velten	Slovenia	Ptuj Kranj		
India	Bangaluru, Husur Bangaluru	Spain	Izarra		
		Sri Lanka	Kelaniya (Trelleborg Lanka) Kelaniya (Trelleborg Tyres Lanka) Malwana		
		Sweden	Trelleborg (Industrial Solutions) Trelleborg (EF/Mixing) Trelleborg (Agri) Ersmark Forsheda Forsheda (Mixing) Örebro Havdhem Värnamo Gävle Kalmar Sävsjö		
		Switzerland	Stein am Rhein		
		Turkey	Gebze 1 Gebze 2 Duzce Tokat		

ASSURANCE REPORT CORPORATE RESPONSIBILITY

Independent Auditor's Limited Assurance Report on the Sustainability Report
(This is the translation of the auditor's report in Swedish.)

TO TRELLEBORG AB (PUBL)

Introduction

We have been engaged by the Group Management of Trelleborg AB (publ) ("Trelleborg") to undertake an examination of Trelleborg's Corporate Responsibility (CR) Report ("Sustainability Report") for the year 2016, on pages 1-41 in the CR report.

Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 39 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

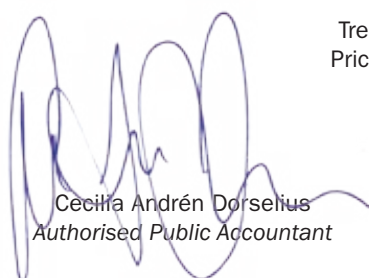
The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.



Cecilia Andrén Dorselius
Authorised Public Accountant

Trelleborg, 31 March 2017
PricewaterhouseCoopers AB



Fredrik Ljungdahl
Expert Member of FAR

FOCUS AREAS IN CORPORATE RESPONSIBILITY

The table below describes Trelleborg's CR Focus Areas, the various aspects within each area, their boundaries and how they are approached by the company/organization. The final column contains omissions or other limitations, and comments on the management approach.

Focus areas/ Material aspects	Internal/ external limitation	Why material?	How is this area governed?	Comments (see also omissions in GRI Index on pages 39-41)
1. Compliance				
Anti-corruption	Internal, all units.	A vital issue of confidence for all stakeholder groups, both external and internal. Anti-corruption is one of the main areas in the UN Global Compact's principles, which the company signed in 2007.	Knowledge of the Code of Conduct's requirements in this area is both a central and local requirement applicable to all employees at all levels. The Code is owned by Group Human Resources. The Compliance Program is owned by the Group Legal Department. <i>Policy documents:</i> Code of Conduct, Anti-Corruption Policy, Acceptance Letter	Primarily, preventive training, including knowledge of the Code of Conduct's requirements (new training rollout will take place from 2017), as well as specific training (see page 14). Potential conflicts of interest are addressed in detail in the Code of Conduct.
Anti-competitive behavior	Internal, all units.	A vital issue of confidence for all stakeholder groups, both external and internal.	Knowledge of the Code of Conduct's requirements in this area is both a central and local requirement applicable to all employees at all levels. The Code is owned by Group Human Resources. The Compliance Program is owned by the Group Legal Department. <i>Policy documents:</i> Code of Conduct, Competition Law Policy	Primarily, preventive training, such as knowledge of the Code of Conduct's requirements (new training rollout will take place from 2017), but also specific training in the Compliance Program, from 2017 also available as e-learning (see pages 14-15).
Compliance (general)	Internal, all units.	A vital issue of confidence for all stakeholder groups, both external and internal.	Managed locally. Group Legal has insight into all major cases of fines or other sanctions. These material cases are included in reporting. The Legal Compliance Task Force is a coordinating forum on Group level for all compliance matters. <i>Policy document:</i> Code of Conduct	
Compliance (environmental)	Internal, production units.	A vital issue of confidence for all stakeholder groups, both external and internal.	Managed locally. Any fines or other sanctions for environmental infringement are reported to Group Legal via CR reporting procedures. <i>Policy document:</i> Environmental Policy	
Non-discrimination	Internal, all units.	A vital issue of confidence for all stakeholder groups, both external and internal.	Notified cases are dealt with by local management, and also reported centrally via CR reporting procedures. <i>Policy document:</i> Code of Conduct	Refers to reported cases.
Freedom of association and collective bargaining	Internal, all units.	A vital issue of confidence for all stakeholder groups, both external and internal.	The right to freedom of association, representation by trade unions or other representatives and collective bargaining are all highlighted in the Code of Conduct. <i>Policy document:</i> Code of Conduct	
Child labor	No internal risk, the assessment is that risk prevails only in the supplier stage for natural rubber.	A vital issue of confidence for all stakeholder groups, both external and internal.	Primarily a supplier review with the help of a general self-assessment; the work is pursued by the Purchasing function. From 2015 this has been complemented by supplier audits. Monitoring of all suppliers with any warranted question marks is done at the local level. Underperforming suppliers are given a deadline for corrective measures, based on the severity of their breaches. Efforts in Sri Lanka 2014-2015 were directed at upstream suppliers (rubber plantations and staff), see page 15. <i>Policy documents:</i> Code of Conduct, Self-assessment CR for suppliers, Supplier Audit procedures	Systematic review of first-line suppliers, completed with supplier audits. Incidence among suppliers further back in the chain is more difficult to regulate, even if Trelleborg conducts selected preventive measures at these points.

Focus areas/ Material aspects	Internal/ external limitation	Why material?	How is this area governed?	Comments (see also omissions in GRI Index on pages 39-41)
Forced labor	No internal risk, the assessment is that risk prevails only in the supplier stage for textiles, natural rubber or metal components.	A vital issue of confidence for all stakeholder groups, both external and internal. For UK, the Modern Slavery Act has brought recent attention.	Primarily a supplier review with the help of a general self-assessment; the work is pursued by the Purchasing function. From 2015 this is complemented by supplier audits. Monitoring of all suppliers with any warranted question marks is done at the local level. Underperforming suppliers are given a deadline for corrective measures, based on the severity of their breaches. Efforts in Sri Lanka 2014-2015 were directed at upstream suppliers (rubber plantations and staff), see page 15. <i>Policy documents:</i> Code of Conduct, Self-assessment CR for suppliers, Supplier Audit procedures. A UK Modern Slavery Act Statement is under preparation for publishing on Trelleborg's Website 2017.	Systematic review of first-line suppliers, completed with supplier audits. Incidence among suppliers further back in the chain is more difficult to regulate, but is conducted in selected cases.
Supplier Human Rights Assessment	Only suppliers.	A vital issue of confidence for all stakeholder groups, both external and internal.	Primarily a supplier review with the help of a general self-assessment; the work is pursued by the Purchasing function. From 2015 this has been complemented by supplier audits. Monitoring of all suppliers with any warranted question marks is done at the local level. Underperforming suppliers are given a deadline for corrective measures, based on the severity of their breaches. <i>Policy documents:</i> Code of Conduct, Self-assessment CR for suppliers, Supplier Audit procedures	Systematic review of first-line suppliers, completed with supplier audits. Incidence among suppliers further back in the chain is more difficult to regulate, but is conducted in selected cases.
2. Resources				
Health and safety	Internal, all production units.	Work-related injuries or illnesses among employees may arise, for example, via work activities such as heavy lifting, repetitive work and the handling of chemicals.	The Safety@Work program aims to establish a shared safety culture via improvement programs with preventive and remedial measures at all production units. Monitoring takes place annually through self-assessment, supplemented by internal and external audits where the units are compared to best practices with regard to management, machine safety, accident follow-up etc. <i>Policy documents:</i> Code of Conduct, Safety@Work Policy	Good overview and improvement through the Safety@Work program for employees in production units. Newly acquired units will be going through Safety@Work training 2017.
Energy	Internally produced and purchased energy. Energy consumption for transport is probably significant in other value chains.	Energy for the company's production processes derive in many case from non-sustainable sources, meaning that a substantial share of consumption is connected with the combustion of fossil fuels in the case of direct and purchased power, steam and district heating (indirect energy).	Energy has long been a priority area for Trelleborg, as shown by the Energy Excellence initiative, which is conducted close to the units, with energy savings as explicit goals. Local energy coordinators are trained, and a comprehensive toolkit developed to support the initiative. Monthly follow-up is done using the main KPIs via Manufacturing Excellence. The Group intends to continue focusing on further energy efficiency measures in the years ahead, and the goal is for every unit to achieve an annual 3-percent improvement in energy efficiency. <i>Policy document:</i> Environmental Policy	Good overview of internal direct energy consumption and indirect (purchased) energy. Energy consumption outside Trelleborg's proprietary operations is not included in reporting.
Climate	Internal (Scope 1), and estimated CO ₂ emissions caused by purchased energy (Scope 2). Scope 3, which focuses on upstream emissions and downstream activities, may definitely be significant, and is also the subject of analysis.	Global climate impact via the greenhouse effect is primarily linked to CO ₂ emissions of fossil fuels, and with purchased power, steam and district heating.	For Trelleborg, Energy Excellence (part of the Manufacturing Excellence, strategic initiative) has been the main approach to reducing the carbon footprint. From 2016, green energy purchasing is another way of reducing emissions. A climate objective ("15 by 15") successfully completed in 2015 (see page 21) was originally established to ensure extra attention for the necessary reduction of CO ₂ emissions. For the 2016-2020 period, Trelleborg's ambition is to achieve a continued reduction in CO ₂ emissions, with the objective of a 20-percent improvement relative to sales by the end of 2020, using end 2015 as the baseline. <i>Policy document:</i> Environmental Policy	CO ₂ emissions from electricity consumption depend on the mix of energy sources in the country where they occur, with countries with a higher proportion of hydro and/or nuclear power reporting lower emissions (via national conversion factors). An analysis from 2015 has indicated the extent of emissions from transports to approximately 170,000 tons. In the years ahead, the company will gradually develop an approach that will enable it to continuously measure and improve the climate footprint of its transport activities.

Focus areas/ Material aspects	Internal/ external limitation	Why material?	How is this area governed?	Comments (see also omissions in GRI Index on pages 39-41)
Water	Internal.	Even though water is a major global problem, it is not a critical resource in all of Trelleborg's units, but primarily in units located in water-stressed zones.	Although the water consumption of all units is monitored regularly, it is mainly in units located in water-stressed zones that may need special measures, thus efforts focus on reaching these units. This is the responsibility of Manufacturing Excellence. <i>Policy document: Environmental Policy</i>	In 2015, an analysis was started of the priority sites in terms of water resource issues. The results indicate that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the U.S. and Sri Lanka.
Emissions	Internal, with a focus on VOCs for units whose products contain solvents.	Volatile organic compounds (VOCs), such as solvents, are hazardous to health. These are included in certain rubber compounds to make them softer, bendable or adherent.	Trelleborg's definition of VOC is in line the EU's. It is primarily operations in which manufactured products include VOCs which require special measures, such as certain types of printing blankets. This is the responsibility of Manufacturing Excellence. Total VOC emissions have over time been reduced relative to sales. <i>Policy document: Environmental Policy</i>	Historical figures were updated in 2015, because from then Trelleborg applies the same VOC definition as the EU.
Waste	Internal.	To avoid resource wastage. The capacity for landfill is exceeded in many countries. Safe management of environmentally or health-hazardous waste.	Waste minimization is an explicit goal in the Group-wide Manufacturing Excellence initiative undertaken in all manufacturing units and monitored on a monthly basis. <i>Policy document: Environmental Policy</i>	
Chemicals	Internal.	Due to environmental or health hazards associated with toxic or lowly degradable chemicals.	The Global Chemical Task Force is an entity at the Group level (with the Legal/Environment and Purchasing departments as the main driving forces in charge) that works with Trelleborg's Restricted Chemicals list, and supports the work of phasing out and offering alternatives among the units. An internal Restricted Materials List has been compiled, and was actively pursued by the team during the year focusing on prioritized material. <i>Policy document: Environmental Policy</i>	Work in line with the REACH Regulation (see page 18), which has been ongoing for a number of years; and because it is EU Legislation, has been most intensive in European units.
3. Diversity				
Diversity	Internal, all units.	For Trelleborg as a global company, organizational diversity is a positive approach to strengthening the correct market perspective and competence.	Ethnicity, age and gender are the primary diversity dimensions for Trelleborg. Main responsibility for work in the strengthening of diversity rests with the central and local HR managers, and includes a goal established 2016 to improve gender distribution on management levels 4-5, by increasing the percentage of female managers, and by integrating the diversity ambitions into all programs for training and skills development.	The management/manager perspective has priority, with the focus on ethnicity and gender.
Training	Internal, all units.	Training is a vital element to accomplish an even more diverse and inclusive company culture, mainly by integrating diversity ambitions into programs for training and skills development.	Ethnicity, age and gender are the primary diversity dimensions. Training is vital for diversity in Trelleborg. Main responsibility for work in the strengthening of diversity rests with the central and local HR managers, and includes integrating the diversity ambitions into all programs for training and skills development.	
4. Local community development				
Economic Performance	Internal.	Trelleborg wishes to contribute a distinct value to society.	Trelleborg's overall value creation for the surrounding community and its various groups are described in the Annual Report in monetary terms, and through clear sustainability reporting. It is also highlighted through Blue Dimension™, which is Trelleborg's designation for products that contribute to improved sustainability of society.	Trelleborg products and solutions are described with regard to Blue Dimension™ and their potential contribution to UN Sustainable Development Goals in pages 34-44 in the Annual Report 2016.
Local community development	Internal, all units.	Trelleborg endeavors to assume responsibility for good relations with the community as a whole wherever the company is active.	Good relations with the surrounding community is a responsibility that lies with each local unit and its management. Trelleborg aims to promote social integration through educational and development-oriented initiatives as well as through physical activity and sports. Such extensive programs for local development, for example, in Sri Lanka, Brazil, and India are supported or followed at the Group level, with the primary responsibility resting with Group Corporate Communications. <i>Policy documents: Code of Conduct, Sponsorship Recommendations.</i>	The outlining of a community for communication about ongoing local community initiatives is being developed 2016 for implementation 2017.

GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

Trelleborg's Corporate Responsibility Report for 2016 complies with Global Reporting Initiative guidelines GRI G4, Core level. The following index shows where information can be found with page references to the printed version of the Annual Report, and to this CR Report 2016. The index lists the GRI indicators on which Trelleborg has selected to report. Indicators with omitted parts are marked with a *, and commented on. All listed indicators have been subject to review by PWC, see page 35.

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
General standard disclosures				
Strategy and analysis				
1	Foreword: President and CEO Peter Nilsson on corporate responsibility		5	2-5, 47
Organizational profile				
3	Name of the organization		2	Cover
4	Primary brands, products, and services		2, 6-7	Cover, 15, 17, 19, 21, 23, 27-29
5	Location of the organization's headquarters		2	Cover
6	Countries where the Group operates		2, 34	Cover, 30
7	Nature of ownership		2	Cover, 9, 69-75
8	Markets served		2, 25-27	Cover, 15, 17, 19, 21, 23, 25, 30-32, 36-45
9	Scale of the organization		2-3, 8-9	Cover, 7-13, 15, 17, 19, 21, 23, 25, 30-31
10	Total workforce by employment type, employment contract, and region, broken down by gender		9	11, 32, 97
11	Percentage of total employees covered by collective bargaining agreements		15	53
12	Supply chain		8, 13, 16	10, 50, 54
13	Significant changes during the reporting period		2-3, 16, 34	Cover, 14, 16, 18, 20, 22, 24-25, 31, 54
14	Explanation of how the Group addresses the precautionary approach		13, 18	50, 56
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the Group subscribes or endorses		5, 10-11, 14-15, 18-19, 25-27, 42-43	34, 38-44, 47-48, 51-53, 56-57
16	Memberships of associations (such as industry associations) and national or international advocacy organizations		5, 10, 14, 42-43	47, 51-52
Identified material aspects and boundaries				
17	All entities included in the organization's consolidated financial statements or equivalent documents		34	102-103
18	The process for defining the report content and the Aspect Boundaries		11-12, 34	48-49
19	All the material Aspects identified in the process for defining report content		5, 11-13, 36-38	47-50
20	Aspect Boundary for each material Aspect within the organization		36-38	
21	Aspect Boundary for each material Aspect outside the organization		36-38	
22	Restatements of information provided in previous reports		34	
23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		12, 34	49

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Stakeholder engagement				
24	List of stakeholder groups engaged by the organization		11-12	48-49
25	The basis for identification and selection of stakeholders with whom to engage		11	48
26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group		11-12	48-49
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to these		12-13	49-50
Report profile				
28	Reporting period for information provided		34	133
29	Date of most recent previous report		34	133
30	Reporting cycle		34	133
31	Contact point for questions regarding the report or its contents		44	133
32	GRI Content Index and the External Assurance Report		35, 39-41	128-129
33	Policy and current practice regarding external verification		5, 34	47
Governance				
34	Governance structure of the organization		10	51
Ethics and integrity				
56	The Group's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		5-8, 10, 14-18, 21, 24-25	8, 26-27, 31, 42, 45-46, 48-49, 51
Specific standard disclosures				
Economic				
Economic performance				
EC1	Direct economic value generated and distributed		7	13
Environmental				
Energy				
EN3	Energy consumption within the organization		17-18	55-56
EN5	Energy intensity		18	56
EN6	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg grows through acquisitions, which makes it necessary to measure energy savings through intensity rather than through energy consumption only.	18-19	56-57
Water				
EN8	Total water withdrawal by source		17, 19-20	55, 57-58
Emissions				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		18-19	56-57
EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)		8, 18, 21	10, 56, 59
EN18	Greenhouse gas (GHG) emissions intensity		8, 17-20	10, 55-58
EN19	Reduction of greenhouse gas (GHG) emissions		18-19, 21	56-57, 59
EN21	NOx, SOx, and other significant air emissions		17, 20	55, 58
Waste				
EN23	Total weight of waste by type and disposal method		16-17, 19-20	54-55, 57-58
EN24	Total number and volume of significant spills		16	54
Compliance				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		16	54
Employment				
Health and safety				
LA5*	Percentage of total workforce represented in formal joint management-worker health and safety committees	Trelleborg does not specify the number of employees in production units, so the figure corresponds to percentage of production units instead.	17	55

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
LA6*	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Trelleborg does not report global absentee rate. In some countries where Trelleborg operates, absenteeism is measured mainly for production purposes, which currently causes too large risks of errors to a global figure.	8, 13, 17	10, 50, 55
Training and education				
LA10*	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Programs included in report are focused on Group University offerings with a clear Diversity aspect.	22	60
Diversity and equal opportunity				
LA12*	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Compared to ethnicity and gender, age is deemed less significant in the current Trelleborg context and is therefore omitted.	22	60
Human Rights				
Non-discrimination				
HR3	Total number of incidents of discrimination and corrective actions taken		8, 15-16	10, 53-54
Freedom of Association and Collective Bargaining				
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	From a general perspective (ITUC 2014) China, India and Turkey are among the countries with the highest risks of rights violations.	15	53
Child labor				
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	From a general perspective (IMaplecroft 2010) India and China are among the countries with the highest risks of violations.	8, 15	10, 53
Forced or Compulsory Labor				
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	From a general perspective (IMaplecroft 2011) India, China, Mexico and Indonesia are among the countries with the highest risks of violations.	8, 15	10, 53
Supplier Human Rights Assessment				
HR10*	Percentage of new suppliers that were screened using human rights criteria	Trelleborg reports percentage of suppliers screened against relevant total purchasing value as defined by the company.	8, 13, 16	10, 50, 54
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Explaining priority for supplier audits: China is found clearly on top of Trelleborg-relevant country risk ranking (Maplecroft 2013) regarding human/labor rights breaches.	15-16	53-54
Society				
Local communities				
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs		7, 9, 23	11, 29, 61
Anti-corruption				
S04*	Communication and training on anti-corruption policies and procedures	Quantitative figures for percentage of total workforce that have gone through Code of Conduct training will commence from the 2017 CR report.	14-15	52-53
Anti-competitive behavior				
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		14-15	52-53
Compliance				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		8, 14-15	10, 52-53

THE CR REPORT 2016 IS PREPARED FOR THE SWEDISH ANNUAL ACCOUNTS ACT

Area	Pages in this report	Pages in the annual report
Business model	2-3, 6-10	Cover, 10-11, 28-29, 51
Risks	29-33	63-67
Policy/target	5-10	10-11, 28-29, 47
Anti-corruption	14-15	52-53
Environment	17-21	55-59
Human rights	15-16	53-54
Social conditions	23	61

UN GLOBAL COMPACT PRINCIPLES

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

Human rights: Principles 1-2

Principle	Examples of initiatives that actively promote human rights are:
1: Businesses should support and respect the protection of internationally proclaimed human rights.	» Targets and outcomes (see pages 8-9) » Trelleborg focuses on material aspects (see page 11-13)
2: Businesses should make sure that they are not complicit in human rights abuses.	» The area of human rights (see pages 15-16) » Diversity provides opportunities (see page 22) » Risks and risk management (see pages 29-33)

Labour: Principles 3-6

Principle	Examples of initiatives that actively promote labour standards are:
3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	» Targets and outcomes (see pages 8-9) » Examples of stakeholder dialog in 2016 (see page 13)
4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	» Child and forced labour (see page 15) » Freedom of association (see page 15)
5: Businesses should uphold the effective abolition of child labour.	» Suppliers (see page 16)
6: Business should uphold the elimination of discrimination in respect of employment and occupation.	» Diversity provides opportunities (see page 22) » Risks and risk management (see pages 29-33)

Environment: Principles 7-9

Principle	Examples of initiatives that actively promote environmental responsibility are:
7: Businesses should support a precautionary approach to environmental challenges.	» Targets and outcomes (see pages 8-9) » Safe and efficient use of resources (see pages 17-21)
8: Businesses should undertake initiatives to promote greater environmental responsibility.	» Trelleborg and climate: new goal "20 by 20" (see page 21) » Blue Dimension™ - solutions for better sustainability (see pages 24-27)
9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	» Risk and risk management (see pages 29-33)

Anti-corruption: Principle 10

Principle	Examples of initiatives that actively promote anti-corruption are:
10: Businesses should work against corruption in all its forms, including extortion and bribery.	» Targets and outcomes (see pages 8-9) » Anti-corruption and competition law (see page 14) » The Code of Conduct is the basis for regulatory compliance and CR (see page 14) » Suppliers (see page 16) » Risk and risk management (see pages 29-33)

UN GLOBAL COMPACT ADVANCED CRITERIA

Trelleborg have been part of the UN Global Compact Programme since 2007. Trelleborg's intention is to continue the development of our Corporate Responsibility performance and disclosure with yearly Communication on Progress (COP) reports. Read more at our Corporate Responsibility Web pages: www.trelleborg.com/About Us/Corporate responsibility

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

UN Global Compact Advanced level and how it correlates to the Corporate Responsibility work of Trelleborg in our 2015 reporting

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

Reference:

COP: 4-9

Annual Report: 10-11, 28-29, 47, 51

CRITERION 2: The COP describes value chain implementation

Reference:

COP: 4-9

Annual Report: 10-11, 28-29, 47-50, 58-61

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

Reference:

COP: 4-27, 36-38

Annual Report: 10-11, 28-29, 47-61

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

Reference:

COP: 4-7, 10, 36-38

Annual Report: 28-29, 47, 51

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

Reference:

COP: 10-13, 28-33, 36-38

Annual Report: 47-51

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

Reference:

COP: 4-27

Annual Report: 10-11, 47-61

CRITERION 16: The COP describes strategic social investments and philanthropy

Reference:

COP: 23

Annual Report: 61

CRITERION 17: The COP describes advocacy and public policy engagement

Reference:

COP: 23

Annual Report: 61

CRITERION 18: The COP describes partnerships and collective action

Reference:

COP: 23

Annual Report: 61

CRITERION 19: The COP describes CEO commitment and leadership

Reference:

COP: 4-5, 10

Annual Report: 2-5, 47, 51

CRITERION 20: The COP describes Board adoption and oversight

Reference:

COP: 10

Annual Report: 51, 69-75

CRITERION 21: The COP describes engagement with all important stakeholders

Reference:

COP: 10-23

Annual Report: 48-61



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

The Trelleborg Group has annual sales of SEK 31 billion and operations in about 50 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems, and the operations of Rubena and Savatech.

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

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