

Corporate Responsibility Report 2017

**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 previous Corporate Responsibility Report 2016 was published in April 2017.

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, 2016. All figures in the section “Trelleborg and 2017 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

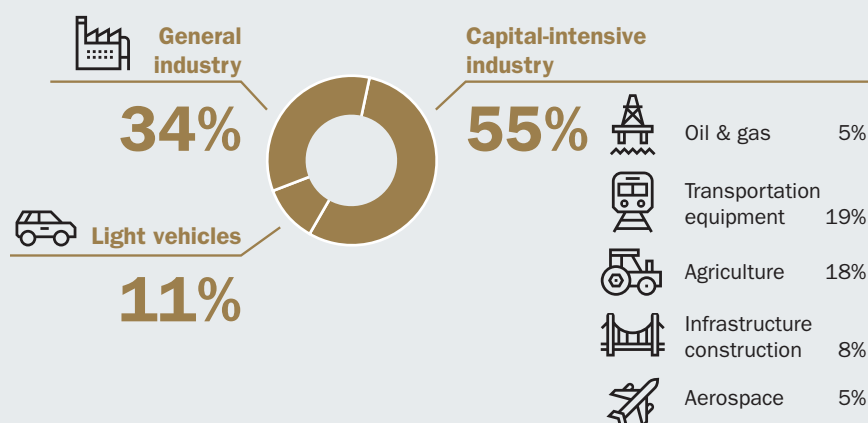
Indicator categories: G4=General Standard Disclosures, EC=Economic, EN=Environmental, LA=Labor Practices and Decent Work, HR=Human Rights, SO=Society.

An indicator with an asterisk* signifies an indicator with comments regarding aspects that have been committed (these can be found in the GRI index on pages 39–42).

TRELLEBORG AND 2017 IN BRIEF

FOUNDED IN	1905
HEAD OFFICE IN	TRELLEBORG
NUMBER OF COUNTRIES WITH OPERATIONS	50
LISTED ON NASDAQ STOCKHOLM, LARGE CAP	1964
NUMBER OF EMPLOYEES	23,152
SALES IN 2017 (SEK M)	31,581

Share of the Trelleborg Group's sales



KEY EVENTS IN 2017



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.

Seal

To seal is to fill a gap when joining two static or moving (dynamic) surfaces, thereby separating different media from each other.

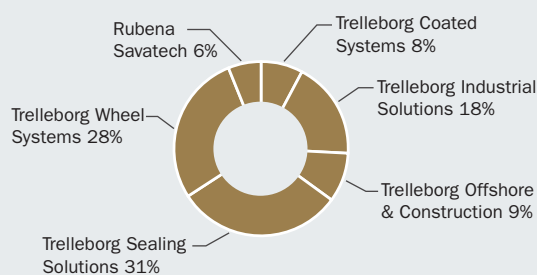
Protect

To protect is to help the environment, people, infrastructure and other assets to manage the impact from natural and man-made forces.

Damp

To damp is to absorb energy, thereby reducing vibration and noise.

Business areas' share of consolidated sales, %



Key figures, continuing operations, SEK M

	2017	2016
Net sales	31,581	27,145
Organic sales, %	4	-5
EBITA, excluding items affecting comparability	4,385	3,700
EBITA margin, %	13.9	13.6
EBIT, excluding items affecting comparability	4,091	3,496
EBIT margin, %	13.0	12.9
Items affecting comparability	-69	-391
EBIT	4,022	3,105
Operating cash flow	3,688	3,460
Cash conversion ratio, %	90	99
Return on shareholders' equity, % ¹⁾	11.0	10.1
Earnings per share, SEK ¹⁾	10.60	8.18
Dividend, SEK ²⁾	4.50	4.25

¹⁾ Including items affecting comparability.

²⁾ As proposed by the Board.



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



WE CONSTANTLY RAISE THE BAR FOR OURSELVES

Aiming to become world class in sustainability entails a number of things for us. It includes understanding the company's role in society and acting responsibly in the areas where we directly or indirectly can make a difference. Basically, it involves being a responsible and respected member of society, and that we create long-term value through our sustainable products and solutions, both for our shareholders and for society. In all these respects, we have taken important steps forward in recent years. At the same time we stand by the fundamental commitments documented in our Code of Conduct and in the UN Global Compact, whose principles we also encourage our suppliers to follow.

The Blue Dimension™ initiative is our way of showing how we can use innovative solutions to help our customers protect people, the environment, infrastructure and assets, through such properties as the energy efficiency of solutions, their ability to dampen noise and vibrations and their material durability. In short, innovation for current and future societal challenges. On pages 14–15, you can read more about how our solutions can contribute in various ways to the UN Sustainable Development Goals, which concern the whole of society.

Continuing work with acquisitions. 2017 was otherwise characterized by what is our everyday industrial life. Naturally, the major acquisition in 2016 of CGS Holding, with brands and companies including Mitas, Rubena and Savatech, has involved plenty of work that continued during the year on consolidation and organization, not least in relation to practical matters, such as resource-saving efficiency enhancements and health and safety issues.

We are steadily and purposefully moving toward the goal we call Excellence in all of our core processes. This means we have a world-class target where the bar is being continuously raised, and where we gradually are improving our performance – and where the world around us and the competition also demands that we constantly advance our positions.

Trelleborg is at the upper level of companies on Nasdaq's Large Cap list in Sweden in terms of how we implement and communicate our sustainability work, according to a survey by the Stockholm School of Economics in 2017. There is scope for us to even increase our communication, according to the same survey. We look upon this 2017 Annual Report and our sustainability pages on www.trelleborg.com as part of this communication work, which is also an area where we are constantly raising the bar for ourselves.



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 2017 CR Report is based on GRI G4, the Global Reporting Initiative's Sustainability Reporting Guidelines, under the Core option. See the GRI Content Index on pages 39–42.

Deloitte has performed a limited assurance of this option, with a focus on the most significant CR issues. Refer to Deloitte's Assurance Report on page 43.

The 2017 CR Report is adapted to regulations for sustainability reporting in compliance with the Swedish Annual Accounts Act, refer to page 42.

Trelleborg's stand-alone CR Report can always be downloaded from our website www.trelleborg.com, under Corporate Responsibility.

THE GROUP IN BRIEF

TARGETS AND OUTCOMES

RESOURCES

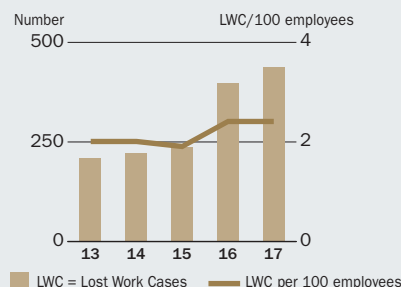
Health and safety

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.

Outcome: In 2017, the average outcome was 2.4 LWCs (2.4) per 100 employees. The figure is thus stable despite the inclusion for the full year of recently acquired units with, on average, a higher number of injuries. However, the average number of days lost per injury was higher than in the preceding year: 30.3 (24.1).

Health and Safety



Climate

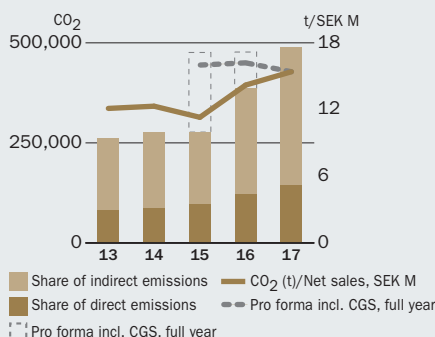
Focus and target: The “20 by 20” target aims to reduce direct and indirect CO₂ emissions (Scope 1 and 2) by at least 20 percent relative to sales by 2020 (compared with base year 2015 and the pro forma value of 16.0 metric tons/SEK M, see below and pages 23–25 for more information).

Outcome: In 2017, the value was 15.4 metric tons/SEK M (14.2), with the increase compared with 2016 attributable to the recently added units with more energy-intensive manufacturing having completed their first full year as part of the Group.

However, compared with the pro forma value for 2016 of 16.2, this year's value is clearly lower and points to an improvement in both energy efficiency and the transition to green energy sources.

Refer to pages 22–25 for details, including the “20 by 20” target for the years ahead.

Climate impact



SALES GROWTH

EBIT MARGIN

RETURN ON SHAREHOLDERS' EQUITY

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). The goal was for 85 percent of employees to have completed Code of Conduct training during the year.

Outcome: Zero cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2017. Furthermore, zero cases (0) of child labor or forced labor were reported. Of 5 reported cases of discrimination (5), a settlement was reached between the parties or other measures were taken in 4, while 1 case is still being processed.

During the year, 18 matters (14) 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. 83 percent of employees received training in the Code of Conduct during the year.

Suppliers

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

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

Outcome: Trelleborg met the defined target level. Suppliers corresponding to about 84 percent (81) of the relevant purchasing value defined by Trelleborg were assessed.

Refer to page 20 regarding supplier audits and how they strengthen supplier review activities.

FINANCIAL

RESOURCES

REGULATORY COMPLIANCE

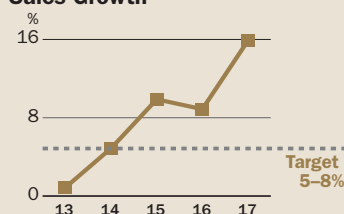
TARGET OR

TARGET 5–8%

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

OUTCOME: 16%

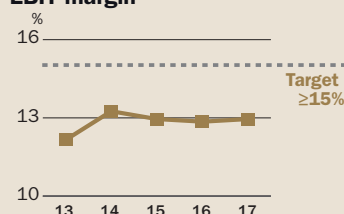
Sales growth of 16 percent (9) was primarily acquisition-driven. Organic sales increased 4 percent and structural changes contributed 12 percent.

Sales Growth**TARGET ≥ 15%**

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

OUTCOME: 13%

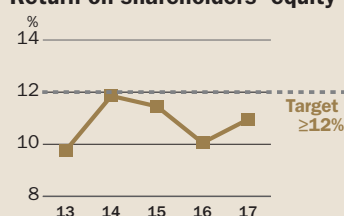
The EBIT margin of 13.0 percent (12.9) increased slightly compared with the preceding year, driven by continued favorable efficiency and cost control in addition to strong market positions.

EBIT margin**TARGET ≥ 12%**

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

OUTCOME: 11%

Return on equity for continuing operations rose to 11.0 percent (10.1). The change is attributable to the improved earnings during the year.

Return on shareholders' equity ¹⁾

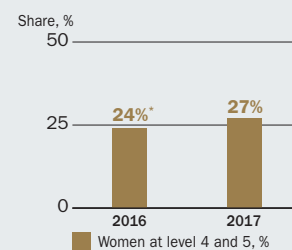
¹⁾ Including items affecting comparability.

DIVERSITY

Focus and target: Trelleborg works to achieve a balanced mix in terms of age, 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 2017, the share of women at management levels 4–5 in Trelleborg's units was 27 percent (24), an improvement on the preceding year. The share of women for the organization as a whole is 24 percent (refer to page 59). The share of women in Group management is 10 percent (9), and on the Board 38 percent (33).

Gender distribution at management levels 4–5

*Excluding CGS employees.

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, India and Sweden. The program in Sri Lanka was expanded to include another school in 2016 and was formally inaugurated in 2017. Refer to pages 28–29.

TARGETS

DIVERSITY

SOCIETY

MENTATION



A highly powerful test bench for hydraulic rod seals is located at Trelleborg's laboratory in Germany. It is used to qualify the seals used in aircraft landing gears by testing a large number of landing cycles, including ice and water load testing.

POLYMERS POSSESS UNIQUE PROPERTIES TO SEAL, DAMP AND PROTECT

Polymers – rubber, composites and plastics as they are commonly known – are some of the toughest and most versatile materials available. But what are polymers precisely? The short and simple answer is that polymers are our most elastic materials, with unique properties that seal, damp and protect in a range of environments.

Polymers are long chains of molecules that serve as building blocks in rubber and plastics. Rubber is formed from polymeric hydrocarbons. While there is only one chemical variant of natural rubber, synthetic rubber is available in some 20 variants. Natural rubber is derived from the rubber tree, *Hevea Brasiliensis*. Synthetic rubber is usually made using chemicals, with the addition of petroleum (oil). Treated rubber is elastic, water repellent and malleable.

Polymers cannot be defined as a uniform concept. There are many different types of polymers that, with various additives, can have very different properties. The chemical additives and combinations with other materials, such as metals and textiles, determine the end product's properties. Trelleborg uses natural rubber in its large tires, springs and rubber bearings as well as its hoses, seals and engineered coated fabrics.

Synthetic rubber, such as Styrene Butadiene Rubber (SBR) and isoprene rubber, has properties that are similar to those of natural rubber. In mixes these are used as outer rubber in blasting hoses, oil and gasoline hoses, tires and more. Nitrile rubber (NBR) is often used with other types of rubber for added elasticity, abrasion resistance and ability to withstand low temperatures. Ethylene-propylene rubber (EPM/EPDM) are suitable for high temperatures and used for sealing profiles, hoses and more.

Trelleborg's production of the various materials used impacts people and the environment in several different ways. Effects include occupational accidents and illness, energy consumption, climate impact, water consumption and waste and emissions. Read more about these effects and Trelleborg's preventive efforts on pages 16–29.



VALUE GENERATION AT TRELLEBORG



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 2017.

“OUR INNOVATIVE SOLUTIONS ACCELERATE PERFORMANCE FOR CUSTOMERS IN A SUSTAINABLE WAY.”

CORE CAPABILITIES

» 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.

CORE VALUES

Trelleborg's core values – customer focus, performance, innovation and responsibility – are long-term commitments that, together with Trelleborg's business concept, targets and strategies, guide the Group when making decisions and conducting business.

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 20.

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 32–35.

FINANCIAL RISKS

Primarily financing and liquidity risks, interest rate and foreign exchange risks, and financial credit risks. Refer to Note 31, pages 118–120 in the Annual Report 2017.



GENERAL INDUSTRY



OIL & GAS

TRANSPORTATION
EQUIPMENT

AGRICULTURE

INFRASTRUCTURE
CONSTRUCTION

AEROSPACE



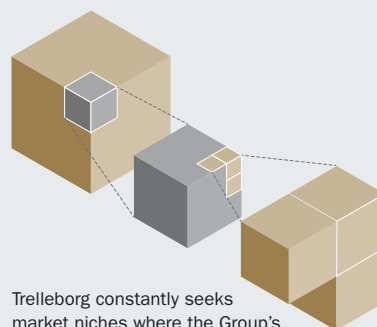
LIGHT VEHICLES

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.

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 as a whole 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 42–45 in the Annual Report 2017.



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

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.

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. Refer to page 41 in the Annual Report 2017.

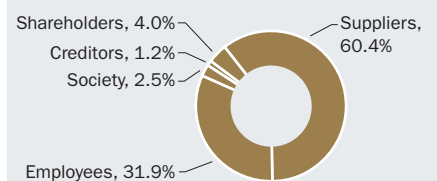
CONFIDENCE RISKS

Risks associated with the market's confidence in the company as a reliable player and supplier. Refer to page 31.

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 31.

Distributed value 2017



In total in 2017, Trelleborg's operations generated economic value totaling SEK 32,755 M (27,466) of which SEK 29,127 M (25,053) was distributed among stakeholders as shown in the diagram above and description below:

Suppliers: Payment for material and services: SEK 17,603 M (14,852).

Employees: Salaries and benefits: SEK 9,280 M (8,247).

Shareholders: Dividend in 2017: SEK 1,152 M (1,084). Long-term dividend policy: 30–50 percent of net profit for the year, refer to page 8 in the Annual Report 2017.

Creditors: Interest expenses SEK 360 M (277).

Society: Taxes paid: SEK 732 M (593), refer to page 28.

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 is derived 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 infra-

structure 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 on the next page.

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 14–15.

In practice, the initiative and concept mean that the company's business progress 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.

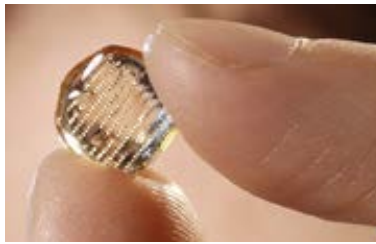
Sustainability-related products and solutions from Trelleborg

EXAMPLES THAT PROTECT THE ENVIRONMENT



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

EXAMPLES THAT PROTECT PEOPLE



- » Healthcare and medical products with a direct function or effect on people's health – the image above shows microneedle patches used for administering medicine and vaccines.
- » 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.

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 communicates the message of its Blue Dimension™ initiative across a range of channels, from social media and websites to advertisements and brochures.



UN SUSTAINABLE DEVELOPMENT GOALS – 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.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 7: AFFORDABLE AND CLEAN ENERGY Safe extraction and transport of energy. Components for wind and solar power solutions.

GLORIOUS TIMES FOR SOLAR ENERGY

Trelleborg knows what materials and technology work in solar panels, and the challenges facing installation engineers. Trelleborg's sealing profile solution seals well, looks attractive and is easy to install. This guarantees a long service life for both the solar panels and the building under. The sealing profile is also designed to allow a certain margin when mounting the panels, which simplifies work.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 13: CLIMATE ACTION Build resilience against climate hazards and catastrophes.

INNOVATIVE CABLE SOLUTION FOR WIND FARMS

Trelleborg has devised a reliable protection solution for cables and flowlines to offshore 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. These differ from other cable protection as, for example, they must handle the heat generated by the power cables.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 9: SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE Reliable, sustainable, resilient and high-quality infrastructure. Sustainable industrialization.

THE LINE AT END OF THE ROAD

A thin orange strip inside a solid rubber tire. The aim is to maximize tire life, increase productivity, improve safety and reduce environmental impact caused by, for example, premature tire replacement. Pit Stop Line from Trelleborg has been developed to indicate clearly when a solid tire on a forklift needs to be replaced. The orange line appears on the surface of the tire when its service life is soon over. Personnel then know that the tire has about 80 to 100 hours of service life remaining. This gives plenty of time to plan a tire replacement when it is most convenient for the user.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 2: ZERO HUNGER Sustainable agriculture. Sustainable systems for food production.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 6: CLEAN WATER AND SANITATION Safeguarding and protecting water resources.

TIRE SOLUTION FOR ENHANCED SUSTAINABILITY

Precision farming technologies are gradually transforming the agricultural industry into a high-tech business. The aim is to help farmers to produce more, with less. Trelleborg's tire solutions contribute to better crop yield next season and less energy consumption when ploughing. Good tires can reduce carbon dioxide emissions and the climate impact while improving performance in the form of reduced working time, soil compaction and fuel consumption.

TRENCHLESS TECHNOLOGY

Deteriorating sewer pipes lead to two important environmental issues. The infiltration of ground water into the pipe system, which may mean facilities have insufficient capacity to handle the flow and contaminated wastewater is discharged into waterways. The second issue concerns exfiltration, meaning material that leaks from sewer pipes into the groundwater supply, causing pollution. Trelleborg's trenchless technology offers an environmentally friendly alternative to the complete replacement of pipes. The technology essentially seals pipes from the inside, from manhole to manhole. This method avoids problems that occur in connection with digging up streets, polluting the air and obstructing traffic.



TRELLEBORG'S CONTRIBUTION TO UN GOAL 3: GOOD HEALTH AND WELL-BEING Components in medical equipment. Administration of medicine and vaccines.

MEDICAL NEEDLES

Nicotine patches are a well-known example of a medical plaster. 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. 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 is working with device developers and manufacturers to supply highly engineered components using Liquid Silicone Rubber (LSR) for drug delivery systems in microneedle patches.



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

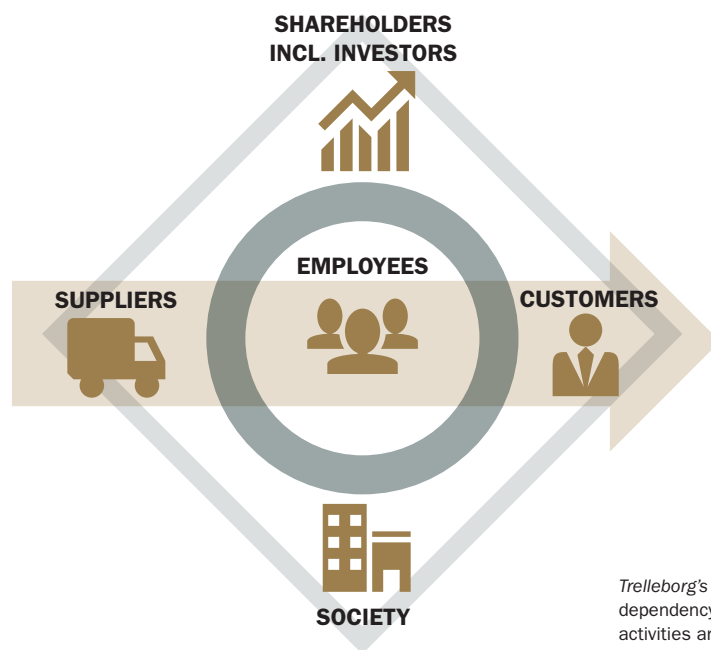
Watertight infrastructure plays an important role in protecting cities and cultural sites from flooding in every corner of the world, from Los Angeles to Venice and St. Petersburg. In all of these cases, seals from Trelleborg have played a key role when it comes to using specially designed engineering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

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 FOCUSES ON MATERIAL ASPECTS

Key internal and external stakeholder groups are characterized by mutual dependence, proximity and direct influence on the company's operations. Trelleborg has combined the areas in Corporate Responsibility/Sustainability that stakeholder groups consider most material into four focus areas: Regulatory Compliance, Resources, Diversity and Social Engagement.

TRELLEBORG'S KEY STAKEHOLDERS



Trelleborg's key stakeholders. Groups where mutual dependency and proximity to the company and its activities are distinct factors.

Key stakeholders. The determination of key stakeholders for Trelleborg is primarily based on *mutual dependency and the proximity* between these groups and the company.

Such key stakeholder groups with mutual and close relationships with the company and its activities can be mainly found across the value chain, which consists of *Suppliers, Employees and Customers*. Another key group with a strong mutual relationship to the company is *Shareholders, including Investors*, meaning potential shareholders.

A further decisive dimension that characterizes key stakeholders is the *direct influence* the business and its activities have on their stakeholder groups.

Stakeholders in the group *Society* comprise to a certain degree of citizens with a direct connection to Trelleborg's operations, such as those living close to Trelleborg's facilities. Another growing group in the *Society* stakeholder group are customers that, via Trelleborg's products and solutions, have a positive effect on the overall sustainability of society. As part of Trelleborg's focus on solutions for sustainability

(under the umbrella term Blue Dimension™, refer to pages 12–13) this contribution to society in the business will be further accentuated in the future.

In addition, society is 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 dialogue 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 Corporate Responsibility (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 predominant aspects in the outcome of these analyses have consistently been regulatory expectations with respect to *Compliance with laws 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 Handling 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 Social Engagement. For a more detailed overview of the focus areas, refer to the GRI Index on pages 39–42.

2017 review. Trelleborg's materiality analysis for 2017 was again reviewed, based on the company's CR Report for 2016. In cooperation with the International Institute for Industrial Environmental Economics at Lund University, exercises were conducted in October 2017 with about 40 students from the two Master's programs offered

MATERIALITY ANALYSIS



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

by the institution. The goal of the exercises was to evaluate the materiality analysis conducted from the perspective of key stakeholder groups and to produce views and criticism of the CR Report. One whole day was devoted to presenting and commenting on the results from a stakeholder perspective.

If you link together this type of review from external stakeholders with the internal evaluation during the year, *Trelleborg's products and solutions for sustainability* continue to be viewed as an important focus area for the future with a distinct link to a number of Sustainable Development Goals identified by the UN. For more information about Blue Dimension™ and the UN Sustainable Development Goals, refer to pages 12–13.

A selection of the other recurring conclusions for each focus area is presented here. These conclusions were addressed during the preparation of the 2017 CR Report and the corresponding online communication at www.trelleborg.com.

Proposed areas for improvement:

Regulatory compliance

- » Further clarification is requested with respect to approach and risks within the area of Compliance. Example: Presence and involvement in conflict zones.
- » What is the difference between a standard supplier review and a supplier audit?

Trelleborg's comments: The area of Compliance remains a priority. During the year, the Code of Conduct was rolled out and quick guides for central policies were produced in several languages (page 19), work that will continue in 2018, when a new version of the Code of Conduct is to be drawn up (refer to page 19). The presence in conflict zones is particularly addressed in the review of relevant Group policy on trade restrictions. It has been clarified that a supplier audit involves an on-site visit at the supplier.

Resources

- » How can you be sure that the production of raw materials, such as natural rubber, is not resulting in deforestation?
- » What is Trelleborg's stance on the issue of microplastics and their spread in the ecosystem?

Trelleborg's comments: Trelleborg is monitoring, in part through its involvement in international organizations, the development of sustainable procedures for cultivating and producing natural rubber. The issue of microplastics is relatively new for us, and is being investigated, primarily linked to products for surface and underwater use.

Social engagement

- » Is it possible to describe the benefits of Trelleborg's community involvement in more detail?

Trelleborg's comments: During the year, an evaluation was conducted of our oldest

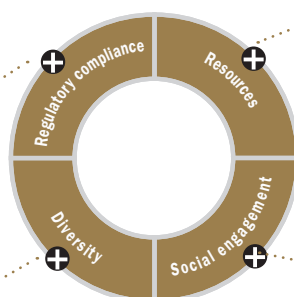
TRELLEBORG'S FOCUS AREAS AND MATERIAL ASPECTS

Correct is correct

- Anticorruption/Code of Conduct
- Social and Environmental Compliance
- Human rights
- Child and forced labor
- Freedom of association
- Supply chain responsibility

Your difference makes a difference

- Age, ethnicity and gender



We are raising the bar

- Health and safety
- Energy
- Climate impact
- Water
- Emissions to air (solvents)
- Waste
- Chemicals

We contribute to a better society

- Community development

Star for Life project in Sri Lanka, that is summarized on page 28.

Products

» What Life Cycle Assessment procedures are in place? Is there a shared model which defines the stages of the cycle?

Trelleborg's comments: Via Blue Dimension™ solutions for sustainability, the procedures for a lifecycle approach and analysis will be further developed in the years ahead. One goal is to create a shared language in the future model. The image at the bottom of the page (Trelleborg and the value chain) shows how various material sustainability aspects are distributed, both along the value change – from Suppliers upstream to Society downstream – and across various focus areas.



Trelleborg used Master's students from the International Institute for Industrial Environmental Economics in Lund to evaluate the materiality analysis and content of the CR report. The image shows international student representatives from the review team for 2017. The MESPOM and EMP Master's programs educate future policy makers in the field of environmental sustainability.

EXAMPLES OF STAKEHOLDER DIALOGUE IN 2017:

January 12–18

Follow-up and visit to Trelleborg's community project in Sri Lanka: The Star for Life schools Kelani College and Bellana College together with the Antonio Bianchi's House pre-school.

March 27

Trelleborg contributes to an article in the Chamber of Commerce and Industry of Southern Sweden's publication Klimatutmaningen 2.0.

April 27

Questions received for the Annual General Meeting were answered concerning the link between sustainability goals and variable remuneration of employees.

May 18–19

Participation in the International Institute for Industrial Environmental Economics' sustainability conference, Lund.

May 22

Participation and presentation at Trelleborg Supplier Days for Group suppliers, Trelleborg.

July 5

Participation in panel during Almedalen week in Visby: Klimatutmaningen 2.0.

September 1

Dialogue with external analysts about Trelleborg's principles for presence in conflict zones.

September 6

Participation in a panel conference on guidelines for sustainability reporting, in Malmö.

September 27 The "Walking the Talk?" report by MISUM at the Stockholm School of Economics listed Large Cap companies in Sweden with regard to their sustainability communication and implementation. In the study's "walk" dimension (implementation), Trelleborg received substantially higher points than the average.

October 5

Participation in reference group for the Sustainable Management Master's program at the School of Economics' day, in Örebro.

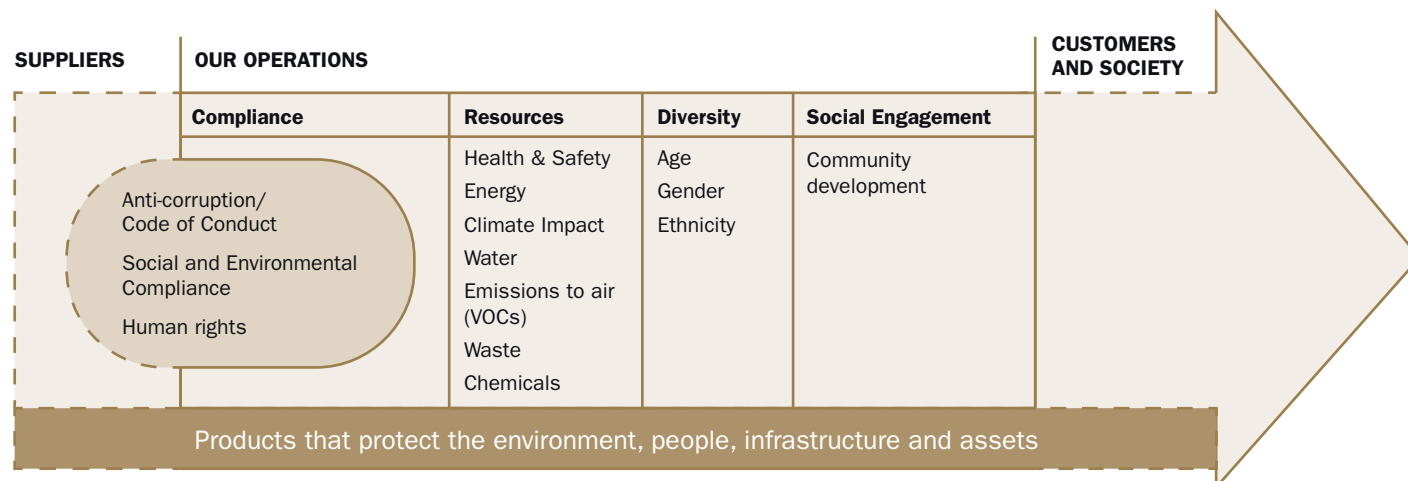
October 11

Contributed to report from 2050 Consulting: "Views on sustainability and profitability from businesses in Skåne" and in a panel and breakfast meeting.

October 23–27

Stakeholder exercise with Master's students at the International Institute for Industrial Environmental Economics at Lund University, see above and pages 16–17.

TRELLEBORG AND THE VALUE CHAIN



SOLUTIONS FOR BETTER SUSTAINABILITY

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, an additional aspect that extends across the value chain should be highlighted: Products that protect the environment, people, infrastructure and assets, and that thereby contribute to the sustainability of customers and society.

COMPLIANCE WITH LAWS AND CODES

Trelleborg's Code of Conduct covers laws and rules, human rights, environment, OHS and ethics and applies to all employees, without exception. Together with the whistleblower policy, it constitutes an important linchpin for regulatory compliance in operations.

Anti-corruption and competition law.

Trelleborg has a zero tolerance policy toward all forms of corruption, including bribery and extortion, blackmailing, nepotism, racketeering and embezzlement. The contents of Trelleborg's Group-wide Compliance Program have been continuously developed and, in addition to competition law, includes such issues as anti-corruption, export control, employee relations as well as matters relating to 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 the U.K. anti-corruption law.

During 2017, new training material in the e-learning format was created in the field of competition law, which allows the rapid global roll out to target groups concerned, starting in 2018.

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.

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 2017, the Compliance Task Force held 4 meetings that addressed, among other things, an update to training courses for the Code of Conduct and Group policies (see box below and page 20), trade restrictions, compliance and effects of new legislation such as new rules on data protection, a review of legal entities and the integration of acquired businesses.

All employees are required to comply with applicable Group 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. Refer to the table on page 21 for matters reported via the whistleblower system. This system was supplemented with employee surveys carried out at regular intervals that receive a high response rate (2017: 84%). In addition to drawing attention to areas for local improvement projects, these provide a clear indication of any problems with management or similar shortcomings.

In 2017, Trelleborg's Compliance Task Force continued its initiated review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg.

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 forced labor and sex trafficking, see below).

Compliance with laws and permits. Being a listed company with global operations, Trelleborg is subject to a range of laws, regulations and directives. Significant breaches of laws and permits leading to legal consequences or fines as well as breaches of environmental and OHS-related laws are reported on page 21.

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 below.

Within the framework of Trelleborg's ERM processes for internal risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant internally.

Child labor. 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 the image illustrating the stages of the processing chain for natural rubber on page 20. For many years, Trelleborg cooperated with Save the Children in joint community initiatives, which have also strengthened know-how in the field of child labor.

Forced labor includes various phenomena, from slavery to forced relocation and forced exploitation of human

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 forms a basis for all operations in the Group, and applies to all employees, without exception. Starting in the first quarter 2017, an updated version of the company's training material pertaining to the Code of Conduct was rolled out to the entire Group – more than 80 percent of the employees completed this training course during the year – which further helped to raise awareness of applicable legislation, and of internal policies and rules. E-learning and other training material is available in 11 languages. A comprehensive review of the Code of Conduct is ongoing, with launch planned for 2018–2019.

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. It is available externally from www.trelleborg.com. Trelleborg's Whistleblower Policy and system means each employee is given the right and opportunity, by telephone or online, to report suspicions of legal or regulatory violations in their own language, without repercussions.



beings (trafficking). The risk of this is also judged to exist primarily in the supply chain.

During 2017, Trelleborg's corporate website published a statement regarding the management of issues concerning forced labor and trafficking, mainly in accordance with the UK's Modern Slavery Act and Californian law.

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. In China, however, certain restrictions related to freedom of association apply. The percentage of employees with union representation is shown in the table on page 21.

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.

During the year, special training initiatives were carried out to strengthen preventive measures against harassment, including in the U.S and India.

Read more about outcomes for the year in relation to discrimination on page 21 and about Trelleborg's diversity activities on pages 26–27.

The environmental area comprises regulatory compliance with local environmental laws and permits, as well as certified environmental management systems.

Environmental management systems. 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. The percentage of certified units is presented on page 21.

Environment laws and permits. Fines or sanctions for breaches of environment or OHS-related rules is shown in the table on page 21. This also applies to unplanned emissions.

Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination, which is further described in the table on page 21.

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. The number of studies conducted in 2017 is presented in the table on page 21.

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 (see below and on page 22), metal components and various additives.

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 material and services that are not directly included in products.

Supplier assessment. Supplier assessments have continued in 2017, primarily via Group-wide questionnaires, containing questions related to human rights, and also OHS, environmental management and social responsibility. Unsatisfactory responses are investigated. Refer to the table on page 21 for the year's outcome.

Supplier audits. Work auditing "at-risk suppliers" through site visits continued in

2017, mainly in China, but also in India and Turkey. The focus has been on textile suppliers and chemicals suppliers as well as natural rubber suppliers as described below. 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. The time limit varies depending on the severity of the breaches. Refer to the table on page 21 for the outcome for 2017.

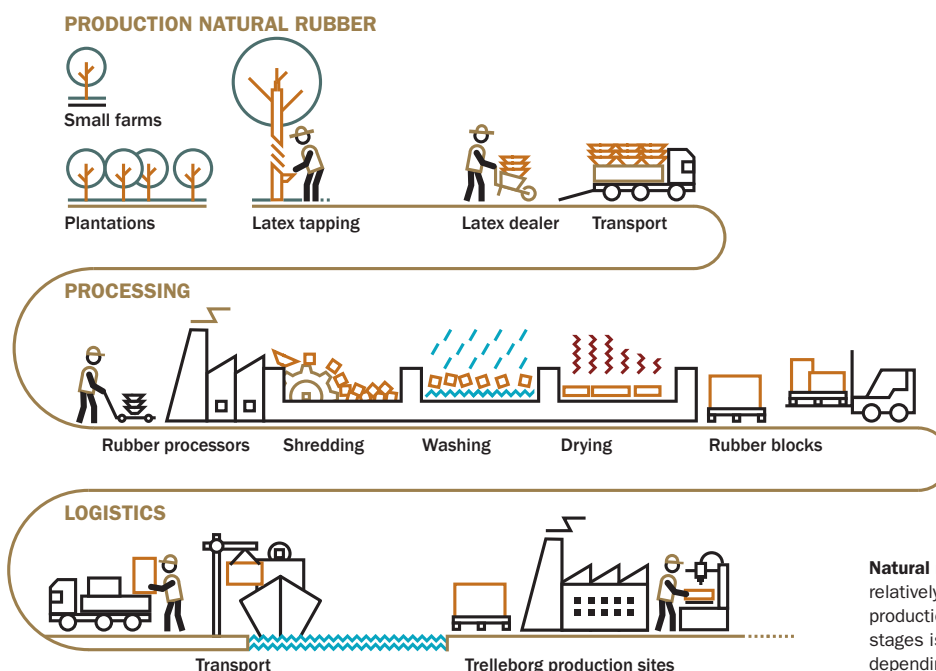
Dialogue with natural rubber suppliers. Dialogue with suppliers, with information gathering and as a precautionary approach, continued in 2016–2017 concerning natural rubber from Southeast Asia and Africa as a continuation from measures in 2014–2015 in Sri Lanka, where Trelleborg assembled more than 1,000 representatives of direct and indirect suppliers of natural rubber to a series of information meetings on the Code of Conduct and child labor.

The image below shows the principle value chain for natural rubber and the relatively long distance between Trelleborg's production units and rubber producers.

CENTRAL POLICIES IN THE AREA OF COMPLIANCE

All relevant employees sign an Acceptance Letter every year where they confirm knowledge of and compliance with all of the Group's policies, of which the following are considered to 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



Natural rubber. The supply chain is relatively long from grower to Trelleborg's production facilities. Three or four stages is not unusual, but this varies depending on the country/continent.

Outcome in brief for 2017 in the area of Compliance

Compliance	Where?	Outcome 2017	Description of goals and management approach
Anti-corruption and competition law	■	560 employees (650) underwent classroom training in anti-corruption, competition law, contract management and so forth. In addition, e-learning webinars are available.	Zero tolerance approach to all types of bribery, corruption, cartel and other criminal behavior. Knowledge about relevant Group policies and the Code of Conduct is a requirement that is ensured through recurring training sessions for all employees, which are supplemented with special training programs in the area.
Training in the Code of Conduct	■	83 percent of employees underwent training sessions, e-learning or classroom training during the year.	The goal for 2017 was that 85 percent of the Group's employees should undergo training in the Code of Conduct during the year. The training initiative will continue in 2018.
Compliance (general)	■	There were zero (0) reported significant breaches of laws and permits during the year.	Local governance in accordance with the Code of Conduct and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting. The Compliance Task Force is a central forum for all compliance issues, refer to page 19.
Environmental compliance	■	5 cases (3) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 209,000 (36,000).	Local governance in accordance with the Code of Conduct, permits and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting.
Whistleblower cases	■	During the year, 18 matters (14) 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 and identified non-compliances with the Group's Code of Conduct and policies, and relevant measures have been taken in these cases.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussion.
Discrimination	■	5 cases (5) of discrimination from the U.S., U.K. and the Netherlands were reported and reviewed. In some of these cases, a settlement was reached between the parties while in others, relevant measures were taken. One case is under investigation.	Zero tolerance applies to discrimination (reported and reviewed cases). Local governance in accordance with the Code of Conduct. Reported cases are dealt with at local level and reported centrally.
Freedom of association	■	53 percent (54.7) of employees are represented by a trade union through collective agreements.	The right to freedom of association, through union or other personal representation, and collective bargaining, is highlighted in the Code of Conduct.
Child labor	■ ■	Zero breaches (0) were reported.	Zero tolerance applies to child labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in part through selected cases in supplier audits.
Forced labor	■ ■	Zero breaches (0) were reported.	Zero tolerance applies to forced labor, which is also seen as an area of particular importance in the supplier reviews conducted in part through a questionnaire, and in some cases via supplier audits.
Suppliers	■ ■	Supplier reviews were carried out corresponding to 84 percent (80.6) of the defined relevant purchasing value. Zero ongoing investigations were reported in December 2017 (0). During the year, 1 supplier relationship (0) was terminated for reasons related to the Code of Conduct. 15 supplier audits (14) were conducted during the year in China, India and Turkey. The most serious breaches include blocking emergency exits and deviations in procedures for handling of chemicals.	The goal is to only work with suppliers who adhere to applicable sections of Trelleborg's Code of Conduct. Reviews, including self-assessments, are to be completed with at least 80 percent of the relevant global purchasing value. Site visits with an audit of "at-risk suppliers" (based on geographic and material risk assessment), supplement the self-assessments. Since 2016, 29 supplier audits have been conducted, mainly in China, but also in India, Turkey and Indonesia. Refer also to page 20.
Environmental management systems	■ ■	At the end of 2017, 89 units (88) were certified under ISO 14001, corresponding to 79 percent (73) of all facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system.
Unplanned emissions	■ ■	During the year, 2 unplanned emissions (4) of oil and sodium silicates were reported, totaling less than 28 cubic meters.	Local governance of all handling operations subject to permits, even via the environmental management systems in accordance with ISO 14001.
Remediation of contaminated soil	■ ■	Contaminated soil is currently being remediated at 9 units (9). 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 parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	■ ■ ■ ■	In 2017, 11 studies (27) of facilities were performed in conjunction with acquisitions or closures.	Environmental studies are conducted to assess and outline the environmental impact and identify potential environmental liabilities for the company.

Symbols: ■ = Internal, all units ■ = Internal, all production units ■ ■ = Internal, certain units ■ ■ = External, suppliers or acquisition candidates



SAFE AND EFFICIENT USE OF RESOURCES



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

In 2017, efforts have in part focused on gradually moving the newly added units closer to Trelleborg's standards and target levels in terms of safety and resource efficiency. The most important program to achieve this is Manufacturing Excellence, which also includes the occupational health and safety program Safety@Work.

Manufacturing Excellence takes a systematic approach to improvements for enhanced safety, quality, delivery precision that also yields distinct positive effects on resource consumption by focusing on minimizing all resource waste. Read more about the Excellence Programs on page 33 in the Annual Report.

Occupational health and safety. Trelleborg's Safety@Work program aims to create a shared safety culture and to prevent occupational 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.

The outcome for the year for OHS-related indicators is shown in the table on page 24.

Raw materials and chemicals. The Group's principal raw materials in Trelleborg's processes 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 attention is given to the precautionary principle, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes. As a chemical

user, Trelleborg is affected by the EU REACH regulation.

In addition to the ongoing local work with REACH compliance, work related to chemicals during the year was carried out by the Global 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. 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).

The outcome in 2017 for energy related indicators is shown in the table on page 24.

Energy Excellence, an initiative for systematic energy optimization at all units, is an integrated part of the Manufacturing Excellence program (refer to page 33 in the Annual Report).

All production units must present 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 systems for improved monitoring of energy consumption and on increasing energy awareness among personnel.

The results for the year (see table on page 24) reflect a higher production rate year-on-year, where it should be particularly noted that the major acquisition of CGS Holding is included with all of its units since 2016, and that 2017 is therefore the first full year for Trelleborg with a new, more energy-intensive product mix. Compared to the rest of Trelleborg, these recently acquired units generally have historically higher energy consumption relative to sales, because of a higher share of tire manufacturing, see comments in the table on page 24.

Climate. Trelleborg's 20 by 20 climate objectives (refer to page 25) address and reflect the carbon intensity, meaning the total size of CO₂ emissions relative to the size of operations, as well as work on a transition to emission-optimized energy

sources in each country. The outcome in 2017 for climate-related indicators is shown in the table on page 24.

A clear challenge for the years ahead remains to ensure that recently acquired units rapidly achieve high energy efficiency, particularly those with energy-intensive tire manufacturing. This would also enable improvements in climate efficiency, measured in emissions relative to sales.

To this end, a baseline was created for the "20 by 20" climate goal, based on performance in 2015 for all of the Trelleborg units and units from CGS at that time. Using this baseline, developments in 2017 – the first full fiscal year since the integration of the CGS units into the Trelleborg Group – were relatively stable and provide a foundation for continued improvement. Trelleborg is carefully following developments in order to achieve the "20 by 20" climate target.

The calculation of CO₂ emissions from the consumption of purchased electricity or steam is mainly based on national conversion factors from the International Energy Agency, see below for exceptions. These factors reflect the average total energy mix of each country. Emissions are lower when hydro and nuclear power dominate, but higher when coal and oil dominate.

The most recently acquired units are primarily located in countries (the Czech Republic, Serbia, etc.) with a national energy mix featuring a high level of fossil fuels, which produces relatively higher emissions. This means CO₂ emissions in 2017 increased in relative terms more than energy consumption. However, this will change as more and more Trelleborg units – in the Czech Republic from 2018 – are buying "green energy", which entails lower emissions of CO₂ per consumed unit of energy than in the country as a whole. This will thus be factored in to the total emissions figure moving forward, thereby producing significantly better results.

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

simply, operations are allotted emission allowances (1 allowance = 1 ton CO₂) after applying for and/or purchasing emission allowances on the international market.

Each year, these operations must report their emissions of CO₂ and transfer emission allowances corresponding to the emissions caused.

Water. Water is mainly used for cooling and washing in our production processes. The outcome for the year for water-related indicators is shown in the table on page 24.

Major reductions in consumption have been made since 2008 by using, for example, improved cooling and recycling systems. Emissions to water are limited. They mainly comprise organic matter.

A mapping of water scarcity has been carried out for regions where Trelleborg's production units are located, and indicates that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the U.S. and Sri Lanka. The focus for follow-up is on these regions.

Waste. Continuous efforts are taking place within the local operations to cut production waste, which helps to reduce the amount of waste, and to increase the rate of recycling. Recycling is carried out by external partners and internally. Refer to the table on page 25.

Emissions to air. In addition to energy-related emissions – such as CO₂ (see page 22), sulfur dioxide and nitrogen oxides – 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 only for a relatively limited number of products and production units.

A newly installed VOC recovery plant will be commissioned in Barueri, Brazil, in 2018.



CLIMATE REPORTING IN ACCORDANCE WITH THE CDP











Since 2007, Trelleborg has participated in the CDP's (formerly referred to as 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 2017, Trelleborg received a score of C, which means the company demonstrates Awareness of how environmental concerns are inter-related with operations (2016: C).





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 (Disclosure), continues with C (Awareness), followed by B (Management), and finally A (Leadership).

Outcome in brief for 2017 in the area of Resources

Resources	Where?	Outcome 2017	Description of goals and management approach
HEALTH AND SAFETY	■	The curve shows the number of work-related injury/illness cases per 100 employees resulting in more than one day's absence. This figure has gradually declined, but increased in 2016 due to recently acquired units. In 2017, the figure is stable despite the recently acquired units with a higher accident frequency rate being included for the first full year. However, work days lost per injury increased slightly.	The Safety@Work program aims to establish a shared safety culture through improvement programs and preventive measures at all production units. Self-assessment is combined with internal and external audits.
Fatal accidents	■	Zero fatal accidents (0)	
LWC	■	438 cases (402) resulting in at least one day's absence (LWC)	
LWC per 100 employees	■	2.4 LWC per 100 employees (2.4)	
LWD	■	30.3 work days lost on average per injury (24.1)	
Safety committee	■	84 percent of facilities have a safety committee (85)	
Absenteeism in Sweden	■	5.2 percent of normal working hours (5.9)	
ENERGY	■	In total, energy consumption has increased due to higher production volumes during the year and the impact of the recently acquired units (higher share of energy-intensive tire manufacturing) during their first full year with the Group in 2017. Relative to sales, consumption is stable, which is consistent with the expectation that Trelleborg's systematic measures for energy efficiency over time will lead to improved results despite the fact that acquisitions may have a temporary impact.	Energy has been a prioritized area for Trelleborg for some time through the Energy Excellence initiative, which is part of the Manufacturing Excellence program (refer to page 33 in the Annual Report). All production units must present an activity plan to reduce energy consumption, with the target to improve their energy efficiency by 3 percent per year. Local energy coordinators are trained via global training sessions (most recently in 2017), and a shared toolbox is available.
Energy consumption	■	Total of 1,493 GWh (1,248). The share of direct energy is 696 GWh (590).	
Energy consumption relative to sales	■	0.047 GWh per SEK M (0.047). Energy consumption in relation to sales is stable, which is positive given the energy intensive product mix with a higher proportion of tire manufacturing in the Group, which has impacted the full-year 2017. The value has clearly improved compared with the forecast pro forma value for the full-year 2016 (0.051).	
Energy cost	■	SEK 1,109 M (610)	
CLIMATE	■	Both in total and relative to sales, CO ₂ emissions have increased, which can be considered logical due to the impact of the recently acquired units on full-year 2017. In the long term, Trelleborg's systematic measures for energy efficiency and the transition to green energy are expected to yield results (refer to the box on page 25). For 2015 and 2016, pro forma values are also included that reflect the total full-year outcome for Trelleborg including CGS units (acquired in 2016).	The "20 by 20" goal aims to achieve a 20 percent reduction of CO ₂ emissions in relation to sales in the 2015–2020 period. See also the box on page 25. Energy efficiency, supported by the Energy Excellence initiative (page 33 in the Annual Report), has been a prioritized method to reduce emissions, and this is supplemented with a transition to green energy. Read more in the "Trelleborg and climate" box on page 25.
Total CO ₂ emissions	■	487,200 tons (385,000) of which direct emissions amounted to 144,700 tons (122,300). The rise reflects increased production volumes and the changed product mix with a higher share of tire manufacturing and a modified geographic footprint.	
CO ₂ emissions in relation to sales	■	15.4 tons per SEK M (14.2) The forecast pro forma value for the full-year 2016 was 16.2, and compared with this, there was an improvement during 2017, both in terms of increased energy efficiency and the transition to green energy.	
WATER	■	In 2017, water consumption, meaning water for production and sanitary water, increased slightly in absolute terms but declined relative to sales.	Even if water is one of the central environmental key figures reported, consumption is most crucial in production areas with water shortages, or where water shortages can be expected.
Water consumption	■	2.36 million m ³ (2.18)	
Water consumption relative to sales	■	74.7 m ³ per SEK M (80.4)	
Water sources	■	61 percent drinking water (57) 18 percent from the company's own wells (20) 20 percent surface water (rivers, lakes, etc.) (23) 1 percent other sources (0)	

Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units ■ = External, suppliers

Resources	Where?	Outcome 2017	Description of goals and management approach
WASTE		In 2017, the amount of waste increased in absolute terms due to rising production volumes, although a decrease was noted relative to sales due to efficiency enhancements.	Waste minimization is an expressed goal in the Manufacturing Excellence initiative, which is conducted in all production units and is followed up on a monthly basis, see also page 33 in the Annual Report.
Waste volume		53,500 tons (50,600). Of the total volume, rubber accounted for 28 percent (27)	
Waste volume related to net sales		1.7 tons per SEK M (1.9)	
Waste cost		SEK 51 M (68). A clear downward trend was noted for waste costs.	
Waste management		4 percent for internal recycling (4) 47 percent for external recycling (49) 14 percent for energy recovery (11) 24 percent for landfill (27) 11 percent for other waste management services (9)	
Hazardous waste		7,113 tons (6,287)	
EMISSIONS		Emissions of VOC:s (volatile organic compounds), measured as total emissions and relative to sales declined during the year despite increased production volumes. Emissions of sulfur and nitrogen oxides rose somewhat on account of the higher production volumes.	Significant emissions comprise mainly VOC (volatile organic compounds), defined according to EU standards. Reducing VOC emissions is a priority both from an environmental and health perspective.
VOC		952 tons (1,005)	
VOCs in relation to sales		0.030 tons per SEK M (0.037)	
Sulfur dioxide		187 tons (184)	
Nitrogen oxides		65 tons (54)	

Symbols:  = Internal, all units  = Internal, all production units  = Internal, certain units  = External, suppliers

TRELLEBORG AND CLIMATE: THE “20 BY 20” GOAL

Climate change has been an important issue on Trelleborg's sustainability agenda for many years. Being more energy efficient, and thus more climate efficient, is important to the Group's efforts to achieve world-class manufacturing. Trelleborg has raised the bar until the end of 2020: The goal is now, using 2015 as the base year, to become 20 percent more climate efficient by the end of 2020, and we thus refer to the initiative as “20 by 20”.

The emissions in question are the direct emissions caused by energy produced internally, and that are 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 Energy Excellence program, which began in 2009 (refer to pages 33 in the Annual Report and 22–23 in this report) has over time reduced relative energy consumption in Trelleborg's production, while simultaneously reducing CO₂ emissions to different degrees in different countries. 2008 was the base year for Trelleborg's first long-term goal to become significantly more climate-efficient; the “15 by 15” goal – to become 15 percent more climate-efficient by year-end 2015 – was also achieved with a certain margin.

The new step “20 by 20” is important but also represents a major challenge since Trelleborg's recent acquisition (2016) of CGS Holding resulted in the Group growing by approximately a fifth of its size, and increased the overall share of the energy-intensive tire manufacturing. To create correct comparative figures, the figure for the base year 2015 has been calculated by adding Trelleborg's emissions together with emissions from CGS units from the same year.

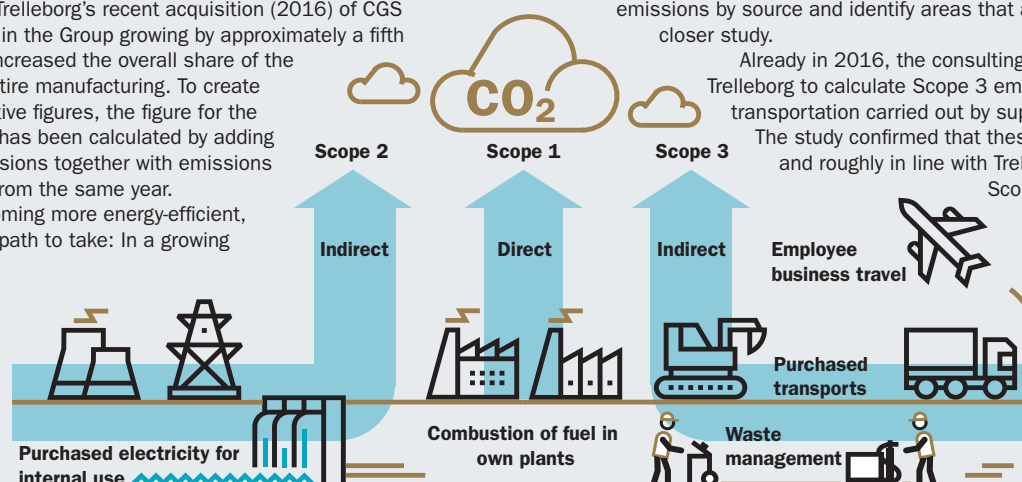
Beyond becoming more energy-efficient, there is another path to take: In a growing

number of countries, “green” renewable 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 is taking the opportunity to take decisive action to reduce its emissions, and next will be the Czech Republic, where green energy will be implemented from 2018.

Furthermore, in 2018 Trelleborg will continue its work toward reporting substantial parts of emissions in Scope 3 (see image below). This includes indirect emissions across the value chain, including purchased transport, travel, purchased materials, product use and waste management.

The ongoing analysis will provide a general inventory of the size of CO₂ emissions within the framework of Scope 3 in accordance with the Greenhouse Gas Protocol (GHG Protocol). Trelleborg is cooperating with EY in preparing a general calculation of Scope 3 emissions across the value chain. This approach is based on an initial inventory and classification using calculation instruments in order to quantify emissions by source and identify areas that are worthy of closer study.

Already in 2016, the consulting firm EY helped Trelleborg to calculate Scope 3 emissions from transportation carried out by suppliers downstream. The study confirmed that these were substantial and roughly in line with Trelleborg's reported Scope 2 emissions.



DIVERSITY PROVIDES OPPORTUNITIES

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



Trelleborg works to achieve a balanced mix of ethnicities, ages and genders, taking into consideration the type of operation being pursued.

The draft for a new *Diversity Policy*, which is scheduled to be adopted in the first half of 2018, recognizes that diversity is a strength for the Group. Enhanced diversity and inclusion has the potential to further drive Trelleborg's performance and results, both at team level and individually. Better customer communication and problem solving are only a few such examples.

Diversity and inclusion are generally seen as important elements in situations such as recruitment, training, evaluation, pay structures and succession planning. Trelleborg should therefore continue the work started to identify and establish key figures in the focus area of Diversity, for continuous follow-up and reporting, for example via the annual report.

Questions in future employee surveys (from 2018 and onwards) will include the theme of Diversity.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (see page 19), 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. Refer also to discrimination on pages 19 and 21.

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

At year-end 2017, management at levels 1–3 of the company (senior management team and those in senior positions in the business areas) comprised 13 different nationalities (13). See also the table on page 27.

Age. A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent.

Trelleborg has for a number of years

focused on the younger generations – employees born 1980 and later (Generation Y), and different initiatives have been carried out, such as a global survey and workshops.

For the first time, two graduate programs will start in 2017–2018 within a six-month interval. This indicates a clear commitment to younger employees – normally one program is started per year.

The Group's intranet is constantly being developed using feedback from younger employees 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.

Gender. In an engineering-dominated company like Trelleborg, efforts to achieve a more even 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.

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 broadest and clearest opportunity to contribute to improvements in the sustainability of society in accordance with the UN Sustainable Development Goals. 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 12–13.

Trelleborg's total value creation in 2017 distributed between various stakeholders in society is presented in figures below and on page 11.

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 examples on this page and the next.

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 17–18 for examples of collaboration with the International 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 this was extended to include two schools in the Colombo area: Kelani College and Bellana College. The formal start of the collaboration with Bellana College took place in January 2017.

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.

After three years of the program at Kelani College, the program was evaluated in May 2017, and was found to have resulted in improvements in attendance, positive attitudes, better study results, physical and mental balance and a reduction in absenteeism and conflicts.

In Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House since 2010. The pre-school has daily activities for children from family circumstances with limited resources. Refer to images on page 29.

India. In 2017, partnerships with voluntary organizations in India 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.

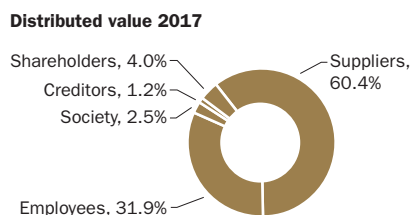
For integration and diversity. The company also runs local initiatives in Sweden to contribute to social integration. For a number of years, the company has had a recurring cooperation with Trelleborg's Football Association and the Ramlösa Södra sports association, organizations that stand out as having 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 2016–2017, the Group launched additional initiatives in the town of Trelleborg, including internships for newly arrived academics in a program organized by EFL Foundation at, Lund University, and our own internship program for unaccompanied refugee children in order to facilitate their adjustment to the education system and labor market.

Outcome in brief in the area of Community Involvement

Community Involvement	Where?	Outcome 2017	Description of goals and main governance
Distributed economic value	■	In total, Trelleborg's operations generated economic value of SEK 32,755 M (27,466) of which SEK 29,127 M is distributed between stakeholders (suppliers, employees, shareholders, creditors, society). See details on page 11.	The company's value creation for surrounding society is described in both monetary terms (in the annual report) and through transparent sustainability reporting. This is accentuated through the Group-wide Blue Dimension™ initiative, which focuses on Trelleborg's various solutions that contribute to the sustainability of society (more on pages 12–13).
Local communities	■	Educational and development programs continued to be run in Sri Lanka, India, Sweden and a number of other countries in 2017. Another Star for Life school, Bellana College, was formally opened in early 2017.	Good relationships with local communities wherever the company operates is one goal that Trelleborg strives to achieve through local – and sometimes centrally supported – educational and development initiatives, often targeting children and young people.

Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units ■ = External





A variety of community involvement. At Trelleborg's facility in Bengaluru, India, several different types of collaborations are pursued that incorporate social dimensions. In addition to the partnership with Hand in Hand – a project extending over several years aimed at developing an entire village in the local area – Trelleborg is working even more locally, for example, with the nearby school, its staff and pupils (image).




Star for Life. Since 2012, Trelleborg is involved in an activity in Sri Lanka that supports youth development as part of and alongside school work to help students realize their life goals.



Antonio Bianchi's House.

In the Antonio Bianchi's House preschool outside Colombo in Sri Lanka, Trelleborg conducts daily Montessori-based activities for children from disadvantaged backgrounds.



A large combine harvester is shown from a high-angle perspective, moving through a vast field of ripe, golden wheat. The harvester is white with black accents and has a large black storage bin on top. Its long, black harvesting arm extends across the foreground, with a grey hopper at the front. The machine is leaving a trail of harvested grain behind it. The background is a dense, undulating sea of wheat under a bright, hazy sky.

→ **Reduced soil compaction** and greater accessibility. With Trelleborg's smart tire concept, farmers can both preserve natural resources and increase the yield from their harvests.

RISKS 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 serves a broad range of customers in a variety of 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 more than 100 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 agricultural 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 32–35, 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 supply chain (refer also to page 20); 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, they could all impact confidence in the Trelleborg Group should they arise.

Confidence risks. As one of the leading companies in the polymer industry, Trelleborg is subject to high expectations from all of its stakeholders. The Group is exposed to a risk that the behavior, business decisions and deliveries of individual employees could destroy the confidence 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 dialogue, product safety and so forth.

Crisis management. Trelleborg's crisis management is decentralized, which means events should be solved locally, as far as possible, close to the origin of the incident. The crisis organization at Group level, consisting of a team from Legal, Communications and HR, is to ensure that relevant employees at Trelleborg have the necessary knowledge and capabilities to handle various incidents. In the event of a major incident, which can be considered to impact the Group as a whole, then the Group's crisis organization, including the Board of Directors, is informed and assesses how to handle the event.

The Corporate Responsibility section on pages 16–29 includes information about Trelleborg's proactive work related to regulatory and code compliance and other areas.

The Corporate Governance Report on pages 64–83 in the Annual Report 2017 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 118–120 in the Annual Report.

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.

ERM priorities. Trelleborg has identified 8 major risks in five 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 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 each year and thus justify the risk being managed at one of these levels. The evaluation of identified risks and consolidation of priorities to manage the risks is led by the Risk Management staff function. The evaluation comprises a component of the annual strategy process and primarily involves the management teams of the business areas, as well as Group Management and the staff functions.

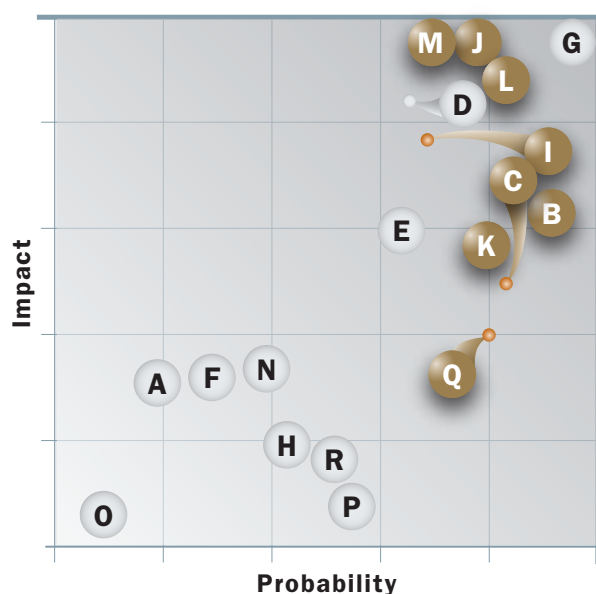
On the basis of the risk prioritization prepared in the ERM process, the Board continuously identifies and prioritizes risks that may significantly affect the possibility of achieving the Group's objectives.

The 8 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. 3 meetings are planned in the ERM Board for 2018, which are preparatory meetings for Audit Committee and Board meetings.

Read more about Trelleborg's major risks on pages 34–35.



RISKS THAT MAY SIGNIFICANTLY AFFECT THE GROUP



The move indicates change in relation to the preceding year.

Risks at Group level

- A Liquidity risk
- B Commercial failures
- C Products in environments with elevated risk levels
- D Political risk
- E Disruptions at key suppliers
- F Parent Company and bank guaranties
- G Increases in raw material prices
- H Patent & trademark risks
- I Disruptions to critical IT systems
- J Violation of laws and permits
- K Negative environmental impact
- L Substandard and inappropriate agreements
- M Risk of injury at sites
- N Confidence risk
- O Incentive program
- P Complex and changing tax legislation
- Q Corruption and fraud
- R Loss of niche markets

Major risks at Trelleborg*

Rules

- 1 Violation of laws and permits
- 2 Corruption and fraud

Products and agreements

- 3 Products in environments with elevated risk levels
- 4 Substandard and inappropriate agreements

Sites

- 5 Negative environmental impact
- 6 Risk of injury at sites

IT

- 7 Disruptions to critical IT systems

Disruptive activities

- 8 Commercial failures

* For more details, refer to pages 34–35.



Responsibility. Like the ERM Board, the ERM process and work pertaining to risk are controlled centrally by the Group's Risk Management staff function led by the General Counsel, who assumes ultimate responsibility. In addition to these people and the Internal Control staff function, the ERM Board consists of the Group's CFO and IT Group staff function. The ERM Board is tasked with coordinating and prioritizing the risks and risk processes and ensuring that there is clear ownership of prioritized risks.

Responsibility for risk management lies with the respective managers of Trelleborg's various companies, business areas and business units. This responsibility encompasses the day-to-day work pertaining to operational and other relevant risks, as well as leading and developing risk management activities. The managers are supported by central Group resources in the form of the Risk Management, Internal Control and

Group Treasury staff functions, as well as Group-wide risk processes and tools.

Group Treasury is responsible for financial risk management activities. The unit is in charge of Group companies' external bank relations, liquidity management, net financial items, interest-bearing liabilities and assets, Group-wide payment systems and netting of currency positions. Centralization of the Group's treasury management ensures substantial economies of scale, lower financing costs, strict management of the Group's financial risks and improved internal controls.

Read more about financial risk management in Note 31, pages 118–120 in the Annual Report.

Monitoring. Trelleborg's risk management is systematically monitored by Group Management using such tools as monthly reports from the managers in charge. The reports

describe the status within their respective areas of responsibility, including the status of identified risks. The Group's General Counsel reports regularly to the Audit Committee on the Group's risk and risk management, and the Group's CFO reports regularly to the Audit Committee on the status of the financial risks. Furthermore, the President regularly provides the Board with reports on the development of the Group's risks. The Group's companies, business areas and business units use a consolidation system for systematic identification, analysis, evaluation and monitoring of the management of reported risks.

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 page 19.	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 19. • 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 and focus on hazardous material and chemicals	<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. • Update of list of materials with restrictions (see page 20), in relation to the use of chemicals and continued environmental assessments at the point of acquisition. 	<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> <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. <p>Ensure compliance with legal requirements in the various countries in which the Group operates.</p> <ul style="list-style-type: none"> • 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 General Data Protection Regulation (GDPR). </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. 	Increased business support when establishing new product segments and larger projects concerning responsible risk management, legal risks and new establishments of operations. 

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

MANAGING TRELLEBORG'S CORPORATE RESPONSIBILITY

TRELLEBORG'S CR CONTROL



Code of Conduct and monitoring. A pillar of the internal CR work is Trelleborg's Code of Conduct (see also page 20) 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 content of the Code is mandatory for all employees. Refer to page 19.

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.

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 2017 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 the annual, more comprehensive Corporate Responsibility Report is based on the G4 Guidelines of the Global Reporting Initiative (GRI), 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 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.

The CR Report contains detailed descriptions 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 2016–2017, the entire Board was regularly presented with case stories from Trelleborg's daily Corporate Responsibility work. Together with a more in-depth review at the Board meeting after mid year of CR targets and indicators for each focus area for the coming period, this clearly reflects the Board's commitment to the strategic CR direction.

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



CORPORATE RESPONSIBILITY TEN-YEAR OVERVIEW

Focus area	Key Performance Indicator	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Compliance											
Legal compliance	Number of breaches involving fines or sanctions	0	0	0	0	0	0				
Environmental compliance	Number of breaches involving fines or sanctions	5	3	4	3	0	2	4	2	2	6
Non-discrimination	Number of reported cases	5	5	8	1	1	8	4	6	3	0
Freedom of association and collective bargaining	Percent of employees represented by a trade union through collective agreements	53	54.7	52.2	48.1	51.5	43.5	49	53	50	
Child and forced labor	Number of reported cases	0	0	0	0	0	0	0	0	0	0
Supplier human rights assessment	Percent of relevant purchasing value in relation to suppliers reviewed	84	80.6	84	84	81.4	79.5	75	25		
	Number of audits of "at-risk suppliers" (initiated in 2015)	15	14	12							

Resources											
Employees	Number of employees at year-end	23,152	23,245	16,450	16,552	15,825	15,280	21,307	20,393	21,119	23,202
Health and safety	LWC (Lost Work Cases - cases resulting in at least one day's absence)	438	402	238	223	209	255	384	416	553	768
Energy	Total energy use, GWh	1,493	1,248	942	903	873	859	1,232	1,198	1,288	1,521
	Energy consumption per SEK M	0.047	0.047	0.038	0.040	0.041	0.040	0.042	0.044	0.048	0.049
Climate	Total CO ₂ emissions, ton	487,200	385,000	280,000	276,900	260,800	244,600	385,000	347,000	377,000	405,000
	CO ₂ emissions per SEK M	15.4	14.2	11.3	12.3	12.1	11.5	13.2	12.8	13.9	12.9
Water	Water consumption, million m ³	2.36	2.18	1.85	1.98	2.0	1.9	2.7	2.5	2.5	3.9
	Water consumption per SEK M	74.7	80.4	74.6	87.7	88.5	90.9	92	91.9	92.4	124.7
Emissions	VOC emissions, ton	952	1,005	903	1,195	1,049	854	1,816	1,737	1,256	1,375
	VOC emissions per SEK M	0.030	0.037	0.036	0.053	0.049	0.040	0.062	0.064	0.046	0.044
	SO _x emissions, ton	187	184	204	216	189	263	391	358	257	298
	NO _x emissions, ton	65	54	45	41	38	42	60	57	55	64
Waste	Amount of waste generated, ton	53,500	50,600	44,500	44,700	45,350	43,400	62,100	59,300	59,400	75,500
	Waste per SEK M	1.7	1.9	1.8	2.0	2.1	2.0	2.1	2.2	2.2	2.4

Diversity											
Gender	Proportion of women on the Board of Directors	38	33	33	29	29	29	29	29	14	14
Ethnicity	Number of different nationalities represented in management levels 1-3	13	13	10							

Society											
Economic performance	Sales, SEK M	31,581	27,145	24,803	22,515	21,473	21,262	29,106	27,196	27,059	31,263
	Economic value distributed among stakeholders, SEK M	29,127	25,053	22,797	20,808	20,211	19,850	27,010	24,795	23,812	30,998
	Taxes paid, SEK M	732	593	472	627	587	460	480	294	258	402

All data in this overview are the reported ones per actual year.



The Trelleborg B share has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since 19/03/2018. The ESI indices universe is composed of companies included in the Russell Global Index that display the best performance in the field of Corporate Social Responsibility.

REPORTING FRAMEWORK – SCOPE AND PRINCIPLES

Scope. This is Trelleborg Group's Corporate Responsibility Report 2017, the fourth year following GRI G4 – Core guidelines. The Report is published annually (previous release was in March 2017), 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 2017.
- » The figures for the preceding year (2016) 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, its Index part is more compressed than the extensive version in this CR Report. In this Report, there are a few additional omissions (marked by *) in the GRI Index.

The Risks section on pages 31–35 in this report is aligned with the Annual Report 2017.

Significant changes from previous report. The basis of this CR Report 2017 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 42.

The latest acquisitions, including the one of CGS holding in 2016 still affect 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.

It is the responsible manager for each unit that 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 Deloitte: it is a limited review of Trelleborg's Corporate Responsibility Report 2017. The assurance report is to be found on page 39.

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 TRELLEBORG'S CORPORATE RESPONSIBILITY REPORT 2017

Australia	Brisbane
	East Bentleigh
	Perth
Brazil	Feira de Santana
	Macaé
	São José dos Campos
	Barueri, São Paulo
Bulgaria	Pernik
China	Hebei
	Pudong
	Qingdao
	Ximei Road, Wuxi
	Xingtai
	Xinzhuan
	Zhongtong
Czech Republic	Hradec Králové
	Lesina
	Mladá Boleslav
	Nachod
	Otrokovice
	Praha
	Velké Porici
	Zlín (Šedesátá)
	Zlín (Šternberská)
	Zlín (Vavreckova)
Denmark	Helsingør
Estonia	Kuressaare
Finland	Kiikka
France	Cernay
	Clermont-Ferrand
	Condé-sur-Noireau
	Lyon
	Mirambeau
	Nantes
	Sancheville
Germany	Grossheubach
	Lathen
	Velten

India	Husur, Bengaluru
	Bengaluru
Italy	Lodi Vecchio
	Modena
	Livorno
	Torino
	Tivoli
Latvia	Liepāja
Lithuania	Tauragė
Malta	Hal Far
Mexico	Guanajuato
	Tijuana
	Tijuana (Pipe Seals)
Netherlands	Ridderkerk
Norway	Mjøndalen
Poland	Skoczów
	Bielsko-Biala
	Czechowice-Dziedzice
Serbia	Ruma
Singapore	Singapore
Slovenia	Ptuj
Spain	Kranj
	Izarra
Sri Lanka	Kelaniya (Trelleborg Lanka)
	Kelaniya (Trelleborg Tyres Lanka)
	Malwana
Sweden	Trelleborg (Industrial Solutions)
	Trelleborg (EF/Mixing)
	Trelleborg (Agri)
	Ersmark
	Forsheda (Mixing)
	Örebro
	Havdhem
	Värnamo
	Gävle
	Kalmar
	Sävsjö
Switzerland	Stein am Rhein

Turkey	Gebze 1
	Gebze 2
	Duzce
	Tokat
UK	Hawarden
	Leicester
	Skelmersdale
	Trinity Park
	Rochdale
	Bridgwater
	Cadley Hill
	Rotherham
USA	Tewkesbury
	Broussard
	Salisbury
	Morristown
	Rutherfordton
	Spartanburg
	Berryville
	Randolph
	Rankin Road
	Milford (Pipe Seals)
	Aurora
	Bristol
	Streetsboro
	Denver
	Fort Wayne
	Northborough
	New Haven
	Streamwood
	Charles City
	Elk Rapids
	Paso Robles
	Queretaro
	Tustin
	El Segundo

GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

Trelleborg's Corporate Responsibility Report for 2017 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 2017. 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 Deloitte, see page 43.

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	3–5, 47
Organizational profile				
3	Name of the organization		2	Cover
4	Primary brands, products, and services		3, 9–11, 13–15	Cover, 14–24, 27–29, 31–32, 35–39, 41–45
5	Location of the organization's headquarters		2	Cover
6	Countries where the Group operates		2, 38	Cover, 30–32, 40, 42–45
7	Nature of ownership		2	Cover, 7–9, 72–79
8	Markets served		2	Cover, 15, 17, 19, 21, 23, 30–32, 39–45
9	Scale of the organization		2–3, 6–7, 37	Cover, 7–13, 15, 17, 19, 21, 23–25, 30–31, 41
10	Total workforce by employment type, employment contract, and region, broken down by gender		2, 7, 37	Cover, 11, 32, 101
11	Percentage of total employees covered by collective bargaining agreements		21, 37	53
12	Supply chain		6, 20	10, 52
13	Significant changes during the reporting period		2–3, 23–24, 38	Cover, 14, 16, 20, 22, 24, 31, 55–56, 71
14	Explanation of how the Group addresses the precautionary approach		22	54
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the Group subscribes or which it endorses		5, 12, 14–16, 19–21, 23, 25, 28, 36, 44–45	34, 36–37, 47–48, 51–53, 55, 57, 60, 62
16	Memberships of associations (such as industry associations) and national or international advocacy organizations		5, 16, 36, 44–45	47–48, 62
Identified material aspects and boundaries				
17	All entities included in the organization's consolidated financial statements or equivalent documents		36, 38	62, 106–107
18	The process for defining the report content and the Aspect Boundaries		17, 38	49
19	All the material Aspects identified in the process for defining report content		17–18	49–50
20	Aspect Boundary for each material Aspect within the organization		18, 21, 24–25, 27–28	50, 53, 56–57, 59–60
21	Aspect Boundary for each material Aspect outside the organization		18, 21, 24–25, 27–28	50, 53, 56–57, 59–60
22	Restatements of information provided in previous reports		38	
23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		38	
Stakeholder engagement				
24	List of stakeholder groups engaged by the organization		17	49
25	The basis for identification and selection of stakeholders with whom to engage		17	49
26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group		17–18, 27–28	49–50, 59–60
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to these		18, 26–27	50, 58–59

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Report profile				
28	Reporting period for information provided		2, 38	137
29	Date of most recent previous report		2, 38	137
30	Reporting cycle		2, 38	137
31	Contact point for questions regarding the report or its contents		Cover	135, 137
32	GRI Content Index and the External Assurance Report		2, 5, 16, 39–43	47–48, 63, 134
33	Policy and current practice regarding external verification		5, 16, 38	47–48
Governance				
34	Governance structure of the organization		36	62, 71–73
Ethics and integrity				
56	The Group's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		5–6, 10–12, 16, 19–20, 22–26, 36	10, 28–29, 33–34, 40, 47–48, 51–52, 54–58, 62, 72, 76–77

Disclosures on Management Approach				
Focus areas and material aspects		Group Policies and steering documents	Pages in this Report	Pages in the Annual Report
Compliance				
Anti-corruption and competition law, Training in the Code of Conduct, Compliance (general), Environmental compliance, Whistleblower cases, Discrimination, Freedom of association, Child labor, Forced labor, Suppliers, Environmental management systems, Unplanned emissions, Remediation of contaminated soil, Environmental studies		Code of Conduct, Whistleblower policy, Anti-Corruption Policy, Statement about forced labor and trafficking, Acceptance Letter, Competition Law Policy, Environmental Policy, Self-assessment CR for suppliers, Supplier Audit procedures	19–21	51–53
Resources				
<i>Health & Safety</i>				
Fatal accidents, Accidents, LWC, LWC per 100 employees, LWD, Safety committee, Absenteeism in Sweden		Code of Conduct, Safety@Work Policy	22–25	54–57
<i>Energy</i>				
Energy consumption, Energy consumption related to sales, Energy cost		Environmental Policy	22–25	54–57
<i>Climate</i>				
Total CO ₂ emissions, CO ₂ emissions related to sales		Environmental Policy	22–25	54–57
<i>Water</i>				
Water consumption, Water consumption related to sales, Water sources		Environmental Policy	22–25	54–57
<i>Waste</i>				
Waste volume, Waste volume related to sales, Waste cost, Waste management, Hazardous waste		Environmental Policy	22–25	54–57
<i>Emissions</i>				
VOC, VOCs related to sales, Sulfur dioxide, Nitrogen oxides		Environmental Policy	22–25	54–57
Diversity				
Ethnicity, Gender, Age		Diversity Policy (published in 2018)	27	59
Social engagement				
Distributed economic value, Local communities		Code of Conduct, Sponsorship Recommendations	28	60

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Specific standard disclosures				
Economic				
Economic performance				
EC1	Direct economic value generated and distributed		11, 28, 37	29, 60
EC4	Financial assistance received from government			98
Environmental				
Materials				
EN2	Percentage of materials used that are recycled input materials	The internally recycled material percentage is related to total waste, not to total material input.	25	57
Energy				
EN3	Energy consumption within the organization		24, 37	56
EN5	Energy intensity		24, 37	56
EN6	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg has grown through acquisitions, which makes it necessary to measure energy savings through intensity rather than through energy consumption only.	22–24	33, 54–56

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Water				
EN8	Total water withdrawal by source		24, 37	56
Emissions				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		24	56
EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)		6	10
EN17	Other indirect greenhouse gas (GHG) emissions	Currently under analysis but not reported for 2017, see also the omission under EN30.	25	57
EN18	Greenhouse gas (GHG) emissions intensity		6, 24, 37	10, 56
EN19	Reduction of greenhouse gas (GHG) emissions		23–25	33, 55–57
EN21	NO _x , SO _x , and other significant air emissions		25, 37	57
Waste				
EN23	Total weight of waste by type and disposal method		25, 37	52–53, 57
EN24	Total number and volume of significant spills		20–21	
Transports				
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Although the 2016 analysis indicated that downstream transports seem material and probably at the same level as Trelleborg Scope 2 emissions, such transport data are not yet systematically collected and reported, due to still relatively low reliability of supplier data and lack of internal processes.	25	57
Supplier Environmental Assessment				
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		21	53
Environmental Grievance Mechanisms				
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		21, 37	53
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.	24	56
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.	6, 24, 37	10, 56
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.	27	59
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	Only gender and white collar age distribution are fully reported.	26–27, 37	58–59, 77
Supplier Assessment for Labor Practices				
LA14	Percentage of new suppliers that were screened using labor practices criteria	Trelleborg reports percentage of suppliers screened against relevant total purchasing value as defined by the company during the last 3–5 years.	6, 21, 37	53
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		20–21	52–53
Labor Practices Grievance Mechanisms				
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		21	53

G4	Indicators	Comments/Omissions	Pages in this Report	Pages in the Annual Report
Human Rights				
Non-discrimination				
HR3	Total number of incidents of discrimination and corrective actions taken		6, 20–21, 37	10, 52–53
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 2017), China, India, Turkey and Mexico are among the countries with the highest risks of rights violations.	20–21	52–53
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 (Maplecroft 2010), India and China are among the countries with the highest risks of violations.	6, 19, 21, 37	10, 51, 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 (Global Slavery Index 2016), India and China are among the countries with the highest risks of violations.	6, 19, 21, 37	10, 51, 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 during the last 3–5 years.	6, 21	10, 53
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 2010) regarding human/labor rights breaches.	19–20	51–52
Society				
Local communities				
S01*	Percentage of operations with implemented local community engagement, impact assessments, and development programs		7, 28	11, 60
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.	19, 21	51, 53
S05	Confirmed incidents of corruption and actions taken		21	53
Anti-competitive behavior				
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		19, 21	51, 53
Compliance				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		6	10
Supplier Assessment for Impacts on Society				
S010	Significant actual and potential negative impacts on society in the supply chain and actions taken		20	52

The Annual Report 2017 gives an even more complete picture of the business model of Trelleborg than this report.

ALIGNMENT WITH THE SWEDISH ANNUAL ACCOUNTS ACT

Area	Pages in the Annual Report	Pages in this report
Business model	10–45	6–11
Risks	65–69	31–35
Policy/target	10–11, 28–29, 51–60	6–7, 10–11, 19–20
Anti-corruption	51–53	19–21
Environment	52–57	20–25
Human rights	51–53	19–21
Social conditions	60–61	28–29

ASSURANCE REPORT – SUSTAINABILITY REPORT

Auditor's Limited Assurance Report on Trelleborg AB's Sustainability Report

This is the translation of the auditor's report in Swedish.

TO TRELLEBORG AB (PUBL)

Introduction

We have been engaged by the Board of Directors and the President of Trelleborg AB to undertake a limited assurance engagement of Trelleborg AB's separate Corporate Responsibility Report ("Sustainability Report") for the year 2017, on pages 1–43 in this document.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 5 in the Corporate Responsibility 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 also 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 ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. 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 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. We are independent of Trelleborg AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive 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 Executive Management.

Stockholm 28 March 2018
Deloitte AB



Hans Wärén
Authorized Public Accountant



Lennart Nordqvist
Expert Member of FAR

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 6–7) » Trelleborg focuses on material aspects (see page 16–18)
2: Businesses should make sure that they are not complicit in human rights abuses.	» The area of human rights (see pages 19–21) » Diversity provides opportunities (see pages 26–27) » Risks and risk management (see pages 31–33)

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 6–7) » Examples of stakeholder dialog in 2017 (see page 18)
4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	» Child and forced labour (see pages 19–21) » Freedom of association (see pages 20–21)
5: Businesses should uphold the effective abolition of child labour.	» Suppliers (see page 20)
6: Business should uphold the elimination of discrimination in respect of employment and occupation.	» Diversity provides opportunities (see pages 26–27) » Risks and risk management (see pages 31–33)

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 6–7) » Safe and efficient use of resources (see pages 22–25)
8: Businesses should undertake initiatives to promote greater environmental responsibility.	» Trelleborg and climate: the "20 by 20" goal (see page 25) » Blue Dimension™ – Solutions for better sustainability (see pages 12–13)
9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	» UN Sustainable Development Goals – More than functionality and business results (see pages 14–15) » Risks and risk management (see pages 31–33) » Major risks at Trelleborg (see pages 34–35)

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 6–7) » Anti-corruption and competition law (see page 19) » The Code of Conduct is the basis for regulatory compliance and CR (see page 19) » Suppliers (see page 20) » Risks and risk management (see pages 31–33) » Major risks at Trelleborg (see pages 34–35)

UN GLOBAL COMPACT ADVANCED CRITERIA

Trelleborg has 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.

The UN Sustainable Development Goals (SDG) introduced in 2015 encompass 17 areas that are of key significance to the world. Trelleborg has identified seven areas where the Group has the capacity – through its innovative engineered solutions – to make an important contribution to social development (see the image to the right). For more information about Trelleborg's solutions for better sustainability, see pages 12–15 in this report.



UN Global Compact Advanced level and how it correlates to the Corporate Responsibility work of Trelleborg in our 2017 reporting

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

Reference:

COP: 5–7, 10–11, 36

Annual Report: 10–11, 28–29, 47, 62

CRITERION 2: The COP describes value chain implementation

Reference:

COP: 5–7, 10–11, 16–18

Annual Report: 10–11, 28–29, 47–50

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: 5–7, 10–29

Annual Report: 10–11, 28–29, 34–37, 47–62

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: 5–7, 10–29

Annual Report: 0–11, 28–29, 34–37, 47–62

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

Reference:

COP: 19–29, 36

Annual Report: 51–62

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

Reference:

COP: 14–15

Annual Report: 36–37

CRITERION 16: The COP describes strategic social investments and philanthropy

Reference:

COP: 28–29

Annual Report: 60–61

CRITERION 17: The COP describes advocacy and public policy engagement

Reference:

COP: 28–29

Annual Report: 60–61

CRITERION 18: The COP describes partnerships and collective action

Reference:

COP: 28–29

Annual Report: 60–61

CRITERION 19: The COP describes CEO commitment and leadership

Reference:

COP: 5, 36

Annual Report: 3–5, 47, 62

CRITERION 20: The COP describes Board adoption and oversight

Reference:

COP: 36

Annual Report: 62, 71–77

CRITERION 21: The COP describes stakeholder engagement

Reference:

COP: 16–29

Annual Report: 48–61

TRELLEBORG AS AN INVESTMENT

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. The Group has demonstrated stable profitability and a favorable earnings performance in recent years, despite challenging market conditions in certain market segments. Trelleborg is focusing on being a partner that is easy to do business with and is intensifying its utilization of new technologies, not least connected to digital solutions. Trelleborg is working continuously to create value for all its stakeholders.

Global trends support business focus

Trelleborg operates in selected market segments where the Group has the potential to achieve favorable profitability and leading positions. Global trends such as urbanization, population growth and increased transportation benefit Trelleborg's choice of segments and support the focus on products and solutions for enhanced sustainability.

Strong position and value creation built on applications expertise and business acumen

Trelleborg's strong positions with engineered products and solutions is the result of in-depth applications expertise that reflects the needs of customers and is critical to their applications. The Group is characterized by far-reaching delegation of responsibilities and powers and encourages rapid decisions.

Continuous optimization of portfolio and processes

Trelleborg's continuous efforts to improve its geographic balance, optimize its portfolio, improve structures and strive for excellence have yielded consistent and strong results, even in years of low growth.

Balanced earnings and strong cash flow

The company operates in market segments with a favorable balance between early and late cyclical industry, thus leading to balanced earnings. Trelleborg's strong cash flow allows the Group to maintain a high rate of acquisition and favorable dividends in parallel with facilitating organic growth.



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 about SEK 32 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.

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

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