

**WE SEAL, DAMP  
AND PROTECT  
CRITICAL  
APPLICATIONS**



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## CEO STATEMENT OF CONTINUED SUPPORT TO THE UN GLOBAL COMPACT

25 February 2022. To our stakeholders:

“I am pleased to confirm that Trelleborg AB reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture and daily operations, and contribute to United Nations goals, including the Sustainable Development Goals.”

Sincerely yours,

Peter Nilsson  
President and CEO

### EXTERNAL ASSURANCE

The auditor has performed a limited assurance of the Sustainability Report 2021. Refer to the Assurance Report on page 58.

### SUSTAINABILITY REPORT IN ACCORDANCE WITH GRI STANDARDS

Trelleborg's 2021 Sustainability Report has been prepared in accordance with the GRI Standards: Core option. The scope of the sustainability report is commented on page 49, and is further outlined in the GRI Content Index on pages 50–53.

### TRELLEBORG AND THE UN 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. This report is Trelleborg's yearly Communication on Progress.

Trelleborg AB is a public limited liability company, Corporate Registration Number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden. The Annual Report is published in Swedish and English. The 2021 Annual Report was published in March 2022. The Sustainability Report is published in English. The Sustainability Report 2021 was published in April 2022.

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, 2020. All figures in the section “The year 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.

## PROTECTING THE ESSENTIAL

**The Trelleborg Group is a world leader** in engineered polymer solutions. The Group has annual sales of approximately SEK 34 billion and operations in about 50 countries.

With Trelleborg's material expertise and industry insight into cutting-edge areas with rigorous requirements, such as the aerospace and automotive industries, as well as healthcare & medical, the Group is creating the sustainable industrial solutions of today, shaped by such trends as electrification, digitalization, industrial automation and new sustainable materials. The Group's polymer-based solutions are often critical to the functionality of the customers' advanced end products.

**The engineered solutions are based on unique** sealing and damping properties of polymers such as rubber and plastic. The solutions save energy and reduce CO<sub>2</sub> emissions, eliminate noise and vibrations, and dramatically extend the lifecycles of machines and medical devices as well as skyscraper facades.

The Trelleborg Group has set ambitious science-based climate targets for its own operations, aiming for net zero emissions by 2035. Resource efficiency and circularity are becoming part of Trelleborg's DNA.



## TRELLEBORG AND 2021 IN BRIEF

Trelleborg is working continuously to create value for all its stakeholders. For those who are considering an investment in Trelleborg, there are a number of factors that form the basis for the Group's value creation.

### THIS IS A UNIQUE TIME FOR TRELLEBORG

This is a time of rapidly advancing technological development, increasingly stringent quality standards and focus on product safety. But also it is a time for the transition of the global community toward more sustainable energy consumption, adaptation to climate change and a more circular use of resources.

Industrial companies worldwide must quickly adjust their operations to the new reality.

These needs are positive for Trelleborg.

### THE GROUP HAS A CLEAR AND DECISIVE ROLE

With Trelleborg's material expertise and industry insight into cutting-edge areas with rigorous requirements, such as the aerospace and automotive industries, as well as healthcare & medical, the Group is creating the sustainable industrial solutions of today, shaped by such trends as electrification, digitalization, industrial automation and new sustainable materials.

A factor favoring Trelleborg's polymer-based solutions is that they are often critical to the functionality of the customers' advanced end products. One good example is the sealing solutions in an aircraft's landing gear. While they are critical to the function of the aircraft, the solutions make up a relatively small share of the total cost for a customer's end product – the finished aircraft. Or, for instance, in an offshore wind farm sealing solutions are small components, but they are crucial if these massive structures are to withstand the harsh marine environment.

### TRELLEBORG STANDS STABLE AND STRONG

For more than 100 years, Trelleborg has successfully restructured its operations when the external environment has changed. The way of achieving results – a strongly decentralized organization built on local responsibility and personal dedication – forms the basis of the Group's model for profitability and business success. Local presence around the world is supported by Trelleborg's global expertise and financial strength.

### THE GROUP CREATES LONG-TERM VALUE FOR SHAREHOLDERS

Three things provide Trelleborg with a clear advantage when it comes to creating long-term value for shareholders: the choice of niches in industries of the future, a high level of expertise and the entry barriers the niches have to competitors. Demand for the Group's balanced portfolio of solutions is also relatively evenly distributed throughout the business cycle.

### TRELLEBORG IS ON THE RIGHT TRACK

Longstanding customer relationships are built on close collaboration on innovations with renowned industry players who are on the same journey toward better sustainability as Trelleborg. The Group's engineered solutions are based on the completely unique sealing and damping properties of polymers, such as rubber and plastic. The solutions save energy and reduce CO<sub>2</sub> emissions, eliminate noise and vibrations, and dramatically extend the lifecycles of machines and medical devices, as well as skyscraper facades.

Trelleborg's overall mission is to help protect the essential in society: people, the environment and infrastructure.

However, Trelleborg recognizes the fact that the Group's solutions are largely fossil-based. Trelleborg is therefore working systematically to increase the share of bio-based and recycled raw materials in everything it develops, to strengthen its role as sustainability leader in its industry.

The Group has set ambitious science-based climate targets for its own operations, aiming for net zero emissions by 2035. Resource efficiency and circularity are becoming part of the company's DNA.

This new demanding reality favors the Group's continued journey as the preferred partner to leading customers in the most attractive segments. Trelleborg knows the company is on the right track and has further strengthened its growth and profitability targets.

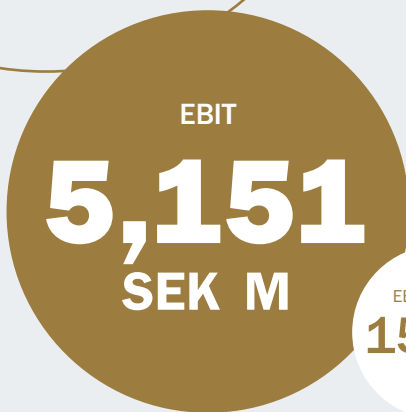
## TRELLEBORG IS READY FOR THE NEW REALITY



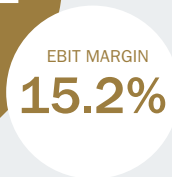
Net sales for 2021 increased 12 percent to SEK 33,864 m. Organic sales increased 16 percent compared with 2020.



Most employees in 2021 worked in the US, followed by the Czech Republic and China. Sales were conducted in just over 150 countries across the globe and manufacturing at more than 100 production facilities in 2021.



EBIT, excluding items affecting comparability, increased 26 percent year on year to SEK 5,151 m, corresponding to an EBIT margin of 15.2 percent.



The cash conversion ratio for the most recent five years amounts to 95 percent. In 2021, the cash conversion ratio was 84 percent (128). Operating cash flow amounted to SEK 4,347 m, down 17 percent compared with 2020.

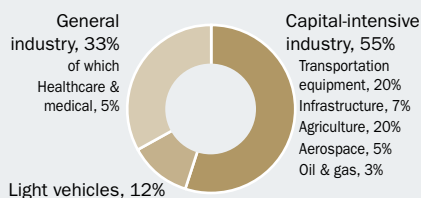


Carbon dioxide emissions are to decrease by approximately 10 percent per year over the current five-year period, which they also did in 2021. The climate target "50 by 25" is established for 2025, meaning a 50-percent cut in emissions from operations relative to sales during the period, with 2020 as the base year. In addition, emissions along the value chain are to be significantly reduced. Read more on pages 20–21.

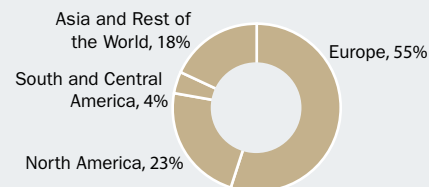


Earnings per share, excluding items affecting comparability, amounted to SEK 13.95. For the Group in its entirety, earnings per share amounted to SEK 13.71.

NET SALES PER MARKET SEGMENT



NET SALES PER REGION



## WE ARE TAKING AN OFFENSIVE APPROACH – THE CONDITIONS HAVE NEVER BEEN SO GOOD

Trelleborg's performance was very strong in 2021. Sales rose by 12 percent, of which organic sales rose by 16 percent. EBIT, excluding items affecting comparability, increased by 26 percent, corresponding to an operating margin of 15.2 percent. Both sales and earnings were the best to date for the Group.

### With 2021 behind us, how would you summarize Trelleborg today?

Today's Trelleborg stands on a very strong platform for the future. Our operating profit in 2021 was at a record-high level, as were our sales and operating margin. We have a very strong financial base, with a solid balance sheet, which is the strongest for decades. Cash flow is also strong. Despite the pandemic, fluctuations in global trade, a shortage of semiconductors, and high logistics and energy costs, we can see that there has been a continued stable trend for the Group.

If we look back ten years in concrete terms, several of our most important key figures have demonstrated an extremely positive trend. Sales and earnings increased annually by 6.9 and 10.2 percent, respectively. In addition, earnings per share increased annually by 10.7 percent and the return on capital employed has averaged 13.5 percent.

All of this demonstrates that our strategy and decentralized organization are functioning, and that we are now ready for the next stage of Trelleborg Group's development.

### So what does the future look like for the company?

In recent years, we have consistently divested operations that either did not fit our business or displayed lower growth than the Group in its entirety. We can now focus fully on continuing to develop the Group and our high-performing and well-positioned business areas.

We are doing so by making additional investments in a number of market segments and niches that are growing more than the industry average, and by accelerating a number of business acquisitions. Overall, this gives us both higher organic and structural growth.

If we were to transfer our reality to the sporting world, it could probably be described as changing from defense to attack.

### Has Trelleborg's focus changed?

Trelleborg's polymer-based products – rubber and plastics as we more commonly say – are and have always been the foundation of the company. Over the years, the Group has developed and moved increasingly higher up the industrial value chain. Today, our principal focus is a number of growing cutting-edge areas, with rigorous requirements, such as the aerospace industry, the automotive industry and healthcare & medical, where polymer-based solutions are essential components.

”

**Over the years, the Group has developed and moved increasingly higher up the industrial value chain.”**

**Peter Nilsson**  
President and CEO



Trelleborg is to be present in market segments and niches in the broad industrial sector that can provide us with market-leading positions. That said, Trelleborg also has a limited presence in the automotive industry.

But it is a common misconception that Trelleborg is dependent on the automotive industry in general and light vehicles in particular. That is incorrect – naturally, we sell products and services to the automotive industry, but within strongly niched and profitable areas that account for approximately 12 percent of the Group's sales. Instead, we have grown in a number of other industrial branches and market segments, where healthcare & medical is the most recent major segment to be added, accounting for 5 percent of sales.

#### Why in the broad industrial sector?

It is in industry that we have our base and our expertise. Having a presence in many industrial sectors has been part of a deliberate strategy to make the company more resistant to economic fluctuations, as well as a result of us constantly discovering new areas of application, markets and customers for our polymer products.

In recent years, our product offering has also been enlarged to include considerably more polymer materials, such as epoxy, polyurethane and silicones. The large, and in many respects complete, product offering serves as a unique competitive advantage and the Group is now a global leader in a range of industrial polymer solutions.

#### Why is market leadership so important?

Because it gives us better control over pricing and earnings. Trelleborg operates throughout the world and in several different market segments. In all of these, our primary mission is to capture a leading position from which to create the highest possible value for our customers and ultimately, for ourselves.

We are and will be a leading supplier to our customers and a natural partner for innovation when customers want to develop their businesses. Capturing leading positions in various niches and segments is an ongoing process, in which we continuously develop and adapt our portfolio of products and services through research, development and analysis.

#### How will Trelleborg advance its positions?

First and foremost, we will do so by virtue of our strong platform. Trelleborg has never been in better condition than it is today. As I said previously, we have stable earnings in all areas of operation, which generates strong cash flow and operating profit. This has not always been the case.

The next logical step is to expand the business by accelerating growth, organically and through business acquisitions.

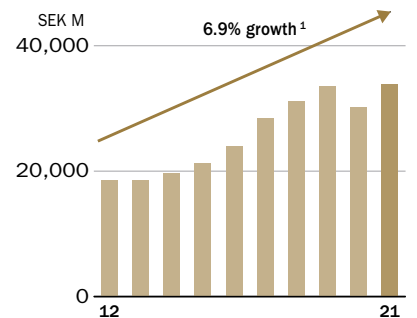
#### You also conducted a strategic review?

That's right, at the end of 2019, areas of the Group were highlighted where an improvement of the market position and profitability needed to be made, and we formed a separate reporting segment for these, *Businesses Under Development*. All parts of the review have essentially been complete since the autumn of 2021, and the reporting segment was discontinued in the spring of 2021. This was when it was apparent which parts the Group intended to divest and which had demonstrated the right positioning and earnings capacity to be integrated with our core operations.

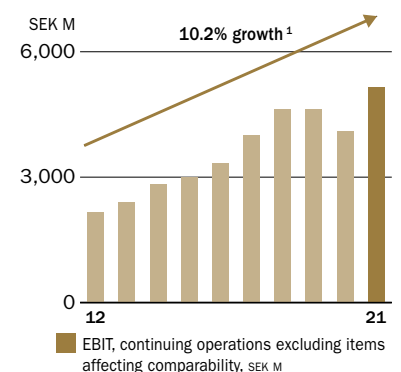
The operations integrated into the Trelleborg Industrial Solutions business area mainly involved solutions related to microspheres that are included in high-quality composite materials, polyurethane solutions for a number of industrial niche applications and a product area with bearings and sealing solutions used in polymer engineering solutions, such as in the installation of offshore wind applications.

With the divestment of the printing blanket operation in November 2021 – for which we are awaiting the competition authorities' approval of the transaction – we have divested six operations with annual sales of approximately SEK 3.2 billion, which corresponds to approximately 10 percent of the Group's net sales.

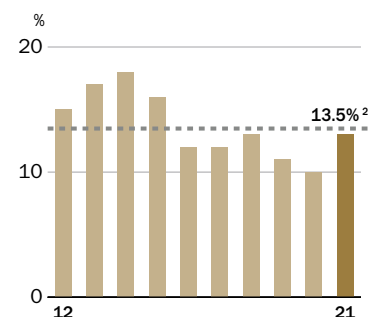
#### NET SALES



#### EBIT



#### ROCE



<sup>1</sup> Average annual rate of growth.

<sup>2</sup> ROCE, %, average over ten years.



**We have finished establishing and refining our platform. Now it is important to accelerate growth successfully and profitably.”**

**Peter Nilsson,**  
President and CEO

**So, what should you do now?**

My response is that we are proud, but not satisfied. Because of this we are preparing for the next chapter in Trelleborg’s story. We have finished establishing and refining our platform. Now it is important to accelerate growth successfully and profitably.

If we disregard the Coronavirus year of 2020, which was different and distinguished itself from Trelleborg’s historical development, and the operations divested in 2016–2019, we can see organic growth with a mean value of 2 percent per year. That’s good, but not good enough. Nonetheless, the figures confirm Trelleborg’s strong underlying business.

Historically, our goal has been to grow organically by 2–4 percent annually, and we have found ourselves in the lower end of this scale. The goal going forward will be to move to the upper end of the scale, with a minimum of 4-percent organic growth.

The way to this goal goes via three different types of routes:

- » Innovation through new industrial products, expanded service offering and comprehensive solutions
- » Differentiation, through an expanded offering, more customer categories and niches
- » Market share, through entry into new geographic markets, and increased sales

**How will you succeed with this?**

We will be present in all areas of the value chain. By this, I mean that Trelleborg will continue to develop world-class products, but offer more value-generating services, which in combination, also becomes a comprehensive solution.

One of the key aspects is to improve our offerings in the aftermarket and to add stable earnings through various services for our products. ServicePLUS and SmartPort are examples of this that already exist.

ServicePLUS is a growing innovative service that involves helping customers to automate replenishment orders for sealing solutions, for example. SmartPort, in addition to products for berthing, docking, and mooring, is also a technology platform that communicates with and provides valuable data to vessels, pilots and harbor authorities. These are areas in which we first sell the products and can then add services to our existing offerings by being receptive to the customers’ needs and being close to their processes.

Another way to continue growing is to move from exclusively delivering products to become a supplier of comprehensive solutions. We see clearly how our repeat customers are seeking an offering beyond simply purchasing a product. Trelleborg will continue building complete offerings that comprise several products, implementation, testing, analysis, and aftermarket service. Our customers save costs and time, and their risks decline when we are alongside them as a partner at all stages of their processes.

**And all this includes geographic expansion as well?**

Yes, another road to growth is our presence in the Asian market. Today, we already have a presence in large countries such as China, Japan, and India, where our sales are steadily growing. Since 2010, Trelleborg has grown by 10 percent annually in Asia and 16 percent in China. We will continue to put major focus on increased sales to both China and the rest of Asia. In some cases, this is achieved together with existing customers, while in others, it is with new customers.

Continuing the transition from a supplier of products to a global partner and service provider is something we have sought to do for a long time, and it is a transition that drives growth. As our customers evolve, Trelleborg accompanies them in their globalization.

**And added to these growth dimensions is the new term “speed boats”.**

The demand for our products and solutions, as well as our expertise, continues to increase, at the same time as the areas of application are multiplying.

In parallel with this, we have launched an intensified focus on what we have chosen to call “speed boats”. The concept is largely based on identifying industries, market segments and customers who are undergoing rapid, positive change. We intend to allocate more resources to these “speed boats” – or, in other words, segments that can act as a driving force, or engine, for other areas. They have had annual organic growth of 5 percent, and are expected to grow at least at the same pace for several years going forward. These customers and segments now comprise a third of Trelleborg’s sales. Using a combination of investments and acquisitions, the objective is that they should comprise half of the Group’s sales in the near future.

**What are the segments that could act as a driving force for the rest of Trelleborg?**

There are several areas with high or very high growth throughout the world.

Ongoing macro trends in healthcare & medical, such as an aging population, are fueling higher technical content in this industry. This is a market that we know will grow significantly for us in the next few years – organically and through business acquisitions.

Due to the pandemic and the resulting dramatic decline in travel, the aerospace industry now accounts for a smaller share of the Group’s sales today than in the past. However, given that the global economy is recovering, and travel is beginning to increase again, we anticipate a significant increase in the aerospace industry’s demand for our products.

Semiconductors currently account for a relatively small share of our sales but they are growing rapidly. It is worth noting that, in Trelleborg’s case, we deliver seals for machines that produce semiconductors. Entry barriers to the area are high but with our expertise, we have good prerequisites to not only retain our strong position, but also expand the business.

Also, in some parts of traditional segments, we anticipate that the demand for advanced seals and other polymer solutions will increase considerably. We see, for example, that the need for our products in battery and sensor technology will increase significantly.

Another industry that is currently emerging is the manage-



ment of hydrogen. Hydrogen is not only volatile, it is also extremely flammable and will therefore require highly advanced seals. The market is still in its infancy, but we expect to take a leading position with products and solutions within the distribution systems that are required for future hydrogen management.

Industrial automation is an area where we are already significant, and we anticipate that demand will continue to increase. This is partly due to increased digitalization and automation, and partly because the trend for chargeable batteries and autonomous vehicles is becoming stronger globally.

#### And acquisitions will be added to this?

Apart from organic growth, we plan to conduct several business acquisitions in the next few years. Acquisitions are a core part of Trelleborg's strategy. We work continuously to identify companies that can improve our offering and our positions. We are mainly interested in small bolt-on acquisitions that can strengthen us in niches or broaden our offering to existing customers.

Our strong balance sheet has led to our announcement that we will buy back own shares in the years to come, but the level of this will partly depend on the pace of acquisitions.

#### And if you summarize all of this?

Taken together, all of our plans form a particularly favorable starting point for accelerated growth.

- » Trelleborg as a company can grow better than the rest of the industry.
- » Trelleborg is continuing its journey of globalization, particularly in Asia.
- » Trelleborg is allocating more resources to fast-growing industries and markets.
- » Trelleborg has divested some companies and will acquire new companies.

We have a strong platform with strong cash flows, steady margins and a robust balance sheet. At the same time we can see a steadily growing market across all of our operations, as well as sectors, segments and so-called "speed boats", which are expected to grow and develop even faster. The conclusion is that Trelleborg could and will achieve growth of as much as 5–8 percent per year, of which the organic component comprises 4 percent.

#### DRIVING FORCE FROM SEGMENTS EXPERIENCING RAPID POSITIVE CHANGE



One third of the Group's operations deliver products and solutions to niches experiencing strong growth. The long-term ambition is to increase this share to half. Other parts of Trelleborg are represented in the broad industrial sector.

#### You also launched new sustainability goals in 2021.

Yes, it is not only Trelleborg's financial goals that have been raised. Our sustainability goals have also been set significantly higher than previous levels of ambition, and we want to be a leader for sustainability in our industry. The clearest expression of this is our vision that Trelleborg as a Group will have net zero emission of greenhouse gases by 2035. There is a bit of time left until then, but we are well on our way. In recent years, we have worked with a long-term approach and methodically to reduce our dependence on fossil fuels. We are improving our manufacturing processes, developing new and cleaner materials, as well as industrial solutions, in parallel with continuously optimizing our collective carbon footprint in all of our operations.

Our sustainability work is ambitious and follows the principles that are typical for Trelleborg as a company. We assume responsibility for the entire business and do so through a decentralized organization. Trelleborg has been skilled in delegating responsibility for sustainability initiatives and regulatory compliance in the various operations. It means that our sustainability work is not only a hygiene issue that comes from a central source, but also occurs at a local level following initiatives and decisions made close to the operations.

#### Some closing words?

None of this envisaged journey of growth would be possible without people. So, our decentralized decision-making and care for our committed employees is naturally a prerequisite for success in achieving our ambitions.

*Trelleborg, February 2022*



## TARGETS AND OUTCOMES 2021

The performance of Trelleborg was very strong during 2021. At the same time selected key sustainability figures demonstrated a continued positive trend. New financial and new climate targets were presented during the year. The outcome for 2021 exceeded those previously set financial targets.

### SALES GROWTH

	Outcome 2021	Average 5 years	Commentary on outcome in 2021
<p>Total sales growth, organic as well as structural, is to amount to 5–8 percent over an economic cycle.</p>	<p><b>16.0%</b></p> <p>TARGET: 5–8%</p>	<p><b>7.0%</b></p>	<p>Demand for the Group's products and solutions was favorable during the year. Net sales amounted to SEK 33,864 M (30,258), representing an increase of 12 percent (decrease: 10) in relation to 2020. Organic sales increased 16 percent (decrease: 9). The net effect of structural changes was 0 (1), while the exchange rate effects had a negative impact of 4 percent (negative: 2).</p>

### EBIT MARGIN

	Outcome 2021	Average 5 years	Commentary on outcome in 2021
<p>The EBIT margin, excluding items affecting comparability, is to amount to at least 16 percent over an economic cycle.</p>	<p><b>15.2%</b></p> <p>TARGET: ≥16%</p>	<p><b>14.3%</b></p>	<p>The EBIT margin was 15.2 percent (13.5). The margin improved as a result of strict cost control and good price discipline across the Group.</p>

### RETURN ON CAPITAL EMPLOYED

	Outcome 2021	Average 5 years	Commentary on outcome in 2021
<p>The return on capital employed (ROCE), excluding items affecting comparability, is to amount to at least 14 percent over an economic cycle.</p>	<p><b>13.0%</b></p> <p>TARGET: ≥14%</p>	<p><b>11.6%</b></p>	<p>The return on capital employed (ROCE), excluding items affecting comparability, was 13.0 percent (9.8). ROCE was positively impacted by the sharp increase in operating profit, which was partly offset by an increase in working capital resulting from the higher level of activity.</p>

## OPERATIONS

	Outcome 2021	Commentary on outcome in 2021	UN SDGs
<p><b>Health and safety</b></p> <p>The target is to continuously reduce occupational injuries and illnesses that lead to more than one day's absence – Lost Work Cases (LWC). For 2021, the target was less than 2.0 per 100 employees in production operations. For 2022, the goal will be less than 1.0.</p> <p>In addition, the average number of working days lost due to occupational injuries and illnesses is to decrease.</p>	<p>Number 500 250 0</p> <p>LWC/100 employees 4 2 0</p> <p>17 18 19 20 21</p> <p>■ LWC = Lost Work Cases — LWC per 100 employees</p>	<p><b>1.4</b> LWC PER 100 EMPLOYEES</p> <p>TARGET: &lt;2.0</p>	<p>In 2021, the average was 1.4 LWCs (1.4) per 100 employees in production units, unchanged from the preceding year and below the target of less than 2.0 for the year.</p> <p>New key figure: number of days lost (Lost Work Day (LWD) rate), per 100 employees was 47.</p>
<p><b>Climate</b></p> <p>The “50 by 25” target aims to reduce direct and indirect carbon emissions (Scope 1 and 2) by at least 50 percent relative to sales by the end of 2025 (compared with base year 2020 of 10.9 metric tons/SEK M).</p> <p>Significant improvements are also to be made in Scope 3 emissions along the value chain during the same period. Trelleborg will set this target in dialog with the Science Based Targets initiative.</p>	<p>tons CO<sub>2</sub> 500,000 250,000 0</p> <p>t/SEK M 18 9 0</p> <p>17 18 19 20 21</p> <p>■ Share of indirect emissions ■ CO<sub>2</sub> (t)/Net sales, SEK M ■ Share of direct emissions</p>	<p><b>-10%</b> COMPARED WITH BASE YEAR 2020</p> <p>TARGET: -50% 2025</p>	<p>In 2021, the value was 9.8 metric tons (10.9) per SEK M, which corresponds to a 10-percent decrease compared with the base year 2020.</p> <p>Efforts to determine emissions in Scope 3 continued during the year. Find out more about Trelleborg's climate target and vision on pages 20–21.</p>

## COMPLIANCE

	Outcome 2021	Commentary on outcome in 2021	UN SDGs
<p><b>Suppliers</b></p> <p>Suppliers corresponding to at least 80 percent of the reported relevant purchasing spend in the production units are to have completed a self-assessment in accordance with Trelleborg's Code of Conduct.</p>	<p>Trelleborg met the defined target level in 2021 with a good margin. Suppliers corresponding to 89.4 percent (88.9) of the reported relevant purchasing spend in the production units were reviewed.</p>	<p><b>89.4%</b></p> <p>TARGET: &gt;80%</p>	<p>In 2021, a new risk assessment commenced as the basis for supplier reviews to be performed in the forthcoming period, as well as a collaboration with CDP to analyze the climate footprint of selected suppliers. Refer to pages 28–29.</p>
<p><b>Anti-corruption and human rights</b></p> <p>Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child labor and forced labor, as well as discrimination (reported and reviewed).</p>	<p>0 cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2021. Similarly, 0 cases (0) of child labor or forced labor were reported.</p>	<p><b>0</b> CASES</p> <p>TARGET: 0 CASES</p>	<p>Of 4 reported cases of discrimination (5), all 4 (1) are still being processed.</p> <p>During the year, 18 matters (6) were dealt with that originated from the whistleblower system. The relevant action was taken in the event it was deemed appropriate.</p>

## SOCIAL ENGAGEMENT

	Outcome 2021	Commentary on outcome in 2021	UN SDGs
<p><b>Local communities</b></p> <p>Trelleborg supports local communities through various community activities. All workplaces with more than 50 employees must have a plan for their social engagement.</p>	<p>In 2021, all workplaces globally with more than 50 employees engaged in community activities with ongoing involvement in line with Trelleborg's central focus for this. Special programs promoting the development of children and young people comprise a central focus for the local commitment. In connection with sports sponsorship – another focus area – youth and community development activities are prioritized. A third focus area for many Trelleborg units is voluntary activities by employees in various social or environmental projects.</p>	<p><b>100%</b></p> <p>TARGET: 100%</p>	<p>Over and above the 100-percent outcome for facilities with more than 50 employees, activities aligned with Trelleborg's social engagement are conducted at the majority of the Group's units.</p>



## VALUE GENERATION AT TRELLEBORG



### BETTER PLATFORM THAN EVER

Trelleborg's way of achieving results – a strongly decentralized organization built on local responsibility and personal dedication – form the basis of the Group's model for profitability and business success.

Despite the turbulence in its operating environment, Trelleborg delivered a strong financial performance in recent years. Trelleborg's financial capacity is healthy.

Since 2019, the Group has divested a number of companies and those remaining are well-performing and well-positioned businesses.

### ACCELERATED GROWTH

A number of segments have been identified as growing more than the industrial average in the years ahead – Trelleborg is therefore placing additional focus on developing its business in these segments.

The fast-growing segments will act as a driving force for other areas at Trelleborg, which through innovations, differentiation and greater global reach is expected to grow in the upper range of the industrial average.

There will be a greater focus on company acquisitions that strengthen Trelleborg in attractive market segments.

### GOAL: SUSTAINABILITY LEADER IN THE INDUSTRY

Trelleborg is working systematically to increase the share of bio-based and recycled raw materials in everything it develops.

The Group has ambitious climate targets for its own operations, aiming for net zero emissions by 2035, and has committed to setting a Science Based Target.

With longstanding efficiency efforts and targets such as these, resource efficiency and circularity are becoming part of Trelleborg's DNA.

#### ► STRATEGY

**Strategy for leading positions.** Trelleborg's strategy is to secure leading positions in selected segments. In these segments, Trelleborg is further positioning itself in attractive niches or product categories with the aim, in each individual case, of being among the three top players in terms of market share. Trelleborg is constantly searching for niches where the Group's accumulated knowledge offers market leadership. In this manner, long-term shareholder value and added value are generated for customers. Read more on pages 15–21.

#### ► CORE VALUES

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

#### ► CORPORATE CULTURE

**Trelleborg's culture.** The Group is characterized by far-reaching delegation of responsibilities and powers and encourages rapid decisions. Trelleborg has a culture that promotes commitment, responsibility and good ethics in business relationships, as well as a positive interaction with the community wherever the Group conducts operations.

► **GENERATED ECONOMIC VALUE**

In total in 2021, Trelleborg's continuing operations generated economic value totaling SEK 34,407 M (30,510). This value includes all forms of revenue. The diagram lists the percentage distribution for the stakeholder groups. For absolute values, refer to page 48.

**Customers:**

- » Innovative solutions that seal, damp and protect
- » Better functionality, business and sustainability
- » Customer satisfaction

► **DISTRIBUTED ECONOMIC VALUE**

SEK 30,125 M (25,949) was distributed among stakeholders as shown below:

**Suppliers:**

- » Payment for material and services
- » Evaluation according to Trelleborg's stringent requirements

58.7%

**Employees:**

- » Salaries and benefits
- » Health and safety
- » Job satisfaction
- » Personal development

32.6%

**Shareholders:**

- » Share price trend
- » Dividend

4.5%

**Society:**

- » Tax revenue
- » Job opportunities
- » Trelleborg's social engagement

3.2%

**Creditors:**

- » Interest income

1.0%

**BESPOKE STRATEGY FOR EACH BUSINESS**

A common feature shared by all parts of Trelleborg is its engineered polymers with completely unique sealing and damping properties. The longstanding customer relationships are all built on close innovation collaboration with renowned industrial players.

Trelleborg's operational businesses are different and therefore have bespoke strategies to achieve leading positions in their markets.

**NEW HORIZONS FOR TRELLEBORG**

The technological development and climate transition in society worldwide favor the Group, and Trelleborg is involved in developing the industrial solutions of today.

The Group has strengthened its financial targets and is ready for the new reality.

► **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.

► **COMPETITORS**

**Few comparable competitors.** Competition in the various markets largely comprises smaller companies that are regional specialists in one or more niche markets in various market segments or product categories.

## GLOBAL TRENDS THAT INFLUENCE TRELLEBORG

For Trelleborg, it is important to keep sights on the long-term objective, to continue to focus operations on the markets and segments that have the greatest potential for profitable growth and favorable value appreciation.

**Demand for advanced products and solutions.** Global trends influence the Group's choice of market presence and Trelleborg continuously monitors and evaluates these to adopt the right position and capitalize on opportunities in various segments and niches. At an overall level, demand exists for:

- » Advanced, engineered and integrated solutions
- » Qualified material properties for particularly demanding, critical applications
- » Comprehensive solutions that enable our customers to focus on their core businesses

Furthermore, the rapid technological development requires organizations that encourage intrapreneurship and rapid decisions, in order to be successful and to assume a market-leading position.

**Development that favors Trelleborg.** Rapidly advancing technological development is taking place, with increasingly stringent quality standards and focus on product safety in parallel with a transition of the global community toward more sustainable energy consumption, adaptations to climate changes and more circular use of resources. Industrial companies worldwide must quickly adjust their operations to the new reality. These needs are good for Trelleborg.

With Trelleborg's material expertise and industry insight into cutting-edge areas with rigorous requirements, such as the aerospace and automotive industries, as well as healthcare & medical, the Group is creating the sustainable industrial solutions of today, shaped by such trends as electrification, digitalization, industrial automation and new sustainable materials.

### GENERAL GLOBAL TRENDS



#### Geoeconomic and political changes

- » Growth in Asia demonstrates a shift of power toward the east.
- » Traditional western power structures are changing.
- » Economic growth at risk of being curtailed by political and social challenges.



#### Accelerated technological development

- » New technological and cost-effective solutions are being developed at a very high pace.
- » Resources are being used to find values in big data for increased digitalization of goods and services.



#### Interconnected markets and urbanization

- » Urbanization entails growing demands for efficient cities and also a sustainable countryside that can produce more for more people.

- » Globalization is moving markets and people closer together, resulting in rising global trade, increased transportation and flows of capital.



#### Resource efficiency for sustainability

- » Population growth and economic growth in certain geographies is making demands on a more efficient yet sustainable society.
- » Negative climate changes and scarce natural resources are major challenges for all stakeholders.
- » Calls for a greater share of renewable energy and lower emission levels stimulates demand for products and processes that result in increased sustainability and a higher degree of circularity.

## TRELLEBORG'S STRATEGY FOR LEADING POSITIONS

Trelleborg operates in market segments where the Group, on the basis of global trends, has the best conditions for achieving leading positions and favorable profitability.

**Trelleborg's strategy is to secure leading positions in selected segments.** In these selected segments, Trelleborg is further positioning itself in attractive niches or product categories with the aim, in each individual case, of being among the three top players in terms of market share. Trelleborg is constantly searching for niches where the Group's accumulated knowledge offers market leadership.

Both Group-wide and in the business areas, Trelleborg's strategy work is supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are:

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

The chosen segments, the high level of knowledge and the entry barriers the niches have to competitors offer Trelleborg a clear advantage when it comes to creating long-term value for shareholders.

The Group is present in segments and niches in the broader industrial sector, and a number of segments and niches that are in a period of rapid positive change. Two-thirds of the Group's operations deliver products and solutions to the broader industrial sector, and one third is focused on niches experiencing strong growth.

**Growth at least in line with the market.** The underlying market for the broad industrial sector is expected to grow by 2–4 percent<sup>1</sup> per year. Trelleborg's ambition is to grow in the upper range of this scale. The Group is working in a structured way to achieve this target by differentiating itself in various ways from its competitors while offering greater values to customers:

- » Innovation: new industrial products, expanded service offering and comprehensive solutions
- » Differentiation: expanded offering, more customer categories and niches
- » Market share: entry into new geographic markets, and increased sales

Examples of product niches in the industrial sector include antivibration solutions for rail vehicles, pipe seals in waste water systems for infrastructure projects or hose systems for industrial applications.

**Driving force from segments experiencing rapid positive change.** A number of segments and niches are experiencing high or very high growth and Trelleborg will have a particular focus on these moving forward in order to participate in their growth journey.

The long-term ambition is that the Group's presence in these segments and niches will grow from constituting one third to one half of Trelleborg's sales.

Examples of product niches in segments experiencing rapid, positive change are seals for semiconductors, batteries and sensor technology.

### PORTFOLIO OPTIMIZATION

**Presence in profitable segments.** The Group is pursuing focused systematic activities involving a number of growth initiatives on several levels and in different areas.

The business portfolio is being continuously reviewed to assess how the Group can continue to improve its positions in selected niches. The rate of investment is, therefore, high as is the pace of development for new products and solutions.

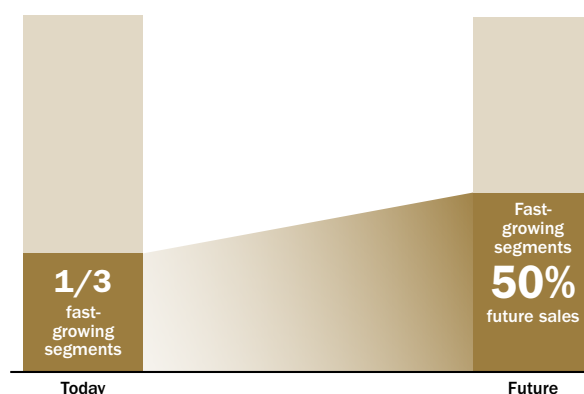
Initiatives can be launched in several dimensions. They may, for example, concern the expansion into new closely-related segments, technologies or applications, or to new geographical areas.

One explanation for Trelleborg's success is that its products and solutions are often critical to the functionality of the customers' advanced end products. One good example is sealing solutions in an aircraft's landing

### PORTFOLIO OPTIMIZATION

Target attractive niche positions by adapting products and solutions as well as customer structures.

### HIGHER PRESENCE IN SEGMENTS EXPERIENCING HIGH GROWTH



<sup>1</sup> Source: Industrial Production index

gear. While they are critical to the function of the aircraft, the solutions make up a relatively small share of the total cost for a customer's end product – the finished aircraft. Another example is sealing solutions for offshore wind farms. The seals are small components in this context, but they are crucial if these massive structures are to withstand the harsh marine environment.

Another reason is the high entry requirements present in cutting-edge areas with rigorous requirements, such as the aerospace, automotive and healthcare & medical industries and also food and beverage production. Trelleborg's material expertise and industry insight combined with its financial strength and broad geographic presence provide a strong competitive advantage.

**Growth target of 5–8 percent.** Trelleborg's overall target is to grow organically by more than 4 percent over an economic cycle. In addition, there is an expected structural growth in the form of acquisitions, which is why the growth target is 5–8 percent over an economic cycle.

**Growth through acquisitions.** Acquisitions are a core feature of Trelleborg's strategy and the Group acquires businesses in attractive niches where opportunities exist to achieve competitive advantages and a leading position. The acquisitions are often small bolt-on acquisitions. The drivers behind

Trelleborg's business acquisitions are to become more rapidly established in closely related segments, obtain technologies or applications, but also to gain access to new geographies.

**Enhanced market exposure.** Operations may be divested and these primarily involve activities that are, for various reasons, no longer seen as belonging to the core business or lack the necessary development potential. Changes to the business portfolio also take place to achieve a less cyclical market exposure, which improves the Group's prospects to report consistent earnings even when adverse cyclical fluctuations occur in individual segments.

One such example is Trelleborg's transition from being a major and broad supplier ten years ago to the highly competitive automotive industry – at the time it accounted for approximately one third of sales but today this figure is one tenth. The Group is now instead world leader in some of these profitable niches, such as brake shims and automotive boots, and is well-positioned in the current electrification.

**Phase out of oil & gas.** In 2021, the strategic review from 2019 was concluded, which entailed an evaluation of various structural initiatives for a number of operations. Companies with total sales of more than SEK 3,200 M were divested, including the agreement to divest the Group's printing blanket operation,

SEGMENTS EXPERIENCING HIGH GROWTH

HEALTHCARE & MEDICAL

ANNUAL GROWTH<sup>3</sup>:

+6%

TRENDS:

- » Aging population.
- » Increased digitalization resulting in automation and artificial intelligence.



TRELLEBORG:

Seals and components in medical technology and equipment.

AEROSPACE

ANNUAL GROWTH<sup>4</sup>:

+6%

TRENDS:

- » Demand for lightweight materials.
- » Development of electric modes of transportation.
- » Demand for bio-based fuels.



TRELLEBORG:

Seals, coated fabrics and composites in aircraft and ground support equipment.

SEMICONDUCTORS

ANNUAL GROWTH<sup>5</sup>:

+9%

TRENDS:

- » Increased digitalization resulting in automation and artificial intelligence.
- » Growing middle class.



TRELLEBORG:

Seals for machinery that produces semiconductors.



## STRUCTURAL IMPROVEMENTS

Adapt structures, capacities and capabilities to support growth and efficiency.

which is expected to be concluded in the first half of 2022.

The divestment of operations in offshore oil & gas significantly reduced the Group's exposure to a highly cyclical as well as fossil-based industry.

## STRUCTURAL IMPROVEMENTS

### New business models in response to demand.

Trelleborg's focus is on developing its operations and localizing them to areas where Trelleborg can grow and recruit the right talent and do the best job. However, it is also about developing offerings that make life easier and increase value for customers, and developing and working within new business models.

**Increasing share of service offerings.** There are examples within Trelleborg of businesses where the focus is on services rather than products. This part of the Group has grown and will grow over time and, together with its products, will provide the Group with a stronger position throughout the value chain.

Trelleborg offers, for example, SmartPort, a collective term for Trelleborg's intelligent marine systems solutions. These are products and equipment for berthing, docking and mooring but also a technology platform that communicates with and provides valuable data to vessels, pilots and port authorities, in order to make navigation and berthing more efficient and safe.

## DIVESTMENTS 2021

	Sales (2020), SEK M	Employees
Agreement to divest the global printing blanket operation <sup>1</sup>	1,200	640
Czech operation in technical rubber products	560	950
Norwegian offshore oil & gas operation	310	185
UK offshore oil & gas operation	580	270
<b>Total</b>	<b>2,650</b>	<b>2,045</b>

<sup>1</sup> The divestment is expected to be completed in the first half of 2022.

## ACQUISITIONS 2021

	Sales (2020), SEK M	Employees
Division in Alpha Engineered Composites (manufacturing coated fabrics) <sup>2</sup>	90	0
VB Seals Inc. (service and distribution of seals)	120	20
Gutteling Group BV (supplier of composite hoses)	115	65
<b>Total</b>	<b>325</b>	<b>85</b>

<sup>2</sup> Asset-transfer acquisition, sales estimated for 2021.

## POCKETS OF GROWTH IN TRADITIONAL SEGMENTS

ANNUAL GROWTH<sup>5</sup>:

~30%

TRENDS:

- » Green modes of transportation.
- » Increased digitalization resulting in automation and artificial intelligence.
- » Transition to hydrogen gas production.

TRELLEBORG:

Seals in batteries and for sensor technologies.

## INDUSTRIAL AUTOMATION

ANNUAL GROWTH<sup>6</sup>:

+20%

TRENDS:

- » Increased digitalization resulting in automation and artificial intelligence.
- » Autonomous vehicles.

TRELLEBORG:

Sealing solutions for industrial and autonomous robots.

<sup>3</sup> Sources: McKinsey Global Institute, 33 EvaluatePharma\*

<sup>4</sup> Sources: McKinsey Global Institute, Teal Group World Aircraft Forecast

<sup>5</sup> Sources: McKinsey Global Institute, external industry experts

<sup>6</sup> Sources: McKinsey Global Institute, Teal Group World Aircraft Forecast

**Increasing share of comprehensive solutions.** New technology enables new ways to generate value for and interact with customers. Trelleborg offers various services supported by digital tools to make life easier and increase value for its customers. This involves smart products with built-in sensors and tracking systems, but also making it easier to do business with Trelleborg via online design programs and other digital channels, such as web-based and mobile applications. As a result, Trelleborg's business is increasingly shifting from solely supplying products to also delivering services and solutions.

For example customers in healthcare & medical, Trelleborg's Rapid Development Center offers a single partner for design, rapid prototyping, development, and serial production, ensuring cost control and scalability of customers' solutions. The purpose of the center is to respond to customer needs to accelerate time to market, reduce the production cost of parts already in market and improve the transition from design to serial production.

### GEOGRAPHICAL BALANCE

Presence in geographies that enable profitable growth.

### GEOGRAPHICAL BALANCE

**Proximity to customers with a complete offering.** Trelleborg sees strength in the ability to combine a strongly decentralized and local organization with the competence and financial strength of the global

company. Business decisions are to be made as close to the customer as possible, which creates competitive flexibility and market and customer knowledge. Moreover, the Group will be less affected by economic and currency fluctuations in business cycles, as well as potential trade barriers or pandemics, by having a balanced geographic presence.

Trelleborg therefore has production capacity worldwide and over the next few years will start manufacturing operations in Russia, Vietnam and Japan, which will be the Group's first own production facilities in these countries.

**Expanded presence in Asia.** Over the past decade, Trelleborg has noted very healthy growth in Asia and sales in China alone amounted to SEK 2,573 M in 2021. Most of manufacturing in China is sold in the country and the ambition is for continued growth in the major domestic market. The Group's goal is also to increase its presence in parts of Southeast Asia and countries such as Korea. This will be achieved through organic growth initiatives and acquisitions.

The principal drivers for Trelleborg include proximity to customers in expanding and profitable segments, following them in their globalization processes and developing local customer relationships, which may become global.

## TRELLEBORG'S SOLUTIONS FOR SUSTAINABILITY AND THE UN SUSTAINABLE DEVELOPMENT GOALS

Trelleborg's products and solutions offer a range of solutions that satisfy the vital needs of society. This becomes clear when put in relation to the UN Sustainable Development Goals, particularly for:

- » Sustainable cities and infrastructure
- » Sustainable environmental and energy solutions
- » People's health and food security

The Group's commercial progress is based on these solutions and is therefore also connected to sustainable social development, see the examples on pages 18–21 and in the table on page 40.

The triangle Trelleborg – Customers – Society forms a relationship where all parties reap the benefits achieved from Trelleborg's innovative solutions for better sustainability.

### TRELLEBORG'S SOLUTIONS



#### GOAL 2 Zero hunger

Requirements for sustainable solutions, advanced automation and compliance with stringent standards – these are just a few of the challenges facing manufacturers in the food industry. Trelleborg's hoses help to resist abrasion, punctures caused by pointed objects and microbiological impact. Trelleborg's seals must withstand oils, acids, salts and other media used in manufacturing, when hygiene and cleanliness are imperative.

## EXCELLENCE

**Excellence in core processes.** In addition, Trelleborg conducts systematic internal work to further improve key processes, such as purchasing, manufacturing and sales, as well as issues concerning the supply chain and leadership development. This is achieved through training, which creates awareness and insights via Trelleborg Group University, through adapted tools, such as various Lean production principles, which improve efficiency and increase productivity, as well as by monitoring via adapted project tools.

Manufacturing Excellence is the oldest of these initiatives and the program has been running for more than ten years. The purpose of Manufacturing Excellence is to work systematically to improve production in relation to safety, quality, delivery precision and efficiency. The focus is on minimizing non-value-generating activities and identifying and correcting deviations through daily efficient control. The vision is *Zero accidents, Zero defects, Zero delays* and *Zero waste*. A safe work environment and resource efficiency are integrated parts of Manufacturing Excellence, and continuous energy optimization – Energy Excellence – has been part of the program from the very start. Refer to pages 22–23 and 45.

## EXCELLENCE

Continuously improve and raise the bar in the internal core processes of the business.

## TRELLEBORG'S SOLUTIONS



### GOAL 3 Good health and well-being

Highly engineered components for drug delivery systems are being developed at a rapid pace. Active pharmaceutical ingredients (API) are incorporated in Trelleborg's molded components in Liquid Silicone Rubber (LSR). The applications are used, for example, as additives for antibiotics to prevent infections in such items as catheters or comprise medication that targets specific body parts in a controlled and optimized manner.



### GOAL 6 Clean water and sanitation

Modern societies require well-functioning underground pipeline systems that provide fresh water and remove waste water. Trelleborg's flexible pipe connectors including seals for concrete pipes and manholes allow for lateral joint movement. The products have significantly fewer breaks and leaks than conventional, nonflexible pipes, particularly in places where earthquakes are common.

## HALVED EMISSIONS IN FIVE YEARS

Trelleborg's "50 by 25" climate target was launched in February 2021.

### SUSTAINABILITY STRATEGY

**Decentralized sustainability strategy.** During the year, the sustainability strategy for Trelleborg as a whole was clearly advanced under the slogan *Protecting the Essential*. The Group's focus areas stretch from the environment to health and safety; from compliance to ethical relations with all stakeholders and with society as a whole. Trelleborg's business areas have developed internal performance indicators that reflect the sustainability agenda, adapted to the respective operation.

**There is an increase in the number of circular transactions.** For Trelleborg, circularity is a consistent ambition to continue resource efficiency by finding different ways to close the loop and reuse whole products, parts of products or input materials, with the primary aim of reducing resource consumption or alternatively reusing resources – or as a last resort – to recycle them. In the *Polymers for Tomorrow* development group, Trelleborg is working in a systematic and cross-organizational manner to increase the use of bio-based, recycled and completely new raw materials, see page 22.

Recycling, greater resource efficiency and circular business models offer considerable potential to reduce CO<sub>2</sub> emissions in society.

**Solutions for sustainability.** For society as a whole, many of Trelleborg's products and solutions help to save energy and reduce emissions, and therefore play a part in sustainable energy supply.

Internally, the target to continuously become more energy-efficient, and thus more climate efficient, is a fundamental part of the Group's efforts to achieve world-class manufacturing. This systematic effort in all of the Group's units is associated with the strategic Trelleborg Excellence program, which aims to improve core processes.

**Climate target and net zero vision.** Trelleborg's current "50 by 25" climate target for the 2021–2025 period will be applied using 2020 as the base year. In line with society's target to keep global warming well below 1.5°C, Trelleborg's climate target for the period is to reduce direct and indirect CO<sub>2</sub> emissions (Scope 1 and Scope 2) by at least 50 percent relative to sales.

Accordingly, the target for 2025 is for these emissions to be less than 5.45 metric tons per SEK M, since this corresponds to a halving of the base year value 2020, which was 10.9 metric tons per SEK M.

In addition, the target entails that Trelleborg-related indirect emissions of greenhouse gases (GHG) throughout the value chain will also be clearly reduced, mainly through supplier dialog, particularly in the areas of *Purchased goods and services* and *Transports*.

The "50 by 25" climate target was launched in February 2021 combined with the vision of achieving net zero emissions in Trelleborg's own operations by the end of 2035.

In April 2021, Trelleborg also made an official commitment to set a Science Based Target. This will mean that even emissions reductions along the value

### TRELLEBORG'S SOLUTIONS



#### GOAL 7 Clean energy

Offshore wind farms are built on various types of foundations, depending on turbine size, water depth, seabed and climate. Trelleborg supplies grout seals that close the gap between the turbine's tower and pile. The seals are up to eight meters in diameter and have to support the steel monopile and the larger transition piece that slides over it during the foundation's construction.



#### GOAL 9 Sustainable industry, innovation and infrastructure

Energy, maintenance and wear are costs for train operators that can be influenced. A Trelleborg axle guiding bush allows the train wheels to soften up when they go through a curve by allowing the alignment of the wheel and the axle to be varied in response to the axle's vibration frequency. In this way, energy consumption and abrasion damage to wheels and track profiles are reduced.

chain (Scope 3) will also be quantified in the period through 2025.

**Scope 3 emissions.** Already in 2017, Trelleborg conducted a Scope 3 analysis in cooperation with EY aimed at obtaining a general picture of indirect emissions along the value chain. The analysis showed that the Scope 3 emissions of the operations are significant, meaning that they overall clearly exceed the total emissions in Scope 1 and 2.

In 2021, a new analysis was initiated and collaboration began with CDP to obtain an updated picture of Scope 3. This work will continue in 2022 to establish base values and targets for a quantitative improvement also in these indirect emissions. Trelleborg's climate target and climate vision will therefore be adjusted and more specifically defined in terms of indirect emissions across the value

chain (Scope 3 target) in dialog with the Science Based Targets initiative and in accordance with how the conditions change for achieving the climate targets for society at large.

**Energy efficiency, renewable energy and investments are the keys.** In addition to becoming more energy-efficient every year through improvement efforts carried out under the Manufacturing Excellence program (see page 19), Trelleborg is reducing the operation's CO<sub>2</sub> emissions over time by transitioning to predominantly renewable electricity from sources such as wind, solar and hydro power. Furthermore, investments will be made in the facilities' local energy supply, which is currently often natural-gas-based. Suitable technology for this will be considered over the next few years.

AMBITIONS FOR CO<sub>2</sub> TARGET



TRELLEBORG'S SOLUTIONS



**GOAL 11 Sustainable cities and communities**

Buildings close to main roads and railways are exposed to noise, vibration and mechanical load. Trelleborg's insulating, flexible layers of natural rubber are installed in the building's foundations and bearing structure. These layers prevent energy transfer by shifting the frequency spectrum between land-borne vibrations and the building structure. This is the same technique used to protect buildings against earthquakes.



**GOAL 13 Climate action**

Heat that is created by friction in hydraulic cylinders is a waste of energy. Lubricants with low viscosity can reduce the friction, but are also extremely destructive to the seals. Specialty seals developed by Trelleborg can withstand, in addition to high pressure, extreme temperatures and counteracting forces in the cylinder, as well as aggressive lubricants, which yields energy savings and a longer lifespan.



## OPERATIONS: EFFICIENT AND SUSTAINABLE RESOURCE USAGE

The Resources part of the Operations focus area is clearly linked to the Sustainable Development Goals in the categories 3, 8, 12 and 13. Read more about the connection to the goals on pages 38–40.

During the year, the sustainability strategy for Trelleborg as a whole was clearly advanced under the slogan *Protecting the Essential*. In terms of the climate, the proportion of renewable energy is to steadily increase to reduce climate impact in line with the climate target of “50 by 25” and the vision of net zero emissions by 2035.

**Raw materials and chemicals.** The principal raw materials in Trelleborg’s processes are polymers (rubber, plastics, composites), metal components, as well as additives comprising softening agents (oils) and fillers such as carbon black, and vulcanizing agents (sulfur, peroxides). The manufacturing processes have several types of direct impact on the environment and people: climate impact, waste and emissions (mainly to air), water consumption and work accidents. Similar impacts occur indirectly along the value chain.

Trelleborg’s specially engineered solutions are based on the unique sealing and damping properties of polymers. The solutions have a positive impact on the sustainability of society as they save energy and reduce CO<sub>2</sub> emissions, eliminate noise and vibrations, seal in demanding environments to avoid the spillage of water, oil, gas or hazardous chemicals, and dramatically extend the lifecycle of items ranging from machines and medical devices to skyscraper facades. However, Trelleborg is not blind to the fact that the solutions themselves are largely fossil-based, but is working systematically to increase the share of bio-based and recycled raw materials in everything it develops and manufactures. This aims to strengthen Trelleborg’s role as the sustainability leader in its industry without compromising the high technical requirements in the demanding environments where the solutions are intended for use.

Accordingly, a development group at Trelleborg – *Polymers for Tomorrow* – has worked since 2021 in accordance with the principles of circularity (refer to page 37) to systematically increase the use of bio-based, recycled and completely new, more sustainable raw materials. The development group, composed of members from the business areas and the Group, identifies strategic collaborations with suppliers and other initiatives in this direction.

The Trelleborg’s Group environmental policy – available at [www.trelleborg.com](http://www.trelleborg.com) – also stipulates that attention

must be 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.

Conflict minerals are used to a very limited extent in Trelleborg’s products. Trelleborg has governance documents and provides templates that simplify the response of units to customer inquiries about such minerals.

As a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the local work with REACH compliance, work related to chemicals continues to be carried out within the framework of the Global Chemical Task Force, a corporate-level team. During 2021, the Global Chemical Task Force provided support to local companies in chemical replacement projects, classification and reporting of used chemicals and generally with the follow up of European legislation on chemicals and the environment: updating of the REACH regulations, the EU’s new taxonomy regulations, the Carbon Border Adjustment Mechanism and public consultations concerning highly fluorinated compounds.

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

*Resource efficiency and circularity.* The Manufacturing Excellence program framework takes a systematic approach to improvements for enhanced safety, quality, delivery precision and efficiency that also yields distinct positive effects on resource consumption by minimizing all resource waste. Refer also to the section on circular business and resource efficiency on pages 20 and 37.

**Energy.** The bulk of the Group’s own energy consumption – and thus its direct climate impact – is connected to fossil-fuel combustion for the production of steam (direct energy and emissions) and purchased electricity, steam and district heating.



In conjunction with the launch of a new sustainability strategy in 2021, Trelleborg also introduced a clear link to variable salaries for management. Refer to page 88 in the Annual Report 2021.

*Protecting the Essential* is the umbrella name for Trelleborg’s sustainability strategy that was introduced in 2021. As a whole, it means the business areas take clear responsibility within their operations for planning and follow-up of all material sustainability performance.



*Energy Excellence*, a long-standing initiative for systematic energy optimization at all Trelleborg units, is an integrated part of the Manufacturing Excellence program. Energy Excellence was updated in 2021 to clearly emphasize the link between energy and climate, in line with the “50 by 25” climate target.

In addition to process-related measures, Trelleborg’s units are focusing on the introduction of different types of systems for improved monitoring of energy consumption and on increasing energy awareness among personnel.

The outcome of energy consumption for the year showing a decrease in relation to sales despite increased production volumes (see table on page 45) reflects the ongoing efficiency enhancements in energy use.

**Renewable/fossil-free energy** The proportion of renewable/fossil-free energy – which will be continuously increased – is reported as a separate indicator in the table on page 45. For example, most units in Trelleborg Sealing Solutions transitioned to renewable energy in 2021. A collaboration with Schneider Electric launched in 2021 has resulted in recommendations for joint actions for the Group in relation to the supply of renewable electricity.

A significant project is underway in Sri Lanka, where biomass is replacing fossil fuel to produce steam for production. Internally generated electricity is being produced using solar cells at plants in Modena, Italy, in Bengaluru, India, and in Malta.

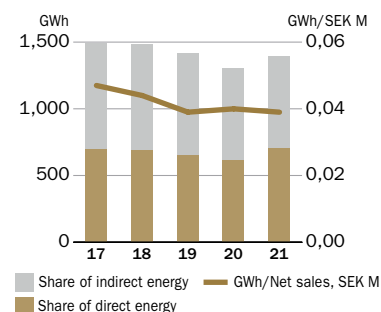
**Climate.** A description of Trelleborg’s long-term climate strategy, with the “50 by 25” climate target for 2025 and the net zero vision for 2035 is presented on pages 20–21.


An overview and scenario analysis adapted to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) are presented on pages 41–43.

- » In the climate area, Trelleborg applies intensity targets (tons of CO<sub>2</sub> per SEK M in sales), in the historical context of the business that includes recurring substantial acquisitions and divestments. The emissions performance should reflect relevant operating volume to be easily comparable over time.
- » The calculation of CO<sub>2</sub> emissions from the consumption of purchased electricity is mainly based on location-based national conversion factors from the International Energy Agency (2021 version). Conversion factors for electricity consumption reflect the current average total electricity mix of each country; sources such as hydro and nuclear power generate lower emissions, while coal and oil generate higher emissions.
- » For renewable/fossil-free electricity, Trelleborg applies the following principle: All downward adjustments of emissions (compared with location-based national conversion factors) must be attested by a certificate specifying the energy mix and net emissions delivered.

Only one of the Group’s units – Tivoli in Italy – is included in the EU Emissions Trading System (EU ETS) in 2021. Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO<sub>2</sub>). Each year, the operations concerned must report their emissions of CO<sub>2</sub> and transfer emission allowances corresponding to the emissions they cause. The number of allocated emission in 2021 was 19,598 (34,864).

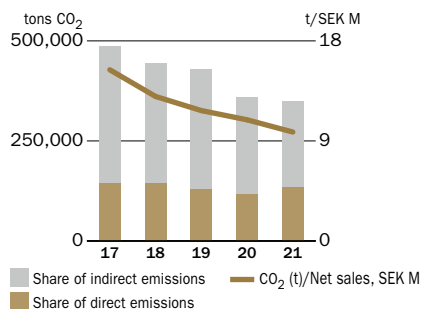
## ENERGY



**11.1%** 

11.1 percent of energy consumption was renewable/fossil-free in 2021, compared with 10.3 percent in 2020.

## CLIMATE



**Water.** Water is used in Trelleborg's operations mainly for cooling and washing in production processes. The outcome for the year for water-related indicators is shown in the table on page 45. Major reductions in consumption are made on an ongoing basis and are planned, inter alia, for the production unit in Ersmark, Sweden, by using improved cooling and recycling systems. Emissions to water are limited. They mainly comprise organic matter.

Previous evaluations of water supply have been carried out for countries and regions where Trelleborg's production units are located, and indicate that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the US, Sri Lanka and Malta. The focus for central water follow-up activities is on these regions.

**Waste.** Continuous efforts are taking place within local operations to cut production waste, which helps to both reduce the amount of waste and increase the rate of recycling. In the same manner the volume of hazardous waste is minimized. For ISO 14000-certified plants, waste management plans are part of the overall environmental management system, and for all non-certified plants, it is mandatory to have such a plan in place. According to the waste management plan, waste leaving the facilities must be weighed and documented. Alternatively, the waste's density and volume must be calculated, for example, using supplier invoices, the organization's internal invoicing and accounting system, or data from the purchasing departments.

- » Recycling is carried out by external partners and internally, see the diagram on page 46.
- » For further information, refer to resource efficiency and circularity on pages 20–21 and 37.

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

The reduction of VOC emissions is a priority, both from an environmental and health perspective, and these emissions have been continuously reduced in recent years, refer to the table on page 131. Emissions are mainly derived from the use of solvent-based adhesives that are used for a limited number of products and production units.



**The Task Force on Climate-related Financial Disclosures (TCFD)** is a specific call for climate action from the financial markets. It describes how companies should handle their climate-related information, including risks and opportunities. In 2021, Trelleborg conducted a detailed scenario analysis in accordance with TCFD's recommendations. See page 41–43 for an overview of how Trelleborg meets TCFD.



**CDP's climate, water and supplier engagement reports.** Trelleborg has participated in CDP's voluntary reporting of greenhouse gas emissions since 2007. In the Annual CDP Report for 2021 on climate issues, Trelleborg received a score of B (2020: B). Water issues were reported for the fourth time, and here Trelleborg received a score of B– (2020: B–), which corresponds to the second highest level. Trelleborg's SER (Supplier Engagement Rating) by CDP is A– (2020: A–). The SER score demonstrates how effectively a company cooperates with their suppliers concerning the climate. To assess the level, CDP uses the company's responses to the CDP questionnaire on climate change.



**Trelleborg retains high sustainability ranking 2021.** Trelleborg came second in the Durable consumer goods category in the Swedish sustainability ranking Hållbara Bolag 2021, arranged by the business daily Dagens Industri and the Aktuell Hållbarhet magazine. Trelleborg was also second in its category in 2020. The ranking was carried out by the Lund University School of Economics together with an advisory committee.



# OPERATIONS: EMPLOYEE SAFETY, DIVERSITY AND DEVELOPMENT

The most important Group-wide program to achieve a safe workplace is Manufacturing Excellence, which includes the occupational health and safety program Safety@Work. A broad range of nationalities at management level and greater gender equality with more female managers is an integrated part of work with diversity and inclusion. Furthermore, individual opportunities for employees to become engaged, learn and grow in order to advance their careers are also prioritized.

**Work environment – health and safety.** The highest priority in dealing with the ongoing pandemic situation in 2021 at all Trelleborg workplaces was employee safety. Local restrictions were addressed and a certain degree of global and national coordination was applied as a continuation of work in 2020.

**Safety@Work program.** Trelleborg's longstanding occupational health and safety program Safety@Work aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. Safety@Work is monitored by performing annual internal audits whereby the facilities are assessed on a scale in relation to a fully established safety culture in which all procedures are fully implemented in terms of occupational health and safety management, machine safety and accident follow-ups, with the aim of avoiding a recurrence of a certain type of incident.

The program includes all staff, both employees and insourced, without exception. In 2020, the relaunch of the program began under the "Team up for Safety" theme. This activation through local initiatives and workshops that further deepen risk awareness and preventive efforts among employees continued in 2021, when an improved online reporting procedure and more frequent meetings for exchange of experiences were also introduced.

No fatal accidents occurred in 2021 (2020: 0). Refer to page 46.

The total outcome for the year for OHS-related indicators is shown in the table on page 46, including the share of sites that have a safety committee, as well as entities with certified systems for occupational health and safety according to OHSAS 18001/ISO 45001.

**Diversity & inclusion.** The Diversity Policy at Group level recognizes that diversity and inclusion is a strength for the Group. Increased diversity and inclusion has the potential to further drive Trelleborg's performance and results, both at team level and individually. Better communication with customers and better problem solving are only a few examples of the advantages of diversity and inclusion.

Trelleborg therefore works to achieve a balanced mix in regard to such factors as ethnicity, age and gender, taking into consideration the type of operation being pursued. Diversity and inclusion are generally seen as important elements in situations such as recruitment, training, evaluation, pay structures and succession planning.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (read more about the Code on page 29), the company values knowledge wherever it is found, with no other



The People part of the Operations focus area is clearly linked to the UN Sustainable Development Goals (SDGs) in categories 5 and 8. Read more about the connection to the goals on pages 38–40.

## LWD

A key figure, Lost Work Days, has been introduced for the number of working days lost per 100 employees due to occupational injuries and illnesses. Refer to page 46.

## 43%

The proportion of women on the Board in 2021 was 43 percent (43).

### TRELLEBORG'S GLOBAL PRESENCE AND GENDER DISTRIBUTION 2021

The number of employees in the Group at year-end, including insourced and temporary employees, was 21,840 (22,209), including both continuing and discontinuing operations. Of the total number of employees, 95 percent (95) work outside Sweden.

During the year, the average number of employees in the Group decreased overall to 20,995 (21,425), of whom women accounted for 25 percent (26). Refer to Note 10, page 87, in the Annual Report 2021.

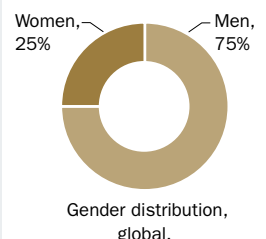
Salaries, other benefits and payroll overheads for employees (excluding insourced staff) in the Group's operations amounted to SEK 9,988 M (9,838).

Personnel turnover (not taking terminations and retirements into consideration) varies between countries and facilities, and usually reflects the local labor situation.

#### NUMBER OF EMPLOYEES AT YEAR-END <sup>1</sup>

Distribution by country	2021	2020
US	3,029	2,923
Czech Republic	2,734	3,593
China	1,715	1,534
UK	1,497	1,751
Italy	1,413	1,345
Germany	1,141	1,111
Sri Lanka	1,064	962
Sweden	1,039	1,044
France	1,003	967
Slovenia	852	845
Other	6,353	6,134
<b>Total</b>	<b>21,840</b>	<b>22,209</b>

<sup>1</sup> Including insourced and temporary employees.



criteria than the fundamental view that all people are equal and have the same rights. Read more about discrimination on pages 28 and 47.

**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 some 50 countries.

A survey in 2021 found that managers down to level 4 in the organization (when level 1 is the President, level 2 individuals who report to the President, level 3 individuals who report to level 2 etc.) include a total of 38 different nationalities.

**Age.** A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent. For a number of years now, Trelleborg has increased focus on the younger generations – employees born 1980 and later (Generation Y), and different initiatives have been carried out. In addition to this, the Group has expanded its Graduate Program to two programs per year instead of one.

**Gender.** In an engineering-dominated company like Trelleborg, efforts to achieve a gender balance present challenges that require work at all levels. Higher Group and business area levels remain dominated by men, but the gender distribution is more balanced in the operations.

A key figure was introduced to measure the percentage of women down to level 4 in the organization, with the ambition to raise the percentage of women at these levels from year to year, which over time, is aimed at creating a better gender-balanced recruitment base at higher levels. Refer to page 46.

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

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

For its overall work during the year to be an attractive employer for young talent, Trelleborg received the “Karriärföretag 2022” award from Karriärföretagen (“Career Companies”), which is a positive starting point for the continued recruitment of future talent.

EDUCATIONAL AND DEVELOPMENT INITIATIVES IN 2021

- » Trelleborg Group University, the Group’s shared training platform, continued its development and delivered relevant, high-quality training courses even during a pandemic year such as 2021; a total of 30,020 training courses (21,878), a 37-percent increase on the preceding year. Note that the same employee may have completed several training courses. The aim was to move classroom training online – a total of 99 percent (98) of participation was virtual.
- » In 2021, Trelleborg continued work with the People Excellence initiative to advance leadership within the Group, refer to image. The initiative, which is based on a self-assessment tool and self-motivated learning, comprises six individual programs, of which one program focuses on diversity and inclusion. In 2021, 48 percent of the number of managers in question commenced People Excellence training, and 37 percent of this number completed at least one training program.
- » As an expansion of the People Excellence initiative and to further strengthen the leadership culture at Trelleborg, management role models from the business areas will in the future train their colleagues in leadership by coaching.
- » As part of efforts to support lifelong learning, Trelleborg uses a model where 10 percent of development/ learning for the employee consists of training in course format, 20 percent through social learning via, for example, colleagues or mentors, and 70 percent within the context of work duties. As a natural step in this work, development plans for Trelleborg employees will also continue to follow this structure to emphasize the importance of continuous development for all employees.

## COMPLIANCE WITH LAWS AND CODES

On the basis of the Group's Code of Conduct, Trelleborg pursues work for exemplary business conduct both internally and across the value chain to ensure compliance with laws, rules and international agreements.

**Anti-corruption and competition law.** Trelleborg's Code of Conduct applies to all employees without exception. Together with the whistleblower policy, it constitutes an important linchpin for regulatory compliance in operations.

A cumulative assessment is that the Code of Conduct, together with Trelleborg's Compliance Program, aligns well with both Transparency International's guidelines on anti-corruption and with the Code of Business Conduct from the Swedish Anti-Corruption Institute.

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 issues related to competition law, also include issues of anti-corruption, export control, data protection and 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 anti-corruption law.

In the area of data protection, the General Data Protection Regulation (GDPR) was rapidly rolled out to relevant target groups in Europe.

The Group's Compliance Program supports the entire organization. In addition, senior and middle management, as well as employees in the field and on the shop floor are supported by Compliance Officers in each Group company, who undergo special training in which they are encouraged as a group to share best practice in compliance issues to help colleagues respond to the situations that may arise in their daily work.

Compliance with laws and regulations is an ongoing and long-term commitment for Trelleborg, and this has been monitored by a Compliance Task Force with senior representatives from staff functions that was established in 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of compliance.

During 2021, the Compliance Task Force held three meetings that addressed, among other aspects, the new sustainability strategy, trade restrictions, digitalization of compliance procedures, compliance and effects of data protection, information security and a review of legal entities.

The Compliance Task Force also continued its review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg.

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 133 for matters reported via the whistleblower system or other channels. This system was supplemented with employee surveys carried out at regular intervals. In addition to drawing attention to areas for local improvement projects, these surveys provide a clear indication of any problems with management or similar shortcomings.

Specific legislation must be followed in certain countries, such as the US (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control legislation), the EU (Conflict Minerals Regulation), and the UK (Bribery Act and Modern Slavery Act, respectively – which are 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 Occupational Health and Safety-related (OHS) laws are shown in the table on page 47.

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

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. However, if the entire value chain is taken into consideration, the risk is classed as higher, see section below on child labor, for example, and the illustration on page 29.



The Compliance focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 8 and 16. Read more about the connection to the goals on pages 38–40.

7,237

individuals underwent training during the year in anti-corruption, competition law, contract management and so forth. The clear increase in recent years is primarily the result of the launch of e-learning programs.



The digitalization of compliance procedures continued in 2021.



During the year, 18 matters (6) were reported via the whistleblower system or other channels, most of which concerned alleged harassment, fraud, injustices, or safety deficiencies.



In 2021, contaminated soil was being remediated at 5 units (9).

**Child labor.** A number of potential risks of child labor in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at the level of rubber producers. For many years, Trelleborg has cooperated with Save the Children in joint community initiatives, which has also strengthened internal know-how in the field of child labor. This has, in turn, been strengthened through dialog with suppliers and by visiting natural rubber producers in Sri Lanka, Southeast Asia and Africa. From 2021, Trelleborg is active in the Global Platform for Sustainable Natural Rubber initiative to minimize risks such as these, refer to page 29.



8 environmental studies (4) were carried out in 2021.

**Forced labor** includes various phenomena, from slavery to forced relocation and forced exploitation of human beings (trafficking). The risk of this is also judged to exist primarily in the supply chain.

During 2021, Trelleborg's corporate website has again renewed its annual statement regarding the management of issues concerning forced labor, child labor and trafficking, mainly in accordance with the UK's Modern Slavery Act 2015, the California Transparency in Supply Chain Act and the Australian Modern Slavery Act 2018.

**89.4%**

Sustainability assessments took place of suppliers corresponding to 89.4 percent (88.9) of the reported relevant purchasing spend.

**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 47.

**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. Special training initiatives are continuing in efforts to prevent harassment.

Read more about outcomes for the year in relation to discrimination in the table on page 47.

**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 all major production units with production and development capacity must have an ISO 14001-certified environmental management system. Only Executive Management can grant an exception. 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 47.

**Environment laws and permits.** Fines or sanctions for breaches of environment or OHS-related rules are shown

in the table on page 47. 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 described in the table on page 47.

**Environmental studies.** For potential acquisitions and divestments, for example, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2021 is presented in the table on page 133.

**Suppliers.** A total of about 23,000 suppliers are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber (see also pages 22 and 29), 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 similarly decentralized responsibility for performance. The exception to this is when purchases at the business area or Group level yield cost benefits. This applies in particular to rubber material and material and services that are not directly included in products.

**Supplier assessment and follow-up.** Supplier assessments have primarily been conducted, as before, via Group-wide questionnaires, with questions related to human rights, OHS, environmental management and social responsibility. Unsatisfactory responses are investigated. Refer to the table on page 47 for the year's outcome. The new digital system for supplier assessments streamlines the process and make it more transparent. In conjunction with the launch of a new climate target, follow-up of the climate performance of suppliers and other selected sustainability performance measures will be further developed during the coming five-year

**GROUP POLICIES IN THE AREA OF COMPLIANCE**

All relevant employees sign an acceptance Letter every year where they confirm knowledge of and agree to comply with all of the Group's policies. The following Group policies 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



At the end of 2021, 84 units (89) were certified under ISO 14001, corresponding to 69 percent (73) of all facilities.

period. One of the first steps in 2021 was to begin cooperating with CDP for supplier follow-ups and development focusing on climate issues.

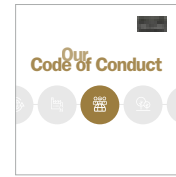
In previous years, site visits with an audit based on a geographic and material risk assessment have focused on textile suppliers, chemicals suppliers and natural rubber suppliers. Audit activities were minimal in 2020–2021 due to the pandemic and as there were very few new suppliers in these areas.

**The Code of Conduct is the basis for all compliance.** 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. All employees are to complete a refresher course in the Code of Conduct every three years, at a minimum.

A comprehensive review of the Code of Conduct was carried out in 2019 when a new version was released containing updated regulations in areas such as trade restrictions, information processing and diversity. A global training initiative started that year, and more than 85 percent of all employees have received training in the Code in the following years. E-learning and other training material is available in 15 languages.

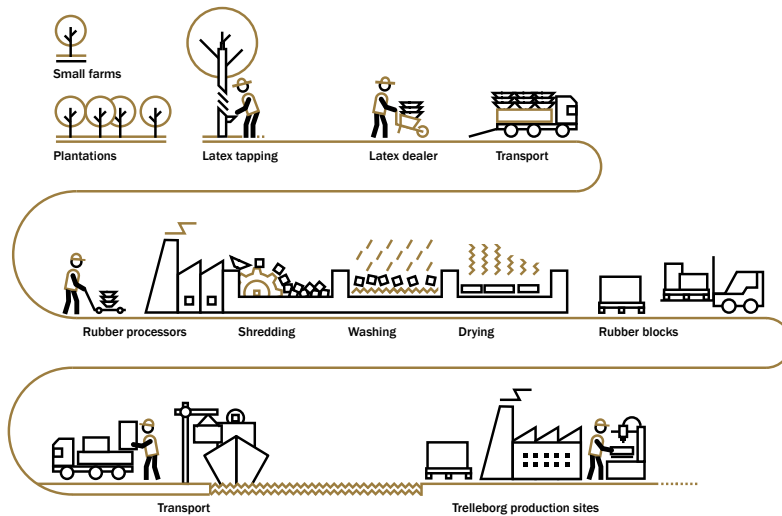
The Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact. It is available for download from [www.trelleborg.com](http://www.trelleborg.com).

Trelleborg's Whistleblower Policy and system mean 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.



Trelleborg's Code of Conduct, Whistleblower Policy and Compliance Program serve as a base for regulatory compliance that aligns well with both Transparency International's guidelines on anti-corruption and with the Code of Business Conduct from the Swedish Anti-Corruption Institute.

## PRODUCTION OF NATURAL RUBBER



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

From 2021, Trelleborg has joined the work of the *Global Platform for Sustainable Natural Rubber*, an industry-wide initiative aimed at leading the global improvement of socio-economic and environmental performance in the natural rubber value chain, with a particular focus on challenges such as deforestation and poor working conditions. Already in its first year, Trelleborg has taken part in specific local activities to strengthen the global initiative's contact platform among smaller rubber producers in Sri Lanka.

Trelleborg also has its own continuous dialog with natural rubber suppliers, addressing themes such as working conditions, human rights and biodiversity. Dialogs include both meetings and visits to the production chain. Over the past ten years, major training initiatives and site visits have taken place in Sri Lanka, the Ivory Coast and in Southeast Asia.



The Social engagement focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 4 and 17. Read more about the connection to the goals on pages 38–40.

## BROAD-BASED SOCIAL ENGAGEMENT

Trelleborg engages with the community wherever the Group operates. A number of the engagements have existed for several years in locations where they make a clear difference, including Sri Lanka and China, where youth development is supported through school projects and also in Sweden, where school commitment has increased. Global partnership and guidelines form another aspect of Trelleborg's community engagement and sustainability dialog.

**Trelleborg's value for society.** In the longer term, Trelleborg's products and solutions represent the company's broadest and clearest contribution to improving the sustainability of the whole of society in accordance with the UN Sustainable Development Goals. This is achieved through the ability of its products and solutions to protect the essential in society, such as the environment, people, infrastructure and assets, which is described in more detail on pages 19–21.

Trelleborg's total value creation and its distribution in 2021 between various stakeholders in society is presented on page 13 and in the table on page 48.

**Local development programs.** In all of the different places in which the Group operates, Trelleborg aims – through local involvement – to support groups including children/young people or functionally diverse individuals. This is usually through educational and development initiatives, often focusing on meaningful recreational activities, such as sports and health activities. Various types of development programs such as these with a focus on education and sports/health are ongoing at all major facilities globally. One positive, long-term effect of such initiatives is that young talent are made aware of Trelleborg as an employer.

A third, common focus area for Trelleborg's units is the voluntary involvement of the employees in various local community projects or programs. The overall outcome of the Group's extensive social engagement is reported on page 48.

One new shared concept is Trelleborg SportsClub, focusing on sports training, education and coaching, with several pilot projects currently ongoing in Sweden. Refer to the following page.

In addition to the aforementioned initiatives, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta, exercises with Örebro University (refer also to page 37) and lectures/exercises with Lund University/the International Institute for Industrial Environmental Economics in Sweden, as well as collaborations with various interest groups.

**Sri Lanka.** In partnership with the non-profit organization Star for Life, a school program has been ongoing in Sri

Lanka since 2012 and this was extended over time to currently include two schools: Kelani College and Bellana College. The program aims to inspire and support children to believe in their future and their dreams through regular coaching sessions and sports and music activities. The program at Kelani College was evaluated in 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 fewer conflicts.

In 2021, program activities continued to be affected by the Coronavirus situation in the country, with the closure of schools, and accordingly, limited possibilities to conduct program activities on site. The oldest classes did not resume activities until November 2021 after being closed for about 18 months.

In Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House since 2010. The pre-school conducts daily activities based on Montessori methods of teaching for children from families with limited resources.

**India.** In 2021, partnerships with several different voluntary organizations in India continued. One important initiative is a scholarship program that supports further education for talented young people in collaboration with the Akshaya Patra Foundation. The cooperation with the Hand in Hand organization (that previously ran a Village Uplift Program) continued with support for a hospital located near one of Trelleborg's production facilities in Bengaluru.

**China.** One of the most recent major initiatives in China addresses rural areas and school children whose parents have moved far away to work and often hand over responsibility for their children to the older generation.

Trelleborg has committed to cooperate with the aid organization Soong Ching Ling Foundation in a three-year project to help set up ten support centers for these young people. These centers will alleviate the situation for the school children left behind, where a lack of parental care, declining motivation to study and insufficient supervision are common problems. Refer also to the next page for examples of social engagement in China.

# 100%

All workplaces in the Trelleborg Group with more than 50 employees have ongoing social engagement.

**Sweden.** Trelleborg also runs local initiatives in Sweden to contribute to social integration. For a number of years, the company has had a recurring cooperation with clubs that stand out as having used sport as a method for community initiatives, such as creating social interaction and meaningful recreational activities for various groups of young people. Trelleborgs FF conducts youth activities that use an adapted Star for Life model called *Motivationslyftet* (“Motivation Boost”). Ramlösa Södra has a *Idrott för alla* (Sports for All) division that engages functionally diverse young people.

**Global partnerships and guidelines.** Trelleborg signed the UN Global Compact already in 2007, and has since presented its report every year of developments in the areas covered by the document: environment, labor, human rights and anti-corruption.

Since 2007, Trelleborg has openly reported climate data to CDP (refer to page 24), for transparency toward all stakeholders in terms of emissions, risks/opportunities and other material climate-related information. Similar water reporting to the CDP has been added in recent years. Reporting also began for forest (solely for natural rubber).

Since 2008, Trelleborg has applied applicable Global Reporting Initiatives (GRI) guidelines for sustainability reporting, and Trelleborg’s auditors have conducted a third-party review of the results.

*New for 2021.* Since 2021, Trelleborg has also collaborated with CDP to evaluate the climate footprint of selected suppliers. New for 2021 was Trelleborg’s membership in the Global Platform for Sustainable Natural Rubber, an industry-wide initiative aimed at leading the global improvement of socioeconomic and environmental performance in the natural rubber value chain, refer also to page 29.

*UN Sustainable Development Goals gain ground.* Trelleborg will continue to develop its communication in accordance with the UN Sustainable Development Goals as this framework gains ground as the basis for sustainability communication and dialog between companies, the finance market, politicians and citizens in respect of the shared agenda until 2030.

A detailed index of the link between Trelleborg’s operations and the UN goals, including a risk description, is available on page 39, while the commercial relevance is also described with product examples on page 40.

## SUSTAINABILITY INITIATIVES IN TRELLEBORG’S WORLD



**TRELLEBORG SPORTSCLUB** The new Trelleborg SportsClub initiative continues to build on the company’s established focus on social engagement to support youth development projects, in this case sports, training and coaching. Projects as part of the initiative include Trelleborgs FF football club’s *Motivationslyfte* (“Motivation Boost”) and the Malmö Redhawks hockey club’s *Hälsosam ungdom* (“Healthy Young People”).

**BOOK PARTNERSHIP IN CHINA** In October 2021, Trelleborg’s operation in Wuxi, China, initiated a long-term collaboration with the local university to donate books. The books, which are a combination of newly purchased books and second hand books from employees, are being donated to schools in economically underdeveloped areas.



# RISKS AND RISK MANAGEMENT

Risks are associated with all business operations. Properly managed risks can lead to opportunities and value creation, while risks that are managed incorrectly can lead to damages 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. The business has 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 sites. 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 demands from which often balance 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 machinery during the first half of the year. Even for the Group as a whole, demand is usually higher in the first half of the year than in the second half of the year.

**Risk management.** Trelleborg has an established process for Enterprise Risk Management (ERM) 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 and to enable a follow-up of the risks and how they are managed.

The vast majority of risks are managed locally. However, some 30 of these risks may have a major impact at a business area and/or Group level and are thus managed at one of these levels. These risks are shown in the risk radar illustration on page 34. The risks on the risk radar, which in turn may have a substantial impact on the possibility of reaching the Group's goals, are described in more detail on pages 34–35 and in Note 33 on pages 108–110 in the Annual Report 2021 concerning financial risk management.

The highest governing body for risk management is the Board of Directors and its Audit Committee, which routinely manages these risks. In addition, risks are managed in such forums as:

- » ERM Board
- » Compliance Task Force
- » Global Chemicals Task Force
- » IT Governance Board
- » Sustainability Risk Task Force

**Risks.** Trelleborg has chosen to group the risks into four areas.

- » **Strategic risks** include external factors that could impact Trelleborg's operations, and internal factors that could impede opportunities to achieve the operation's strategic goals. Read more about Trelleborg's strategy on pages 15–21.
- » **Operational risks** are risks that Trelleborg can itself largely manage and prevent, and which mainly pertain to processes, assets and employees. Read more about how Trelleborg works to ensure safe and efficient use of resources and about how it works with diversity on pages 22–26.
- » **Regulatory compliance risks** relate to Trelleborg having a global operation that is subject to a large number of laws, regulations and rules pertaining to, for example, the environment, health and safety, trade restrictions, anti-competition regulations and currency regulations. Read more about Trelleborg's compliance with laws and codes on pages 27–29.
- » **Financial risks** include interest rate and foreign exchange risks that could adversely impact the Group's earnings. Furthermore, there are financing risks and liquidity risks, which could result in difficulties in raising new loans or shareholders' equity, as well as financial credit risks. Read more about Trelleborg's financial risk management in Note 33, pages 108–110 in the Annual Report 2021.

In the Corporate Governance Report on pages 60–61 in the Annual Report 2021, there is a detailed description



of the internal controls used to manage the risks associated with financial reporting.

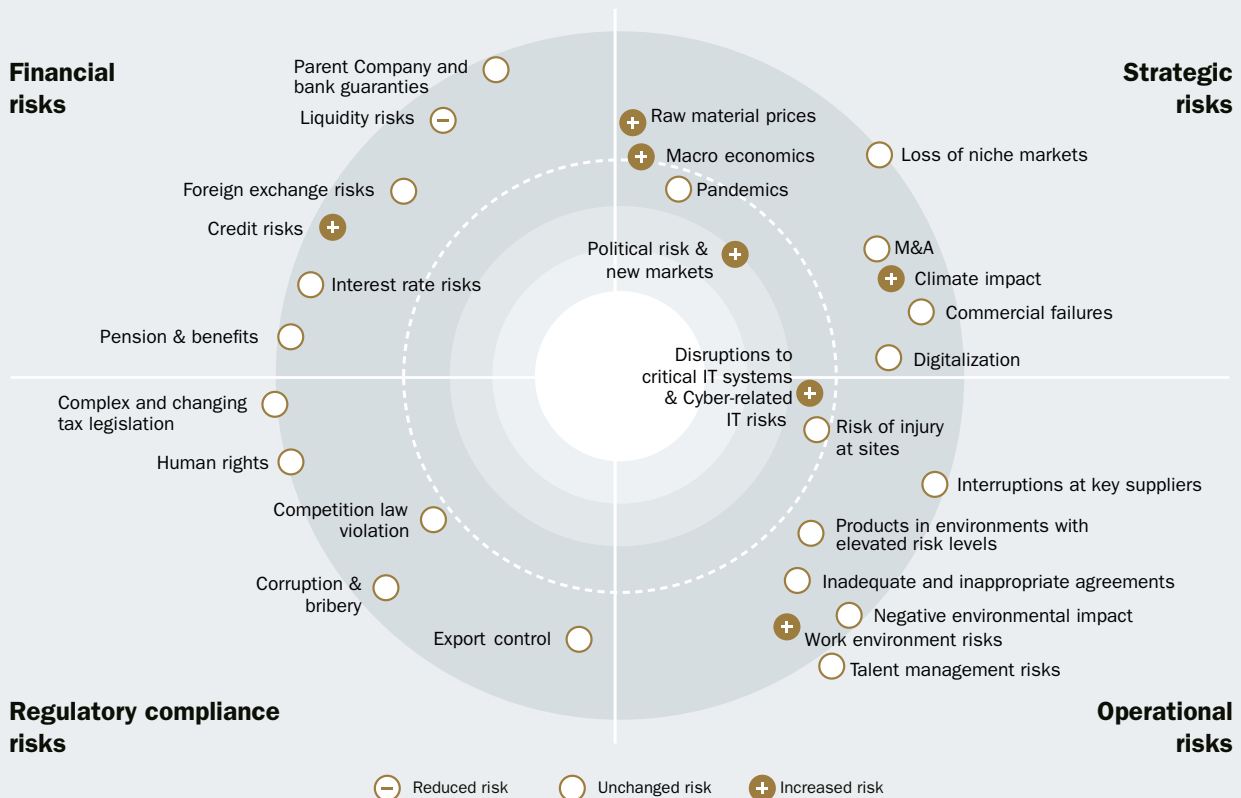
Sustainability risks run as a common thread through these areas and relate to climate impact, work environment risks or risks in the area of human rights. It also includes the risks relating to failure to comply with laws and rules, both as a Group and among the Group's suppliers.

Confidence risks – that is, events and behaviors that negatively impact the company's brands and confidence – are another risk that the Group highlights. For example, the behavior or business decisions of an individual employee could destroy the confidence built up over a long period of time. Trelleborg works on a variety of issues and activities to strengthen and build confidence in the Group, such as training in the Code of Conduct, a clear and well-known brand promise, stakeholder dialog, product safety and so forth.

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

# RISKS WITH A MAJOR IMPACT AT BUSINESS AREA LEVEL AND/OR GROUP LEVEL

**Risks at Trelleborg.** Trelleborg has identified some 30 strategic risks, operational risks, regulatory compliance risks and financial risks using a so-called risk radar. The closer a risk area is to the center of the illustration below, the higher the probability that it will cause financial damage or have an adverse impact on confidence in Trelleborg. The appearance of the risks in the model below indicates changes in relation to the preceding year. Risks with a material impact on the opportunity to achieve the Group's targets are listed in the table below.






## MATERIAL RISKS AT TRELLEBORG

### REGULATORY COMPLIANCE RISKS <sup>1</sup>


Risks	Focus	Management and main activities	Relevance for UN goals
Violation of laws and permits	Compliance with applicable legislation	The Compliance Task Force leads and coordinates initiatives in this area, see page 27. Training seminars are arranged, including competition law and the EU's General Data Protection Regulation (GDPR). There is an established process for export control with a focus on embargoes and trade restrictions, and there are procedures, for example, for approval of membership in organizations and approval of collaborations with third parties.  Regular legal reviews are conducted with a focus on monitoring and ensuring compliance in the Group companies. The Group's internal controls, which are focused on regulatory compliance, have been both expanded and formalized over the past few years.	16.3
Corruption and fraud	Measures preventing fraudulent conduct	Established policies and procedures form the basis of the work in this area, which is supplemented with routine training and a letter of acceptance, signed yearly, for the relevant employees, see page 27. Trelleborg's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussions, see page 47.  Review and evaluation of agency and distribution agreements are regularly conducted. The Group's internal policy instruments have been reviewed, and Policy Quick Guides have been produced to further increase the distribution and comprehension of regulations and the Group's core values.	16.5
Risks in the area of human rights	Child labor/forced labor in the supply chain	Supplier reviews and supplier audits in the areas of risk are conducted based on the Group's geographic and materials risk assessments, see pages 28 and 47.	8.8

<sup>1</sup> Risks in the social sphere are managed by Trelleborg as part of Regulatory compliance risks.

## OPERATIONAL RISKS

Risks	Focus	Management and main activities	Relevance for UN goals
Products in environments with elevated risk levels	Review of products and solutions	Not only risk assessments but also training and workshops are conducted to identify products and contracts where it is especially important that the products comply with the quality and functional requirements necessary in extremely demanding environments – for example, oil and gas, marine hoses for oil and gas, healthcare & medical, and aerospace. Contracts and processes concerning production and project management are also subjected to legal review and risk assessment.	
Inadequate and inappropriate agreements	Examination of agreements	Not only comprehensive training, but also internal and external legal reviews of contract issues and evaluation of contracts in prioritized areas.	
Negative environmental impact	Review of the sites' local environment and focus on hazardous materials and chemicals	Environmental risks are identified in conjunction with all new construction and all acquisitions, with a focus on chemicals management, rainwater and the risk of floods. Sites that are susceptible to risk are routinely monitored.  The Global Chemical Task Force leads the work to phase out and replace substances that are considered harmful, and monitors such substances that may be of interest in the future, see page 22. In addition, there is ISO 14001 multi-site certification, which results in increased standardized analysis and control.	 12.4
Risk of injury at sites	Protection of critical sites	External and internal analyses of the Group's operations are carried out with regard to the most critical sites. Also a more in-depth mapping of natural disaster risks is made, with a particular focus on flooding and wind effects, including such risks that are related to climate change.  There are guidelines for new construction and upgrades of risk-classified sites. The number of such sites upgraded to Highly Protected Risk (HPR) has increased over the past few years. One aim is to improve the lowest performing and most critical sites.	 13.1
Work environment risks	Health and safety	Risks in the area of health and safety are managed via the Safety@Work program, see page 25. Issues concerning employees are otherwise monitored as part of compliance with laws and codes, see pages 43–45, and diversity and inclusion, see pages 25–26.	 8.8
Disruptions to critical IT systems	Minimize disruptions	IT infrastructure service levels are in focus, as is the implementation of Group-wide upgrades in a structured manner. Ensuring compliance with legal requirements in the countries in which the Group operates is an important part, as is information security within and among the systems.	

## STRATEGIC RISKS

Risks	Focus	Management and main activities	Relevance for UN goals
Commercial failures	New product segments, major projects and acquisitions	In conjunction with all acquisitions, there is a due diligence program covering the areas of finance, operations and legal. New products in selected segments such as healthcare & medical and aerospace are approved centrally before development work begins. For the past few years, there has been increased business support when establishing new product segments and for larger projects concerning liability risk management, legal risks and new establishments of operations.	
Climate risks	Adaptation of production and products	Climate and other environmental issues drive local legislation and political instruments, and Trelleborg adapts itself to these in the relevant production countries. At the same time, several of the Group's products and solutions help to reduce atmospheric emissions and protect society from climate change, see the examples on pages 18–21 and page 40.	
	Reduction of CO <sub>2</sub> emissions	During the year, the Group resolved on new climate targets, "50 by 25", for the period 2021–2025. In line with society's target to keep global warming below 1.5°C, Trelleborg's climate target for the period is to reduce direct and indirect CO <sub>2</sub> emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year, and significant reductions of emissions along the value chain (Scope 3). Refer to pages 20–21.  For many years, energy efficiency has been the focus of the Manufacturing Excellence program, see pages 22–23.	 13.1

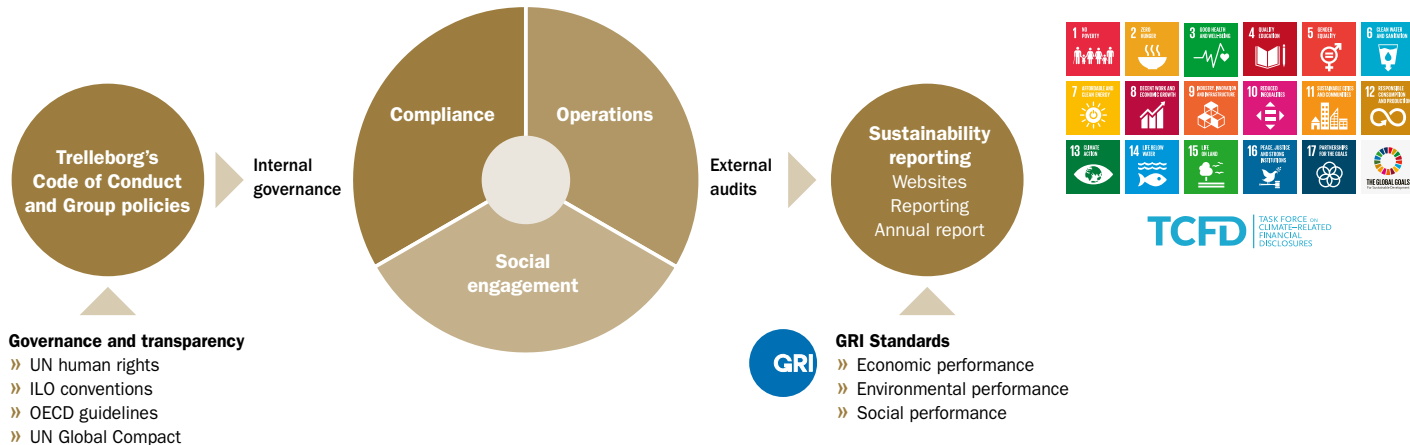
## FINANCIAL RISKS

Read more about Trelleborg's financial risk management in Note 33, pages 108–110 in the Annual Report 2021.

# GOVERNANCE OF SUSTAINABILITY AT TRELLEBORG

The organization and governance of sustainability at Trelleborg were enhanced in 2021 in line with the implementation of the overall “Protecting the Essential” sustainability strategy.

## PROTECTING THE ESSENTIAL



### Governance and transparency

- » UN human rights
- » ILO conventions
- » OECD guidelines
- » UN Global Compact

### Enhanced organization and governance 2021

The organization and governance of sustainability at Trelleborg were enhanced in 2021 in line with the implementation of the overall Protecting the Essential sustainability strategy, for example, via a series of internal workshops for each focus area and training for the entire organization, including e-learning. Another important step was the introduction of a variable salary portion for Trelleborg management linked to responsibility and planning for sustainability.

Each of the business areas appointed an individual responsible for each sustainability focus area during the year when they presented their sustainability planning to management. Following the more clearly defined responsibilities for sustainability performance and monitoring, sustainability controllers were also appointed at business area level. Each production site already has an environmental coordinator and occupational healthy and safety officers.

As previously, the sustainability steering committee comprises the heads of the Legal, Communications/HR, Excellence/Purchasing staff functions, and from 2021 also the CFO.

Overall sustainability responsibilities have been clarified: The head of Group Legal is responsible for the Compliance focus area, the head of Excellence/Purchasing is responsible for most of the Operations focus area, and the head of Communications/HR is responsible for the Social engagement focus area

and the employee-related part of the Operations focus area.

At Board level, the Audit Committee had previously been assigned to monitor the Group's work with sustainability, including climate issues. From 2021, work on sustainability issues at Board level was expanded so that the entire Board can continuously monitor developments using key figures, examples and case stories for Trelleborg's ongoing sustainability efforts.

The sustainability organization at Group level was strengthened in 2020–2021 with project management for climate activities and an additional number of important development areas. Much of the day-to-day sustainability activities at Group level take place under the framework of Excellent activities, and via a number of cross-organizational groups with dedicated areas of responsibility (see diagram below) and in the Sustainability Forum, a group comprising representatives from the Communications, Legal, Environment, HR, Purchasing and Finance/Treasury functions, and from the Manufacturing Excellence Program.

### Code of Conduct and monitoring

A central pillar of the internal sustainability work is Trelleborg's Code of Conduct (new version launched in 2019, see also page 45) and Group 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. Training in the content of the Code is mandatory for all employees and is to be refreshed at least every three years.

Internal sustainability governance is further supported by various types of internal audits, for example, within the framework of the occupational Safety@Work program and internal ISO 14000 audit.

### Whistleblower Policy

Trelleborg's Whistleblower Policy also supports the sustainability 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.

### External reporting

From 2021, sustainability is a standing item in Trelleborg's interim reports and from 2022 quantitative data will also be presented in the interim reports in the areas of energy, climate and occupational health and safety.

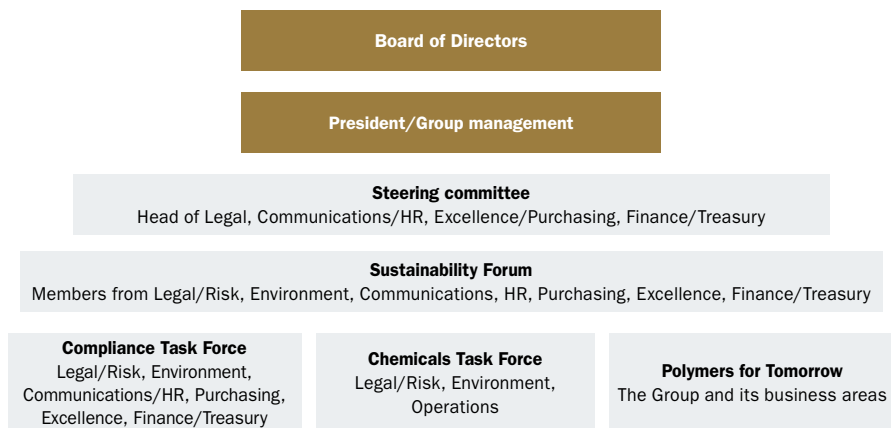
Internal sustainability data collection at Group level was intensified in 2021 and is scheduled to take place four times a year to facilitate future external interim reporting. In addition, the business areas submit monthly internal reports on selected sustainability metrics.

The complete external reporting of sustainability issues is published in Trelleborg's Annual Report and also in the annual, more comprehensive, Sustainability Report. In both cases, reporting is based on the GRI Standards version, Core option. The separate Sustainability Report contains detailed descriptions and an index to clarify exactly how the report follows the GRI guidelines and the TCFD's recommendations. The annual Sustainability Reports also serve as Trelleborg's annual Communication on Progress (COP) reports for the UN Global Compact.

In addition, there is a supplementary index that considers Trelleborg's operations relative to the UN SDGs, see pages 38–40.

Furthermore, there is a Sustainability section under *About Us* on Trelleborg's website [www.trelleborg.com](http://www.trelleborg.com), from where Annual and Sustainability Reports can be downloaded, including those published in previous years.

## ORGANIZATION.



# STAKEHOLDER ENGAGEMENT FOCUSING ON THE ESSENTIAL

The pandemic no longer disrupted Trelleborg in carrying out and developing stakeholder engagement in 2021, and more activities could be performed than the year before.

## Trelleborg's stakeholder engagement 2021

Engagement remained dominated by the key group "Shareholders and investors" with higher activity in the banking sector, and was stimulated by new elements, such as the new EU Taxonomy (refer to page 44), and Trelleborg's first issue of a green bond in August 2021 (refer to page 10 in the Annual Report 2021). Activities among customers also increased with a high number of and more detailed surveys and questionnaires in the area.

Other areas that were mainly highlighted by the various stakeholders during the year were:

- » The company's handling of climate change, including achieving climate targets (see pages 20–21, 23 and 45)
- » Circularity in materials handling and business models (see pages 20–21 and below)
- » Management of sustainability-related risk, including various types of climate risks (see below and pages 35, 38–39, and 43)

See also the overview of *Common questions in stakeholder engagement* below.

## Materiality: Evaluation/analysis and new model

Trelleborg's overall priorities for its sustainability activities were, as usual, evaluated. In October 2021, exercises were again conducted with about 40 students from Örebro University from the master's program in *Sustainable business*, where they evaluated the content of Trelleborg's latest Sustainability Report from the perspective of various key stakeholder groups. This took place as three-day workshops when the students were introduced to the report and then commented on and criticized the report. Common areas for views were raw materials/circularity, chemicals, diversity and inclusion and the supply chain.

The views collected from the stakeholder dialog, evaluation and the new risk analysis were addressed during work on the 2021 Sustainability Report.

Trelleborg prepared a new model during the year due to the future regulations on how materiality analysis are to be performed. This new model is based on:

- » Identifying material sustainability aspects
- » Risks and impact of material aspects
- » Activities to address aspects

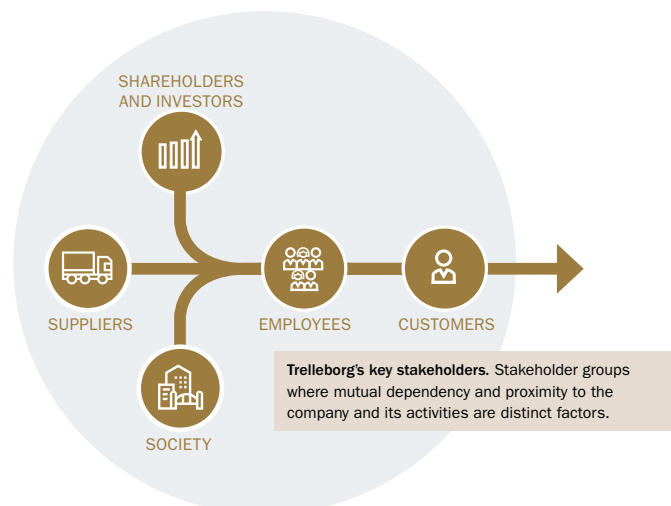
*Identifying aspects.* Materiality at a general level has been evaluated by Trelleborg since 2020 in accordance with the UN SDGs and two different dimensions:

- » How do Trelleborg's operations impact people and environment?
- » How are Trelleborg's business and operations impacted by sustainability issues?

*Trelleborg's risks and impact on people and the environment.* Material aspects of Trelleborg's risks and impact on the environment and people are described in the Sustainability Report together with preventive and corrective action. More information about the aspects deemed to be material can be found on pages 35, 38–39, and 43 in this report.

*Impact on business and operations.* Material aspects of how sustainability issues impact Trelleborg's business and operations via risks and other effects are presented, for example, on pages 35 and 38–39. The risk analysis – particularly the long-term – was improved in 2021 using a new climate-related scenario description according to the TCFD's recommendations on pages 41–43. The

## TRELLEBORG'S KEY STAKEHOLDERS



analysis incorporates both how transition risks and physical risks could impact business and the operations.

*Climate change* is high on Trelleborg's strategic agenda, as it is for most manufacturing companies. The material aspects of climate change involve physical and business risks for the operations related to both preventive measures and climate adjustments, and reducing the climate impact of the operations across the entire value chain, read more about targets and visions on pages 20–21.

*Activities carried out by Trelleborg* have been clearly decentralized to the business area level based on the *Protecting the Essential* sustainability strategy as regards both tailoring the agenda and actual planning and implementation of improvement activities. Climate change can, for example, be divided into *energy-related activities* – meaning improved energy efficiency and transitioning the operations' energy supply toward renewable energy sources – and *materials activities*, meaning primarily transitioning the operations' materials supply toward greater circularity.



Örebro Masters students regularly participate in an exercise competition to evaluate Trelleborg's sustainability reporting. Here is the winning team this year: Eddie Hellman, Anna Gustafsson, Emilia Karlsson and Martin Askengren.

## COMMON QUESTIONS IN STAKEHOLDER ENGAGEMENT:

- » How is Trelleborg managing the issue of climate change?

The starting point in preparing the company's current climate target (for the period 2021–2025) and long-term climate vision (for 2035) has always been to contribute to society's goal to keep global warming to below 1.5 degrees Celsius, by using a science-based analysis of emissions from operations. Initial focus was on Scope 1 and 2, but other emissions across the value chain (Scope 3 emissions) are also addressed at the same time, mainly via purchased materials and transportation, which after discussions with the Science Based Targets initiative will be qualified and added to the "50 by 25" target and also the vision of net zero emissions from its own operations by 2035, refer to pages 20–21.

- » How is Trelleborg working to make its business and entire operations more circular?

During the year, work has continued on a general model for Trelleborg's view of circular resource use and business, as an additional step toward more efficient use of resources. In this work, Trelleborg's definition of circular economy follows the general definition of the Ellen MacArthur Foundation:

*"Circular economy is an industrial system based on recovery and regeneration. It replaces the concept of obsolete products with recycling, transitions to renewable*

*energy, eliminates use of harmful chemicals, which thereby enables reuse, and aims to eliminate waste and pollution driven by improved design of materials, products and the entire system, including business models."*

The Group-wide *Polymers for Tomorrow* group also initiated a central project to systematically address key material categories to increase the share of bio-based and recycled materials. More detailed targets for this work will be presented in 2022.

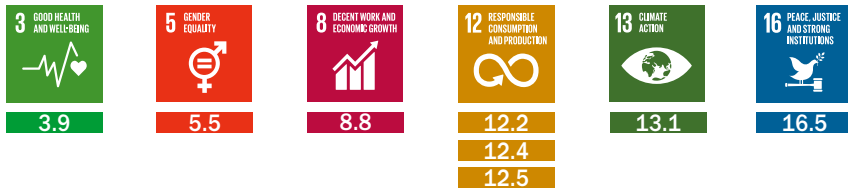
- » How does Trelleborg identify and manage sustainability-related risks, including climate risks?

Sustainability-related risks are included, as before, in Trelleborg's risk evaluation according to ERM principles, refer to pages 32–34. A supplementary risk/impact evaluation in accordance with the UN SDGs is presented with commentary on page 38–39. The evaluation prioritizes and highlights the risks and impacts/effects that are considered most severe and likely to occur. As of 2021, a scenario analysis has been performed following the TCFD's recommendation, focusing specifically on climate risks – both transition risks and physical risks, refer to pages 41–43.

# SUSTAINABILITY RISKS AND OWN IMPACT

Trelleborg has performed an assessment in accordance with the UN Sustainable Development Goals in the area of sustainability-related risk along the value chain and own impact on surroundings.

## High risk



## Medium risk















All 169 UN targets were assessed – in December 2020 with minor updates in 2021 – by a Sustainability Risk Task Force at Group level, in relation to the inherent risks and impact Trelleborg’s activities cause. The image shows goals where risk/impact are considered high or medium-high, by weighing the factors of severity and likelihood of occurring.

## OVERVIEW OF HIGH AND MEDIUM-HIGH RISKS, AND OWN IMPACT ALONG THE VALUE CHAIN

Targets in SDGs with exposure to risk ■ = high risk	Relevant risk/impact for Trelleborg	Main risk along the value chain?	Trelleborg's own impact	Examples of management, page in the Annual Report 2021
3.9 Reduce the number of deaths and illnesses from hazardous chemicals and pollution and contamination	Company's use of chemicals in processes and products	Raw materials	Production and organization	Safety@Work 25, 46, Global Chemical Task Force 22, REACH activities 22, Polymers for Tomorrow 20, 22, 37
5.1 End all forms of discrimination against all women and girls everywhere	Discrimination internally and in the supply chain.	Suppliers	Production and organization	Diversity and inclusion, work with 25–26, target 46
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	Percentage of women managers.		Production and organization	Diversity and inclusion, work with 425–26, target 46
6.4 Increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater	Company's water use, water supply and emissions	Suppliers	Production and organization	Water use and water supply 24, 45
8.4 Improve global resource efficiency in consumption and production	Company's resource efficiency and circularity	Suppliers, Use and recycling	Production and organization	Manufacturing Excellence 19, 22, Energy Excellence 23, 45, Circularity 20, 22, 37, Waste 24, 46
8.5 Full and productive employment and decent work for all women and men and equal pay for work of equal value	Decent work and fair pay	Suppliers	Production and organization	Supplier 28, Code of Conduct 29, Global Platform for Sustainable Natural Rubber 29
8.6 Substantially reduce the proportion of youth not in employment, education or training	Recruitment		Production and organization	Diversity and inclusion. Age 26
8.7 Eradicate forced labor, human trafficking and child labor	Forced labor and child labor, particularly relevant early in the value chain (natural rubber)	Suppliers	Production and organization	Child labor, human trafficking, forced labor/trafficking, zero tolerance approach to 27, Modern Slavery Act 27, Human rights 27
8.8 Protect labor rights and promote safe and secure working environments for all workers	Safe work environment.	Suppliers	Production and organization	Safety@Work 25, 46, Suppliers 28, Global Platform for Sustainable Natural Rubber 29
10.3 Ensure equal opportunity and eliminate discrimination	Wage difference women – men		Production and organization	Discrimination, zero tolerance approach to 28, outcome for the year 47
12.2 Sustainable management and efficient use of natural resources	Resource scarcity and fossil raw materials	Raw materials, Suppliers	Production and organization	Energy efficiency 22, 45, Polymers for Tomorrow 20, 22, 37, Conflict materials 22, Water use and water supply 24, 44, Circularity 20, 22, 37
12.4 Environmentally sound management of chemicals and all waste	Chemicals management	Raw material, Suppliers, Use and recycling	Production and organization	Global Chemical Task Force 22, REACH activities 22, Waste management 24, 46, Emissions to air 24, 45
12.5 Substantially reduce waste generation	Resource efficiency and circularity	Raw materials, Use and recycling	Production and organization	Manufacturing Excellence 20, 22, Waste 24, 46, Circularity 19, 22, 37
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate risks for Trelleborg, both physical and commercial	Raw materials, Use and recycling	Production and organization	Climate target and vision 20, Circularity 20, 22, 37, Polymers for Tomorrow 20, 22, 37, Climate impact 20, 42, TCFD 41
14.1 Prevent and significantly reduce marine pollution of all kinds	Problem of microplastics	Raw materials, Use and recycling		Circularity 20, 22, 37
15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation and restore degraded forests	Deforestation (from use of natural rubber)	Raw materials, Suppliers		Natural rubber chain, Dialog with suppliers 29, Global Platform for Sustainable Natural Rubber 29
16.2 Protect abuse, exploitation, trafficking and all forms of violence against and torture of children	Risk of child exploitation in the value chain (mainly natural rubber)	Suppliers	Production and organization	Child labor, zero tolerance approach to 27, Natural rubber chain 29, Global Platform for Sustainable Natural Rubber 29
16.3 Promote the rule of law and ensure equal access to justice for all	Regulatory compliance globally	Suppliers	Production and organization	Regulatory compliance 27, 47, Suppliers 28
16.5 Substantially reduce corruption and bribery in all their forms	Regulatory compliance and the Code of Conduct	Suppliers	Production and organization	Regulatory compliance 27, in the supply chain 28, Code of Conduct 29

# TRELLEBORG'S PRODUCTS AND THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals encompass 17 areas that are of key significance to the world. In many of these areas, Trelleborg can make an important contribution to social development – particularly through its innovative products and solutions, but also through sustainability activities under the framework of its own operations. See also pages 18–21 for product examples. A general risk/impact overview along the value chain is presented on the previous pages.

UN SDGs	Implications	Trelleborg's products, solutions and social activities for/contribution to the sustainable development of society, with reference to the UN targets.
 2 ZERO HUNGER	Goal 2 is to end hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Solutions for sustainable agriculture and greater productivity in agriculture, primarily agricultural tires (2.3). Other products for sustainable systems for food production, including food hoses (2.4).
 3 GOOD HEALTH AND WELL-BEING	Goal 3 is to ensure healthy lives and promote well-being for all at all ages.	Products to improve road safety, such as brake shims (3.6). Components in the field of healthcare & medical, such as for medical equipment and for drug and vaccine delivery systems (3.8). Reduced involvement in solutions in the field of oil & gas (3.9).
 4 QUALITY EDUCATION	Goal 4 is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Training and support projects for local communities within the framework of Trelleborg's community engagement (4.2).
 5 GENDER EQUALITY	Goal 5 is to achieve gender equality and the empowerment of all women and girls.	Development of women leaders (5.5).
 6 CLEAN WATER AND SANITATION	Goal 6 is to ensure availability and sustainable management of water and sanitation for all.	Products to safeguard and protect water resources, such as pipe seals and pipe repair solutions (6.4).
 7 AFFORDABLE AND CLEAN ENERGY	Goal 7 is to ensure access to affordable, reliable, sustainable and modern energy for all.	Solutions for the safe extraction and transport of energy (7.1). Components for wind, solar and hydro power solutions (7.2).
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Goal 9 is to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Solutions for reliable, sustainable, resilient and high-quality infrastructure, including window/door seals, façade profiles and pipe seals, such as in trains and the rail system area and for ports, as well as bridge and tunnel solutions. (9.1).
 11 SUSTAINABLE CITIES AND COMMUNITIES	Goal 11 is to make cities and human settlements inclusive, safe, resilient and sustainable.	Solutions for protection against earthquake and water-related catastrophes, and unnecessary noise and vibrations (11.1). Solutions for safe, accessible and sustainable transportation systems, including ports and in trains and the rail system (11.2). Solutions to protect and safeguard the world's cultural and natural heritage, including water management and seals (11.4).
 13 CLIMATE ACTION	Goal 13 is to take urgent action to combat climate change and its impacts.	Solutions in energy efficiency, renewable energy and water management that reduce the risk of and build resilience against climate hazards and catastrophes (13.1).
 14 LIFE BELOW WATER	Goal 14 is to conserve and sustainably use the oceans, sea and marine resources for sustainable development.	Products for ports and marine solutions, including Ocean Cleanup (14.2).
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Goal 16 is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Preventive measures throughout the value chain against child and forced labor as well as against corruption and anti-competitive measures (16.2 and 16.5).
 17 PARTNERSHIPS FOR THE GOALS	Goal 17 is to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Signing and supporting various sustainability initiatives, such as the UN Global Compact, continued application of, and adjustment to, international standards and guidelines for sustainability reporting (such as GRI/UN Sustainable Development Goals), climate reporting (TCFD/CDP) and environmental management systems (ISO 14001) (17.16).



# CLIMATE SCENARIOS: RISKS, OPPORTUNITIES AND FINANCIAL IMPACTS

An analysis of future climate-related scenarios, including risks and opportunities and financial impacts, provides the basis and variables for a potential future description for Trelleborg to base its actions on.

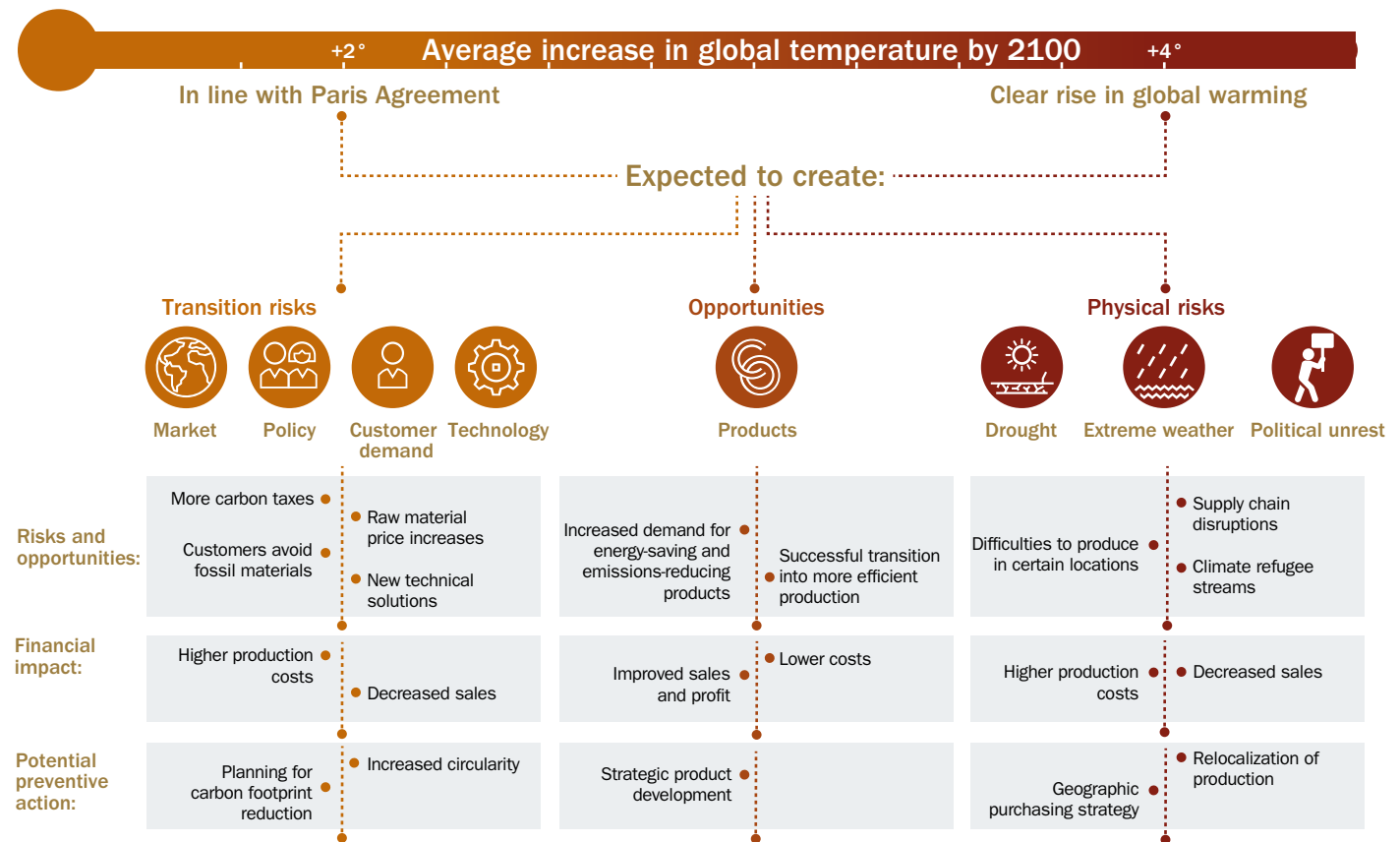
The material was prepared by management and representatives for the business areas/Group following the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD), with climate specialist consultants from 2050 Consulting. The scenario analysis will be further developed every year.

- » The first graphical summary below presents a summary of the most important results of the 2021 analysis and most of the risks and opportunities are assumed to be between the interval of 1–5 years unless otherwise stated.
- » The analysis of both scenarios on the next page is based on and named according to two of the UN Intergovernmental Panel on Climate Change's

(IPCC) forecasts on how carbon concentrations in the atmosphere will increase by 2100 (*Representative Concentration Pathways*). RCP 2.6 involves a low increase and RCP 8.5 a very high increase.

- » The risk/opportunity analysis on page 43 presents a description of general risks and opportunities.
  - » The table below on page 43 is an index of where additional TCFD material can be found in this Annual Report.
- A supplementary assessment of both physical risks/transition risks as well as opportunities is available in Trelleborg's open response to CDP ([www.cdp.net](http://www.cdp.net)).

## GRAPHIC SUMMARY OF SCENARIO ANALYSIS 2021



### Commentary on Trelleborg's position:

#### Transition risks

- » Transition risks are generally expected to occur before physical risks.
- » The organization is continuously increasing its contingency for future carbon regulations and also for potential rises in the price of raw materials.
- » Examples of proactive measures to reduce the carbon footprint of Trelleborg's products: The Group-wide *Polymers for Tomorrow* team (refer to page 38) that was founded in 2021 to increase the share of renewable and recycled material.

- » New materials and new technical solutions are monitored for the same purpose – to be an industry leader in sustainability.
- » Reducing the carbon footprint through work to achieve an ambitious climate target/vision and measures to increase circularity is gradually starting to become part of Trelleborg's DNA.
- » Membership of the Global Platform for Sustainable Natural Rubber from 2021 is intended to reduce risks associated with the use of natural rubber.

#### Opportunities

- » More efficient production is a natural and visible consequence of the ongoing energy and material efficiency efforts.

- » The share of energy-saving and emissions-reducing products in Trelleborg's range is expected to increase markedly.

#### Physical risks

- » The risk analysis of climate-related physical risks has been in place for a long time. The number of upgrades to the level of Highly Protected Risk facilities is rising, refer to page 35.
- » Purchasing strategy with new geographical considerations can be changed in the short term for critical raw materials such as natural rubber.
- » The potential relocation of production is made easier due to Trelleborg's production sites in various relevant parts of the world.

# SCENARIO ANALYSIS: TWO DIFFERENT SCENARIOS

## SCENARIO 1: IN LINE WITH PARIS AGREEMENT (+2°C)

**Rapid transition to lower-carbon society.** International politics unified on transition, succeeded in halving total GHG emissions by 2050. Global warming limited to 2 degree by 2100, which limits damage. Political decisions, taxes and regulations on greenhouse gases are introduced. Large-scale renewable energy and technological improvements are introduced. Rapid transition to community infrastructure takes place. The climate impact of this scenario is based on the IPCC's RCP 2.6 scenario

Potential effects		
Risks	Opportunities	Financial impacts
Climate-related regulations, taxes and fees increase quickly. An example is the EU's planned <i>carbon border tax</i> which means that importers and non-EU manufacturers of steel, cement and electricity among others must pay a tax of about EUR 75 per metric ton of CO <sub>2</sub> emissions. Trelleborg's own transition of its raw materials, energy solutions and reduced CO <sub>2</sub> emissions is resulting in improvements but it might be challenging to maintain the same pace in society.	Impact on society and customers yields a distinct increase in business opportunities for energy savings and Trelleborg solutions that reduce emissions, such as in the market segments for renewable energy, e-mobility, greener air travel (refer to page 15).	Capitalizing on new business opportunities is positive for income and earnings. Regulations and taxes drive up costs and clearly increase the overall cost profile, even indirectly: For example, the International Monetary Fund had stated that a carbon tax of USD 75 per metric ton of CO <sub>2</sub> would increase the average price in the G20 countries by up to 43 percent. However, the risk profile is likely to be similar for competitors.
Trelleborg risks not being quick enough in adapting its portfolio to changed customer demand for energy and emission-impacting solutions.	Trelleborg succeeds in transitioning its offering and securing good market positions, in line with the transition in society.	Earnings are impacted by how quickly the company adapts to the transition in society.
Demand for transition of production equipment to meet society's needs in terms of, for example, renewable energy and circular production.		Investment requirements for transition of internal infrastructure.
A gradual transition in society and negative changes in demand for solutions using fossil-based raw materials. <sup>1</sup>		Customer behavior is potentially negative for demand and earnings – for example, the tire industry has been perceived to be polluting. Transition required by materials supply chain.
New players in various market segments offer applications in competing materials. <sup>1</sup>		Market share/sales may be threatened.

## SCENARIO 2: CLEAR RISE IN GLOBAL WARMING (+4°C)

**Slow transition in society.** Political climate initiatives and cooperation take place but at a moderate tempo and with cooperative difficulties internationally. Continued dependency on fossil fuels. GHG emissions continue and result in a 4-degree increase in the global temperature by 2100. Periods of drought, a clear rise in sea levels, more fires and cases of extreme weather, such as flooding, cause problems in themselves and lead to streams of refugees. The climate impact of this scenario is based on the IPCC's RCP 8.5 scenario.

Potential effects		
Risks	Opportunities	Financial impacts
Regulations, taxes and fees increase but at a moderate tempo.	Gradual increase in business opportunities for energy savings and Trelleborg solutions that reduce emissions, such as in the segments for renewable energy, e-mobility, greener air travel, which are important to the company (refer to page 15).	Regulations and taxes gradually increase the cost profile. Positive on income side.
Customer demand changes, but at a predictable rate.	Trelleborg succeeds in transitioning its offering and securing good market positions, in line with the transition in society.	Capitalizing on new business opportunities is positive for earnings.
Physical effects: weather disrupts some operations and causes damage at some plants.		Any such operational disruptions are negative for production and sales.
Temperatures make working and living difficult in certain places, for example, in Sri Lanka due to risk of flooding and in the US due to risk of tornadoes. Political concern/streams of refugees risk becoming a consequence. <sup>1</sup>	It may be necessary to relocate some production, but Trelleborg's own transition of energy solutions and lowering of CO <sub>2</sub> emissions are progressing quicker than for society at large, which is positive for the brand.	Trelleborg's brand and market position are positive, but political concern/streams of refugees could disrupt both local demand and impact prices of materials, which could affect earnings.
Moderate tempo of transition for own energy-related infrastructure. <sup>1</sup>		Investment requirements under control.

<sup>1</sup> Relevant in the long term, 5–10 years.

GENERAL RISKS AND OPPORTUNITIES

Transition risks				
Reputation	Market	Technology	Political and legal matters	
<ul style="list-style-type: none"> <li>» Changed customer preferences</li> <li>» Greater concern among stakeholders or negative feedback from stakeholders</li> <li>» Recruitment difficulties <sup>1</sup></li> <li>» Sector stigmatization <sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>» Changed customer preferences</li> <li>» Uncertainty about market signals</li> <li>» Higher costs of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>» Competitors with high share of bio-based and recycled raw materials</li> <li>» Replacing current products and services with lower-emission alternatives</li> <li>» Failed investments in new technology</li> <li>» Costs for transition to new lower-emission technology</li> </ul>	<ul style="list-style-type: none"> <li>» Higher price of GHG emissions</li> <li>» Stricter requirements profile for capital acquisition via EU taxonomy and future reporting directive (CSRD)</li> <li>» Regulations for current products and services</li> <li>» Exposure to claims for damages</li> </ul>	
Physical risks				
Chronic			Acute	
<ul style="list-style-type: none"> <li>» Changed rain patterns and extreme variations in weather patterns</li> <li>» Effects on global supply of natural rubber: Current temperatures are at the upper end of the scale for rubber farming <sup>1</sup></li> <li>» Higher average temperatures and sea levels could impact areas in which operations are located <sup>1</sup></li> </ul>			<ul style="list-style-type: none"> <li>» More serious consequences of extreme weather such as cyclones and torrential rain</li> <li>» Impact on supply chain, production sites and customer needs</li> </ul>	
Opportunities				
Efficiency enhancements to achieve mitigation	Transition of energy sources	Adapting the range	Market development	Improved resilience
<ul style="list-style-type: none"> <li>» Transition to more resource-effective transportation</li> <li>» More resource-effective production and distribution processes</li> <li>» More recycling and more effective use of materials</li> <li>» Relocation to more efficient buildings</li> <li>» Lower water use and consumption</li> </ul>	<ul style="list-style-type: none"> <li>» Transition to lower-emission energy sources</li> <li>» Use of political support measure for energy sources</li> <li>» Participation in carbon reduction solutions in the market</li> <li>» More decentralized/local energy production, such as solar power</li> </ul>	<ul style="list-style-type: none"> <li>» Development or increase in lower-emission products and services</li> <li>» Examples: low friction seals, solutions for climate adjustments such as addressing flooding and other effects of higher volumes of rain or rising sea levels</li> </ul>	<ul style="list-style-type: none"> <li>» Access to new markets</li> <li>» Use of government aid for sustainable technology</li> </ul>	<ul style="list-style-type: none"> <li>» Participation in renewable energy programs and continued energy efficiency enhancements</li> </ul>

<sup>1</sup> Relevant in the long term, 5–10 years.

TCFD INDEX OVERVIEW

Area/target	TCFD recommendations	References/pages in the Annual Report 2021
Climate: organization and governance	a) Describe the organization's governance around climate-related risks and opportunities.	Organization and governance 36, Chairman of the Board 54 (in the Annual Report 2021)
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Interview with President 9, Organization and governance 36
Climate strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability-related risk 33–35, 38–39, Climate-related risks 35, 41–43
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate strategy and risks 20–21, 23, Sustainable products and solutions 18–21, 40
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate scenarios 41–43, Climate strategy and risks 20–21, 23, 37 Sustainable products and solutions 18–21, 40
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability-related risk 33–35, 38–39, 40–41, Risk identification and assessment 39–41, Stakeholder questions on climate risk 37
	b) Describe the organization's processes for managing climate-related risks.	Sustainability-related risk 33–35, 38–39, 40–41, Climate strategy 20–21, 23, 41–43, Organization and governance 36, Climate scenarios 41–43
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate strategy and risks 24–25, 23, 41–43, Sustainability-related risk 33–35, 38–39, 41–43, Climate scenarios 41–43
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Outcome for the year 11, 45, Climate target and vision 20–21, Climate strategy and risks 20–21, 23, Sustainability-related risk 33–35, 38–39
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Trelleborg reports Scope 1 and 2: Results 11, 23, 45, Scope 3 20–21, Sustainability-related risk 33, 35, 39, Ten-year overview 57
	c) Describe the metrics used by the organization to manage climate-related risks and opportunities and performance against targets.	Target overview 11, Outcome for the year 11, 45, Climate target and vision 20–21, Climate strategy and risks 20–21, 23, Ten-year overview 57

## EU TAXONOMY 2021 FOR TRELLEBORG AB

The EU taxonomy is legislation in the form of a classification system of economic activities to direct investments towards sustainable activities. Trelleborg has analyzed its operations according to the 2021 taxonomy guidelines.

**Focus of the taxonomy.** 2021 is the first fiscal year that Trelleborg and other manufacturing companies are to analyze and classify the activities of their operations in accordance with the guidelines of the EU Directive. The EU's aim is to identify activities that meet the requirements of the taxonomy so that they qualify as environmentally sustainable according to one of the environmental objectives.

The taxonomy addresses two environmental objectives for 2021 as the first year of reporting:

» *climate change mitigation*

» *climate change adaptation*

It is important to understand that under this definition, the taxonomy currently mainly addresses selected activities in society that have high greenhouse gas emissions (for example energy production, or iron and steel manufacturing), and activities in society that enable a sustainable transition of other operations (for example education).

Over the next few years, the EU will add four other overarching environmental objectives to the Taxonomy Directive, and the requirement to *do no significant harm* to any of the other environmental objectives when fulfilling them will be added.

**Trelleborg's 2021 analysis and reporting.** For Trelleborg's analysis of its own operations, all business areas carried out a detailed review of their activities in 2021 to see which activities fell under the applicable taxonomy guidelines for reporting the proportion of income/sales (turnover), proportion of capital expenditure (CapEx) and proportion of operating expenditure (OpEx).

**Proportion of turnover.** The proportion of taxonomy-eligible activities under the taxonomy guidelines for Trelleborg in 2021 is 0 percent according to Trelleborg's analysis. The share of non-eligible activities for the year is thus 100 percent.

**Proportion of CapEx.** The taxonomy guidelines state what could be taxonomy-eligible in terms of proportion of investments and OpEx. Three different categories of investments are provided for – the first two are directly related to the eligibility of the company's activities and thus are not relevant as long as no eligible activities exist in the operations.

The third category refers to investing in such measures as energy efficiency where the objective of the investment itself is to be in equipment that is compatible with the taxonomy guidelines. Trelleborg theoretically already made such investments in 2021 but since, strictly speaking, it is impossible at this time to determine whether this

equipment is aligned with the taxonomy guidelines, the percentage here – proportion of CapEx for taxonomy-eligible investments – must also be 0 percent for 2021. Consequently the proportion of non-eligible investments is 100 percent.

**Proportion of OpEx.** The proportion of OpEx as described in the taxonomy guidelines primarily refers to OpEx that are associated with taxonomy-eligible activities. When such activities in 2021 are 0 percent, the proportion of OpEx related to these is also 0 percent, and the proportion of non-eligible OpEx is 100 percent.

### Other commentary from Trelleborg:

**Many activities fall outside the taxonomy.** The consequence of the focus of the taxonomy is that many companies, including Trelleborg's with its production of engineered polymer solutions, are not currently affected in a material sense by the taxonomy guidelines. For these companies, the proportion of activities that are potentially *eligible* or *aligned* with the taxonomy is none or minimal.

**Other sustainability-related solutions.** According to the aforementioned analysis performed by Trelleborg in 2021, there are a number of activities in the Group that provide the company with solutions/components that are critical to the function and climate performance of taxonomy-eligible end products. Some examples are function-critical and energy-saving sealing solutions (for wind-power plants, solar panels, buildings) or tires (for electric vehicles), refer to pages 18–21.

The manufacturing of such solutions will not be taxonomy-eligible for Trelleborg since they fall outside the current taxonomy guidelines. This is despite the fact that, in Trelleborg's view, the characteristics of the solutions may also be critical to sustainability characteristics of taxonomy-eligible end products. An estimate of the overall outcome of the analysis indicates that such sustainability-related but non-eligible activities for components for taxonomy-eligible end product correspond to about 10 percent of Trelleborg's sales in 2021.

# OUTCOME IN 2021 IN THE AREA OPERATIONS: USE OF RESOURCES

Resources	Where?	Outcome 2021	Goals and main governance
<b>ENERGY</b>	■	In total, energy consumption has been at a slightly higher level year-on-year due to rising production volumes. Consumption relative to sales declined slightly during the year.	<p>The internal target for the Group is to improve its energy efficiency by at least 3 percent annually. The proportion of renewable/fossil-free energy is to gradually increase, both for direct and indirect energy, in line with the Group's climate target.</p> <p>Energy efficiency 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 pages 19, 22).</p> <p>Local energy coordinators are trained via global training sessions, and a shared toolbox is available.</p> <p>Energy prices in 2021 were higher globally, which impacted Trelleborg. The company works proactively and systematically on energy efficiency and also together with energy consultants, and is planning to implement joint solutions for renewable energy solutions in the future.</p>
Energy consumption	■	Total of 1,394 GWh (1,308). The share of direct energy is 703 GWh (612), and the share of indirect energy is 691 GWh (696).	
Energy consumption relative to sales	■	0.039 GWh per SEK M (0.040). Energy consumption relative to sales declined approximately 2 percent.	
Energy cost	■	SEK 844 M (698).	
Renewable/fossil-free energy	■	11.1 percent (10.3) of total energy consumption, a 7-percent increase mainly due to purchased renewable electricity and internally generated electricity at facilities.  The internally generated electricity is produced from solar cells and amounted to 756 MWh (671).	
<b>CLIMATE</b>	■	Both in total and relative to sales, CO <sub>2</sub> emissions decreased in 2021, which is primarily attributable to green electricity. Trelleborg's systematic measures for energy efficiency contributed to the results, which at the end of 2021 yielded a decrease of 10 percent in CO <sub>2</sub> emissions in relation to sales compared with the base value of 10.9 metric tons/SEK M from 2020.	<p>For the 2021–2025 period, the "50 by 25" target has been established, in line with society's goal to keep global warming to below 1.5 degrees Celsius. During the period, Trelleborg will aim to halve its CO<sub>2</sub> emissions in Scope 1 and 2, in relation to sales, and also achieve a significant reduction in emissions across the value chain (Scope 3). Read more on pages 20–21.</p>
Reduction of CO <sub>2</sub> emissions	■	349,200 metric tons (358,400), of which direct emissions amounted to 134,900 metric tons (117,400), and indirect emissions 214,300 metric tons (241,000).	
CO <sub>2</sub> emissions relative to sales	■	9.8 metric tons per SEK M (10.9), a 10-percent improvement. Compared with last year, there was a clear improvement during 2021, mainly due to the transition to renewable electricity.	
<b>WATER</b>	■	In 2021, water use, meaning water for production and sanitary water, increased in absolute terms and relative to sales, mainly due to higher production volumes.	<p>Even if water use is one of the general environmental key figures reported for all plants, a decrease in consumption is most crucial in production areas with water shortages, or where water shortages can be expected. Refer to page 40.</p>
Water use	■	2.44 million m <sup>3</sup> (2.19)	
Water use relative to sales	■	68.4 m <sup>3</sup> per SEK M (66.5)	
Water withdrawal	■	58 percent municipal water (61) 24 percent from the company's own wells (21) 17 percent surface water (rivers, lakes, etc.) (18) 1 percent other sources (0.5)	
<b>EMISSIONS</b>	■	Emissions of volatile organic compounds (VOC) increased during the year due to higher production volumes, primarily for tires. Emissions of sulfur dioxide and nitrogen oxides also increased.	<p>Reducing <i>volatile organic compounds</i> (VOC) emissions is a priority both from an environmental and health perspective. Emissions of VOC are defined according to EU standards.</p>
VOC	■	673 metric tons (504)	
VOCs relative to sales	■	0.019 metric tons per SEK M (0.015)	
Sulfur dioxide	■	74 metric tons (55)	
Nitrogen oxides	■	55 metric tons (48)	

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

Resources	Where?	Outcome 2021		Goals and main governance
<b>WASTE</b>		The amount of waste increased in absolute figures in 2021 due to production volumes. Waste management methods, both for hazardous waste and other waste, are shown in the diagram below to the right.	 	Waste minimization is an expressed goal in the Manufacturing Excellence initiative, which is conducted in all production units, see also pages 19 and 22. The volume of hazardous waste is to gradually decrease. According to the local waste management plans, third-party suppliers that handle waste are to be selected on the basis of their compliance with contractual and legal specifications, and all waste that leaves the plants is to be weighed and documented. Alternatively, the waste's density and volume must be calculated, for example, using supplier invoices, the organization's internal invoicing and accounting system, or data from the purchasing departments.
Waste volume		50,329 metric tons (46,270). Of the total volume, rubber accounted for 30 percent (31) Hazardous waste totaled 4,594 metric tons (4,540), an increase of 1 percent since the preceding year.		
Waste volume relative to sales		1.4 metric tons per SEK M (1.4)		
Waste cost		SEK 58 M (62)		
Waste management		<b>Non-hazardous waste:</b> Internal material recycling 120 metric tons (312) External material recycling 24,867 metric tons (21,966) Energy recovery 7,521 metric tons (6,093) Landfill 10,087 metric tons (10,161) Other methods 1,988 metric tons (2,077). <b>Hazardous waste:</b> Internal material recycling 1 metric ton (17) External material recycling 1,577 metric tons (1,071) Energy recovery 1,123 metric tons (1,431) Landfill 149 metric tons (206) Other methods 1,087 metric tons (1,225). The distribution between methods for handling non-hazardous waste and hazardous waste is presented in the diagram to the right. By definition, internal material recycling is conducted on site.		

## OUTCOME IN 2021 IN THE AREA OF OPERATIONS: SAFETY, DIVERSITY AND DEVELOPMENT

Resources	Where?	Outcome 2021		Goals and main governance
<b>HEALTH AND SAFETY</b>		The curve shows the number of work-related injury/illness cases per 100 employees resulting in more than one day's absence (LWC). This figure has gradually declined. The figure for 2021 was unchanged compared with last year.		The number of accidents is to steadily decrease. For 2021, the target remained LWC <2.0. For the full-year 2022, the target is to achieve an LWC of <1.0 in the production units and to start to present LWC performance measures for non-manufacturing units. 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. As of 2020–2021, the program has been relaunched under the "Team up for Safety" theme. The outcome for 2021 was affected by the fact that the number of working hours (total of 30.1 million hours in production) was lower than in 2020. The lower number of hours was due to the divestment during the year of several units and sick leave in connection with covid. The LWC performance measure that reflects the lost work days was adjusted to international standards in 2021; the new LWC frequency is the number of lost work days per 100 employees due to work-related injury/illness during the year. The four most common injury categories in 2021 were: cuts, contact with moving machinery, work tasks with poor ergonomics, and slips, trips and falls. These categories represent more than two thirds of the total number of LWCs during the year.
Fatal accidents (insourced staff are reported separately)		No fatal accidents (0) occurred during the year, either among Trelleborg's own or insourced staff.		
LWC		217 cases (218) resulting in at least one day's absence (LWC). Of these, 12 (14) were insourced staff, and 36 (37) women. No LWC cases pertained to work-related illness in the production units in 2021.		As of 2020–2021, the program has been relaunched under the "Team up for Safety" theme. The outcome for 2021 was affected by the fact that the number of working hours (total of 30.1 million hours in production) was lower than in 2020. The lower number of hours was due to the divestment during the year of several units and sick leave in connection with covid.
LWC per 100 employees		1.4 LWC per 100 employees (1.4). For insourced staff, the figure was 0.8 (1.0), and for women 1.2 (1.1). See the diagram to the right for the regional situation.		
LWD per 100 employees		47 lost work days per 100 employees (= per 200,000 working hours).		
Safety committee		89 percent of facilities have a safety committee (94) with representatives from both employers and employees.		
Absenteeism in Sweden		7.2 percent of normal working hours (6.8).		
Systems for occupational health and safety management		At the end of 2021, 31 units (29) were certified under OHSAS 18001 or ISO 45001, corresponding to 30 percent (24) of all facilities.		
Percentage of women at level 1–4		The percentage of women at levels 1–4 of the organization was 22 percent at the end of 2021.		This performance measure was introduced in 2021 to increase the number of women who can be recruited to higher levels.
Number of nationalities at manager levels		The number of nationalities at manager levels was 38 at the end of 2021.		This performance measure was introduced in 2021 to highlight ethnic diversity as a success factor.

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

# OUTCOME IN 2021 IN THE AREA OF COMPLIANCE

Compliance	Where?	Outcome 2021	Goals and main governance
Anti-corruption and competition law	■	7,237 individuals (5,799) underwent various training courses in anti-corruption, competition law, contract management and so forth. This included both traditional classroom training and, to a strongly increasing extent, online training (e-learning, webinars).	Zero tolerance applies 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	■	A new Code of Conduct was launched in 2019, and more than 85 percent of all Group employees underwent training in the new Code of Conduct during that year. Training continued in 2020 and 2021.	In 2021, a target was set for each employee to take the Code of Conduct course at least every three years.
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 27.
Compliance (environmental)	■	2 cases (2) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 80,000 (553,000)	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, a total of 18 matters (6) were reported via the whistleblower system and other channels, concerning alleged harassment, fraud, injustices, or safety deficiencies. Relevant action was taken where necessary. In several cases, the matters were closed due to lack of relevance or insufficient evidence.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	4 cases (5) of discrimination or equivalent were reported, three in the US and one in France. All 4 cases (4) are 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	■	44 percent (51) of all employees at year-end are represented by a trade union through collective agreements. In China, however, certain restrictions related to freedom of association apply.	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 in 2021.	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 in 2021.	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 89.4 percent (88.9) of the reported relevant purchasing spend in the production units. 2 units (2) reported ongoing investigations in December 2021. 2 supplier relationships (1) were terminated in 2021 for reasons related to the Code of Conduct. No new supplier audits (0) were conducted involving on-site visits in 2021 due to the continuing pandemic situation.	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 reported relevant purchasing spend. The target has been raised to 90% from 2022. Site visits with an audit of "at-risk suppliers" (selection based on geographic and material risk assessment) supplement the self-assessments. Since 2016, 61 supplier audits have been conducted (61), of which a limited number were additional visits to previously audited suppliers. Audits since 2016 have mainly taken place in China. Refer also to page 44.
Environmental management systems	■	At the end of 2021, 85 units (87) were certified under ISO 14001, corresponding to 69 percent (73) of all facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system. The difference compared with last year is that several certified units were divested.
Unplanned emissions	■	During the year, 2 minor cases (1) of unplanned emissions were reported. One was an incidence of emissions that took place in Ridderkerk, the Netherlands, which was an 0.5 liter oil/water mix and remediated immediately. The second was 12 liters of process water in Denver, US, which was also remediated immediately.	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 5 units (9). Another 10 facilities (11) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 65 M (53).	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	●●● □	In 2021, 8 environmental studies (4) were carried out at the various facilities.	Environmental studies are conducted to assess and outline the environmental impact of the facilities and identify potential environmental liabilities for the company in question, often in connection with acquisitions or closures.

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

# OUTCOME IN 2021 IN THE AREA OF SOCIAL ENGAGEMENT

Social engagement	Where?	Outcome 2021	Goals and main governance												
Distributed economic value	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #8B4513; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid #8B4513; margin-right: 5px; margin-left: 10px;"></div> </div>	<p>In total, Trelleborg's continuing operations generated economic value of SEK 34,407 M (30,510) of which SEK 30,125 M (25,949) is distributed between stakeholders (suppliers SEK 17,676 M, employees SEK 9,818 M, shareholders SEK 1,355 M, society SEK 978 M and creditors SEK 298 M). Refer also to page 17.</p> <div style="text-align: center;"> <p><b>Distributed value 2021</b></p> <table border="1" style="margin: 0 auto;"> <caption>Distributed value 2021</caption> <thead> <tr> <th>Stakeholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Suppliers</td> <td>58.7%</td> </tr> <tr> <td>Employees</td> <td>32.6%</td> </tr> <tr> <td>Shareholders</td> <td>4.5%</td> </tr> <tr> <td>Society</td> <td>3.2%</td> </tr> <tr> <td>Creditors</td> <td>1.0%</td> </tr> </tbody> </table> </div>	Stakeholder	Percentage	Suppliers	58.7%	Employees	32.6%	Shareholders	4.5%	Society	3.2%	Creditors	1.0%	<p>The company's value creation for surrounding society is described in both monetary terms (in the annual report) and through transparent sustainability reporting. Value generation is accentuated by Trelleborg's various products and solutions that contribute to the sustainability of society (more on pages 18–21).</p>
Stakeholder	Percentage														
Suppliers	58.7%														
Employees	32.6%														
Shareholders	4.5%														
Society	3.2%														
Creditors	1.0%														
Local communities	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid #8B4513; margin-right: 5px;"></div> </div>	<p>100 percent, that is to say all of Trelleborg's plants with more than 50 employees conducted social engagement activities in 2021, see examples on page 47. Major educational and development programs are being run in such countries as Sri Lanka (two schools for pupils at the equivalent of secondary level; the activities continued to be impacted by local Covid-19 restrictions in 2021), India and Sweden. A new program for school children in China was started in 2019.</p>	<p>All plants with more than 50 employees are to conduct regular social engagement according to their good relationships with the local community. The initial focus is on educational and development initiatives for children and young people, as well as sport and health initiatives and, in certain cases, volunteer activities. Group-wide programs are coordinated by Group Communications.</p>												

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



# SUSTAINABILITY REPORTING – SCOPE, CHANGES, PRINCIPLES AND ASSURANCE

**Scope.** This is Trelleborg Group's Sustainability Report for 2021, which is the fourth reporting year according to the GRI Standards – Core guidelines. The Sustainability Report is published annually (previous release was in March 2021). It is integrated into the Annual Report as well as in the form of an extended standalone Sustainability Report in pdf format. The standalone version also serves as a yearly Communication on Progress to the UN Global Compact, which Trelleborg signed in 2007. The aim is that the report shall give an accurate overview of the Group's activities, performance and commitments related to environment, health, safety and social issues, including business ethics. 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 2021. Figures for the preceding year (2020) 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.
- » Reports from units acquired or divested cover the period of the year when they have actually been part of the Trelleborg Group.
- » A ten-year overview of the company's sustainability performance is available at page 57, as well as a five-year overview of continuing operations at page 56.

**GRI Index.** The extensive GRI Index in this Sustainability Report contains the required Management Approach Disclosures as well as omissions related to certain disclosures. This report is in line with the requirements in the Swedish Annual Accounts Act concerning the seven responsibility areas it mentions: business model, risks, policy/target, anticorruption, environment, human rights and social conditions, see the table on page 53.

**Significant changes from previous report.** The basis of this Sustainability Report 2021 is a materiality analysis made by Trelleborg. It comprises important sustainability aspects and indicators from internal and external stakeholder perspectives. Our focus areas Operations (divided into Resources and People), Compliance, and Social Engagement have been slightly altered to match Trelleborg's new sustainability strategy Protecting the Essential, launched 2021. Products/solutions for better sustainability is also part of the scope, see pages 18–21.

Changes in the 2021 report are

- » A new section on climate-related risks, opportunities and impacts was introduced, including two climate scenarios according to the TCFD requirements, see pages 41–43.

- » A new section on EU Taxonomy was added, see page 44.

**Reporting principles.** For this Report, each Trelleborg unit submits data into the common reporting system, in accordance with the Group's standards for Sustainability reporting. Starting from the 3rd quarter 2021, the reporting frequency of selected sustainability indicators increased from half-yearly to quarterly, with the ambition to include these indicators in external quarterly reports.

It is the responsible manager for each unit that carries ultimate responsibility for the sustainability data provided, while the reporting itself, including data correctness and quality assurance, is carried out under the supervision of each unit's financial controller/director as well as sustainability controllers, also involving input from environmental, HR, purchasing and other specialists. In addition, quality checks are performed by relevant Group functions and Business Area controllers, whereby data is compared to figures from previous years and similar facilities, and verified through random sampling against other available information.

- » In general, Greenhouse Gas Protocol methodology is applied to calculate carbon emissions from energy consumption in Scope 1 and Scope 2.
- » The calculation of CO<sub>2</sub> emissions from the consumption of purchased electricity is mainly based on location-based national conversion factors from the International Energy Agency (2021 version). Conversion factors for electricity consumption reflect the current average total electricity mix of each country; sources such as hydro and nuclear power generate lower emissions, while coal and oil generate higher emissions.
- » For renewable/fossil-free electricity, Trelleborg applies the following principle: All downward adjustments of emissions (compared with location-based national conversion factors) must be attested by a certificate specifying the energy mix and net emissions delivered.
- » Safety@Work is a production facility program exclusively, which affects the Health and Safety reporting of Lost Work Cases, LWC, and other connected indicators.

**External assurance.** Deloitte has performed a limited assurance of Trelleborg's Sustainability Report 2020. The assurance report is to be found on page 58.

An overview of Trelleborg's sustainability work is also found at [www.trelleborg.com](http://www.trelleborg.com) under the heading Sustainability. Also Environmental Reports, Sustainability Reports and CR Reports from prior years are available from this website.

## PRODUCTION FACILITIES INCLUDED IN TRELLEBORG'S SUSTAINABILITY REPORT 2022

<b>Australia</b>	Noble Park North Perth	<b>Italy</b>	Lodi Vecchio Livorno Modena Pianezza Tivoli	<b>UK</b>	Bridgwater Cadley Hill Great Yarmouth Halesowen Hawarden Leicester Nottingham Rochdale Rotherham Rolwey house Skelmersdale Tewkesbury Trinity Park Westbury
<b>Brazil</b>	Barueri, São Paulo Feira de Santana Macaé São José dos Campos	<b>Latvia</b>	Liepaja	<b>USA</b>	Aurora Berryville Boston Brossard Charles City Delano Denver Elk Rapids Fenton Fort Wayne Giddings Monson Milford New Haven New Haven, Indiana Niskayuna North Smithfield Northborough Paso Robles Rutherfordton Salisbury Spartanburg Streamwood Toledo Tustin
<b>Bulgaria</b>	Pernik	<b>Lithuania</b>	Tauragė		
<b>China</b>	Hebei Pudong Qingdao Xiaogan Ximei Road, Wuxi Xingtai Xinzhuan Zhongtong	<b>Malta</b>	Hal Far		
<b>Czech Republic</b>	Hradec Králové Mladá Boleslav Nachod Otrokovice Praha Velké Porici Zlín (Sedesátá) Zlín (Šternberská) Zlín (Vavreckova)	<b>Mexico</b>	Guanajuato Tijuana Tijuana (Pipe Seals) Queretaro		
<b>Denmark</b>	Helsingør	<b>Morocco</b>	Kenitra		
<b>Finland</b>	Kiikka	<b>Netherlands</b>	Ridderkerk		
<b>France</b>	Clermont-Ferrand Condé-sur-Noireau Mirambeau Nantes Sancheville	<b>Poland</b>	Bielsko-Biala Czechowice-Dziedzice		
<b>Germany</b>	Grosssheubach Lathen Velten	<b>Serbia</b>	Ruma		
<b>India</b>	Bengaluru Husur, Bengaluru Jigani Link Road, Bengaluru	<b>Singapore</b>	Singapore		
		<b>Slovenia</b>	Kranj Ptuj		
		<b>Spain</b>	Izarra		
		<b>Sri Lanka</b>	Kelaniya (Trelleborg Lanka) Kelaniya (Trelleborg Tyres Lanka) Malwana		
		<b>Sweden</b>	Ersmark Forsheda Gävle Havdhem Kalmar Trelleborg (Agri) Trelleborg (EF/Mixing) Trelleborg (Industrial Solutions) Värnamo Örebro		
		<b>Switzerland</b>	Stein am Rhein		
		<b>Turkey</b>	Gebze 1 Gebze 2 Tokat		

# GRI CONTENT INDEX

Trelleborg's Sustainability Report for 2021 is prepared in accordance with the Global Reporting Initiative guidelines GRI Standards, 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 Sustainability Report 2021. The index lists the GRI disclosures on which Trelleborg has selected to report. All listed disclosures have been subject to limited assurance by Deloitte, see page 59.

Unless specified otherwise, the disclosures refer to the 2016 standards.

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>General disclosures</b>				
<b>Organizational profile</b>				
102-1	Name of the organization		59	139
102-2	Activities, brands, products, and services		3-4, 18-21, 32, 40	1-2, 14-17, 22-37, 48-49, 68-69, 120-121, 126
102-3	Location of headquarters		59	139
102-4	Location of operations		5, 19, 25	3, 23, 41, 87 (note 10)
102-5	Ownership and legal form		59	12-13, 139
102-6	Markets served		14-17	18-21, 28-29
102-7	Scale of the organization		3, 5, 10-11	1, 3, 8-9, 11-13, 28-35
102-8	Information on employees and other workers	Trelleborg does not report detailed contract information regarding full-time, part-time, contractors etc.	25, 57	41, 87 (note 10), 138
102-9	Supply chain		11, 21, 28-29	9, 25, 44-45
102-10	Significant changes to the organization and its supply chain		16-17	20-21, 94 (note 14), 101 (note 25)
102-11	Precautionary Principle or approach		22	38
102-12	External initiatives		24, 29-31, 36-41	40, 45-47, 122-127
102-13	Membership of associations		21	Cover, 25
<b>Strategy</b>				
102-14	Statement from senior decision-maker		6-9	4-7
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior		12-13, 19, 22, 25-31, 47	16-17, 23, 38, 41-47, 133
<b>Governance</b>				
102-18	Governance structure		36	55, 122
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups		13, 37	17, 123
102-41	Collective bargaining agreements		28	44
102-42	Identifying and selecting stakeholders		37	123
102-43	Approach to stakeholder engagement		37	123
102-44	Key topics and concerns raised		37	123
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements			92-93 (note 13)
102-46	Defining report content and topic Boundaries		37	123
102-47	List of material topics		37	123
102-48	Restatements of information	No restatements 2021		
102-49	Changes in reporting	New features in the 2021 report were that a new section on climate-related risks, opportunities and impacts was introduced, two climate scenarios according to the TCFD requirements, as well as a new section on EU Taxonomy.	41-46	127-132
102-50	Reporting period		59	139
102-51	Date of most recent report		59	139
102-52	Reporting cycle		59	139
102-53	Contact point for questions regarding the report		59	139
102-54	Claims of reporting in accordance with the GRI Standards		2, 36, 50-53	Cover, 122, 135
102-55	GRI content index		50-53	135
102-56	External assurance		2, 53	Cover, 136

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Operations</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Compliance</i></p> <p>Trelleborg's objectives to be a safe workplace and manage all resources as efficiently as possible constitutes a vital part of the Group's daily operations for all employees and sub-contractors. Core activities for this work are the Manufacturing Excellence and Safety@Work programs.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report and mainly relate to internal units, in particular production units. Many of the aspects apply to all production units, while some aspects such as water scarcity-related issues and VOC emissions primarily apply to a limited selection of units. The area's development is primarily driven by Manufacturing Excellence, Human Resources and those locally responsible for health, safety &amp; environmental issues, as well as improvement work in the production units.</p> <p>Instructions and safety regulations, workplace assessments, monthly follow-up, improvement teams, compulsory training, targeted training, and information, as well as transparent sustainability reporting are tools used to achieve satisfactory levels of safety and resource efficiency.</p> <p>Carbon reduction planning and follow-up is supported by workshops, dashboards, reporting tools and covers both Scope 1 and Scope 2, and gradually Scope 3. In the short term (2020–2025), the focus is mainly on increasing the share of renewable energy, which is addressed within the Business Areas, and supported from the Group level.</p> <p>Trelleborg's objective to be a workplace characterized by diversity and inclusion is central to both current and future employees. Diversity is a strength for the Group and can drive development forward as an important element in recruitment, training/education, wage setting and succession planning. The objective is about achieving a balanced mix of ethnicity, age and gender for the type of operations conducted.</p>	22–26, 46–47	38–42, 132–133
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
<b>Energy</b>				
302-1	Energy consumption within the organization	Fuel types used are not specified in detail, but natural gas is predominant in Scope 1. Scope 2 is mainly purchased electricity and steam.	22–23, 45, 56–57	38–39, 131, 137–138
302-3	Energy intensity		22–23, 45, 56–57	38–39, 131, 137–138
302-4	Reduction of energy consumption	The company does report the energy consumption in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure energy savings also through intensity figures rather than through absolute energy consumption only.	21–23, 45	25, 38–39, 131
<b>Water</b>				
303-1 (2018)	Interactions with water as a shared resource		24, 45	40, 131
303-3 (2018)	Water withdrawal		45, 56–57	131, 137–138
<b>Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	Trelleborg has no other significant GHG emissions than CO <sub>2</sub> .	11, 20–21, 23, 45, 56–57	9, 24–25, 39, 131, 137–138
305-2	Energy indirect (Scope 2) GHG emissions		11, 20–21, 23, 45, 56–57	9, 24–25, 39, 131, 137–138
305-3	Other indirect (Scope 3) GHG emissions	Trelleborg does not report Scope 3 emissions at this stage. A first tentative analysis was previously made 2018, and the relevant emission categories of this analysis are stated, as well as the indication that Scope 3 emissions will be addressed in forthcoming climate target.	20–21, 45	24–25, 131
305-4	GHG emissions intensity		11, 23, 45, 56–57	9, 39, 131, 137–138
305-5	Reduction of GHG emissions	The company does report GHG emissions in absolute figures. However, Trelleborg has a history of frequent acquisitions and divestments, which makes it necessary to measure emissions intensity rather than absolute emissions only.	23, 45	39, 131
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions		24, 45, 56–57	40, 131, 137–138
<b>Waste</b>				
306-1 (2020)	Waste generation		20, 22, 24, 46	24, 38, 40, 132
306-2 (2020)	Waste-related impacts management		19–20, 22, 24, 47	23–24, 38, 40, 133
306-3 (2020)	Waste generated		46, 56–57	132, 137–138
306-5 (2020)	Waste directed to disposal		46	132

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Occupational health and safety</b>				
403-1 (2018)	Occupational health and safety management system		25, 46	41, 132
403-8 (2018)	Workers covered by an occupational health and safety management system		25, 46	41, 132
403-9 (2018)	Work-related injuries	Trelleborg does not report global absentee rate. In some countries where Trelleborg operates, absenteeism is measured mainly for production purposes, which currently cause too large risks of errors to a global figure. High-consequence work-related injuries are not reported.	11, 46, 56–57	9, 132, 137–138
403-10 (2018)	Work-related ill health	Work-related illnesses are not reported separately, only together with work-related injuries.	11, 46, 56–57	9, 132, 137–138
<b>Training and occupation</b>				
404-2	Programs for upgrading employee skills and transition assistance	Programs included in report are focused on Trelleborg Group University offerings with a clear Diversity aspect.	26	42
<b>Diversity and equal opportunity</b>				
405-1	Diversity of governance bodies and employees	Only gender and white collar age distribution are fully reported.	25–26, 57	41–42, 59, 138
<b>Compliance</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<i>Management of the focus area Compliance</i>	27–29, 47	43–45, 133
103-2	The management approach and its components	Compliance with laws and codes is a fundamental part of Trelleborg's corporate responsibility and is maintained, inter alia, on the basis of Code of Conduct and Group policies.		
103-3	Evaluation of the management approach	The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Reports and relate to both internal units and applicable external parties, such as partners, suppliers and acquisition candidates. The development of the focus area is primarily driven by the staffs Group Legal and Purchasing (the latter with responsibility for suppliers). Internal control, compulsory training, targeted training and information (employees), acceptance letters, written self-assessment and auditing (suppliers), as well as transparent sustainability reporting are tools used to achieve the general objective – that no significant violations take place against relevant compliance rules. The whistleblower system is another crucial part of the management approach.		
<b>Economic performance</b>				
201-2	Financial implications, risks and opportunities due to climate change	A new analysis was introduced following the recommendations of the TCFD. This scenario analysis will be further developed every year.	41–46	127–132
201-4	Financial assistance received from government			84 (note 6)
<b>Anti-corruption</b>				
205-2	Communication and training about anti-corruption policies and procedures	Trelleborg reports an aggregated outcome on Group level only, not specifically per governance body, region or employee category.	27, 47	43, 133
205-3	Confirmed incidents of corruption and actions taken		11, 47, 57	9, 133, 138
<b>Anti-competitive behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		27, 47, 57	43, 133, 138
<b>Effluents and waste</b>				
306-3	Significant spills		24, 47	44, 133
<b>Environmental compliance</b>				
307-1	Non-compliance with environmental laws and regulations		24, 47, 57	44, 133, 138
<b>Supplier environmental assessment</b>				
308-2	Negative environmental impacts in the supply chain and actions taken		11, 28–29	9, 44–45
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken		11, 28, 47, 57	9, 44, 133, 138
<b>Freedom of association and collective bargaining</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	From a general perspective (ITUC Global Rights Index 2018), and from Trelleborg's perspective, China, India, Indonesia, Mexico and Turkey are among the countries with the highest risks of rights violations	28, 47, 57	44, 133, 138
<b>Child labor</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	From a general perspective (Maplecroft 2019), and from Trelleborg's perspective, India and China are among the 100 countries with the highest risks of violations.	11, 27–28, 47, 57	9, 43–44, 133, 138

GRI Standard	Disclosures	Comments/Omissions	Pages in this Report	Pages in the Annual Report
<b>Forced or compulsory labor</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	From a general perspective (Minderoo Foundation 2019), and from Trelleborg's perspective, India, China, Mexico and Indonesia are among the countries with the highest risks of violations. Low governmental response is also noted in Russia, Singapore and Japan. Every year, Trelleborg publishes a Statement about forced labor, human trafficking and child labor on trelleborg.com.	11, 28, 47, 57	9, 44, 133, 138
<b>Supplier social assessment</b>				
414-1	New suppliers that were screened using social criteria	Trelleborg reports percentage of suppliers screened against reported relevant purchasing value.	11, 27–28, 47, 57	9, 44–45, 133, 138
414-2	Negative social impacts in the supply chain and actions taken	The year 2021 did not yield any new supplier audits, mainly due to the pandemic and the low number of new suppliers. Explaining priority for supplier audits: China is found clearly on top of Trelleborg-relevant country risk ranking regarding human/labor rights breaches.	11, 27–28, 47, 57	9, 44–45, 133, 138
<b>Socioeconomic compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area		27–28, 47, 57	44–45, 133, 138
<b>Social Engagement</b>				
<b>Management Approach Disclosures</b>				
103-1	Explanation of the material topic and its Boundary	<p><i>Management of the focus area Social Engagement</i></p> <p>Trelleborg's role in society extends from global sustainability issues to local programs for development and diversity. The value of the business to society is expressed in innovation for sustainable solutions that protect the environment, people, infrastructure and assets, and in value creation for various stakeholder groups in society. The overall objectives include that the company wants to be perceived as a good corporate citizen who has a given role in the transition to a more sustainable society.</p> <p>The focus area contains a number of important aspects that are listed and commented on in the Annual and Sustainability Report, and they relate to internal operations as well as external engagement. The focus area's development is primarily driven by Group Communications centrally, and via local initiatives.</p> <p>External projects, stakeholder dialog, education, sponsorship, employee activities, as well as transparent sustainability reporting according to GRI Standards, including a third-party review of the results by auditors are tools that are used to achieve objectives for the focus area Social engagement. Since 2007, Trelleborg has also reported climate data to CDP, and in 2021 Trelleborg joined the CDP Supply Chain program.</p> <p>Trelleborg will continue to develop its reporting in reference to the UN Sustainable Development Goals as this framework gains ground as the basis for sustainability communication and dialog between companies, the finance market, politicians and citizens in respect of the Agenda 2030.</p>	11, 30–31, 48	9, 46–47, 134
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
<b>Economic performance</b>				
201-1	Direct economic value generated and distributed		13, 57	17, 138
<b>Local communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs		11, 30–31, 48	9, 46–47, 134

The Annual Report 2021 gives an even more complete picture of the business model of Trelleborg than this Sustainability Report.

#### ALIGNMENT WITH THE SWEDISH ANNUAL ACCOUNTS ACT

Area	Pages in the Annual Report	Pages in this report
Business model	8–35	10–21
Risks	50–53	32–35
Policy/target	8–9, 16–17, 24–25	10–13, 20–21
Anti-corruption	43–45, 126, 133	27–29, 40, 47
Environment	36–39, 126, 131–132	22–23, 40, 45–46
Human rights	43–45, 133	27–29, 47
Social conditions	46–47, 134	30–31, 48

# ASSURANCE REPORT – SUSTAINABILITY

## Auditor's Limited Assurance Report on Trelleborg AB's Sustainability Report and statement regarding the Statutory 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 of Trelleborg AB to undertake a limited assurance engagement of the Trelleborg AB Sustainability Report for the year 2021. The Company has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 2.

#### Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 2 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), 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 and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

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. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard

RevR 12 *The auditor's opinion regarding the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and 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 limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

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.

A Statutory Sustainability Report has been prepared.

Stockholm February 25, 2022  
Deloitte AB

Hans Warén  
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 sustainability 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 29 in this report).

## HUMAN RIGHTS: PRINCIPLES 1–2

Principle	Examples of initiatives that actively promote human rights are:
<b>1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2021 (see pages 10–11)</li> <li>» Stakeholder engagement (see page 37)</li> </ul>
<b>2:</b> Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>» The area of human rights (see pages 27–28, 47)</li> <li>» Diversity &amp; inclusion (see pages 25–26)</li> <li>» Risks and risk management (see pages 32–35, 38–39, 41–43)</li> </ul>

## LABOR: PRINCIPLES 3–6

Principle	Examples of initiatives that actively promote labor standards are:
<b>3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2021 (see pages 10–11)</li> <li>» Stakeholder engagement (see page 37)</li> </ul>
<b>4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labor.	<ul style="list-style-type: none"> <li>» Child and forced labor (see pages 28, 47)</li> <li>» Freedom of association (see pages 28, 47)</li> </ul>
<b>5:</b> Businesses should uphold the effective abolition of child labor.	<ul style="list-style-type: none"> <li>» Suppliers (see pages 28–29, 47)</li> </ul>
<b>6:</b> Business should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>» Diversity &amp; inclusion (see pages 25–26)</li> <li>» Risks and risk management (see pages 32–35, 38–39, 41–43)</li> </ul>

## ENVIRONMENT: PRINCIPLES 7–9

Principle	Examples of initiatives that actively promote environmental responsibility are:
<b>7:</b> Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2021 (see pages 10–11)</li> <li>» Trelleborg's solutions for sustainability and the UN Sustainable Development Goals (see pages 18–21, 40)</li> </ul>
<b>8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> <li>» Climate strategy (see pages 20–21)</li> </ul>
<b>9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>» Operations: efficient and sustainable resource usage (see pages 22–24, 45–46)</li> <li>» Risks and risk management (see pages 32–35, 38–39, 41–43)</li> </ul>

## ANTI-CORRUPTION: PRINCIPLE 10

Principle	Examples of initiatives that actively promote anti-corruption are:
<b>10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>» Targets and outcomes 2021 (see pages 10–11)</li> <li>» Anti-corruption and competition law (see pages 27, 47)</li> <li>» The Code of Conduct (see page 29)</li> <li>» Suppliers (see pages 28–29, 47)</li> <li>» Risks and risk management (see pages 32–35, 38–39, 41–43)</li> </ul>

# UN GLOBAL COMPACT ADVANCED CRITERIA

Trelleborg has been part of the UN Global Compact Program since 2007. Trelleborg's intention is to continue the development of our sustainability performance and disclosure with yearly Communication on Progress (COP) reports. Read more at our Sustainability Web pages:

[www.trelleborg.com/Sustainability](http://www.trelleborg.com/Sustainability)

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

The UN Sustainable Development Goals (SDG) introduced in 2015 encompass 17 areas that are of key significance to the world. All the SDG:s are included in the new index at page 40, illustrating Trelleborg's contribution to a sustainable society, through innovative products and solutions as well as through sustainability work in its own operations. For more information about Trelleborg's solutions for sustainability, see pages 18–21 and 40 in this report.



## UN GLOBAL COMPACT ADVANCED LEVEL AND HOW IT CORRELATES TO SUSTAINABILITY IN OUR 2021 REPORTING

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

Reference:

COP: 10–13, 36

Annual Report: 8–9, 16–17, 122

**CRITERION 2:** The COP describes value chain implementation

Reference:

COP: 10–13, 37–39

Annual Report: 8–9, 16–17, 123–125

**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: 11, 22–31, 45–48, 57

Annual Report: 9, 38–47, 131–134, 138

**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: 11, 22–31, 45–48, 57

Annual Report: 9, 38–47, 131–134, 138

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

Reference:

COP: 22–31, 45–48

Annual Report: 38–47, 131–134

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

Reference:

COP: 18–21

Annual Report: 22–25

**CRITERION 16:** The COP describes strategic social investments and philanthropy

Reference:

COP: 30–31, 48

Annual Report: 46–47, 129

**CRITERION 17:** The COP describes advocacy and public policy engagement

Reference:

COP: 30–31

Annual Report: 46–47

**CRITERION 18:** The COP describes partnerships and collective action

Reference:

COP: 30–31

Annual Report: 46–47

**CRITERION 19:** The COP describes CEO commitment and leadership

Reference:

COP: 6–9, 36

Annual Report: 4–7, 122

**CRITERION 20:** The COP describes Board adoption and oversight

Reference:

COP: 36

Annual Report: 122

**CRITERION 21:** The COP describes stakeholder engagement

Reference:

COP: 37–39

Annual Report: 123–125



# SUSTAINABILITY METRICS 2021 FOR CONTINUING OPERATIONS

In line with the financial statements, Trelleborg presents selected sustainability metrics for continuing operations. The reasons for this is that some metrics for 2021 show a clear variation in a comparison between the total operations and the continuing operations.

## FIVE-YEAR OVERVIEW, CONTINUING OPERATIONS

	2021	2020	2019	2018	2017
Energy, GWh	1,295	1,154	1,250	1,305	1,314
Direct energy, GWh	653	551	582	617	625
Indirect energy, GWh	642	603	667	688	689
Energy consumption in relation to sales, GWh/SEK M	0.038	0.038	0.037	0.042	0.046
Proportion of renewable energy, %	11.8	10.3	3.6		
Total CO <sub>2</sub> emissions, metric tons	321,533	312,031	379,729	382,649	427,354
Direct CO <sub>2</sub> emissions, metric tons	124,879	105,315	115,744	127,614	130,736
Indirect CO <sub>2</sub> emissions, metric tons	196,654	206,716	263,984	255,035	296,618
CO <sub>2</sub> emissions in relation to sales, metric tons/SEK M	9.5	10.3	11.3	12.3	15.0
Water use, m <sup>3</sup>	2,200,073	1,925,897	1,972,247	2,004,361	1,976,496
Water use in relation to sales, m <sup>3</sup> /SEK M	64.969	63.810	58.820	64.495	69.573
Waste, metric tons	45,791	39,088	46,986	45,761	44,657
Waste in relation to sales, metric tons/SEK M	1.352	1.295	1.401	1.472	1.572
VOC emissions, metric tons	590	390	445	517	463
VOC emissions in relation to sales, metric tons/SEK M	0.017	0.013	0.013	0.017	0.016
Nitrogen oxides, metric tons	51	43	49	56	59
Sulfur dioxide, metric tons	74	54	112	180	186
LWC, no. (accidents)	166	167	300	369	364
LWC frequency, per 100 employees	1.2	1.2	1.8	2.2	2.3
Sales	33,864	30,182	33,530	31,078	28,409

# SUSTAINABILITY TEN-YEAR OVERVIEW

Focus area	Key figures	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Operations</b>											
Employees	Number of employees at year-end	21,840	22,209	23,935	24,045	23,152	23,245	16,450	16,552	15,825	15,280
Health and safety	LWC (Lost Work Cases – cases resulting in at least one day's absence)	217	218	361	422	438	402	238	223	209	255
	Fatal accidents	0	0	1	2	0	0	–	–	–	–
Gender	Percentage of women on the Board	43	43	38	38	38	33	33	29	29	29
Energy	Total energy consumption, GWh	1394	1308	1,414	1,486	1,493	1,248	942	903	873	859
	Energy consumption, GWh per SEK M	0.039	0.040	0.039	0.044	0.047	0.047	0.038	0.040	0.041	0.040
	Proportion of renewable energy, %	11.1	10.3	3.6	–	–	–	–	–	–	–
Climate	Total CO <sub>2</sub> emissions, metric tons	349,200	358,400	429,400	442,800	487,200	385,000	280,000	276,900	260,800	244,600
	CO <sub>2</sub> -Emissions, metric tons per SEK M	9.8	10.9	11.7	13.0	15.4	14.2	11.3	12.3	12.1	11.5
Water	Water use, million m <sup>3</sup>	2.29	2.19	2.31	2.29	2.36	2.18	1.85	1.98	2.0	1.9
	Water use, m <sup>3</sup> per SEK M	68.4	66.5	63.1	67.4	74.7	80.4	74.6	87.7	88.5	90.9
Emissions	VOC emissions, metric tons	673	504	564	655	952	1,005	903	1,195	1,049	854
	VOC emissions, metric tons per SEK M	0.019	0.015	0.015	0.019	0.030	0.037	0.036	0.053	0.049	0.040
	SO <sub>x</sub> emissions, metric tons	74	55	113	181	187	184	204	216	189	263
	NO <sub>x</sub> emissions, metric tons	55	48	55	62	65	54	45	41	38	42
Waste	Waste, metric tons	50,329	46,300	54,600	54,700	53,500	50,600	44,500	44,700	45,350	43,400
	Waste, metric tons per SEK M	1.4	1.4	1.5	1.6	1.7	1.9	1.8	2.0	2.1	2.0
<b>Compliance</b>											
Compliance (general)	Number of material breaches of laws and permits during the year	0	0	0	0	0	0	0	0	0	0
Compliance (environmental)	Number of breaches of laws and permits resulting in fines or sanctions	2	2	3	2	5	3	4	3	0	2
Discrimination	Number of reported cases	4	5	11	7	5	5	8	1	1	8
Freedom of association	Proportion of employees that are represented by a trade union through collective agreements	44	51	51	54	53	54.7	52.2	48.1	51.5	43.5
Child and forced labor	Number of reported cases	0	0	0	0	0	0	0	0	0	0
Supplier reviews	Reviewed suppliers' share of the relevant purchasing spend	89.4	88.9	86.4	85.5	84	80.6	84	84	81.4	79.5
	Number of audits of at-risk suppliers during the year (started 2015)	0	0	10	22	15	14	12	–	–	–
<b>Social engagement</b>											
	Sales, SEK M	35,623	32,836	36,588	34,005	31,581	27,145	24,803	22,515	21,473	21,262
	Economic value distributed among stakeholders, SEK M	30,125	29,616	33,035	31,148	29,127	25,053	22,797	20,808	20,211	19,850
	Taxes paid, SEK M	978	772	763	919	732	593	472	627	587	460

All data in this overview was reported in the respective years, with the exception of climate figures for 2018, which were adjusted in 2019.

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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 approximately SEK 34 billion and operations in about 50 countries. The Group comprises three business areas: Trelleborg Industrial Solutions, 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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