



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	943 508 186
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TRELLEBORG HOLDING NORGE AS
Forretningsadresse:	Håndverkveien 4 1820 SPYDEBERG

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ingrid Charlotta Grähs
Dato for fastsettelse av årsregnskapet:	12.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 29.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		140 556	93 891
Sum kostnader		140 556	93 891
Driftsresultat		-140 556	-93 891
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		6 938 231	3 048 240
Renteinntekt fra foretak i samme konsern			31 180
Annen renteinntekt		4 612	
Annen finansinntekt		16 046	1 728 925
Sum finansinntekter		6 958 889	4 808 346
Rentekostnad til foretak i samme konsern		8 511 780	9 307 277
Annen rentekostnad		37 853	32 836
Sum finanskostnader		8 549 633	9 340 113
Netto finans		-1 590 744	-4 531 767
Ordinært resultat før skattekostnad		-1 731 300	-4 625 659
Ordinært resultat etter skattekostnad		-1 731 300	-4 625 659
Årsresultat		-1 731 300	-4 625 659
Årsresultat etter minoritetsinteresser		-1 731 300	-4 625 659
Totalresultat		-1 731 300	-4 625 659
Overføringer og disponeringer			
Overført fra annen egenkapital		-1 731 300	-4 625 659
Sum overføringer og disponeringer		-1 731 300	-4 625 659



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern		264 973 652	209 974 652
Sum finansielle anleggsmidler		264 973 652	209 974 652
Sum anleggsmidler		264 973 652	209 974 652
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer		6 938 231	28 669 985
Sum fordringer		6 938 231	28 669 985
Sum omløpsmidler		6 938 231	28 669 985
SUM EIENDELER		271 911 883	238 644 638
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		10 000 000	10 000 000
Annen innskutt egenkapital		35 000 000	
Sum innskutt egenkapital		45 000 000	10 000 000
Opptjent egenkapital			
Annen egenkapital		3 271 706	5 003 006
Sum opptjent egenkapital		3 271 706	5 003 006
Sum egenkapital		48 271 706	15 003 006



Balanse

Beløp i: NOK	Note	2020	2019
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		169 000 000	169 000 000
Sum annen langsiktig gjeld		169 000 000	169 000 000
 Sum langsiktig gjeld		 169 000 000	 169 000 000
 Kortsiktig gjeld			
Kortsiktig konserngjeld		54 640 177	54 641 632
Sum kortsiktig gjeld		54 640 177	54 641 632
 Sum gjeld		 223 640 177	 223 641 632
 SUM EGENKAPITAL OG GJELD		 271 911 883	 238 644 638



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 886395

Enheten

Organisasjonsnummer: 943 508 186
Organisasjonsform: Aksjeselskap
Foretaksnavn: TRELLEBORG HOLDING NORGE AS
Forretningsadresse: Håndverkveien 4
1820 SPYDEBERG

Regnskapsår

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Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ingrid Charlotta Gråhs
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Grunnlag for avgivelse

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Brønnøysundregistrene, 30.10.2021



Organisasjonsnr: 943 508 186
TRELLEBORG HOLDING NORGE AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		140 556	93 891
Sum kostnader		140 556	93 891
Driftsresultat		-140 556	-93 891
Finansinntekter og finanskostnader			
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Renteinntekt fra foretak i samme konsern			31 180
Annen renteinntekt		4 612	
Annen finansinntekt		16 046	1 728 925
Sum finansinntekter		6 958 889	4 808 346
Rentekostnad til foretak i samme konsern		8 511 780	9 307 277
Annen rentekostnad		37 853	32 836
Sum finanskostnader		8 549 633	9 340 113
Netto finans		-1 590 744	-4 531 767
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Ordinært resultat etter skattekostnad		-1 731 300	-4 625 659
Årsresultat		-1 731 300	-4 625 659
Årsresultat etter minoritetsinteresser		-1 731 300	-4 625 659
Totalresultat		-1 731 300	-4 625 659
Overføringer og disponeringer			
Overført fra annen egenkapital		-1 731 300	-4 625 659
Sum overføringer og disponeringer		-1 731 300	-4 625 659



Organisasjonsnr: 943 508 186
TRELLEBORG HOLDING NORGE AS

BALANSE

Beløp i: NOK	Note	2020	2019
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BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Finansielle anleggsmidler

Investering i annet foretak i samme konsern	264 973 652	209 974 652
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Sum finansielle anleggsmidler	264 973 652	209 974 652
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Sum anleggsmidler	264 973 652	209 974 652
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Omløpsmidler

Varer

Fordringer

Konsernfordringer	6 938 231	28 669 985
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Sum fordringer	6 938 231	28 669 985
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Sum omløpsmidler	6 938 231	28 669 985
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SUM EIENDELER	271 911 883	238 644 638
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Aksjekapital	10 000 000	10 000 000
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Annen innskutt egenkapital	35 000 000	
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Sum innskutt egenkapital	45 000 000	10 000 000
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Opptjent egenkapital

Annen egenkapital	3 271 706	5 003 006
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Sum opptjent egenkapital	3 271 706	5 003 006
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Sum egenkapital	48 271 706	15 003 006
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Gjeld

Langsiktig gjeld

Annen langsiktig gjeld

Øvrig langsiktig gjeld	169 000 000	169 000 000
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Sum annen langsiktig gjeld	169 000 000	169 000 000
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Sum langsiktig gjeld	169 000 000	169 000 000
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Kortsiktig gjeld

Kortsiktig konserngjeld	54 640 177	54 641 632
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Sum kortsiktig gjeld	54 640 177	54 641 632
Sum gjeld	223 640 177	223 641 632
SUM EGENKAPITAL OG GJELD	271 911 883	238 644 638



Organisasjonsnr: 943 508 186
TRELLEBORG HOLDING NORGE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
2

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00



TRELLEBORG HOLDING NORGE AS
Org.nr. 943 508 186
Årsregnskap 2020



TRELLEBORG HOLDING NORGE AS

Årsregnskap 2020

Resultatregnskap

	Note	2020	2019
Sum Driftskostnader	2	-140 556	-93 891
Driftsresultat		-140 556	-93 891
Renteinntekt fra foretak i samme konsern		0	31 180
Annen finansinntekt	9	6 958 889	4 777 165
Rentekostnad til foretak i samme konsern	10	-8 511 780	-9 307 277
Annen rentekostnad		-37 853	-29 836
Netto finansposter		-1 590 744	-4 528 768
Ordinært resultat før skattekostnad		-1 731 300	-4 622 659
Skattekostnad på ordinært resultat	5	0	0
Ordinært resultat		-1 731 300	-4 622 659
Årsresultat		-1 731 300	-4 622 659
Anvendelse av årsresultatet			
Annen egenkapital	6	1 731 300	4 622 659
Sum anvendelse		1 731 300	4 622 659



TRELLEBORG HOLDING NORGE AS

Årsregnskap 2020

Balanse

	Note	2020	2019
Eiendeler			
Anleggsmidler			
Finansielle anleggsmidler			
Investeringer i datterselskap	3	264 973 652	209 974 652
Sum finansielle anleggsmidler		264 973 652	209 974 652
Sum anleggsmidler		264 973 652	209 974 652
Omløpsmidler			
Fordringer			
Andre fordringer på selskap i samme konsern	4	6 938 231	28 669 985
Sum fordringer		6 938 231	28 669 985
Bankinnskudd, kontanter og lignende		0	0
Sum omløpsmidler		6 938 231	28 669 985
Sum eiendeler		271 911 883	238 644 637



TRELLEBORG HOLDING NORGE AS

Årsregnskap 2020

Balanse

	Note	2020	2019
Egenkapital og gjeld			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6, 7	10 000 000	10 000 000
Ikke-registrert kapitalforhøyelse		35 000 000	
Sum innskutt egenkapital		45 000 000	10 000 000
Opptjent egenkapital			
Annen egenkapital	6	3 271 706	5 003 006
Sum opptjent egenkapital		3 271 706	5 003 006
Sum egenkapital		48 271 706	15 003 006
Gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	4	169 000 000	169 000 000
Sum annen langsiktig gjeld		169 000 000	169 000 000
Kortsiktig gjeld			
Annen kortsiktig gjeld	4	54 640 177	54 641 632
Sum kortsiktig gjeld		54 640 177	54 641 632
Sum gjeld		223 640 177	223 641 632
Sum egenkapital og gjeld		271 911 883	238 644 637

Trelleborg, 12/4 -2021

Ingrid Charlotta Grähs
styrets leder

Lars I. Leijonberg

Anders N. Johansson



TRELLEBORG HOLDING NORGE AS
ORG. NR. 943 508 186

NOTER TIL REGNSKAPET PR 31. DESEMBER 2020

Note 1 - Regnskapsprinsipper

Årsregnskapet består av resultatregnskap, balanse og noteopplysninger og er avlagt i samsvar med aksjelov, regnskapslov og god regnskapskikk i Norge. Notene er satt opp jmf. Lov om årsregnskap m.v. av 17. juli 1998 i henhold til reglene for små foretak.

Det utarbeides ikke eget konsernregnskap for de norske selskapene av den grunn at Trelleborg Holding Norge AS er et underkonsern med mor i EU/EØS-stat, jmf. lov om årsregnskap m.v. av 17. juli 1998, §3-7.

Konsernregnskapet hvor Trelleborg Holding Norge AS med datterselskaper inngår, er Trelleborg AB. Dette kan hentes på internett: www.trelleborg.com Velg: Latest reports

Årsregnskapet er basert på de grunnleggende prinsipper om klassifiseringen av eiendeler og gjeld og følger regnskapslovens definisjoner. Ved anvendelse av regnskapsprinsipper og presentasjon av transaksjoner og andre forhold, legges det vekt på økonomiske realiteter, ikke bare juridisk form.

Klassifisering av poster i regnskapet

Eiendeler som knytter seg til finansieringsvirksomheten, samt fordringer som tilbakebetales innen ett år, klassifiseres som omløpsmidler. Andre eiendeler klassifiseres som anleggsmidler. Tilsvarende prinsipp er benyttet for gjeldsposter.

Valutaforhold

Fordringer og gjeld i utenlandsk valuta er omregnet til balansedagens kurs.

Investering i datterselskap

Datterselskap er vurdert etter kostmetoden i selskapsregnskapet. I tillegg er det tatt hensyn til hvordan effekten av COVID-19 vil påvirke resultatet i datterselskapene i 2021 i vurdering av bokført verdi.

Note 2 - Ansatte, godtgjørelser, lån til ansatte m.v.

Selskapet har ikke hatt fast ansatte i 2020

Revisor:

Utbetalinger til Deloitte AS, for lovpålagt revisjon, bistand med teknisk utarbeidelse av skattemeldingen samt annen bistand, var på kr 87 406 i 2020.

**TRELLEBORG HOLDING NORGE AS**
ORG. NR. 943 508 186**Note 3 – Datterselskaper**

Selskapet hadde pr 31. desember aksjer i følgende datterselskaper:

	Trelleborg Offshore Norway AS	Trelleborg Pipe Seals Spydeberg AS
Forretningskontor	Nedre Eiker	Spydeberg
Eierandel	100 %	100 %
Stemmeandel	100 %	100 %
Bokført verdi	235 996 000	25 000 000
Egenkapital	40 319 416	5 784 049
Resultat før skatt	-27 724 280	4 697 185
Fordringer, konsernbidrag	0	4 824 000

	Trelleborg Sealing Solutions Norway AS
Forretningskontor	Oslo
Eierandel	100 %
Stemmeandel	100 %
Bokført verdi	3 977 652
Egenkapital	3 085 144
Resultat før skatt	2 407 292
Fordringer, konsernbidrag	2 114 231

Aksjene i Trelleborg Offshore Norway AS er kjøpt i desember 1994. Det er gjennomført kapitalforhøyelser i mars 2020 med kr 20 007 000 og i desember 2020 med kr 35.000.000. Trelleborg Sealing Solutions Norway AS er kjøpt fra TSS Holdings Netherlands BV i november 2004. Trelleborg Pipe Seals Spydeberg AS er kjøpt fra Trelleborg Forsheda Sweden AB i september 2010.



TRELLEBORG HOLDING NORGE AS ORG. NR. 943 508 186

Note 4 - Mellomværende med selskap i samme konsern m.v.

Kortsiktige fordringer og kortsiktig gjeld

Selskapets fordringer og gjeld er tatt opp til pålydende beløp. Fjorårets tall i parentes.
Andre fordringer består av konsernbidrag på kr. 6.938.231 (kr. 28.669.985)

Posten "Annen kortsiktig gjeld" består av gjeld til Trelleborg AB på kr 50.000.000 og kassakreditt på kr 3.612.891, påløpte renter, kr. 1.027.286, og utgjør totalt kr 54.640.177 (kr. 4 641 632).

Langsiktig gjeld

Posten "Øvrig langsiktig gjeld" er gjeld til Trelleborg-konsernets internbank, Trelleborg Treasury AB, kr. 169.000.000 (kr. 169.000.000). Lånet forlenges hver 6. måned og gjennomsnittlig rente i 2020 har vært på 5,04%. Renter på lånet betales hvert kvartal slik at lånebeløpet ikke økes. Det er ikke stilt sikkerhet for lånet.

Note 5 - Skattekostnad

	2020	2019
Betalbar skatt	0	0
For lite avsatt skatt	0	0
Sum betalbar skatt	0	0

Det er ikke beregnet skatt for 2020 grunnet fremførbart underskudd på kr. 1 731 300.

Note 6 - Egenkapital

	Aksje- kapital	Ikke-registrert kapitalforh.	Annen egenkapital	SUM
Egenkapital 01.01.	10 000 000		5 003 006	15 003 006
Årets resultat			-1 731 300	-1 731 300
Kapitalforhøyelse		35 000 000		35 000 000
Egenkapital 31.12.	10 000 000	35 000 000	3 271 706	48 271 706



TRELLEBORG HOLDING NORGE AS
ORG. NR. 943 508 186

Note 7 - Aksjekapital og aksjonærinformasjon

Aksjekapital

Aksjekapitalen i Trelleborg Holding Norge AS består pr 31.desember av 10 000 aksjer pålydende kr 1 000

Eierstruktur

Alle aksjene eies av det svenske selskapet, Trelleborg AB.

Note 8 - Likvide midler

Selskapet er med i Trelleborg sitt konsernkontosystem i DnB. For konsernkontosystemet er den totale innvilgede kassekredittramme kr 10 000 000.

Selskapet og datterselskapene er solidarisk ansvarlig for enhver forpliktelse som måtte oppstå under konsernkontoavtalen.

Morselskapet Trelleborg AB har motsvarende stillet garanti på kr 70.000.000 for alle norske Trelleborgselskapers garantier.

Note 9 - Annen finansinntekt

Selskapets datterselskap Trelleborg Industrial Products Norway AS ble lagt ned i 2019. Dette medførte en inntekt i 2019 på kr 1 728 925.

Selskapet har mottatt konsernbidrag fra andre norske selskap i Trelleborg-konsernet som følger:

Trelleborg Sealing Solutions Norway AS	kr 2 114 231
Trelleborg Pipe Seals Spydeberg AS	kr 4 824 000

Note 10 – Rentekostnad til foretak i samme konsern

Renter på kr 8 511 780 til selskap i samme konsern vedrører kassekreditkonto i Trelleborg Holding Norge AS sitt konsernkontosystem i DnB, samt renter på konsernintern gjeld til Trelleborg-konsernets internt bank, Trelleborg Treasury AB

Note 11 – Hendelser etter balansedagen

I forhold til den pågående COVID-19 situasjonen så har våre datterselskaper tatt flere tiltak for å begrense risiko for spredning av smitte og dermed opprettholde produksjon. Det er ikke registrert noen tilfeller av smitte blant ansatte i de norske konsernselskapene, men flere ansatte er i karantene pga utenlandsopphold. Utviklingen følges nøye.



Trelleborg Holding Norge AS Organisasjonsnummer 943508186

ÅRSBERETNING FOR 2020

1. Virksomhetens art og lokalisering

Gruppen består ved årets utgang av morselskapet Trelleborg Holding Norge AS, og datterselskapene Trelleborg Offshore Norway AS (tidligere Trelleborg Viking AS) (org.nr. 941 730 566), Trelleborg Sealing Solutions Norway AS (org. nr. 935 256 232) og Trelleborg Pipe Seals Spydeberg (org.nr. 931 704 699).

Pr. 1. august 2006 kjøpte Trelleborg Offshore Norway AS 100% av aksjene i Mehren Rubber AS (org.nr. 931 754 572). Disse to selskapene ble fusjonert pr. 1/1-2011.

Trelleborg Holding Norge AS har som formål er å eie aksjer i norske og utenlandske selskaper i Trelleborg-gruppen, drive utlåns- og finansieringsvirksomhet for selskapene i gruppen, samt annen virksomhet som står i forbindelse med det. Selskapet er registrert i Drammen kommune (tidligere Nedre Eiker kommune).

2. Oversikt over utviklingen, resultatet og foretakets stilling

Årets resultat ble negativt med kr – 1 731 300 i 2020, mens tilsvarende resultat i fjor var på kr – 4 625 659. Totalkapitalen var ved utgangen av året kr 271 911 883 sammenlignet med kr 238 644 637 i 2019. Egenkapitalandelen var 17,8 % pr. 31.12.2020, sammenlignet med 6,3 % pr. 31.12.2019.

3. Framtidig utvikling

Som et rent holdings- og finansieringsselskap påvirker utviklingen i rentenivået til en viss grad selskapets resultater. Forøvrig er selskapets hovedinntekter i form av konsernbidrag fra de andre norske selskapene i Trelleborg-konsernet. Det er besluttet at Trelleborg Offshore Norway AS legges ut for salg i 2021 og vi forventer slutføring av salget i løpet av 2021. Framtidsutsiktene for de øvrige selskapene er positive mens vi fortsatt forventer en negativ resultateffekt av COVID-19 i 2021. Det er tatt hensyn til den effekten COVID-19 vil få ved verddivurdering av bokført verdi i datterselskapene.

4. Finansiell risiko

Markedsrisiko

Selskapet er lite eksponert for endringer i valutakurser i og med at den vesentligste delen av selskapets inntekter er i form av konsernbidrag i norske kroner fra de andre norske selskapene i Trelleborg-konsernet. Selskapet har derfor ikke sett noe behov for å inngå terminkontrakter eller inngå andre avtaler for å redusere selskapets valutarisiko.

Kredittrisiko

Selskapet er begrenset eksponert mot endringer i rentenivået, da selskapet er finansiert gjennom Trelleborgkonsernets internbank. Risiko for at motparter ikke har økonomisk evne til å oppfylle sine forpliktelser anses lav, da utestående fordringer i det alt vesentligste er krav på konsernbidrag fra de andre norske selskapene i Trelleborg-konsernet. Det er ikke inngått avtaler om motregning eller andre finansielle instrumenter.



Likviditetsrisiko

Selskapet vurderer likviditeten i selskapet som god, og eventuelle framtidige likviditetsbehov finansieres gjennom Trelleborgkonsernets internbank

Annen risiko

I forhold til den pågående COVID-19 situasjonen så har våre datterselskaper tatt flere tiltak for å begrense risiko for spredning av smitte og dermed opprettholde produksjon. Disse tiltak følger anbefalinger fra NHI, norske og utenlandske myndigheter (i de land hvor de har oppdrag) og omfatter bl.a. begrensinger på reiser, møtevirksomhet, restriksjoner på kantine, garderobes, tiltak for å holde produksjonsavdelinger adskilt, utstrakt bruk av hjemmekontor, generell bevisstgjøring av ansatte mhp smitterisiko. Det er ikke registrert noen tilfeller av smitte blant ansatte, men flere ansatte er i karantene pga utenlandsopphold. Utviklingen følges nøye.

5. Fortsatt drift

Styret mener det er riktig å legge forutsetningen for fortsatt drift av selskapet til grunn ved avleggelsen av årsregnskapet.

6. Arbeidsmiljø

Selskapet hadde i 2020 ingen egne ansatte.

7. Likestilling/Diskriminering

Uten egne ansatte er likestilling og diskriminering ikke et relevant tema for selskapet

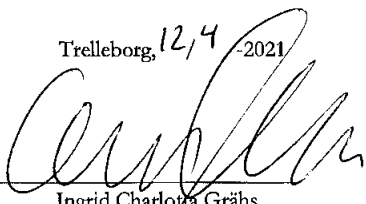
8. Ytre miljø

Selskapet er et rent holdings- og finansieringsselskap uten egen operativ virksomhet og påvirker derfor ikke det ytre miljø.

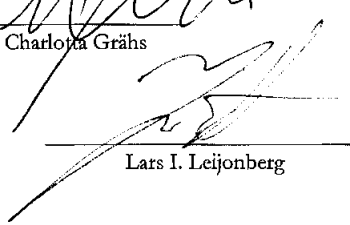
Trelleborg, 12/4 2021



 Anders N. Johansson



 Ingrid Charlotta Grähs



 Lars I. Leijonberg



Deloitte AS
Erik Børresens allé 2
Postboks 2013 Strømsø
NO-3003 Drammen
Norway

Tel: +47 32 26 41 00
Fax: +47 32 26 41 01
www.deloitte.no

Til generalforsamlingen i Trelleborg Holding Norge AS

UAVHENGIG REVISORS BERETNING

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Trelleborg Holding Norge AS' årsregnskap som viser et underskudd på kr 1 731 300. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: D6M08-VJ0F6-NF6KO-WKZM-88W/H-SESNU



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side 2

Uavhengig revisors beretning –
Trelleborg Holding Norge AS

samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med ledelsen blant annet om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Drammen, 12. april 2021
Deloitte AS

Kjartan Kvamme
statsautorisert revisor

Penneo Dokumentnøkkel: D6M08-VJ0F6-NF6KO-WKZM-88W/H-SESNU



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Kjartan Kvamme

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TRELLEBORG



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● = Included in the statutory Board of Directors' Report.

ANNUAL REPORT

This is a translation of Trelleborg's definitive Annual Report for 2020 in Swedish. The Swedish-language version is the original. The audited annual accounts and consolidated accounts for the 2020 fiscal year are included on pages 8–15, 24–63, 70–116 and 134–136. The Board of Directors' Report is included on pages 8–15, 24–63 and 134–136.

OTHER EXTERNAL ASSURANCE

The auditor has performed a limited assurance of the sustainability report, pages 9, 20–23, 36–45 and 122–130. Refer to the Assurance Report on page 131, which includes the auditor's opinion regarding the statutory sustainability report in accordance with FAR's auditing standard RevR 12. The auditor has examined the corporate governance statement, pages 53–63, in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement.

SUSTAINABILITY REPORT ACCORDING TO GRI STANDARDS

This report has been prepared in accordance with the GRI Standards: Core option. The scope of the sustainability report is outlined in the GRI Content Index on page 130. For more information and a detailed GRI Content Index, refer to the separate 2020 Sustainability Report, which can be downloaded from www.trelleborg.com.

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.

AEROSPACE: Aircraft are fitted with optimal seals for most applications: these may include various types of precision seals in control systems, landing gear and engines.



GENERAL INDUSTRY: A large product category for Trelleborg is seals for static and dynamic applications in machinery, tools and vehicles, including those that are electrically powered.



INFRASTRUCTURE CONSTRUCTION: In community infrastructure, there are polymer seals and bearings that extend the service life of bridges, tunnels and skyscrapers, or flexible pipe seals that provide sustainable drinking water and wastewater systems.



AGRICULTURE: In agriculture, advanced tire and wheel solutions protect the soil through low compaction and spare the environment through low fuel consumption.



TRANSPORTATION EQUIPMENT:

Non-marking resilient tires protect forklift operators and materials handling equipment against static electricity in environments where flammable gas, vapor, or dust are present.



GENERAL INDUSTRY: A growing area is the use of polymer components in healthcare & medical, for example, in surgery, cardiology and drug delivery.



TRELLEBORG SEALS, DAMPS AND PROTECTS

Modern-day society would not function without polymer materials, or rubber and plastics as they are commonly known. Machines, tools and accessories need sealing, damping and protecting using a material that is durable, elastic and tough.

Seal

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

Polymers are long chains of molecules that serve as building blocks in rubber and plastics. While there is only one chemical variant of natural rubber, synthetic rubber is available in some 20 variants. Using additives and mixes of various types, and when combined with other materials, such as metals and textiles, polymers gain very different properties.

Damp

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

Protect

To protect is to manage the impact from natural and man-made forces.



TRANSPORTATION EQUIPMENT: The ability of polymers to absorb pulsating forces makes them a key material for vibration damping and thereby extending the service life of, for example, rail vehicles and ships.



INFRASTRUCTURE CONSTRUCTION: Fenders dampen forces from vessels as they arrive at port. Trelleborg's other SmartPort solutions also make it easier for the pilot to perform its work well, quicker and more safely.



VEHICLES: Sandwich constructions using rubber and aluminum can control both noise and vibrations in vehicles.



TRELLEBORG AND 2020 IN BRIEF

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications. The Group comprises three business areas – Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems, and a reporting segment, Businesses Under Development.

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.

» GLOBAL TRENDS SUPPORT BUSINESS FOCUS

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

» STRONG POSITION AND VALUE CREATION

BUILT ON APPLICATIONS EXPERTISE

Trelleborg's strong positions with engineered products and solutions are the result of in-depth applications expertise that reflects customers' needs and play a critical role in their applications.

» CONTINUOUS OPTIMIZATION OF THE PORTFOLIO AND PROCESSES

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

» BALANCED EARNINGS AND STRONG CASH FLOW

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

NUMBER
OF COUNTRIES
WITH OPERATIONS

50

NUMBER OF EMPLOYEES

22,209



Contents

TRELLEBORG IN BRIEF

NET SALES
SEK M
32,836

Net sales for 2020 declined 10 percent to SEK 32,836 M.
Organic sales declined 9 percent compared with 2019, impacted by the market development as a result of the Coronavirus pandemic.

EBIT
4,282
SEK M
EBIT MARGIN
13%

EBIT, excluding items affecting comparability, fell 8 percent year on year to SEK 4,282 M, corresponding to an EBIT margin of 13.0 percent.

OPERATING CASH FLOW
+28%

Operating cash flow amounted to SEK 5,332 M, up 28 percent compared with 2019.

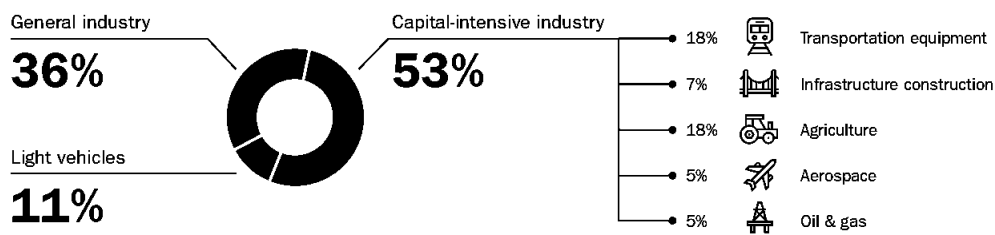
CLIMATE 2015–2020
-32%

The "20 by 20" climate target was achieved with a good margin. The target was a 20-percent reduction in CO₂ emissions relative to sales, with 2015 as the base year.
For 2021–2025, the climate target "50 by 25" has been established, meaning a 50-percent cut in emissions from operations relative to sales in the period ahead.
Read more on pages 22–23.

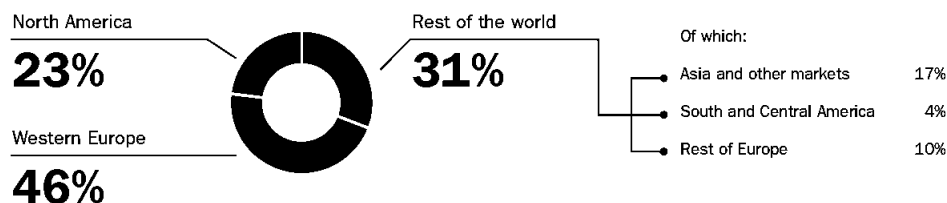
EARNINGS PER SHARE
SEK 10.89

Earnings per share, excluding items affecting comparability, amounted to SEK 10.89. For the Group in its entirety, earnings per share amounted to SEK 10.00.

SHARE OF THE TRELLEBORG GROUP'S NET SALES



NET SALES PER REGION



NET PROFIT FOR THE YEAR SHOWS THAT TRELLEBORG'S STRATEGY AND BUSINESS MODEL ARE WORKING

Despite a downturn in sales and earnings of 10 and 8 percent, respectively, excluding items affecting comparability, the operating margin was 13 percent, which represents a year-on-year improvement. Operating cash flow rose 28 percent, the best to date for the Group.

How would you describe 2020?

It really was a different year. There is so much of 2020 we would like to leave behind, but there are also things to take into 2021. Despite a downturn in sales and earnings of 10 and 8 percent, respectively, the operating margin was a strong 13 percent, which is a year-on-year improvement. The fact that we managed to improve the operating margin in a year like 2020 is an indication of excellent operational control, that the way we work is successful and that concrete measures were able to offset the lower demand arising from the pandemic.

Operating cash flow also strengthened significantly in relation to operating profit. In 2020, we delivered record-high operating cash flow – the best in the history of the company. We therefore reduced our indebtedness substantially during the year and are entering 2021 with a clearly stronger balance sheet.



We delivered record-high operating cash flow – the best in the history of the company.”

At the same time, we should also remember that some 1,700 employees left Trelleborg during the year due to the negative market trend brought on by the pandemic. While the situation meant that we had to adjust our costs, this was nonetheless regrettable.

Overall, however, I consider net profit for 2020 as further confirmation that our strategy and decentralized business model can withstand various types of challenges and market turmoil.

What is the key factor behind Trelleborg's earnings in 2020?

As I mentioned, our decentralized organization showed its strength during the year and, despite the pandemic, we retained our agility and focus on serving our customers. I would really like to thank our dedicated employees for their fantastic efforts – while maintaining safety – to sustain our customer relationships and deliveries when also adhering to strict cost control with good pricing discipline. Very impressive!

We have built a stronger Trelleborg over many years based

on continuous improvement, so we were relatively well-equipped from the start. This has taken the form of minor but continuous improvements of our operating reality, complemented by investments and synergies from acquisitions that accelerated our progress. Regardless of the challenges that arise, we will continue to focus on steadily improving our leading positions in selected segments, and on making it easier to do business with us.

What similarities do you see with the 2008–09 financial crisis?

Not that many. Both the financial crisis and the Coronavirus pandemic had a negative effect on the world economy, but the course of events and conditions are widely different. Trelleborg was a completely different company during the financial crisis compared with today. Now, for example, Trelleborg has a substantially improved financial base with high liquidity and solid long-term finance in place.

Both times, we were quick to respond to the changing circumstances even though neither situation was easy to review. In the early days of the pandemic, there was an extra challenge due to the restrictions imposed by authorities in the approximately 50 countries in which we operate, varying both regionally and locally. But, as I said, the Group's business operations make their own decisions, and we have shown our regional strength and maintained better customer support than very many others.

What lessons can you learn from the pandemic for the future?

It confirms the strength of how we work, that it is important to act locally and fast, but also learn lessons from these kinds of global crises – to initiate strong general measures at Group level from the start, and to ensure that actions are initiated locally.

Trelleborg always puts the safety and well-being of its employees first. And we did that in this situation by introducing extensive procedures and measures to prevent the spread of the virus, while continuing to focus on the needs of our customers. And in general, it worked. In Italy, which was very hard hit, we received an award for our ability to organize and maintain continuity while so much was under lockdown.

In general, I think that our model, with effective local decision-making close to our customers, worked well during the difficult circumstances that prevailed during 2020.



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INTERVIEW WITH THE PRESIDENT AND CEO

EBIT MARGIN
CORE BUSINESSES
13.8%

The core operations comprise the three business areas. Businesses Under Development includes the operations undergoing a strategic review, refer to page 32.

EBIT MARGIN
BUSINESSES UNDER
DEVELOPMENT
6.4%

Have there been any changes in trends that affect Trelleborg? Customer behaviors, urbanization...

While long-term global trends may have changed slightly, we do not expect to see any major effects over time. We still believe that our model of a global presence combined with local customer contact and support is the model of the future. It's possible that more decisions will be made regionally or locally in the future. That outcome would be in line with our existing business models and we feel comfortable with the fact that we are also well-positioned in this aspect compared with most of our competitors.

One relevant question in relation to sales is how we can attract potential new industrial customers and develop new solutions in a fully digital environment. Existing customers are obviously easier to reach via digital channels because we already know each other. Another challenge in a more digital environment is how to build a local relationship for customer interaction.

Advanced projects, where customers need more guidance at every stage, are also difficult to start up and maintain from a digital perspective, while new business models focused on customer support and services are well suited to digital mediums. These issues are high on the agenda and we also feel we are making progress in this area.

The Businesses Under Development reporting segment is almost intact after its establishment. What's happening?

Several divestments were carried out during the year. Molded components operations in Sweden and Estonia were divested, as well as a small operation in France for rubber-covered rollers and belts.

For other units in this reporting segment, we continued to prepare both processes and legal structures during the year. The structural work is largely completed, which will enable us to act swiftly if certain conditions are met. Discussions with external stakeholders were limited during the summer, obviously affected by the restrictions related to the pandemic. However, several discussions on structural alternatives resumed at the end of the year. I have high hopes that this will generate results within a reasonable time horizon, and well within the framework of our initial communication. On the one hand, it involves proceeding with potential buyers for some units while, on the other hand, it means integrating other units that have shown the right positioning and earning capacity into our core operations in the best way possible.

What segments performed particularly well during the year? Why?

The general impression is that all segments and geographic areas experienced volatility during the year.

During the first six-months, we saw a rapid and sharp decline in demand in the automotive industry, but this recovered fairly quickly for us. The situation was reversed for the health-care & medical sub-segment, which showed a strong trend at the beginning of the year, probably due to overbuying, but later declined when customers seemed to have built up their stocks.





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INTERVIEW WITH THE PRESIDENT AND CEO

However, sales of tires for agricultural machinery remained stable at a positive level during the year. This was very gratifying, because we entered the year in a subdued market, which was also impacted when several original equipment manufacturers of agricultural machinery shut down their production facilities for a few weeks because of the pandemic.

Geographically, the trend varied in different parts of the world. In simple terms, the pandemic originated in Asia, and Asia is also the region that recovered first. Europe was affected somewhat later and is also behind Asia in terms of recovery, while North America is even further behind Europe.

But this is how Trelleborg is. Our various parts largely covariate with the global industrial production and our diversified operations help to reduce underlying risks. The challenge here is that we experienced a business cycle that is usually five to seven years long in 10 to 12 months.

Do you think aerospace will recover? How have you adapted the company?

Sales to the aerospace industry halved compared with 2019 and we are not expecting any immediate improvement, despite a slight uptick in demand at the end of the year. However, we still have faith in the segment and believe that future demand for advanced technical solutions will be very positive for us, albeit from a new and clearly lower level than before, which we are currently adapting to. We have a very good reputation in the industry, and meet the industry's extremely high standards for quality, safety, and environmental considerations.

Name some major investments during the year.

We have been cautious about starting major investments during the year, but also careful to continue those we have already started. Nonetheless, our investments amounted to SEK 1,220 M in 2020.

In China, for example, we are expanding our production capacity for marine fenders. We are continuing to invest in the facilities where we produce special solutions for medical technology applications. In the Czech Republic and Serbia, we continue to expand our manufacturing capacity for agricultural tires.



We experienced a business cycle that would normally take five to seven years in just 10 to 12 months.”

We are also increasing our investments in processes and systems to ensure that we can benefit from new digital tools that are being developed and established. All our operations are carrying out these types of investments. For example, we are investing heavily in both the business and the logistics systems in our sealing operation. Preparations are under way to increase the efficiency of our customer support with more integrated solutions, while also benefiting from the efficiency improvements offered by these new ways of working.

All these investments combined will generate high returns in the form of lower costs and higher sales.

Name some major restructures during the year.

We are working continuously to improve the Group's structure, to ensure we are in the right place with the right business. As part of these processes, we have consolidated a number of operations in North America, with the aim of having fewer but more efficient production facilities on that continent. These include our production of coated fabrics and fender operations. Some of this restructuring was accelerated by the effects of the pandemic, but we have been working on the vast majority for some time.

Where there no acquisitions made during the year?

Acquisitions are a key element of Trelleborg's strategy, but it was challenging to make reasonable valuations of companies during the year. We are continuing to seek on an ongoing basis companies that can improve our offering and market positions. But, as previously mentioned, we are mainly interested in small bolt-on acquisitions that can strengthen us in niches or broaden our offering to existing customers.

What segments and niches do you consider most important for Trelleborg's continued growth in the coming years? Where is innovation taking place?

We have generally favorable positions and a well-balanced portfolio. Everything could obviously be further improved, but we have a good starting point. There is a reasonable balance between operations that are growing early or late over a business cycle. The key to success is always that we can combine our polymer expertise with in-depth application know-how in the relevant niche.

That said, some of the largest and most important changes for us are still, for example, the mechanization and automation of agriculture, which has significance for our agricultural tires. The general electrification of vehicles, machinery and tools is also important and is placing new demands on machinery designs that require newly developed sealing and antivibration solutions. This is favoring those of us who really understand these applications. In addition, healthcare & medical is an attractive and growing area for us; sensors, semiconductors and electrical transistors are another. In these cases, for example, we can often benefit from our advanced cleanroom technology.

We work continuously with product innovations and 2020 was no exception. One example was the launch of an innovative seal for sliding doors and windows, which is helping manufacturers to design larger and more complex buildings. New and improved seals, including fire seals for aircraft, were launched during the year. I would also like to mention Trelleborg's range of tires for off-highway vehicles, which was expanded during the year and offered a higher degree of technical content.

A growing area for us, especially in mature markets, is innovations that create attractive and effective customer offerings. One such example is Intellistok, a restocking innovation that replaces physical inventory counts and manual orders of specialty seals, or the ongoing roll-out of our Interfit concept in our tire operations, where we can offer a service package for our customers that is a first in the tire industry.



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INTERVIEW WITH THE PRESIDENT AND CEO

Can you say anything about Trelleborg's digital transformation?

We want to use technology to streamline and simplify underlying internal processes, administration, and external offerings, with the ultimate aim of providing our customers a simpler and better solution. This includes smart and intelligent products, communication with our customers, and new business models or sales approaches. However, all product development should be carried out at a pace that works for our customers. Nobody gains from digital solutions perceived as too complex, or where the benefits are not available to customers because of their own internal processes. There are many fantastic ideas linked to digitization, but all parts of the operations must be on side to create real value for everyone in the value chain.

Tell us about Trelleborg's new sustainability ambitions.

If we begin with climate action, we have really raised the bar with our target for 2025. We are aiming to halve our CO₂ emissions relative to sales within five years. From a slightly longer perspective, our vision is to achieve carbon-neutral operations by 2035. We will also be working with our suppliers to radically reduce emissions in our supply chain.

While climate change was the most important issue during the year, we also worked on the roadmap for how we can achieve our target while strengthening our entire sustainability strategy.

'Protecting the essential' has become the motto for our new strategy. I will give you some examples in addition to our emissions reduction targets. We will be working toward circular material flows, which means a higher share of bio-based and recycled materials, improving the wellbeing of our employees in various ways, monitoring our supply chain even more closely, and becoming even more involved in the local community in the places where we operate. I am proud to say that, even during such a difficult year, we were still able to focus on strengthening our corporate responsibility.

Does Trelleborg have the talent required?

Our starting point is to recruit locally. That is in line with our decentralized organization and belief that decisions are best made locally, by the people who are close to the business and understand the local conditions. Finding the best talent is a never-ending struggle and there is a labor shortage in some regions. Access to good employees is important and we always take into account whether the right skills and qualified labor are available prior to, for example, establishing new sites and investments. Companies are made of people – their ideas, skills, and commitment – not machines or facilities.

At the same time, we must motivate and develop our current talent. We want to retain our employees and continuously invest in in-house leadership training, specialist training and training through our Excellence programs. The continuous exchange of best practices via the Excellence programs is raising the bar for what we can achieve in our core processes. In our decentralized organization, it is important that we challenge ourselves to do better every day.

How is Trelleborg working to improve diversity in the company?

We believe that a diverse pool of talents creates added value for our business. We cannot discriminate against anyone because of their ethnicity, gender, or religion. We must include

and develop everyone for the benefit of our company. I am proud of the ethnic diversity in our leadership, and we are working in a variety of ways to increase the number of women in leadership roles.

Trelleborg celebrated 115 years as a company in 2020.

Yes, that's right. In October 1905, Trelleborgs Gummifabriks AB was registered with the Royal Patent Office, with the entrepreneur Henry Dunker as majority shareholder. The company soon became the leading rubber company in Scandinavia, and we are now a world leader in engineered polymer solutions. The company has made a fantastic journey, through economic cycles and crises, technological and product innovations, and changes to production processes.

How do you see your own role in the company's continued development? What are the immediate challenges for you and the company?

My main task is to ensure that we have the right leaders in the right places and that major strategic decisions are implemented successfully and effectively. In a normal year, I would spend most of my time thinking about the future – the development of our employees and planning ahead. Due to the circumstances, the past year led to more focus on getting things done as soon as possible and adapting to the effects of the pandemic, rather than initiating new things. Now it's time to lift our gaze again and create the right conditions, so that we can continue to build a stronger and better Trelleborg. We can do lots of things well, but we can always be better, and now it's time to raise the bar after a challenging year.

I have previously said that a successful Trelleborg requires motivated and engaged employees who have their feet planted firmly on the ground, see the world as it is, act accordingly and take action fast and methodically. That became a key element of leadership in 2020 and could be the most important lesson we are taking with us into 2021.

Trelleborg, February 2021





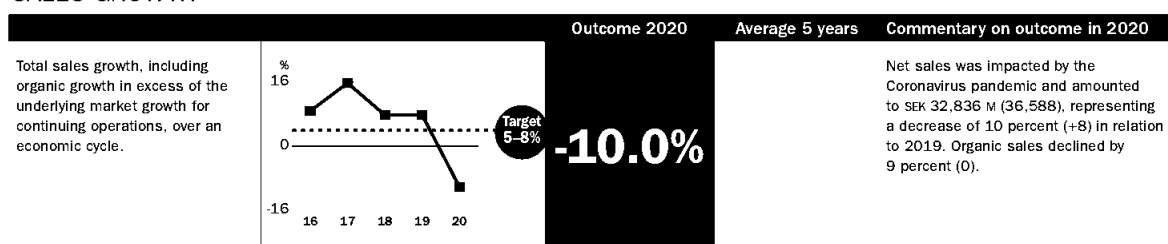
Contents

THE YEAR IN BRIEF

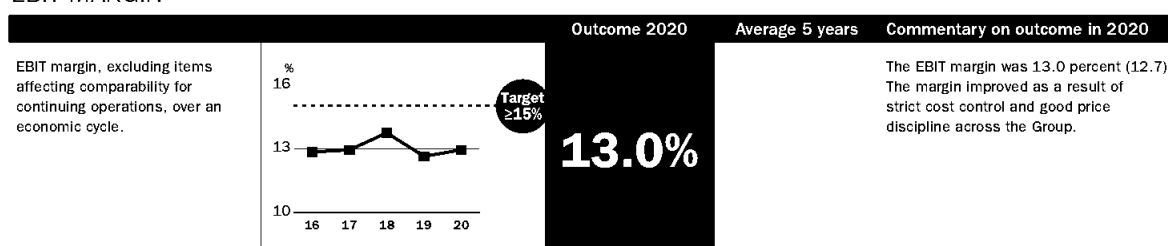
TARGETS AND OUTCOMES 2020

The year was characterized by volatility in all segments and geographies, which negatively impacted sales. In parallel, the Group's operating margin was strengthened in relation to the preceding year. The selected key sustainability figures demonstrated a continued positive trend and the climate target for 2020 was achieved.

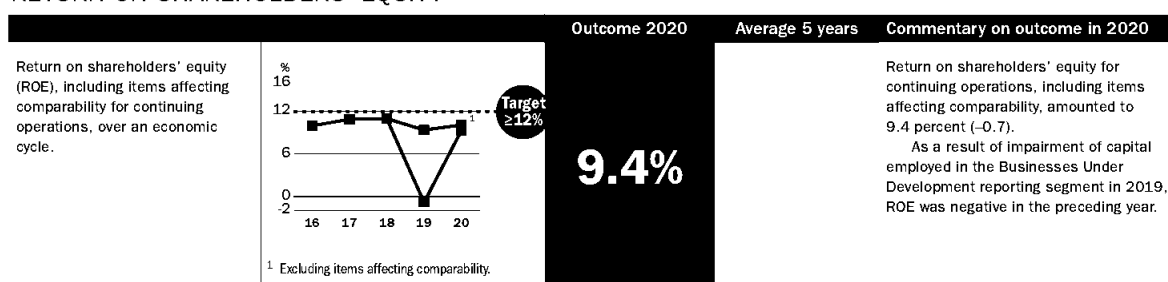
SALES GROWTH



EBIT MARGIN



RETURN ON SHAREHOLDERS' EQUITY





Contents

THE YEAR IN BRIEF

OPERATIONS

	Outcome 2020	Commentary on outcome in 2020	UN Goals
Health and safety To continuously reduce occupational injuries and illnesses with more than one day's absence – Lost Work Cases (LWC). In addition, the average number of working days lost due to occupational injuries and illnesses is to decrease.	Number 500 LWC/100 employees Target: <2.0 ■ LWC = Lost Work Cases — LWC per 100 employees	In 2020, the average was 1.4 LWCs (2.0) per 100 employees, a 30-percent improvement from the preceding year and entirely in line with the goal of <2.0 for 2020. The average number of days lost per injury was 36.6 (28.3).	
Climate The "20 by 20" target aimed to reduce direct and indirect carbon emissions (Scope 1 and 2) by at least 20 percent relative to sales by 2020 (compared with base year 2015 of 16.0 metric tons/SEK M).	tons CO₂ 500,000 250,000 0 16 17 18 19 20 ■ Share of indirect emissions — CO₂ (t)/Net sales, SEK M ■ Share of direct emissions — Pro forma incl. the CGS acquisition, full year Target: -20%	In 2020, the value was 10.9 tons per SEK M, which corresponds to a 32-percent decrease compared with the base year. Find out more about the forthcoming climate target and vision on page 23.	

COMPLIANCE

	Outcome 2020	UN Goals
Suppliers 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.	Trelleborg met the defined target level in 2020 with a good margin. Suppliers corresponding to 88.9 percent (86.4) of the reported relevant purchasing spend in the production units were reviewed. Target: 80%	In 2021, a new risk assessment will be carried out due to the supplier reviews to be performed in the forthcoming period. Refer to pages 42–43.
Anti-corruption and human rights Zero tolerance applies to bribery, corruption, cartel and other criminal behavior, child and forced labor, as well as discrimination (reported and reviewed).	0 cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines were reported in 2020. Similarly, 0 cases (0) of child labor or forced labor were reported. Of 5 reported cases of discrimination (11), measures were taken in 4 cases (8), while 1 case (3) is still being processed. During the year, 6 matters (17) were dealt with that originated from the whistleblower system. In some cases, reviews were carried out, which identified non-compliances with the Group's Code of Conduct, and relevant measures were taken.	

SOCIAL ENGAGEMENT

	Outcome 2020	UN Goals
Local communities Trelleborg supports local communities through various community activities. All workplaces with more than 50 employees must have a plan for their social engagement.	In most of the locations where Trelleborg operates, the company has partnerships with, for example, schools and universities. Youth and community activities are prioritized in sports sponsorship. Trelleborg is also involved in a number of special programs for children and youth development in such countries as Sri Lanka, India, China and Sweden. The operation in Sri Lanka was impacted in 2020 by local regulations concerning the Coronavirus pandemic, which resulted in periods of school closures.	

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THE YEAR IN BRIEF

STABLE DESPITE THE CHALLENGES

Trelleborg's development in 2020 was greatly influenced by the impact of the spread of the Coronavirus pandemic. Sustained measures were initiated during the year to offset the challenges that arose.

“

Trelleborg's financial capacity is healthy.”

Ulf Berghult,
Chief Financial Officer

How would you summarize 2020?

Trelleborg demonstrated its ability to deliver a healthy operating margin and a favorable cash flow under extremely challenging external circumstances. Our strategy has functioned very well for many years. Despite an 18-percent decline in sales in the second quarter, we

reported a strong operating margin of 12.3 percent, and cash flow that was 37 percent higher than the second quarter of 2019.

Trelleborg's decentralized organization was a strength in a year such as this. Our business areas were early in initiating cost savings and measures to enable a focus on operating capital. At Group level, a number of measures were initiated to strengthen the Group's liquidity and the length of the underlying financing structure.

Cash flow?

As pointed out, the business areas reacted swiftly to the situation and secured effective control of accounts receivable and inventories. In 2020, working capital was freed up in an amount of SEK 700 M, of which inventory represented SEK 650 M. We also succeeded in keeping our investments at a lower level in 2020 and reduced them by SEK 600 M compared with 2019. The cash conversion ratio for 2020 was 125 percent, compared with 89 percent in 2019.

Can you tell us about the restructuring costs during the year?

Due to the Coronavirus pandemic, a number of efficiency measures were initiated during the second quarter, mainly in production and sales, for the purpose of ensuring that the Group should stand strong when faced by what we deem to be the new normal market situation, after the pandemic. This applies mainly to the aerospace segment, which now has a vastly changed playing field. Accordingly, restructuring costs were estimated to amount to SEK 700 M, compared with SEK 300 M, as communicated at the beginning of 2020. But because some of these projects were

slightly delayed, costs of approximately SEK 300 M will be moved to 2021.

At the same time, it must be pointed out that savings due to these measures are deemed to amount to SEK 700 M on an annual basis, with full effect during 2022.

The restructuring costs were distributed by approximately one third each between the Trelleborg Industrial Solutions and Trelleborg Sealing Solutions business areas. The remaining amount was distributed equally between the Trelleborg Wheel Systems business area and the Businesses Under Development reporting segment.

How is your financing situation looking?

Trelleborg's financial capacity is healthy. We work with bank credit facilities and borrowing programs that secure our need for short and long-term financing.

The majority of our bank loans comprise syndicated rotating credit facilities, the majority of which mature in 2025. Together, these amount to SEK 12,221 M, of which SEK 9,803 M was unutilized at the end of 2020. In addition to revolving credit facilities, we also work with various forms of capital market funding to balance the maturity structure.

At year-end, the Group's equity amounted to SEK 28,953 M and net debt, excluding the effect of IFRS 16 and pension liabilities, to SEK 7,374 M. By this definition, the net debt/equity ratio amounted to 25 percent at year-end.

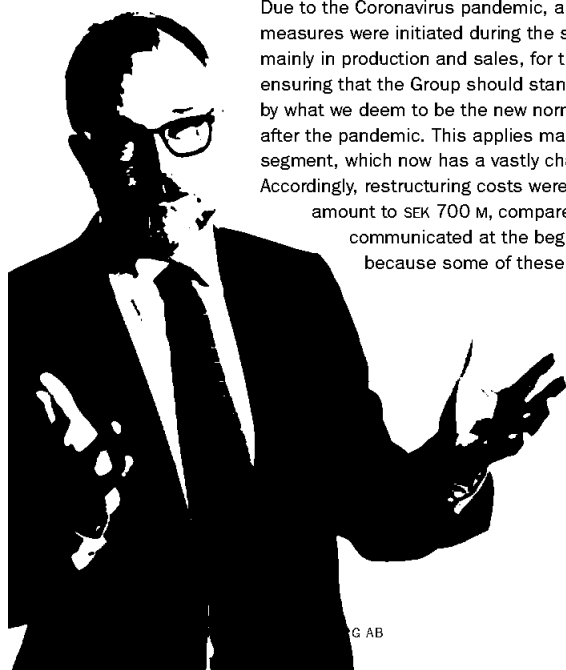
Will you issue green corporate bonds in the future?

We take a very positive view of a broadened investor base through the issue of green corporate bonds. We will provide the details of these at a later date, but we have many green investments in the pipeline in the Group, which may include the transition of our local infrastructure for energy supply toward more renewables and further development of our sustainable products and solutions.

You will leave Trelleborg in conjunction with the 2020 Year-end Report.

Yes, and I want to extend good wishes to my successor, Fredrik Nilsson, who is joining a very fine company with skilled employees.

Fredrik Nilsson will take up the position as the new Chief Financial Officer for the Trelleborg Group during the first quarter of 2021.



© Trelleborg AB



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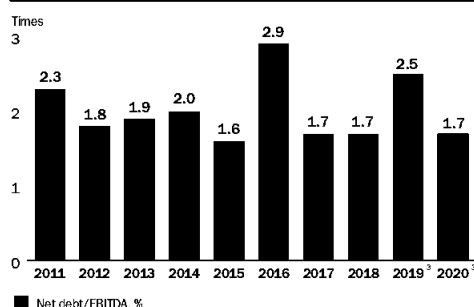
THE YEAR IN BRIEF

Key figures, continuing operations, SEK M	2020	2019	2018	2017	2016
Net sales	32,836	36,588	34,005	31,581	27,145
Organic sales, %	-9	0	3	4	-5
Structural changes, %	1	3	1	12	15
Exchange rate effects, %	-2	5	4	0	-1
EBIT, excluding items affecting comparability	4,282	4,658	4,694	4,091	3,496
EBIT margin, %	13.0	12.7	13.8	13.0	12.9
Items affecting comparability	-397	-3,696	-176	-69	-391
EBIT	3,885	962	4,518	4,022	3,105
Profit before tax	3,596	581	4,236	3,792	2,896
Net profit, discontinuing operations	-	-	0	0	4,369
Net profit, Group	2,711	-199	3,190	2,874	6,585
Earnings per share for continuing operations, SEK ¹	10.00	-0.73	11.77	10.60	8.18
Earnings per share for continuing operations, SEK ²	10.89	11.89	12.34	10.82	9.23
Earnings per share, Group, SEK ¹	10.00	-0.73	11.77	10.60	24.30
Operating cash flow	5,332	4,167	3,922	3,739	3,548

¹ Including items affecting comparability.

² Excluding items affecting comparability.

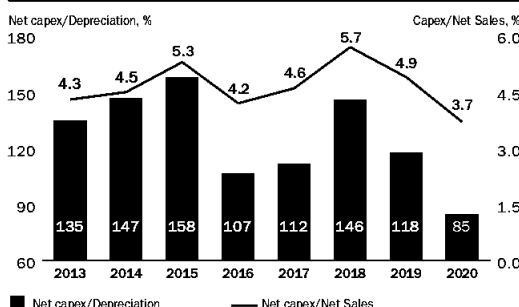
NET DEBT IN RELATION TO EBITDA



³ Group, including impact of lease and pension liability.

Net debt/EBITDA, excluding the impact of IFRS 16 and pension liabilities, improved in 2020.

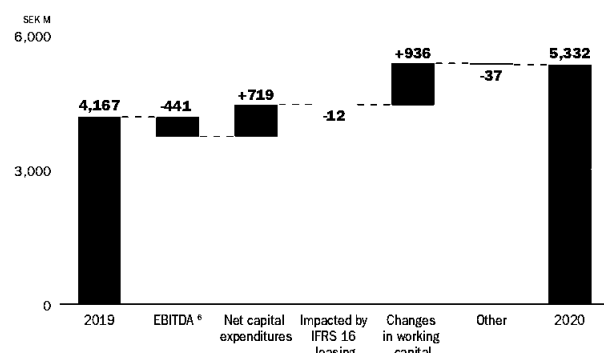
INVESTMENTS IN RELATION TO DEPRECIATION/AMORTIZATION AND NET SALES ⁴



⁴ Excluding investments and depreciation of right-of-use assets (leasing assets).

Net capex/Depreciation declined in 2020, due primarily to lower levels of capital expenditure during the year.

OPERATING CASH FLOW, CHANGE BETWEEN 2019 AND 2020 ⁵



⁵ Excluding items affecting comparability.

⁶ Including other non-cash items and excluding impact from IFRS 16 Leases.

Operating cash flow improved in 2020. The improvement was due primarily to a better trend in working capital compared with the preceding year and a lower level of capital expenditure.

LONG-TERM FINANCIAL GUIDANCE

- » Dividend: 30–50 percent of net profit
- » Capital expenditures: ~4–5 percent in relation to net sales
- » Gearing net debt/equity: 50–100 percent

FINANCIAL GUIDANCE 2021

- » Restructuring costs: ~SEK 500 M ⁷
- » Capital expenditures: ~SEK 1,400 M
- » Underlying tax rate: ~25 percent
- » Amortization of intangible assets: ~SEK 400 M

⁷ Excluding anticipated capital gain of SEK 140–150 M regarding property sales in the first quarter of 2021.

For complete income statements, balance sheets and cash-flow statements, refer to pages 70–78.



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STRONG POSITION DESPITE CHALLENGES

Despite a volatile year in all segments and geographies, Trelleborg continued to assert its position as a world leader in engineered polymer solutions.

Contents



Natural rubber, which is shown in this illustration, consists of carbon and hydrogen and has a molecular structure of *cis*-1,4-polyisoprene. It is derived from the *Hevea brasiliensis* tree, the latex from which is drawn off and transported to rubber factories where it is coagulated by adding an organic acid, washed, dried and packaged.

Untreated natural rubber cracks if it is too cold and becomes sticky when hot. But when sulfur is added, the rubber becomes elastic, water-repellent and moldable. This vulcanization process is the very basis for the endless number of applications of rubber.

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HOW TRELLEBORG GENERATES VALUE

VALUE GENERATION AT TRELLEBORG



► BUSINESS CONCEPT

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

► STRATEGY

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

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:

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

Read more on pages 18–23.

► 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. Read more on page 56.

► CORPORATE CULTURE

Trelleborg's internal 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, good ethics in business relationships, and positive interaction with the community in which the Group conducts operations.

► 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.

► CORE CAPABILITIES

» Polymer engineering

Trelleborg should be best at developing polymer-based solutions that optimize and accelerate customers' applications and processes.

» Local presence, global reach

Trelleborg leverages its global strength and capabilities, while acting as a local partner to customers.

» Applications expertise

Trelleborg should be best at understanding customers' applications, thereby adding the most value.

» Customer integration

Trelleborg makes it easy to do business with the Group and integrates in close partnerships with its customers.

» Business accelerator

Powered by these core capabilities, the aim is always to improve, accelerate and grow customers' businesses. Trelleborg grows together with its customers.

► SUSTAINABILITY CONSIDERATIONS

Read more about outcomes for the year in the area of sustainability and about Trelleborg's preventative work on pages 36–45 and 122–129.

Raw materials

The Group's most important raw materials comprise polymers, usually natural or synthetic rubber, that are combined with metal components or textiles as well as additives, such as softening agents, fillers and vulcanizing agents.

Energy and climate

The Group's energy consumption and climate impact mainly relate to its own generation of steam for production purposes (direct energy/direct emissions) and to purchased electricity, steam or district heating (indirect energy/indirect emissions).

Impact on people and the environment

Trelleborg's manufacturing and the materials used impact people and the environment in several ways. Examples include occupational accidents and illnesses, water consumption, waste and emissions, mainly to air.

Upstream in the value chain

The production of raw material and components by suppliers upstream in the value chain has itself a significant environmental impact. Moreover, the environment is affected by transport activities and historical soil or groundwater contamination originating from previous land owners.



Contents

HOW TRELLEBORG GENERATES VALUE

MARKET SEGMENTS

Trelleborg's market segments.

The seven selected market segments are a mix of general industry, capital-intensive industry and light vehicles, which represent as a whole a favorable balance between early and late cyclical industries. The Group's exposure to various market segments has changed over time to balance the demand. Read more on page 17.

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. Read more on page 25.



GENERAL INDUSTRY



TRANSPORTATION EQUIPMENT



INFRASTRUCTURE CONSTRUCTION



AGRICULTURE



AEROSPACE



OIL & GAS



LIGHT VEHICLES

CREATED AND DISTRIBUTED ECONOMIC VALUE

In total in 2020, Trelleborg's operations generated economic value totaling SEK 33,084 M (36,670) of which SEK 28,328 M (33,035) was distributed among stakeholders as shown in the description below and the diagram:

Suppliers: Material and services

SEK 16,996 M (19,494)

Employees: Salaries and remuneration including payroll overheads

SEK 10,133 M (11,031)

VALUES FOR STAKEHOLDERS

- CUSTOMERS:
 - » Innovative solutions that seal, damp and protect
 - » Better functionality, business and sustainability
 - » Customer satisfaction via Trelleborg's core capabilities
- SUPPLIERS:
 - » Payment for material and services
 - » Evaluation according to Trelleborg's stringent requirements
- EMPLOYEES:
 - » Salaries and benefits
 - » Health and safety
 - » Job satisfaction
 - » Personal development
- SHAREHOLDERS: ¹
 - » Share price trend
 - » Dividend
- SOCIETY:
 - » Job opportunities
 - » Tax revenue
 - » Trelleborg's social engagement
- CREDITORS:
 - » Interest income

Circularity in production and business

A clear and obvious challenge is a more comprehensive circular approach in processes, products and business models. This includes the gradual replacement of input raw materials with recycled materials, petroleum-based materials with materials from renewable sources, and an increasing share of support/service offerings. Refer also to page 20.

Society: Tax paid
SEK 772 M (763)

2.7%

Creditors: Interest expenses
SEK 427 M (459)

1.5%

¹ No dividend was paid in 2020, in accordance with the resolution of the Annual General Meeting.

GLOBAL TRENDS THAT INFLUENCE TRELLEBORG

Trelleborg operates in market segments where the Group has the best conditions for achieving favorable profitability and leading positions.

Trelleborg is active in seven selected market segments that are a mix of general industry, capital-intensive industry and light vehicles. 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. In this way, the Group's risks are spread during adverse cyclical fluctuations in individual segments.

Global trends influence the Group 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, in line with Trelleborg's offering. The current development also benefits organizations such as Trelleborg that encourage rapid decisions with a clearly decentralized role and allocation of responsibilities.

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 addition to global trends, several factors determine the choice of niche or product category in a mature or growing market: stage of the value chain, customer categories, global and local conditions and so forth.

GLOBAL TRENDS



Geoeconomic and political changes: The growth that is taking place and is expected to continue in Asia demonstrates shifts in power eastwards at the same time as traditional power structures in the West are changing. Global economic growth could, however, slow because of the political and social changes facing several influential countries and geographical areas.



Accelerated technological development: New technological solutions that are simpler and often more cost-efficient than existing ones, known as disruptive technologies, are being developed rapidly. Resources are being used to find values in big data, which is often used as a basis for increased digitalization of goods and services.



Interconnected markets and urbanization: Urbanization entails, for example, growing demands for efficient cities and also a sustainable countryside that can produce more for more people. At the same time, globalization is moving markets and people closer together resulting in rising global trade, increased transportation and flows of capital.



Resource efficiency for sustainability: Global population growth and economic growth in certain geographies is making demands on a more efficient and sustainable society. Negative climate change and scarce natural resources are major challenges for all stakeholders to solve. 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.



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GLOBAL TRENDS

TRENDS IN TRELLEBORG'S MARKET SEGMENTS ¹

GENERAL INDUSTRY, 36%

General industry

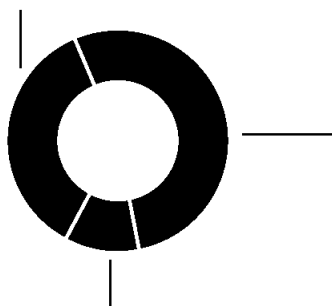
Product niches focusing on value creation throughout the supply chain benefit from globalization, and interconnected markets are driving demand for global business models and partnerships.



36%

OF TRELLEBORG'S SALES

Examples of products: Antivibration systems, polymer-coated fabrics, hoses, expansion joints, seals and bearings as well as precision components for the healthcare & medical industry.



LIGHT VEHICLES, 11%

Light vehicles

Continued globalization and growth together with greater demand for electric and hybrid cars and government incentives will lead to flexible global business models, consolidation or specialization as a supplier.



11%

OF TRELLEBORG'S SALES

Examples of products: Seals for fuel systems and exhaust systems. Composite technology designed for damping and sealing. Polymer boots for drive shafts. Brake shims.

CAPITAL-INTENSIVE INDUSTRY, 53%

Transportation equipment

Rising demand and requirements for efficient, safe and sustainable transport systems, partly driven by increasing e-commerce, is creating new service offerings and products with a high technological content.



18%

OF TRELLEBORG'S SALES

Examples of products: Antivibration and sealing solutions as well as bearings and coated fabrics for rail vehicles. Tires and complete wheels for various types of material handling vehicles and off-highway vehicles.

Agriculture

There is a demand to increase crop yields per cultivated area and for more sustainable agricultural to meet both the population and environmental challenges. The solution is greater industrialization, and in some places a faster transition to mechanical solutions.



18%

OF TRELLEBORG'S SALES

Examples of products: Applications for agricultural machinery, such as tires and complete wheels, seals, hoses and antivibration systems.

Oil & gas

Continued major energy requirements will lead to investments in renewable energy production and LNG transportation, as well as continued exploration of deep-water environments, which requires advanced and safe solutions.



5%

OF TRELLEBORG'S SALES

Examples of products: Specialty seals, floatover technology, marine hoses and breakaway couplings. Solutions for renewable energy and power production.

Infrastructure construction

Urbanization, population growth and economic growth in emerging countries are making demands on more efficient and sustainable infrastructure solutions such as bridges, tunnels and port solutions.



7%

OF TRELLEBORG'S SALES

Examples of products: Pipe seals, solutions for ports, marine equipment and marine technology, as well as seals and bearings used in construction and civil engineering projects.

Aerospace

Albeit at a lower level than prior to the Coronavirus pandemic, demand remains for aircraft upgrades and fleet expansion, as well as technology to reduce running costs that leads to lighter aircraft with a greater technological content.



5%

OF TRELLEBORG'S SALES

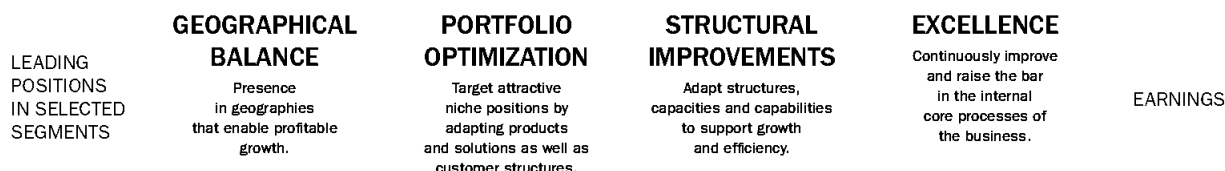
Examples of products: Coated fabrics used in evacuation slides and airships, and thermal insulation for space rockets. Seals used in such application areas as engines, flight control actuators, landing gear, wheels and brakes as well as aerodynamic seals.

¹ Share of the Trelleborg Group's total sales in 2020.



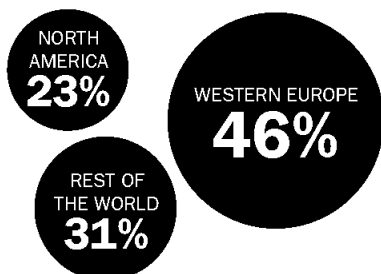
TRELLEBORG'S STRATEGY FOR LEADING POSITIONS

Trelleborg's strategy of securing leading positions in selected segments is supported by four strategic cornerstones. These ensure that all levels within the Group maintain focus and conduct activities that are in line with the strategy.



These are the cornerstones that Trelleborg works with Group-wide and in the business areas to optimize its respective operations and, thereby, capture market leadership. The cornerstones support the strategy individually and in combination.

NET SALES PER REGION



GEOGRAPHICAL BALANCE

Enhanced geographical balance. A prioritized task for Trelleborg is to strengthen its market presence in selected markets outside Western Europe and North America. China is on the way to becoming the largest global economy, and Africa is eventually expected to follow Asia as a high-growth region. However, the European and North American markets remain important for Trelleborg. The Group both acquires and invests in these geographic areas when it strengthens the total Group. The long-term global trends indicate even more connecting markets and even more rapid technology development. There are growth opportunities in selected niches throughout the world. Trelleborg will be present in the geographies that enable profitable growth.

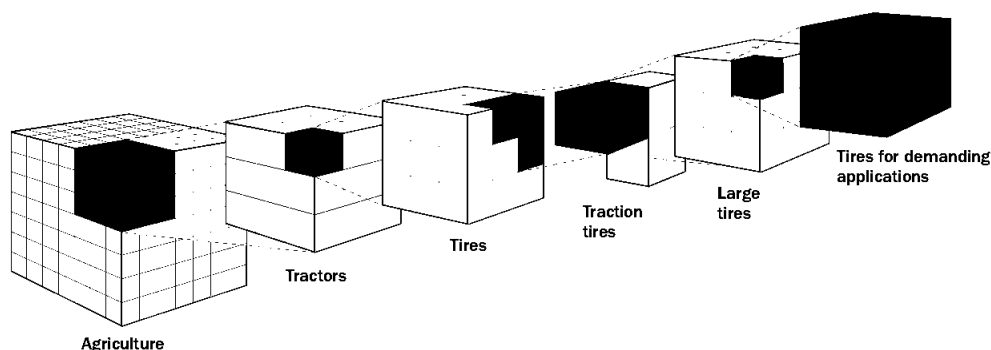
The principal drivers for Trelleborg include proximity to customers in expanding and profitable segments, following them in their globalization processes and developing local customer relationships, which may become global.

Trelleborg's long-term ambition is to achieve a geographic balance, where Western Europe and the Rest of the World each account for an expected 40 percent of the Group's sales, while the remaining share is expected to continue being generated in North America.

Decentralized organization. Trelleborg sees strength in the ability to combine a strongly decentralized and local organization with the competence and financial opportunities of the global company. Business decisions are 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 trade barriers and pandemics, by having a balanced geographic presence.

Contents

STRATEGY



PORTFOLIO OPTIMIZATION

Improved business portfolio. 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.

- » What types of business could grow most and with the best return on investment?
- » Where should investments be made in the business portfolio and where is there improvement potential?
- » What part of the business portfolio should possibly be discontinued or divested?
- » How can the product and service offering be improved?
- » What segments, product categories and technologies are prioritized?

The illustration above shows an example of a niche market that the Group has chosen to focus on.

In the large agricultural market, Trelleborg specializes in premium tires for agricultural machinery, specifically on radial tires primarily for tractors. There are advantages to producing these tires locally, not only because of the high transport costs and customs duties, but also due to the positive effects of being close to the customers. Tires are becoming increasingly intelligent

and can be supplied with a tire inflation system. A number of service offerings have been developed to grow and strengthen the positions in the aftermarket. The issue of sustainability is central, from production and the product's composition to the tire's impact on, for example, fuel consumption, traction and soil compaction.

Acquisitions and divestments. 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 and the selection process for these is essentially the same as for other growth activities and investments. Trelleborg makes acquisitions to become more rapidly established in a closely related segment, obtain technologies or applications, but also to access new geographies.

Immediate synergies are usually achieved in purchasing and knowledge transfer through operational improvements.

Operations may be divested and these are primarily activities that are, for various reasons, no longer seen as belonging to the core business or lack the necessary development potential.

STRUCTURAL IMPROVEMENTS

Adapted structures. The globalization of Trelleborg's business involves being in the right location with the right operations. The focus is on developing operations and localizing them to areas where Trelleborg can grow and recruit the right talent and do the best job. In certain cases, this means that Trelleborg moves an operation to

DIVESTMENTS 2020

	Sales (2019), SEK M	Employees
Molded components operations in Sweden and Finland	250	240
Operation in France in rubber-covered rollers and belts	70	30
Total	320	270

No acquisitions were carried out in 2020.

another geographical market; in other cases, it means upgrading and developing the operation where it is. However, it is also about developing offerings that make life easier and increase value for customers and developing and working within new business models. Trelleborg therefore invests in new technology and machinery, human capital, international management, local managers and development of local markets, all with the aim of improving and enhancing its structure.

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. The Group is also investing in smart technology in manufacturing and in various smart logistics solutions.

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.

In recent years, Trelleborg has carried out several major investments and structural improvement in the area of healthcare & medical. The Group has also had a broad focus on the area through acquisitions, as well as investments in plants and personnel, and in various technologies. In the US, there are now technologically advanced facilities that, for example, work with precise liquid injection-molding, using Liquid Silicone Rubber (LSR) and manufacturing in cleanroom environments. Capacity is also available in Europe, with world-class production sites in both Switzerland and Bulgaria.

Trelleborg's antivibration operation has similarly been strengthened and developed. Using a combination of product innovations, geographic expansion, structural enhancements and acquisitions, a historically strong base in industrial applications has been broadened into strong offerings in antivibration solutions, including for rails, rail vehicles and vessels.

Circularity is another aspect of structural improvements. It is a consistent ambition to find different ways to close the loop for 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 accordance with the Reduce–Reuse–Recycle model.

An example of greater circularity at Trelleborg in



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 development, see the examples on pages 20–23 and in the table on page 124.

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 – SUSTAINABLE CITIES AND INFRASTRUCTURE



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.

recent years is in its production of industrial tires, where the company successfully raised the use of recycled raw materials in the form of carbon black and rubber powder and also completely different materials, such as recycled textiles or coconut shell powder. All with the aim of improving circularity.

Recycled carbon black, which gives rubber compounds the same or better performance than using virgin carbon black, is also present in other areas of the Group, such as in customized products.

There are also examples within Trelleborg of circular business, where the focus is on services rather than products. These could be smart systems that optimize stock management for customers who need seals and other components, or smart tire services, which allow the customer to lease industrial tires instead of buying them. Trelleborg also offers trenchless and "no-dig" technology that provides an effective alternative to replacing sewer pipes: the technology seals pipes from the inside.

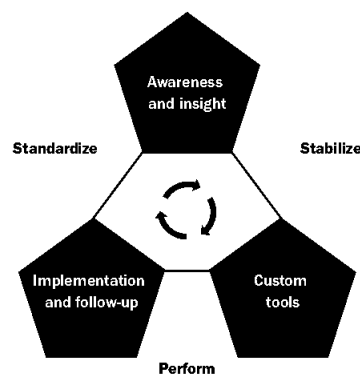
Recycling, greater resource efficiency and circular business models offer considerable potential to reduce CO₂ emissions in society.

EXCELLENCE

Excellence in core processes. Trelleborg conducts systematic internal work to further improve key processes, such as purchasing, manufacturing and sales, as well as issues concerning logistics (supply chain) and leadership development.

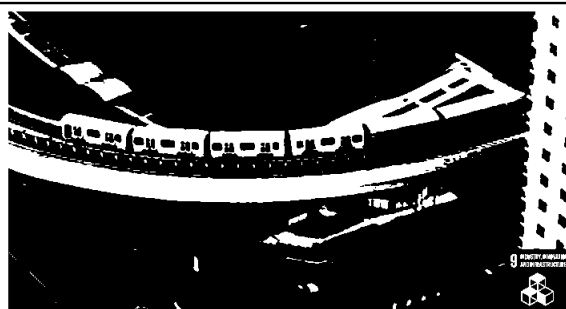
This is achieved through training, which creates awareness and insights via Trelleborg Group University, through adapted tools, such as various Lean production

principles, which improve efficiency and increase productivity, as well as by monitoring via adapted project tools.



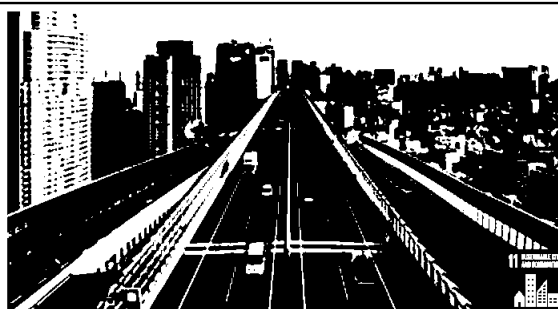
Manufacturing Excellence is the oldest of these initiatives and the program has been running for more than ten years. The purpose of Manufacturing Excellence is to work systematically to improve production in relation to safety, quality, delivery precision and efficiency. The focus is on minimizing non-value-generating 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. Refer to pages 36–39 and 126–127.



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.



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.

CLIMATE STRATEGY

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. With regard to climate issues, Trelleborg therefore has an important role to play in the transition of the global society.

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

New climate target. Trelleborg's new "50 by 25" climate target for the 2021–25 period will be applied using 2020 as the base year.

In line with society's target to keep global warming lower than 1.5°C, Trelleborg's established climate target for the period is to reduce direct and indirect CO₂ emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year.

Accordingly, the target for 2025 is for these emissions to be less than 5.5 tons per SEK M, since the 2020 value was 10.9 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*, refer to the next page.

The new climate target was launched in February 2021 combined with the vision of achieving climate

neutrality in Trelleborg's own operations, meaning net zero emissions, by the end of 2035.

Trelleborg's new climate target and climate vision may be fine-tuned in dialog with the Science Based Targets initiative, in accordance with how the conditions change for achieving the 1.5°C target for society at large.

How will this be achieved? 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 21), Trelleborg aims to continuously reduce the operation's CO₂ emissions over time by transitioning to renewable energy from sources such as wind, solar and hydro power. Furthermore, investments will be made locally in the facilities' energy supply, examples being the transition to biomass in Sri Lanka in 2019, or via local solar power units (see page 126).

Trelleborg's earlier "20 by 20" climate target was achieved by a very good margin at the end of 2020, mainly by switching to green electricity and continuous energy efficiency improvements during the period. The target was to become 20 percent more emissions efficient by the end of 2020, using 2015 as the base year. At the end of the year, Trelleborg had achieved 10.9 tons per SEK M, a reduction of 32 percentage points since the base year of 2015, when the baseline derived from proforma values from Trelleborg and the Czech company CGS acquired in 2016 was 16.0 tons per SEK M.

The CO₂ emissions included in the earlier target are the direct emissions caused by energy produced internally (Scope 1) and the indirect emissions caused by energy purchased for own consumption (Scope 2).

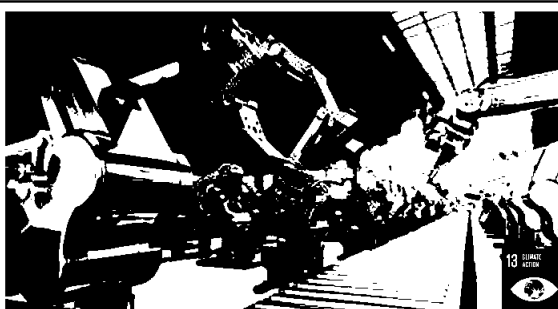
HALVED
MISSIONS IN
FIVE YEARS

TRELLEBORG'S SOLUTIONS – SUSTAINABLE ENVIRONMENTAL AND ENERGY 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 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.



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STRATEGY

Trelleborg previously conducted a Scope 3 analysis in cooperation with EY aimed at obtaining a general picture of indirect emissions along the value chain of operations. In 2021–2022, this analysis will be updated to obtain an even clearer view of Scope 3 and to be able to set a base value for quantitative improvement of these indirect emissions not later than 2025.

The analysis made earlier 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.

Purchased products and services were the single largest emission category and within this, purchases of polymers in particular. Next were *purchased transportation*, downstream and upstream. These categories are estimated by EY to correspond to approximately 90 percent of emissions in Scope 3 for Trelleborg.



The Task Force on Climate-related Financial Disclosures (TCFD) is the call for climate action from the financial markets. It describes how companies should handle their climate-related information, including risks and opportunities. See page 129 for an overview of how Trelleborg meets TCFD's recommendations.

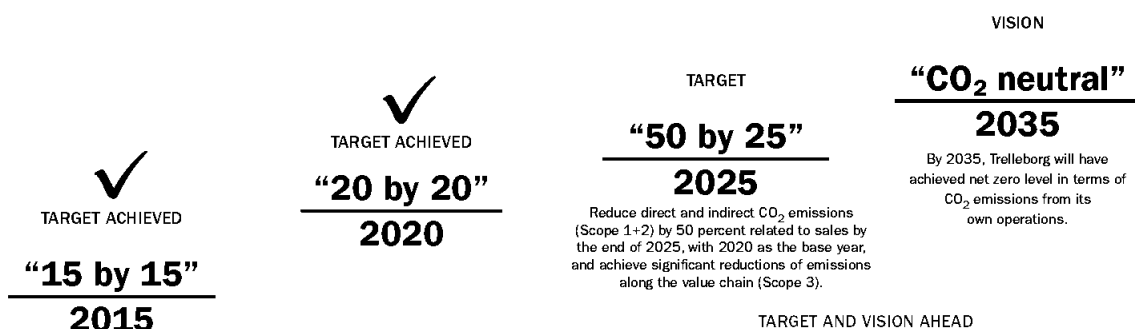


CDP's climate, water and supplier engagement reports. Trelleborg has participated in CDP's voluntary reporting of greenhouse gas emissions since 2007. In the Annual CDP Report for 2020 on climate issues, Trelleborg received a score of B (2019: A-). Water issues were reported for the third time, and here Trelleborg received a score of B- (2019: B-), which corresponds to the second highest level. Trelleborg's SER (Supplier Engagement Rating) by CDP is A-. The SER score demonstrates how effectively a company cooperates with their suppliers concerning the climate. To assess the level, CDP uses a company's responses to the CDP questionnaire on climate change.



Trelleborg second in its category in 2020 Sustainability ranking. Trelleborg came second in the Durable consumer goods category in the Swedish sustainability ranking Hållbara Bolag 2020, arranged by the business daily Dagens Industri and the Aktuell Hållbarhet magazine. Trelleborg was third in its category in 2019. The ranking was carried out by the Lund University School of Economics together with an advisory committee.

CLIMATE – NEW TARGETS AND NEW VISION

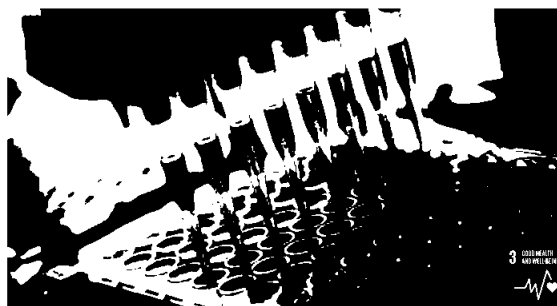


TRELLEBORG'S SOLUTIONS – PEOPLE'S HEALTH AND FOOD SECURITY



GOAL 2 Zero hunger

With effective tractor tires, farmers can produce more for increasing numbers of people. Trelleborg's integrated central tire inflation system, CTIS+ Inside, makes it possible to inflate or deflate tire pressure in both front and rear wheels in adjustment to the terrain using only a few clicks of a button, directly from the tractor cab. The tractor uses less fuel, gains better traction and contributes to reduced soil compaction.



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.



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TRELLEBORG'S BUSINESS AREAS

TRELLEBORG'S OPERATIONAL BUSINESSES

Trelleborg's operations are organized into three business areas and one reporting segment.

Critical solutions. The common feature of the products and solutions in each business area is that they seal, damp and protect critical applications in demanding environments – from space to the seabed. In these segments, Trelleborg is further positioning itself in niches or product categories with the aim, in each individual case, of being among the three top players in terms of market share.

Operations	Net sales, share of Group	EBIT, share of Group	EBIT margin, %
TRELLEBORG INDUSTRIAL SOLUTIONS focusing on selected polymer-based industrial applications and infrastructure projects.	29%	23%	10.7%
TRELLEBORG SEALING SOLUTIONS focusing on polymer-based sealing solutions.	33%	48%	19.6%
TRELLEBORG WHEEL SYSTEMS focusing on off-highway and specialty tires.	27%	24%	12.0%
BUSINESSES UNDER DEVELOPMENT Trelleborg Printing Solutions develops and manufactures printing blankets of polymer-coated fabrics. Trelleborg Offshore develops and manufactures polymer-based solutions for exploration and extraction of offshore oil and gas. Rubena develops and manufactures a broad range of technical rubber products.	11%	5%	6.4%



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TRELLEBORG'S BUSINESS AREAS

Market segment/Industry	Market position	Key customers	Principal competitors
	» Globally leading positions in selected niches in automotive, marine systems and general industry. » Regionally leading positions and growing presence in selected niches in, for example, antivibration.	Companies active in general industry, transportation equipment, infrastructure and construction, aerospace, oil & gas and automotive.	Cathay Consolidated, Contitech, GMT, Hultec, Hutchinson, IVG Colbachini, Keeper, MannTek, Parker Lord, Pennel & Filpo, Roxtec, Sanok, Semperit, ShibataFenderTeam, Tremco and Yokohama.
	» Globally leading positions in a large number of niches in general industry, automotive and aerospace. » Extensive product range with a focus on critical applications. » World-class engineering and proprietary materials technology.	Global companies active primarily in general industry, including healthcare & medical, and suppliers to aircraft and light vehicle manufacturers.	Federal Mogul, Fenner, Freudenberg, Greene Tweed, Hutchinson, Kirkhill-TA, Lubrizol/Vesta, Meggitt, NOK, Nolato, Parker Hannifin, Raumedio, Saint Gobain, SKF, Starlim and Wolverine.
	» Globally leading positions in tires for agricultural machinery and material handling vehicles. » Regionally leading positions and growing presence in selected niches in tires for off-highway vehicles.	Manufacturers, distributors and dealers of agricultural and forestry machinery, and end customers. Manufacturers and distributors of forklifts, distributors and dealers of tires and tire service companies for material handling vehicles and off-highway vehicles. Suppliers of motorcycles.	BKT, Continental, Bridgestone/Firestone, Goodyear/Titan, Michelin/Camsco, Nokian, Vredestein and Yokohama/Alliance.
	» Global printing blanket operation with significant local presence. » Dedicated project-based operation in offshore oil & gas, growing presence in renewable energy solutions. » Large share of local and regional sales of technical rubber products.		

BUSINESS AREA

TRELLEBORG INDUSTRIAL SOLUTIONS

Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.



A uniquely challenging year in which rapid measures ensured the continuity of customer service.”

Briefly describe 2020.

It was a uniquely challenging year, where prompt actions to mitigate the negative effects of the pandemic and the dedication of our local teams around the world, ensured that we were able to continue to meet customer requirements.

We continued to make improvements to our footprint and structure, opening a new facility in the UK for production of liquefied natural gas (LNG) transfer safety systems, breaking ground in Morocco on a new automotive boots production facility and expanding our industrial footprint in China for marine and fluid handling products.

Equally, we continued to focus on customer proximity, commencing production of pipe seals in India and automotive parts in Mexico.

Name some technological highlights of the year.

Within the marine world we launched the innovative AutoMoor system, a rope-free mooring system using vacuum technology to secure a ship to its berth that increases both port efficiency and safety. On a similar theme, we launched a specialist seal for modular buildings, which allows for faster construction of prefabricated units and also incorporates enhanced fire protection.

How are you working with sustainable products?

Many of our products are built with improved sustainability as a differentiator, whether it is reducing wear to train wheels and tracks, or digital solutions that improve the efficiency of port operations. Equally, we provide key products that contribute to overall global sustainability, for example, LNG bunkering solutions that enable the reduction of marine emissions or pipe seals that ensure cleaner drinking water.

What are your plans for the future?

We will continue to optimize our position as a global leader, ensuring that we have the right geographic presence and portfolio to meet our customers' requirements, wherever and whatever they may be. Specifically, we will continue to develop our presence in Asia and other growth markets, while ensuring that we drive operational improvements through our Excellence programs and create value for customers through innovation and ease of doing business with us.

Sales and earnings 2020. Organic sales declined 10 percent compared with 2019. Sales were significantly lower in North America, lower in Europe and slightly lower in Asia. Most market segments reported negative organic sales. Deliveries of marine solutions stood out insofar as sales were unchanged compared with the preceding year.

EBIT and the EBIT margin decreased compared with the preceding year, mainly as a result of falling sales caused by the Coronavirus pandemic. Meanwhile, good cost control limited the decline in earnings. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 M on earnings compared with the preceding year.



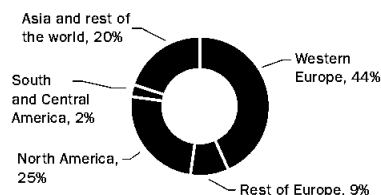
Jean-Paul Mindermann,
Business Area President
Trelleborg Industrial Solutions



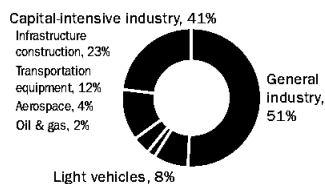
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TRELLEBORG'S BUSINESS AREAS

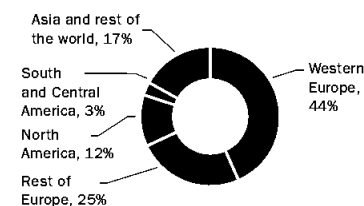
NET SALES
PER GEOGRAPHIC MARKET, %



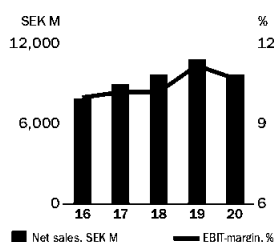
NET SALES
PER MARKET SEGMENT, %



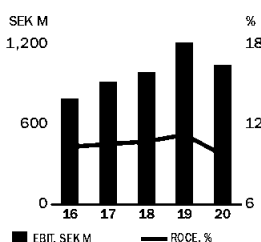
EMPLOYEES PER
GEOGRAPHIC MARKET, %



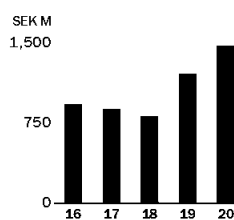
NET SALES AND
EBIT MARGIN



EBIT AND ROCE



OPERATING CASH FLOW



BUSINESS AREA
LONG-TERM TARGET FOR
EBIT MARGIN
>12%

Key figures, excluding items affecting comparability, SEK M	2020	2019
Net sales	9,727	10,885
Share of consolidated net sales, %	29	29
EBIT	1,042	1,215
EBIT margin, %	10.7	11.2
Capital employed	9,816	11,113
Return on capital employed (ROCE), %	9.7	11.2
Capital expenditures	228	438
Operating cash flow	1,478	1,217
Operating cash flow/operating profit, %	142	100
Number of employees at year-end, including insourced staff and temporary employees	5,501	5,861

MARKET SEGMENTS

- Coated fabrics and calendared materials for industrial applications as well as healthcare & medical accessories. Hoses, expansion joints and couplings. Antivibration solutions. Sealing profiles.
- Vibration-damping and axle guiding bush for rail vehicles. Coated fabrics for train bellows.
- Pipe seals and repair of drinking water and wastewater systems. Sealing and vibration-damping solutions in construction and

civil engineering projects. Marine structures and smart technologies for vessels in ports and offshore.

- Coated fabrics used in aircraft evacuation slides, aerostats and thermal insulation for space rockets.
- Marine hoses, breakaway couplings and liquid natural gas (LNG) transfer systems.
- Polymer boots for drive shafts and steering applications. Calendared materials for brake shims.

PRODUCTION UNITS: Australia, China, the Czech Republic, Finland, France, Germany, India, Lithuania, Mexico, Netherlands, Poland, Slovenia, Spain, Sweden, Turkey, the UK and the US.

EXAMPLES OF BRANDS/PRODUCT NAMES: ANDRE, AutoMoor, CRYOLINE®, DragonCoat®, Gall Thomson, Klaw, KLELINE®, Metalastik®, Novibra®, Omega, Power-Lock™, Rubena, Sava, SCN Super Cone Fenders, SeaGuard, SEALINE®, SeaTechnik™, Sewer-Lock™, SmartDock®, SmartPort, TRELLINE®, TRELLVAC and Trilobe.

BUSINESS AREA

TRELLEBORG SEALING SOLUTIONS

Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in general industry, automotive and aerospace.



We were relatively successful at managing the unforeseen shifts in the market."

Briefly describe 2020.

Thanks to the experience gained in rapid organizational restructuring during the financial crisis in 2008/09, we were relatively successful at managing the unforeseen shifts in the market during 2020. Our customer focus became even more digital, and included a much-appreciated series of well-attended customer webinars and virtual conferences. At the same time, we continued to focus on selected niches,

commissioning an expanded US site for cleanroom manufacturing of Liquid Silicone Rubber (LSR) molded components for the healthcare & medical industry.

Name some technological highlights of the year.

There is a lot of exciting product development going on within healthcare & medical. Silicone is perfect, not only due to its biocompatibility and biostability, but also because it is processable in so many ways. This includes innovations around drug elution, where we bring medical devices and pharmaceutical solutions together. We are collaborating closely with our customers to develop complex multicomponent solutions, molded and extruded parts, so that our customers can improve quality of life of patients.

Another highlight was the launch of the Ultra High Temp Seal for the global aerospace industry. This works at temperatures as high as +538°C, while meeting other industry requirements. The overall goal is to be able to build safer, lighter, and faster airplanes.

How are you working with sustainable products?

Our products and solutions are used in such areas as renewable energy and food production. In addition to this, our seals and components address the need for

lower friction and longer lifespans, therefore reducing waste and decreasing energy consumption in our customers' systems. We place further emphasis on recycling, as well as wear and lifetime prediction, supporting our customers on their sustainability missions.

What are your plans for the future?

Our focus is on developing the optimal solution for our customers' challenges, from concept to delivery. This means we need to nurture a strong innovative culture, achieve excellence in business processes and, not least, attract and develop talented employees.

Sales and earnings 2020. Organic sales declined 10 percent compared with 2019. Sales to Europe and North America were negative for the year, while Asia was unchanged. The weakest organic sales development was noted for deliveries to the aerospace industry, but even sales to general industry and the automotive industry were severely affected by the Coronavirus pandemic. Deliveries to healthcare & medical grew during the year.

EBIT and the EBIT margin declined, mainly resulting from a fall-off in volumes caused by the Coronavirus pandemic. However, the decline in earnings was limited due to strict cost control. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 48 M on earnings compared with the preceding year.



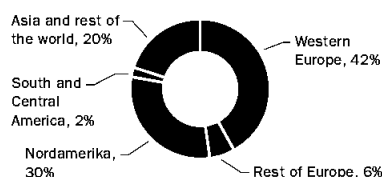
Peter Hahn,
Business Area President
Trelleborg Sealing Solutions



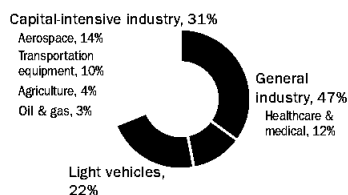
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TRELLEBORG'S BUSINESS AREAS

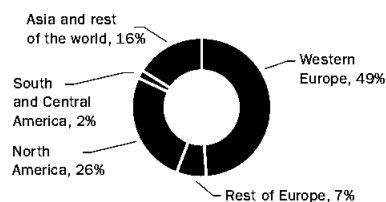
NET SALES
PER GEOGRAPHIC MARKET, %



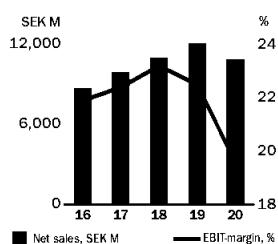
NET SALES
PER MARKET SEGMENT, %



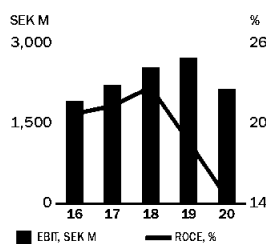
EMPLOYEES PER
GEOGRAPHIC MARKET, %



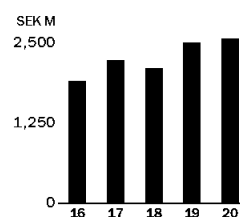
NET SALES AND
EBIT MARGIN



EBIT AND ROCE



OPERATING CASH FLOW



**BUSINESS AREA
LONG-TERM TARGET FOR
EBIT MARGIN
>22%**

Key figures, excluding items affecting comparability, SEK M	2020	2019
Net sales	10,892	12,142
Share of consolidated net sales, %	33	33
EBIT	2,137	2,729
EBIT margin, %	19.6	22.5
Capital employed	13,471	15,188
Return on capital employed (ROCE), %	14.4	18.6
Capital expenditures	416	575
Operating cash flow	2,579	2,513
Operating cash flow/operating profit, %	121	92
Number of employees at year-end, including insourced staff and temporary employees	6,899	7,333

MARKET SEGMENTS

Precision seals for industrial applications with a focus on O-Rings, rotary seals and hydraulic seals. Components for healthcare & medical.

Specially engineered sealing solutions in, for example, trains.

Sealing configurations for hydraulic equipment in, for example, tractors.

Safety-critical seals used in all parts of an aircraft as well as aerodynamic seals.

Specialty seals in various oil and gas installations.

Advanced sealing solutions in all parts of a vehicle as well as composite technology designed for damping and sealing.

PRODUCTION UNITS: Brazil, Bulgaria, China, Denmark, France, India, Italy, Malta, Mexico,

Poland, Sweden, Switzerland, the UK and the US.

EXAMPLES OF BRANDS/
PRODUCT NAMES: American Variseal®, Automated Dynamics, Busak+Shamban, Forsheda®, GNL, Nordex, Orkot®, Palmer Chenard, Polypac®, Rubore®, SF Medical, Shamban®, Sil-Pro, Skega®, Stefa® and Wills Rings®.

BUSINESS AREA

TRELLEBORG WHEEL SYSTEMS

Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for off-highway vehicles and specialty applications.



We managed many and various challenges, and still made it a reasonable year for the business area."

Briefly describe 2020.

2020 was very turbulent. However, we managed many and various challenges, and still made it a reasonable year for the business area. Through fast and decisive implementation of infection containment measures we were able to globally keep our facilities safe and open during the pandemic, supporting our customers worldwide.

We successfully launched new and innovative products and services and continued to optimize our manufacturing footprint. A considerable

increase in our production capacity in the Czech Republic was one of several important improvements completed in 2020.

Name some technological highlights of the year.

We kept on widening the Trelleborg range of specialty tires, while enriching our offering with leading-edge technology and digital innovations. Recently we introduced the PS1000, a new generation of tire for material handling vehicles, incorporating the Pit Stop Line and premium compounds that guarantee efficiency and safety for operators, while reducing cost and environmental impact.

We also launched the EMR1025 All-Season Tire, engineered for loaders and graders. It has excellent grip on snow and ice, as well as on-road. This allows all year-round usage, eliminating downtime due to tire changes.

At the same time, we launched the Trelleborg flagship line TM1000 ProgressiveTraction® tire, designed for the latest generation of high-power tractors. These secure superior traction while reducing soil compaction.

Furthermore, we continued to market our integrated and autonomous tire inflation system, CTIS+ Inside, for agricultural vehicles, which provides higher efficiency and productivity.

How are you working with sustainable products?

Offering tires designed to protect crop yield and save fuel is part of the business concept behind our agricultural tires. We use recycled raw material in the form of carbon black and rubber powder to manufacture our industrial tires, and the cores of the tires themselves include

materials such as recycled textiles or coconut powder; All with the aim of improving circularity.

What are your plans for the future?

We will continue to develop the Interfit concept with its aftermarket tire services and focus on our geographical expansion, while optimizing our manufacturing plants. Product and service innovation remain a top priority together with the extension of our off-highway vehicle and motorcycle tire ranges.

Sales and earnings 2020. Organic sales declined 7 percent compared with 2019. Sales declined in all major regions. The organic sales trends for tires for agricultural machinery, material handling vehicles and construction machinery were all negative, driven by a fall in volumes and inefficiency caused by the Coronavirus pandemic. During the second half of the year, the situation improved for the agricultural market, at the same time as the market situation for tires for materials handling and construction vehicles was strained for the remainder of the year.

EBIT and the EBIT margin increased, driven mainly by structural measures and strict cost control resulting from difficult market conditions in the wake of the Coronavirus pandemic. Previous investments made in capacity commissioned during the year supported the earnings improvement. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 m on earnings compared with the preceding year.



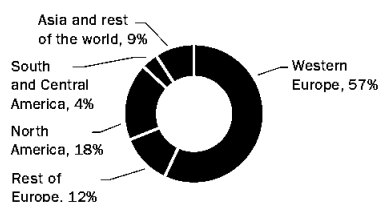
Paolo Pompei,
Business Area President
Trelleborg Wheel Systems



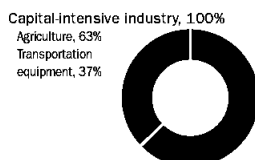
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TRELLEBORG'S BUSINESS AREAS

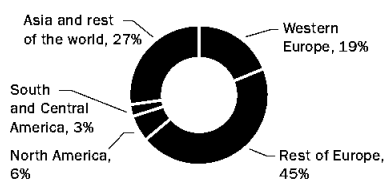
NET SALES
PER GEOGRAPHIC MARKET, %



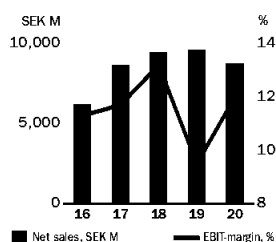
NET SALES
PER MARKET SEGMENT, %



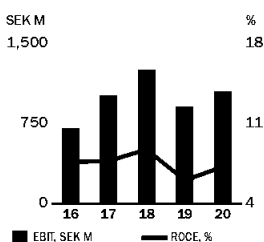
EMPLOYEES PER
GEOGRAPHIC MARKET, %



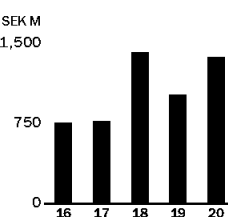
NET SALES AND
EBIT MARGIN



EBIT AND ROCE



OPERATING CASH FLOW



**BUSINESS AREA
LONG-TERM TARGET FOR
EBIT MARGIN
>15%**

Key figures, excluding items affecting comparability, SEK M	2020	2019
Net sales	8,765	9,628
Share of consolidated net sales, %	27	26
EBIT	1,050	913
EBIT margin, %	12.0	9.5
Capital employed	13,650	14,885
Return on capital employed (ROCE), %	7.2	6.0
Capital expenditures	410	483
Operating cash flow	1,372	1,026
Operating cash flow/operating profit, %	131	112
Number of employees at year-end, including insourced staff and temporary employees	6,290	6,546

MARKET SEGMENTS



Tires and complete wheels for material handling vehicles, including forklifts and other highly utilized and high-load vehicles, such as off-highway vehicles. High-performance tires for motorcycles.



Tires and complete wheels for tractors and other vehicles used in agriculture and forestry.

PRODUCTION UNITS: Brazil, China, the Czech Republic, Italy, Latvia, Serbia, Slovenia, Sri Lanka and the US.

BRANDS: Cultor, Interfit, Maximo, Mitas and Trelleborg.



BUSINESSES UNDER DEVELOPMENT

In December 2019, Trelleborg announced a strengthened focus on selected segments. As a consequence, a reporting segment was formed, Businesses Under Development, whose operating activities are undergoing a strategic review with the aim of improving its positions and its profitability within 12 to 24 months. Various structural alternatives will be evaluated as these improvement efforts progress.

- » In January, a local operation in France that was part of the reporting segment's printing blankets operation was divested. The buyer was the Belgian Hannecard Group.
- » In April, the Swedish and Estonian operations that develop and manufacture molded components were divested. The buyer was the management of the business.
- » Legal structures were simplified during the year in order to facilitate any additional divestments.
- » Several improvement measures were implemented during the year, including the consolidation of manufacturing of products for offshore oil & gas in Brazil with other production facilities, while in the technical rubber products area, the rubber compound unit in the Czech Republic was modernized.
- » The strategic review is proceeding according to the previously communicated plan. Discussions with potential external interested parties concerning several units within the reporting segment intensified during the latter part of the year.

Sales and earnings 2020. Organic sales declined by 5 percent compared with 2019.

Offshore oil & gas noted an organic increase in sales during the year despite a weaker sales trend in the fourth quarter. Other Businesses Under Development, meaning printing blankets and technical rubber products, were impacted by ineffectiveness for much of the year that arose as a result of the ongoing pandemic.

EBIT and the EBIT margin improved significantly compared with the preceding year, with previously implemented structural measures and strict cost control explaining the increased earnings. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 11 M on earnings compared with the preceding year.

Key figures, excluding items affecting comparability, SEK M	2020	2019
Net sales	3,701	4,283
Share of consolidated net sales, %	11	12
EBIT	238	30
EBIT margin, %	6.4	0.7
Capital employed	2,719	3,057
Return on capital employed (ROCE), %	8.0	0.5
Capital expenditures	162	275
Operating cash flow	112	-132
Number of employees at year-end, including insourced staff and temporary employees	3,254	3,921



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TRELLEBORG'S BUSINESS AREAS



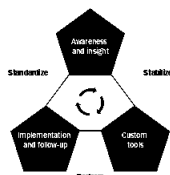
Service innovations. The business is increasingly shifting from supplying only products to delivering a complete solution that also includes different service offerings.

Critical application. The products often have a critical function in the customer's solution, while representing a minor portion of the total cost of the customer's product.



Trelleborg is the master brand for commercial products. It is positioned as premium and market-leading in each segment or niche. Brands that are not associated with Trelleborg are primarily specialty products or service offerings.

Synergies. The Excellence programs offer joint toolkits for, and efficiency in, key processes, such as purchasing, manufacturing and sales, as well as issues concerning supply chain and people excellence.



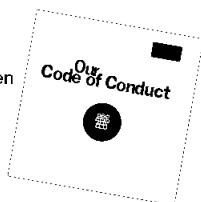
DECENTRALIZED ORGANIZATION – SHARED PROCESSES

Trelleborg's operations are based on the principle of decentralized responsibility and authority. The business areas and their business units are responsible for delivering results that are in line with the strategic goals established by the Group and also responsible for their performance, balance sheets and cash flows. However, there is a significant degree of Group-wide elements.

Trelleborg offers some **thirty apps** in various fields and with a variety of objectives. Some have been developed for small, but key, customer groups.

New at work.

During their first week, new employees are given an introduction course about Trelleborg, its values and Code of Conduct.



100 WITHIN 100.

In 100 days, an acquired company is to complete 100 activities in areas including legal affairs, IT and communications in order to adapt to Trelleborg's processes and work methods.

Digitalization. Approximately 400 digital projects are in progress, primarily related to the development of smart and intelligent products.

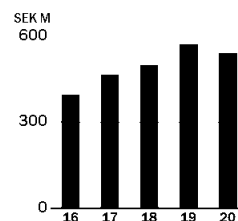


Sales channels. Sales are mainly to original equipment manufacturers (OEMs) and their sub-suppliers. Sales are also conducted via distributors and dealers.



E-commerce solutions exist for standardized products, mainly intended for and used by smaller customers.

RESEARCH AND DEVELOPMENT¹



¹ Expensed, excluding amortization.

Most innovation work consists of applied development that takes place in close collaboration with customers.

Maintenance, Repair and Operations (MRO). After-market accounts for 15–30 percent of total sales.



115 years. Trelleborg celebrated 115 years of business as an industrial Group in 2020.

Competitors. The various markets largely comprise a very significant number of smaller competitors that are regional specialists.



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TRELLEBORG PROTECTS WHAT IS ESSENTIAL IN SOCIETY

Trelleborg's sustainability strategy encompasses such areas as workplace safety, enhanced circularity for materials, conditions and emissions in the supply chain and community engagement in the locations where the Group operates.



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Liquid Silicone Rubber (LSR) is ideal for medical devices and equipment. It is inert, biostable and biocompatible. Another advantage is that it can be processed in many ways, and be combined during the molding process with engineered plastics and other substrates, in what is termed multicomponent manufacturing.

This multicomponent process is perfect for micro components. The smallest component manufactured by Trelleborg using LSR molding is the protective membrane in the cap of medicine bottles where a syringe is inserted. Typically, this weighs only 0.003 grams.

OPERATIONS: EFFICIENT AND SUSTAINABLE RESOURCE USAGE



Constant process efficiency work is conducted within the scope of Trelleborg's program for Manufacturing Excellence. This includes all types of resources, such as energy and raw materials, toward the aim of achieving circularity. 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 carbon neutrality by 2035. 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 each goal on pages 124–125.

Raw materials and chemicals. The Group's principal raw materials in Trelleborg's processes are polymers (rubber, composites and plastics), metal components, as well as additives comprising softening agents (oils) and fillers such as carbon black, and vulcanizing agents (sulfur, peroxides).

The Trelleborg's Group environmental policy – available at www.trelleborg.com – stipulates that attention is given to the precautionary principle, and that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products and processes. As a chemical user, Trelleborg is affected by the EU REACH regulation.

In addition to the 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. The team documents and assists the business units in their efforts to phase out and replace substances that are currently considered harmful, and monitors such substances that may be of interest in the future. An internal Restricted Materials List has been compiled, and active efforts were again spent in 2020 by the Global Chemical Task Force focusing on such prioritized materials.

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

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 20–21 and 123.

A new development group – *Polymers for tomorrow* – within Trelleborg will analyze new, interesting materials research and development as of 2021. This development group (comprising members from the business areas and the Group) will monitor potential strategic collaborations for bio-based materials, recycled materials

and completely new polymer solutions in accordance with the principles of circularity.

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

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

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

The positive outcome for the year of energy consumption (see table on page 126) reflects lower production volumes as well as ongoing efficiency enhancements in energy use.

Renewable energy. The proportion of renewable energy – which will be continuously increased – is reported as a separate indicator in the table on page 126. For example, all UK production units have transitioned to renewable electricity in 2020. A significant project was completed in Sri Lanka in 2019, where biomass replaced fossil fuel to produce steam for production.

Internally generated electricity is being produced using solar cells in Modena, Italy, in Bengaluru, India, and in Malta.

Climate. A description of Trelleborg's new long-term climate strategy, with the "50 by 25" climate target for 2025 and the "Climate-neutral business" vision for 2035 is presented on pages 22–23.

A new overview adapted to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) is presented on page 129.

Outcome of climate target for 2020. The base line for the Group's previous "20 by 20" climate target was set on the basis of the performance of all Trelleborg units in


10.3%
10.3 percent of energy consumption was renewable in 2020, compared with 3.6 percent in 2019, a substantial improvement in one year.

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OPERATIONS: USE OF RESOURCES

2015, meaning the proforma values from Trelleborg and the Czech company acquired in 2016. With this baseline as a starting point, the target set was achieved with a good margin, with an overall 32 percent improvement since the base year.

The "20 by 20" climate target reflected the carbon intensity, meaning the total size of CO₂ emissions within Scope 1 and 2 relative to the volume of operations.

The detailed outcome in 2020 with regard to climate-related indicators is shown in the table on page 126.

» In the climate area, Trelleborg applies intensity targets (tons of CO₂ per SEK M in sales), in an historical context that includes substantial acquisitions and divestments. This as the current emissions per year should reflect relevant operating volume to be more comparable over time.

» The calculation of CO₂ emissions from the consumption of purchased electricity is mainly built on location-based national conversion factors from the International Energy Agency (2018 version). Conversion factors for electricity consumption reflect the average total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil.

» For renewable 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 two of the Group's units – Prague in the Czech Republic and Tivoli in Italy – are included in the EU Emissions Trading System (EU ETS). Described simply, operations are allotted emission allowances (1 allowance = 1 ton CO₂). Each year, the operations concerned must report their emissions of CO₂ and transfer emission allowances corresponding to the emissions caused. The actual number of allocated emission allowances for Trelleborg in 2020 was 34,864 (34,008).

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

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 reduce the amount of waste, and to increase the rate of recycling. In the same manner the volume of hazardous waste is gradually decreasing.

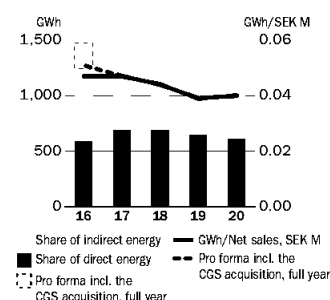
» Recycling is carried out by external partners and internally, see the diagram on page 127.

» For further information, refer to resource efficiency and circularity on pages 36 and 124.

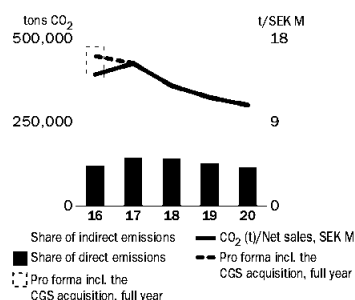
Emissions to air. In addition to energy-related emissions – such as CO₂, sulfur dioxide and nitrogen oxides – the Group's emissions to air mainly consist of volatile organic compounds (VOCs). Trelleborg uses the same definition of VOC as the EU.

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 126. Emissions are mainly derived from the use of solvent-based adhesives, and are critical only for a limited number of products and production units.

ENERGY



CLIMATE



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

-11% Emissions to air of volatile organic compounds (VOC) were clearly reduced during the year, from 564 tons to 504 tons. Relative to sales, these were constant.

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. Greater gender equality and more female managers is an integrated part of work with diversity and inclusion. Furthermore, Trelleborg believes in offering employees individual opportunities to become engaged, learn and grow to advance in their careers. 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 each goal on pages 124–125.

Work environment – health and safety. The highest priority in dealing with the pandemic situation in 2020 at all Trelleborg workplaces was employee safety. Local restrictions were addressed and some national coordination was used, refer to page 49.

Trelleborg's longstanding Safety@Work program aims to create a shared safety culture and to prevent occupational accidents and injuries at all of the Group's production units. The program includes all staff, both employees and insourced, without exception. In 2020, the program was relaunched under the "Team up for Safety" theme. Activation through local initiatives and workshops that further deepen risk awareness and preventive efforts among employees will continue in 2021.

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

No fatal accidents occurred in 2020. Refer to page 127.

The total outcome for the year for OHS-related indicators is shown in the table on page 127, 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. Enhanced 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 problem solving are only a few such 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 43), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. See more about discrimination on pages 9 and 128.

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.

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

Trelleborg has for a number of years increased focus on the younger generations – employees born in 1980 and later (Generation Y), and different initiatives have been carried out, for example, that selected young employees take part in the One Young World Summit, an annual global congress on the theme of sustainability, innovation and diversity. In addition to this, the Group has expanded its Graduate Program to two programs per year instead of one.

Trelleborg has also established an internal key figure to measure the retention of young talent within the organization.

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

An internal key figure was introduced to measure the number of female managers down to management level 4 in the organization, with the ambition to raise the percentage of women managers at these levels from year to year, which over time, is aimed at creating a better gender-balanced recruitment base at higher levels.

Efforts to achieve an improved gender balance include actively seeking women candidates for all

43%

The proportion of women on the Board in 2020 was 43 percent (38).



Contents

OPERATIONS: EMPLOYEES

executive and managerial positions, and for all of the Group's training and development programs, particularly its leadership.

Trelleborg has also put new 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.

Trelleborg Group University, the Group's joint training organization, has retained a high level in terms of completed training courses in 2020, despite the pandemic, totaling 21,878 (27,904). Note that the same employee may have completed several training courses. The aim was to move classroom training online – a total of 98 percent of participation was virtual.

Leadership is the learning area that had most participants during the year, including 272 supervisors (500) from production who completed the new Local Leadership program.

A large part of the Excellence program was forced to have a temporary break during the year due to the pandemic.

TRELLEBORG'S GLOBAL PRESENCE AND GENDER DISTRIBUTION

The number of employees in the Group at year-end, including insourced and temporary employees, was 22,209 (23,935). Of the total number of employees, 95 percent work outside Sweden.

During the year, the average number of employees in the Group's operations decreased to 21,470 (22,952), of whom women accounted for 25 percent (25). Refer to Note 10, page 87.

Salaries and other benefits for employees (excluding insourced employees) in the Group's operations amounted to SEK 8,136 M (8,733).

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 ¹

Distributions by country	2020	2019
Czech Republic	3,593	3,964
US	2,923	3,303
UK	1,751	2,017
China	1,534	1,599
Italy	1,345	1,338
Germany	1,111	1,141
Sweden	1,044	1,181
France	967	1,054
Sri Lanka	962	945
Slovenia	845	925
Other	6,134	6,468
Total	22,209	23,935

¹ Including insourced and temporary employees.



Gender distribution, global 25% women, 75% men.

DIVERSITY INITIATIVES IN 2020

In 2020, Trelleborg continued its work related to diversity and development:

- » Almost 600 new employees and existing employees took part in the Group e-learning program on the topic of diversity and inclusion to increase awareness of the significance of diversity and unconscious prejudices. The course is part of Trelleborg's Awareness program for new employees.
- » In the annual succession planning process, Trelleborg noted greater gender balance among employees with the potential to become managers at level 4 in the organization.

EDUCATIONAL AND DEVELOPMENT INITIATIVES IN 2020

In 2020, Trelleborg developed and launched a new Excellence initiative, People Excellence, 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. It had a positive reception – at the beginning of 2021, 956 managers had begun People Excellence training.



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. The Compliance focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 8 and 16. Read more about the connection to each goal on pages 124–125.



5,799

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.



A new drug and alcohol directive was launched in 2020 at Trelleborg.

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 in 2018–2020.

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

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 2020, the Compliance Task Force held four meetings that addressed, among other aspects, a new drug and alcohol directive, trade restrictions, coordination of Coronavirus pandemic measures, evaluation conducted of the Trelleborg Compliance Program, compliance and effects of new legislation such as new rules for 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



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COMPLIANCE WITH LAWS AND CODES

suspected legal or regulatory violations without repercussion. Refer to the table on page 128 for matters reported via the whistleblower system. This system was supplemented with employee surveys carried out at regular intervals that receive a high response rate (81 percent in the most recent survey in 2019). 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) and the UK (Bribery Act, Modern Slavery Act – which is designed to prevent forced labor and sex trafficking).

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 128.

The area of human rights comprises fundamental rights defined by conventions and declarations, including those pertaining to child and 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 43.

Child labor. A number of potential risks in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at rubber plantation level. 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.

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 2020, Trelleborg's corporate website 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 and the California Transparency in Supply Chain Act.



At the end of 2020, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (73) of all facilities.



51 percent of all employees (51) are represented by a trade union through collective agreements.

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



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COMPLIANCE WITH LAWS AND CODES



During the year, 6 matters (17) were reported via the whistleblower system, most of which concerned complaints about local management and measures such as staff reductions.

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 128.

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 128 and about Trelleborg's diversity and inclusion activities on pages 38–39.

Contaminated soil is currently being remediated at 9 units (9).



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

Environmental management systems. A cornerstone of the Group's environmental strategy is that major production units must have an ISO 14001-certified environmental management system. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 128.

Environment laws and permits. Fines or sanctions for breaches of environment or OHS-related rules are shown in the table on page 128. 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 128.

Environmental studies. For potential acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2020 is presented in the table on page 128.

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 page 3), 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 decentralized responsibility for performance (see also page 33). 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. Supplier assessments have primarily been conducted 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 128 for the year's outcome. A new digital system for supplier assessments was launched in 2020, which will further streamline 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 period.

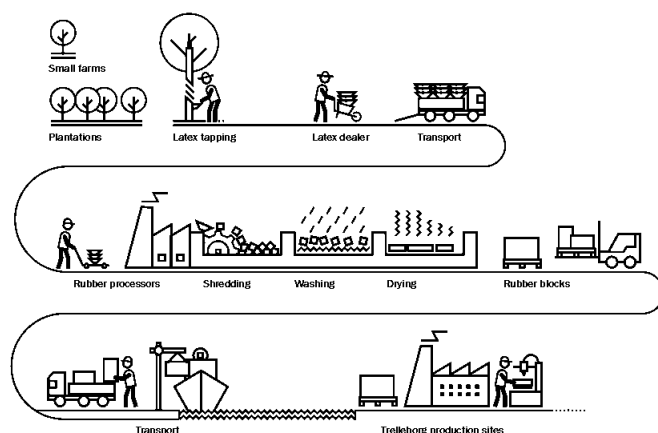
88.9%

Sustainability assessments took place of suppliers corresponding to 88.9 percent (86.4) of the reported relevant purchasing spend.

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COMPLIANCE WITH LAWS AND CODES

PRODUCTION NATURAL RUBBER



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

Trelleborg has a 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.

Since 2014, major training initiatives and visits have taken place in Sri Lanka, while meetings and visits have been conducted in Southeast Asia and Africa (Ivory Coast).

From 2021, Trelleborg intends to join the work of the Global Platform for Sustainable Natural Rubber, an initiative aimed at leading the global improvement of socioeconomic and environmental performance in the natural rubber value chain.

Supplier audits. Work auditing "at-risk suppliers" through site visits had to be suspended during the year due to the pandemic, see also page 128. In earlier work up until 2020, the focus was on textile suppliers, chemicals suppliers and natural rubber suppliers. The basis for selection of suppliers to audit through site visits is a legal, geographic and material risk assessment. Underperforming suppliers are given a deadline of one to three months for corrective measures following an audit. The time limit varies depending on the severity of the breaches.

In 2021, another risk assessment will be carried out to provide a basis for the supplier reviews and audits in the forthcoming period.

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. A comprehensive review of the Code of Conduct was carried out in 2019.

A global training initiative started that year, when more than 85 percent of all employees received training. 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, and contains new regulations in areas such as trade

restrictions, information processing and diversity. It is available for download from 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 form 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.



BROAD-BASED SOCIAL ENGAGEMENT



Trelleborg engages with the community wherever the Group operates. Some of its most visible programs are in countries where the initiatives make the greatest difference, including Sri Lanka and China, where youth development is supported through school projects. Global partnership and guidelines form another aspect of Trelleborg's community engagement and sustainability dialog.

The Community involvement focus area is clearly linked to the Sustainable Development Goals (SDGs) in categories 4 and 17. Read more about the connection to each goal on pages 124–125.

Trelleborg's value for society. In the longer term, Trelleborg's products and solutions represent the company's broadest and clearest opportunity to contribute 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 what matters in society, such as people, infrastructure and assets, which is described on pages 20–23.

Trelleborg's total value creation and its distribution in 2020 between various stakeholders in society is presented on page 15 and in the table on page 129.

Local development programs. In all of the different places in which the Group operates, Trelleborg aims to promote, through local involvement, the social integration of groups, such as children/young people as well as functionally diverse groups. This is usually through educational and development initiatives, which include meaningful recreational activities, such as culture, physical activity and sports. Development programs with this focus are taking place in countries in which Trelleborg operates. One positive, long-term effect of these initiatives is that young talent are made aware of Trelleborg as an employer.

Similar cooperation – support or sponsorship – of activities with an environmental, health or social focus are in progress locally at a significant number of Trelleborg units. In local collaborations with sports clubs, the issue of diversity is prioritized, primarily through activities targeting young people. An inventory during 2019 found more than 240 such local, regional, national and global initiatives involving Trelleborg, 70 percent of which targeted young people.

In addition to these, Trelleborg collaborates with a number of schools and universities, such as internships with the University of Malta, Örebro University and Lund University/the International Institute for Industrial Environmental Economics in Sweden (refer also to page 123) as well as with various interest groups.

Sri Lanka. In partnership with Star for Life, a school program has been ongoing in Sri Lanka since 2012 and

this was extended over time to include two schools in the Colombo area: Kelani College and Bellana College.

The program aims to inspire and support school children to believe in their future and their dreams through regular coaching sessions and sports and music activities.

In 2020, program activities were affected by the Coronavirus situation in the country, with the closure of schools, and accordingly, limited possibilities to conduct program activities on site.

The program at Kelani College was previously evaluated and 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 Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House since 2010. The pre-school has daily Montessori activities for children from families with limited resources.

India. In 2020, partnerships with several different voluntary organizations in India continued. One important initiative is a scholarship program that supports further educations for talented young people. A *Village Uplift Program* was previously run in cooperation with the Hand in Hand organization, with the aim of creating an environment and an infrastructure to promote local development for the Maralukunte community in the Bengaluru region, located some 70 km from Trelleborg's facilities.

China. The latest major initiative was launched in 2019 in China and addresses school children in rural areas, whose parents have moved far away to work and handed 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 10 centers for these young people. The 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.

>240

More than 240 global, regional and local cooperative initiatives.



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SOCIAL ENGAGEMENT

For integration and diversity in 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 Trelleborgs FF and Ramlösa Södra clubs, organizations that stand out as having used sport as a method for community initiatives, such as creating social interaction and meaningful recreational activities for groups of young people, for example, newly arrived refugees and functionally diverse groups.

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.

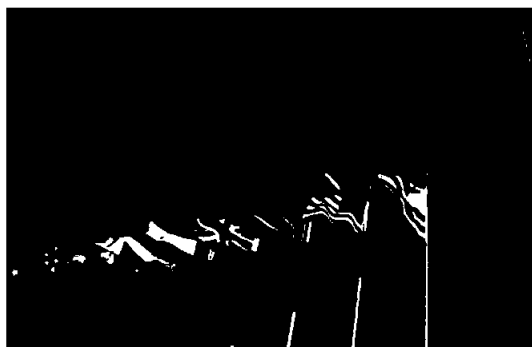
Since 2008, Trelleborg has applied applicable Global Reporting Initiatives (GRI) guidelines for sustainability reporting, and Trelleborg's auditors have conducted a third-party review of the results.

Since 2007, Trelleborg has also openly reported climate data to CDP (refer to page 23), 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.

UN Sustainable Development Goals gain ground. Trelleborg will continue to develop its reporting 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.

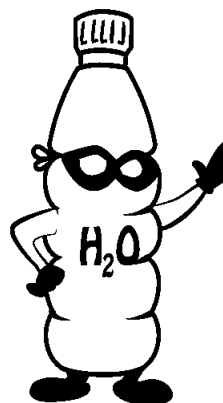
A detailed index of the link between Trelleborg's operations and the UN goals, including a risk description, is available on pages 124–125, while the commercial relevance is also described with product examples on pages 20–23.

SUSTAINABILITY INITIATIVES IN TRELLEBORG'S WORLD



GLOBAL In September, Trelleborg's President Peter Nilsson signed the UN Global Compact's "Statement from Business Leaders for Renewed Global Cooperation", which emphasized the importance of international cooperation in tackling global problems. The statement was presented to the Secretary-General of the United Nations, António Guterres, on September 21 as part of the organization's 75th anniversary.

GLOBAL Trelleborg's initiative to eliminate disposable plastic bottles from all of our workplaces all over the world has been successfully implemented in 80 percent of relevant local companies, and approximately 850,000 fewer half-liter plastic bottles have been thrown in the trash worldwide. All companies and units have organized the venture themselves since the solutions vary widely depending on local conditions. At the end of 2020, the above result had been achieved and work is now continuing at Trelleborg to reduce pressure on the environment from plastic waste that is disseminated and finds its way into seas and nature.



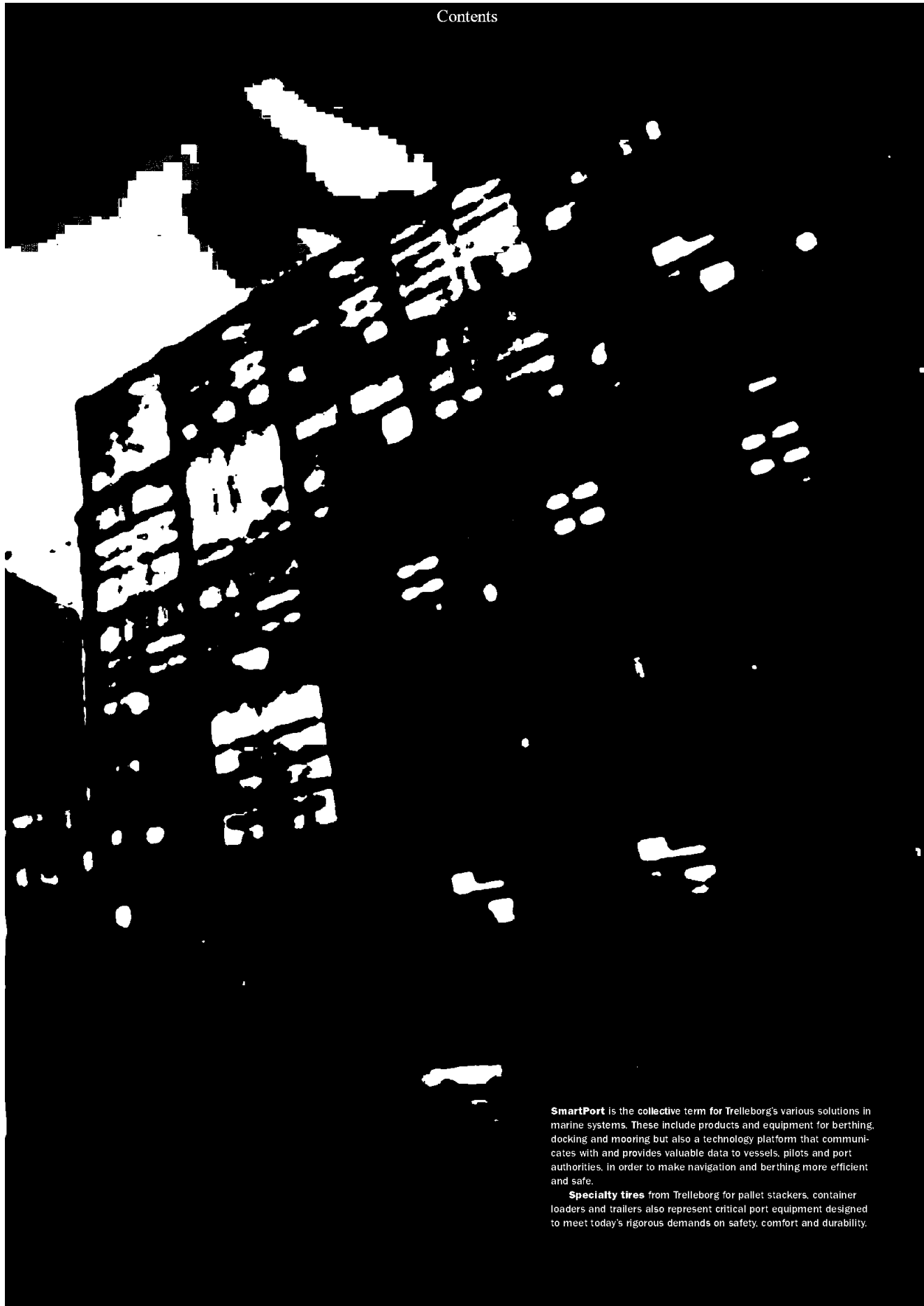
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CLEAR AND PRECISE STRUCTURE FOR A STABLE BASIS OF OPERATIONS

Together we have centralized our internal model and systematic work by
Board of Directors strengthening the conditions for long-term value.



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SmartPort is the collective term for Trelleborg's various solutions in marine systems. These include 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.

Specialty tires from Trelleborg for pallet stackers, container loaders and trailers also represent critical port equipment designed to meet today's rigorous demands on safety, comfort and durability.



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RISKS AND RISK MANAGEMENT

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 50. 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 50–51 and in

Note 32 on pages 107–109 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 strategic cornerstones on pages 18–21.
- » **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 diversity on pages 36–39.
- » **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 40–43.
- » **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 32, pages 107–109.



In the Corporate Governance Report on pages 58–59, 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.

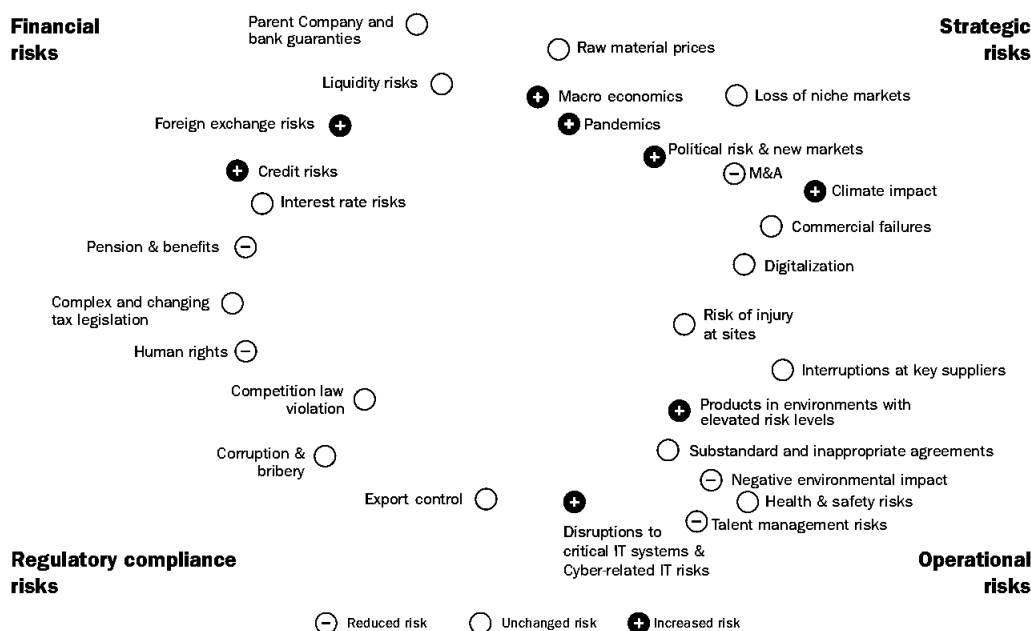
Crisis management. Trelleborg's crisis management is decentralized, which means events should, as far as possible, be resolved locally, close to the origin of the incident. The crisis organization at Group level – consisting of a team from the Group Legal, Communications and HR staff functions – is to 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.

The Coronavirus pandemic in 2020 is an event that affected the Group's earnings. The pandemic as such was new for Trelleborg, but, in principle, its management followed an already established order. Operational and business-centric decisions are managed at a local level, according to the local conditions and restrictions issued by the authorities. A temporary national coordination task force was instituted to ensure a shared approach to

the measures required in a country that has several Trelleborg units. In turn, the national coordination task force reported to the Group's crisis organization, which ensured that those affected had the tools and support they required to manage the situation.

RISKS THAT COULD SIGNIFICANTLY AFFECT THE GROUP

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.



REGULATORY COMPLIANCE RISKS ¹

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 40. 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 40. Trelleborg's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussions, see page 128. 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 page 43 and 128.	8.8

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



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RISKS AND RISK MANAGEMENT

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.	
Substandard 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, using an Internal Restricted Materials List, see page 36. 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 Safety@Work, see page 38. Issues concerning employees are otherwise monitored as part of Compliance with laws and codes, see pages 41–42, and diversity, see pages 38–39.	 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 20–23.	
	Reduction of CO ₂ 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 lower than 1.5°C, Trelleborg's established climate target for the period is to reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 50 percent relative to sales, with 2020 as the base year. Refer to pages 22–23. For many years, energy efficiency has been the focus of the Manufacturing Excellence program, see pages 36–37.	 13.1

FINANCIAL RISKS

Read more about Trelleborg's financial risk management in Note 32, pages 107–109.

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FOREWORD BY THE CHAIRMAN

CORPORATE GOVERNANCE THAT SUPPORTS TRELLEBORG'S DEVELOPMENT

The 2020 Board year was different and even more digital than earlier years. In addition to scheduled and recurring matters, the Board also addressed issues of uncertainty in the market and the employees' well-being and safety. It is my view that Trelleborg managed the year's challenges very well.

Balance between opportunities and risks. In the Board's work, it is important to keep our sights on the long-term objective, to continue to focus operations on markets and segments with the greatest potential for profitable growth and favorable value appreciation, while also devoting attention to more short-term issues.

Naturally, the uncertainty regarding the development of the market and the pandemic overshadowed the year. This was also one of the reasons that the Board proposed that no dividend be paid for the 2019 fiscal year. I understand if many shareholders were disappointed by this decision, but overall, I believe it was correct in the uncertain situation that arose. However, we had a strong end to the year and it is therefore gratifying that the Board can now propose a dividend of SEK 5 per share for the 2020 fiscal year.

Trelleborg's decentralized organization supports rapid decision making and adjustments to new conditions and opportunities. The financial outcome for 2020 demonstrates that there is a power, a resilience, within the Group that is impressive. A partly new issue during the year was that of preventing the spread of infection in workplaces, which was resolved by measures including the introduction of remote working and comprehensive safety procedures at the Group's production sites.

For the Board, collecting information from the Group's business areas is a key part of its overall strategy work. During the year, the Board received information about and discussed the long-term strategies for all of the business areas. There is no doubt that Trelleborg stands strong and has solid plans as the world leader in engineered polymer solutions.

The Board's agenda for 2020 also included a decision on a new climate target for the Group. The climate target, which was communicated externally at the beginning of February 2021, entails that the Group will reduce its CO₂ emissions by 50 percent relative to sales by 2025, with a base year of 2020, together with the vision of achieving completely climate-neutral own operations, or zero net emissions, by the end of 2035. This is an ambitious, but entirely achievable target, which the Board will certainly return to.

Corporate governance that promotes value generation. The corporate governance at Trelleborg also entails that there is to be a clear structure, with clear rules and processes that ensure that the focus of the management and employees is set on developing the business so that it generates value for the shareholders. Another priority task for the Board is to secure effective and sustainable succession planning for the Group.

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. The Code of Conduct ensures that Trelleborg, as a global company, serves as an example in line with ambitious norms and a great deal of integrity. Training initiatives in the area are conducted that include an e-learning course, which is available in fifteen languages. The Code of Conduct, together with the Group's whistleblower policy and Compliance Program, comprises a base that corresponds well with Transparency International's anti-corruption guidelines and the Code of Business Conduct from the Swedish Anti-Corruption Institute.

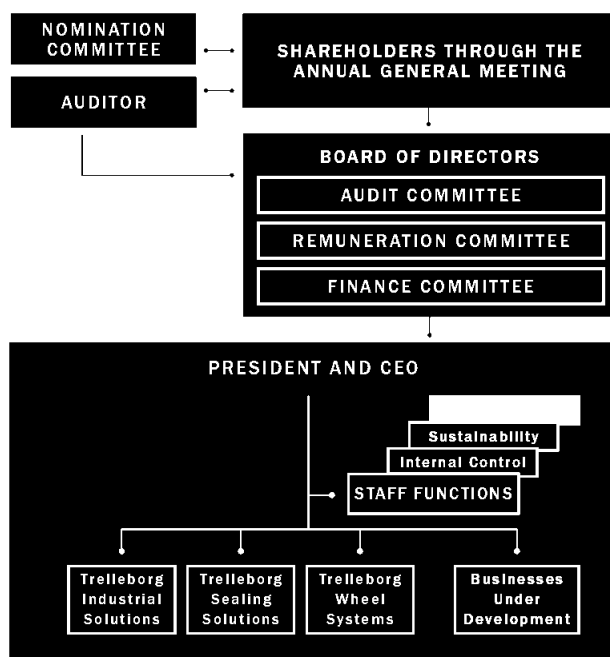
During 2020, Trelleborg celebrated 115 years as a company. Despite its age, this is a company with a future.

Hans Biörck, Chairman

Hans Biörck,
chairman of the Board



CORPORATE GOVERNANCE IN TRELLEBORG AB



EXTERNAL POLICY INSTRUMENTS

The external policy instruments that constitute the framework of corporate governance at Trelleborg include:

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- Nasdaq Stockholm's rules and regulations
- The Swedish Corporate Governance Code
- IFRS
- Applicable EU regulations

INTERNAL POLICY INSTRUMENTS

The internally binding policy instruments include:

- The Articles of Association
- The rules of procedure for the Board of Directors
- Instructions for the Audit Committee, Remuneration Committee, President and financial reporting to the Board of Directors
- Core values
- The Code of Conduct
- The Treasury Policy
- The Communications Policy
- Other instruments, policy documents, manuals and recommendations

In addition to the above, processes are in place for Enterprise Risk Management (ERM), Sustainability and Internal Control.

SHAREHOLDERS Shareholders exercise their power at the Annual General Meeting, which is Trelleborg's highest decision-making body. The Meeting adopts the Articles of Association and, at the Annual General Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and make decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability toward the company of the Board members and the President. The Annual General Meeting also makes resolutions regarding the appointment of the Nomination Committee and its work, and the principles for the remuneration and employment terms for the President and other senior executives.

NOMINATION COMMITTEE The Nomination Committee represents the company's shareholders, nominates Board members, the Chairman of the Board and the auditor, and proposes remuneration to be paid to these.

AUDITOR The Annual General Meeting appoints an auditor that examines the annual report and accounts, the consolidated financial statements, the administration of the Board of Directors and President and the annual report and accounts of subsidiaries, and submits an audit report.

BOARD OF DIRECTORS The Board of Directors is responsible for the organization and management of Trelleborg's affairs. In accordance with the Articles of Association, the Board of Directors is to consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until the close of the next Annual General Meeting.

Chairman of the Board. The responsibility of the Chairman of the Board is to lead and guide the work of the Board and ensure that the work is well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialog with the President and is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and for ensuring that the Board's decisions are executed.

Board Committees. The Board has established three committees from within its ranks without this otherwise impacting the Board's responsibilities and duties. These are the Audit, Finance and Remuneration Committees.

» **Audit Committee.** The Audit Committee represents the Board in matters such as monitoring the processes concerning financial reporting, risk management and internal control and also assists the Nomination Committee with proposals for the election of auditor.

» **Remuneration Committee.** The Remuneration Committee represents the Board in such matters as remuneration and other employment conditions for the President and other senior executives, management succession and succession planning, and leadership development.

» **Finance Committee.** The Finance Committee acts on behalf of the Board, preparing the strategic issues in relation to financing, evaluating the Group's existing and required financing scope, as well as potential acquisitions and their impact on the Group.

PRESIDENT AND CEO The President and CEO manages the day-to-day administration of Trelleborg. The President is assisted by Group Management comprising presidents of business areas and managers of corporate staff functions.

STAFF FUNCTIONS Trelleborg's staff functions – Finance & IT, Legal, Communications and HR – support the Group and business areas with Group-wide expertise and duties. Included in these functions are the following:

» **Internal Control.** Internal Control serves as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control over the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

» **Sustainability.** Group Communications has coordinating responsibility for sustainability reporting. Reports are presented to the Audit Committee and to the President and CEO. The daily sustainability activities take place in the Sustainability Forum, which is a group comprising representatives from the staff functions, as well as out in the operational units.

» **Risk management.** The Group's risk management function is responsible for the Group's Enterprise Risk Management (ERM), which provides a framework for the Group's risk activities. The function reports to the Audit Committee and to the Group's General Counsel. It focuses on evaluating identified risks and consolidating priorities in order to manage risk. Group Treasury is responsible for financial risk management.



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CORPORATE GOVERNANCE REPORT 2020

Trelleborg is a publicly traded Swedish limited liability company listed on Nasdaq Stockholm Large Cap. Trelleborg applies the Swedish Corporate Governance Code and presents its 2020 Corporate Governance Report in this section. The auditor's review was conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement.

Annual General Meeting 2020. The 2020 Annual General Meeting took place on April 23, 2020 in Trelleborg. At the meeting, 20 shareholders were in attendance, personally or by proxy, representing about 70 percent of votes in Trelleborg. The Chairman of the Board, Hans Björck, was elected Chairman of the Meeting. The number of Board members was limited to the Chairman together with the President and CEO due to the Coronavirus pandemic. A union employee representative also attended as did the Chairman of the Nomination Committee and Trelleborg's auditor.

The Annual General Meeting was livestreamed in its entirety to the general public.

Shareholders were given the opportunity to submit written questions to Trelleborg's management before the Meeting.

The complete minutes and information on the 2020 Annual General Meeting are available at www.trelleborg.com.

The resolutions passed by the Meeting included the following:

- » That no dividend be paid for the 2019 fiscal year.
- » Re-election of Board members: Hans Björck, Gunilla Fransson, Johan Malmquist, Peter Nilsson, Anne Mette Olesen,

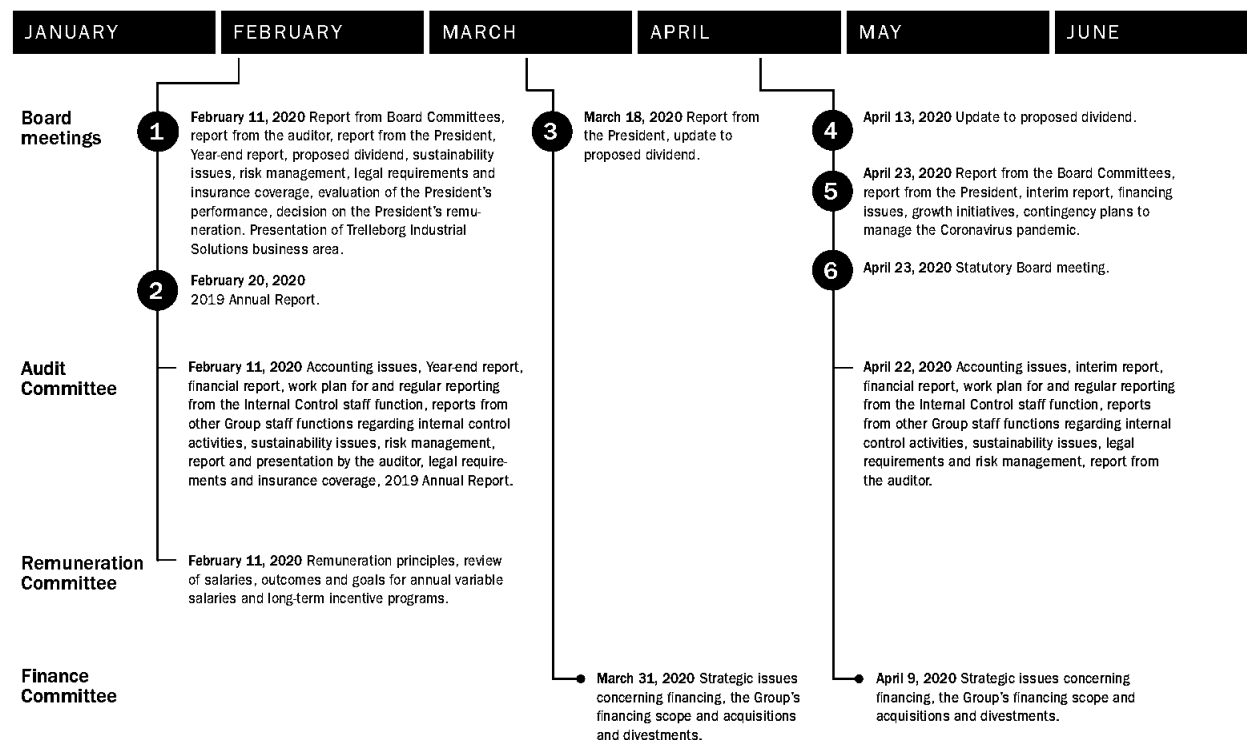
Susanne Pahlén Åklundh and Jan Ståhlberg. Panu Routila declined re-election.

- » Re-election of Hans Björck as Chairman of the Board.
- » Re-election of Deloitte AB as auditor.
- » Remuneration for the Board members and the auditor.
- » Principles for remuneration and other employment terms for the President and other senior executives.

For information on shareholders and the Trelleborg share, refer to pages 134–136 and www.trelleborg.com. Trelleborg's 2021 Annual General Meeting will be held on April 22, 2021 in Trelleborg.

Nomination Committee for the 2021 Annual General Meeting. As resolved by the 2017 Annual General Meeting until it decides otherwise, the Chairman of the Board is to contact representatives of Trelleborg's five major shareholders, not later than by the end of August, to ask that they appoint one member to the Nomination Committee.

WORK OF THE BOARD OF DIRECTORS IN 2020





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The Nomination Committee also included the Chairman of the Board as a co-opted member.

No payment is made to members of the Nomination Committee.

The Nomination Committee for 2021 held three minuted meetings and maintained continuous contact up to and including February 19, 2021. As a basis for the Nomination Committee's work, the Chairman of the Board presented a report on the work of the Board, which included an internal evaluation of the work and function of the Board, as well as holding meetings with the President and one Board member.

The Nomination Committee's guidelines for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Diversity Policy applied for the Group's Board of Directors is item 4.1 in the Swedish Corporate Governance Code. The objective is that the Board of Directors, considering Trelleborg's operations, stage of development and conditions in general, is to have a suitable composition, characterized by diversity and breadth as regards the expertise, experience and background of the members elected by the Annual General Meeting, and that an even gender balance is to be sought.

The Nomination Committee took into consideration the Diversity Policy when preparing its proposal for the election of Board members ahead of the 2020 Annual General Meeting, which resulted in the Board composition presented on pages 60–61.

The Nomination Committee's proposals to the 2021 Annual General Meeting will be published in the official notification and on www.trelleborg.com.

Board of Directors 2020. In 2020, Trelleborg's Board of Directors comprised seven members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors. The Group's CFO attends the Board meetings as does the General Counsel, who serves as the Board's secretary. Other members of Group Management participate in Board meetings when necessary.

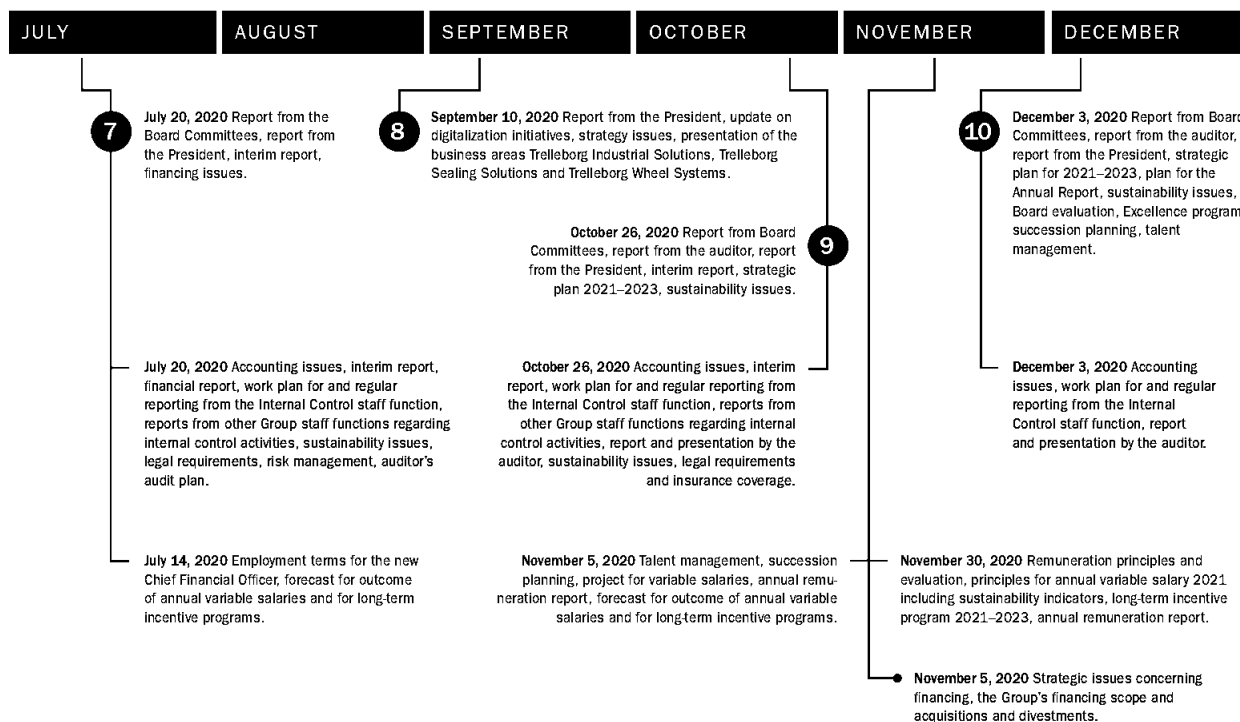
For further information on Board members, refer to pages 60–61 and Note 10, page 88.

Work of the Board of Directors. The Board held ten meetings during the year, including one statutory Board meeting. The Board of Directors is responsible for establishing Trelleborg's overriding targets, developing and following up the overall strategy, deciding on major acquisitions, divestments and investments and continuously monitoring operations. The work of the Board follows an annual plan. Recurring issues at Board meetings include reports from the Board Committees, reports from the President, interim reports and structural issues.

The President presents a report on the operations' performance at scheduled Board meetings. The Board conducts reviews with the auditor when audit reports are to be considered. The auditor also has meetings with the Board of Directors without the presence of Group Management.

The Audit Committee briefs the Board of Directors on work related to the whistleblower system.

Trelleborg's Board complies with the Swedish Corporate Governance Code's requirements stipulating that the majority of the Board members elected by the General Meeting must be independent in relation to Trelleborg and company management,





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and that at least two of these are also to be independent in relation to Trelleborg's major shareholders.

The Chairman of the Board is responsible for evaluating work on the Board and in relation to management. It is an annual, systematic and structured process. In 2020, all members were interviewed by the Chairman. The results from these interviews were presented and discussed by the Board and Nomination Committee, forming the basis for evaluating the size and composition of the Board. The evaluation focused on the Board activities in general and, to a certain degree, on the contributions made by individual Board members, including the Chairman and President. The evaluation for 2020 shows that the work of the Board is deemed to have functioned well. Board evaluations carried out in previous years have distinctly influenced the work of the Board and committees.

Board Committees. For the past number of years, the Board has established three committees from within its ranks; the Audit, Remuneration and Finance Committees.

Audit Committee. Recurring issues at Audit Committee meetings are accounting issues, interim reports, financial reports, work plans for and regular reporting from the Internal Control staff function, sustainability issues, risk management, and reports from the auditor.

The Audit Committee is to also represent the Board by keeping itself informed in matters relating to the audit of the annual report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence, and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Audit Committee is also to represent the Board by monitoring the Group's work in relation to sustainability and ERM issues and day-to-day financing operations, and annually reviews and makes proposals for changes to the Treasury Policy.

Remuneration Committee. Recurring issues at Remuneration Committee meetings are remuneration, succession planning and leadership development issues.

Finance Committee. Recurring issues at Finance Committee meetings are the Group's financing, financing scope and acquisitions. Refer to the illustration on pages 54–55.

Auditor 2020. The Annual General Meeting resolved that the auditing firm Deloitte AB shall be Trelleborg's auditor for a period of one year.

See page 57 for further information.

Group Management 2020. In 2020, Group Management held four meetings. Normally, the meetings take place over a few days to allow time for presentations and discussions. These meetings focused on the Group's strategic and operational performance and budget follow-up. In addition, several reviews and regular checks took place concerning the performance of operations in relation to, for example, contingency plans for the pandemic, major orders, potential acquisitions, risk management and so forth.

Trelleborg's operations are organized into three business areas and one reporting segment. They consist of about 20 business units, which in turn comprise approximately 40 product areas. The organization is based on the principle of decentralized responsibility and authority.

Each legal unit, which does not necessarily reflect the operating units, has its own Board of Directors that focuses on regulatory compliance, among other aspects.

Sustainability reporting. Trelleborg has prepared its sustainability report in accordance with Global Reporting Initiative (GRI) guidelines. The Sustainability Report includes the statutory sustainability statement, which is prepared as a separate report to the annual report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act. The scope of the Sustainability Report and the statutory sustainability statement is outlined in the index overview for the GRI Standards on page 130.

Internal culture. Trelleborg applies an approach involving far-reaching decentralized responsibility to drive and implement the Group's strategy. The Group's operating activities are pursued through independent operational units with responsibility for profit, balance sheet and cash flows. Local managers and their coworkers make the commercial decisions, ensure that these are handled correctly with a balanced approach to risk-taking. As a means of support, the individual business areas regularly follow up the results of their business units' operations, similar to the manner in which Group Management follows up the business areas as part of a well-established work process.

Core values. Trelleborg is a global Group characterized by individual and cultural diversity and shared value systems are therefore particularly important. The core values are long-term commitments, which, when coupled with Trelleborg's business concept, goals and strategies, guide the Group in making decisions and conducting business. The core values are:

- » Customer focus: Working in partnership, we aim to add value for our customers, as well as for Trelleborg.
- » Innovation: We promote an innovative attitude and corporate culture. Innovation is a key driver for our growth.
- » Responsibility: We all share responsibility for our company as a whole and for its results.
- » Performance: We shall perform better than our competitors.

Diversity. Trelleborg works to achieve a balanced mix of ethnicities, ages and genders in its operations. The Group's Diversity Policy recognizes that diversity is a strength for the Group. Enhanced diversity and inclusion has the potential to further drive Trelleborg's performance and results, both at team level and individually. Refer to pages 38–39.



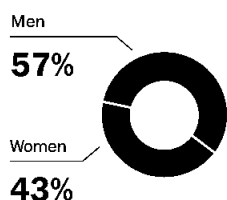
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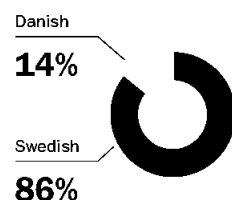
MEMBERS OF BOARD COMMITTEES AT DECEMBER 31, 2020

AUDIT COMMITTEE	REMUNERATION COMMITTEE	FINANCE COMMITTEE
Gunilla Fransson, Chairman	Hans Biörck, Chairman	Hans Biörck, Chairman
Hans Biörck	Johan Malmquist	Johan Malmquist
Susanne Pahlén Åklundh	Anne Mette Olesen	Jan Ståhlberg
Jan Ståhlberg		

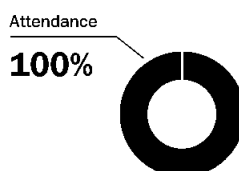
GENDER DISTRIBUTION IN THE BOARD OF DIRECTORS ¹



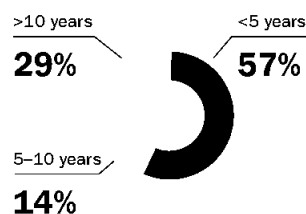
NATIONALITY ¹



BOARD MEETING ATTENDANCE ¹



TIME ON THE BOARD OF DIRECTORS ¹



¹ Board members elected by the Annual General Meeting, including the President and CEO.

NOMINATION COMMITTEE FOR THE 2021 ANNUAL GENERAL MEETING

Name/Representing	Share of votes, % Aug 31, 2020	Share of votes, % Dec 31, 2020
Ragnar Lindqvist, Dunker Foundations	54.10	54.10
Anna Sundberg, Handelsbanken Funds	2.30	2.25
Peter Lagerlöf, Lannebo Funds	2.12	2.50
Henrik Didner, Didner & Gerge Funds	1.16	1.02
Johan Sjöström, Second Swedish National Pension Fund	1.05	0.76
Total	60.73	60.63

AUDITOR'S REMUNERATION 2020

SEK M	2020	2019
Deloitte		
Audit assignment	25	23
Audit activities other than audit assignment	2	2
Tax consultancy services	0	0
Other services	1	1
Other auditors		
Audit assignment	6	5
Audit activities other than audit assignment	0	0
Tax consultancy services	0	0
Other services	0	0
Total	34	31

AUDITORS 2020



Hans Warén
Authorized Public Accountant, Auditor in Charge
Auditor of the Trelleborg Group since the 2017 Annual General Meeting.
Partner of Deloitte AB since 1998.
Qualifications: Graduate in business administration. Authorized Public Accountant since 1992.
Other assignments: Axfood, Castellum, Industrivärden and Lindab.
Born: 1964.



Maria Ekelund
Authorized Public Accountant
Auditor of the Trelleborg Group since the 2017 Annual General Meeting.
Partner of Deloitte AB since 2008.
Qualifications: Masters degree in business administration. Authorized Public Accountant since 2002.
Other assignments: Atos Medical, Idogen, Ikano Bostad, Lindéngruppen and Sigma.
Born: 1970.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is included as a part of the overall internal control at Trelleborg, and constitutes a central component of Trelleborg's corporate governance. The key goals are that internal control is appropriate and effective, provides reliable reports and complies with laws and regulations.

Trelleborg's Board of Directors has concluded that the current Internal Control set up is sufficient from a corporate governance perspective and that there is no need for an internal audit function.

The starting point for the internal control process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, the review and assessment are conducted in five areas where the control environment creates discipline and provides structure for the other four areas: risk assessment, control structures, information and communication, and monitoring.

Control environment. The control environment provides the basis for the internal control. One important aspect is that decision making, authority and responsibility are clearly defined and communicated between different levels within Trelleborg and that policy instruments, in the form of policies, manuals and recommendations, exist (refer to page 53 for a list of external and internal policy instruments) and are observed.

The Board of Directors bears overall responsibility for financial reporting where the Audit Committee assists the Board by monitoring, for example, the efficiency of Trelleborg's internal control, internal audit and risk management.

The responsibility for maintaining an effective control environment and the day-to-day work involving internal control is delegated to the President.

The Group's Internal Control staff function serves as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control over the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Risk assessment. Risk assessment aims to identify and evaluate the most significant risks, including risk of fraud and risks in connection with significant changes, that affect internal control within the Group.

The assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed through various control structures.

The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Control activities. The most significant risks are managed through control structures in the Group. Management may entail that these risks are accepted, reduced or eliminated.

The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on minimum requirements for good internal control in defined processes. Refer to the illustration on page 59.

Information and communication. The internal policy instruments are available to all relevant employees on Trelleborg's intranet and are generally provided through training. Special campaigns are conducted covering, for example, the Group's whistleblower initiative. All relevant employees annually confirm in writing their knowledge of, and compliance with, the Group's internal policy instruments.

The Group's CFO and the Head of the Internal Control staff function report the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board. The minutes of the Audit Committee meetings are presented to the Board and the Chairman of the Audit Committee reports on its work.

External financial reporting is performed in accordance with relevant external and internal policy instruments.

Monitoring. Monitoring to ensure the effectiveness of internal control is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Finance, Group Treasury and Group Tax as well as the Group's companies and business areas.

Monitoring includes the follow-up of monthly financial reports in relation to targets, quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by Trelleborg's auditor.

The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes within the Group, as well as work programs and budgets.

Activities in 2020. In 2020, the Internal Control staff function conducted 30 internal controls in 13 countries, of



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which seven were IT security controls. The focus was primarily on Europe. The lower number of internal controls compared with earlier years was attributable to the pandemic. Most of the internal controls were conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing, finance and legal affairs, or jointly with controllers from various business areas. Internal controls of IT security were carried out by external IT consultants together with the Group IT staff function. In 2020, the Internal Control

staff function worked on a broad front with reviews of all processes and most controls were conducted digitally.

Activities in focus in 2021. The planned number of internal controls will generally remain at the same level as in 2018 and 2019. Geographically, the Internal Control staff function will primarily devote a greater focus to Asia and the US. In 2021, the Internal Control staff function will continue to work broadly with reviews of all processes. A small number of internal controls are planned with the support of record analysis.

INTERNAL CONTROL STRUCTURE OF THE TRELLEBORG GROUP

	Self-assessment	Internal controls	Training/Tools
Financial reports and reporting processes	Group-wide reporting system with quarterly feedback from subsidiaries.	Internal controls are conducted by the Internal Control staff function in cooperation with internal resources from other staff functions and external consultants.	Training programs in defined processes relating to minimum requirements for good internal control are carried out when necessary.
Purchasing process	Companies respond to how they comply with the Group's minimum requirements for good internal control in selected processes.	Internal controls of IT security are carried out by the head of Group IT together with external consultants.	The purpose of the training programs is to raise awareness and understanding of efficient processes and good internal control.
Inventory process	Deficiencies are identified, measures are planned and implemented by the companies.	Covers 7 selected processes and about 280 minimum requirements for good internal control.	Training programs are a forum for the exchange of experience and sharing best practice.
Sales process	Encompasses approximately 170 subsidiaries.	Internal controls result in observations, recommendations and proposals for decisions and measures.	Training programs in defined processes related to minimum requirements for good internal control are also held as an integrated part of the internal audits.
Process for property, plant and equipment	Covers 7 selected processes and about 280 minimum requirements for good internal control.	Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function.	Material available on the intranet to provide employees access to standardized tools and documents, as well as examples of business solutions.
IT security process			
Salary management process, incl. pensions and other compensation	All relevant employees annually confirm in writing their knowledge of, and compliance with, the Group's internal policy instruments.		

THE FOLLOWING INFORMATION IS AVAILABLE AT WWW.TRELLEBORG.COM:

- » The Articles of Association
- » The Code of Conduct
- » Corporate Governance Reports from 2007 and onward
- » Information regarding Trelleborg's Annual General Meetings from 2004 and onward (notifications, minutes, President's speeches, press releases)
- » Information regarding the Nomination Committee
- » Information regarding the principles for remuneration of senior executives
- » Information for the 2021 Annual General Meeting



A summary of Trelleborg's 115-year history can be found on www.trelleborg.com.



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BOARD OF DIRECTORS

				
	Hans Björck	Gunilla Fransson	Johan Malmquist	Peter Nilsson
	Chairman	Member	Member	Member
Year elected	2009, Chairman 2018	2016	2016	2006
Born	1951	1960	1961	1966
Nationality	Swedish	Swedish	Swedish	Swedish
Qualifications	Graduate in business administration	M.Sc. Eng. and Licentiate of Technology	Graduate in business administration	M.Sc. Eng.
Other assignments	Chairman of the Board of Skanska AB. Board member of Svenska Handelsbanken AB	Chairman of the Board of Net Insight AB. Board member of Dunker Foundations, Eitel AB, Nederman AB, and Permobil AB	Chairman of the Board of Arjo AB and Getinge AB. Board member of Dunker Foundations, Elekta AB, Mölnlycke Health Care AB, Stena Adactum AB and the Chalmers University of Technology Foundation	Chairman of the Board of Cibes Holding AB. Board member of Couplers Holdco AB and the Chamber of Commerce and Industry of Southern Sweden
Employment and professional experience	Full-time Board member and/or Chairman. Formerly CFO of Skanska AB, Autoliv Inc. and Esselte AB	Full-time Board member and/or Chairman. Formerly various senior positions at Saab AB and Ericsson AB	Full-time Board member and/or Chairman. Formerly President and CEO of Getinge AB and various senior positions at Electrolux AB	President and CEO of Trelleborg AB Formerly Business Area President at Trelleborg and other posts within the Trelleborg Group, as well as management consultant at BSI
Dependence	No	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Foundations	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Foundations	Yes. Dependent in relation to the company as a result of his position as Trelleborg's President
Own and related-party holdings 2020	10,000 shares	3,000 shares	5,000 shares	60,572 shares and 250,000 call options (2016) ² and 50,000 call options (2018) ²
Shares in related companies	–	–	–	–
Board meeting attendance	Chairman 10 of 10	Member 10 of 10	Member 10 of 10	Member 10 of 10
Audit Committee attendance	Member 5 of 5	Chairman 5 of 5	–	–
Remuneration Committee attendance	Chairman 4 of 4	–	Member 4 of 4	–
Finance Committee attendance	Chairman 3 of 3	–	Member 3 of 3	–
Total reimbursement 2020, SEK 000s ¹	2,090	820	750	–
Of which Board, SEK 000s	1,750	600	600	–
Of which Committees, SEK 000s	340	220	150	–

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2020.

¹ Remuneration paid to the Board of Directors for the period May 2020–April 2021. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2020 calendar year, remuneration was paid as per Note 10. No consulting fees were paid to the Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.

² Refer to page 66 for more information about call options.

BOARD MEMBERS AND DEPUTIES APPOINTED BY THE EMPLOYEE ORGANIZATIONS



Maria Eriksson
Employee representative, appointed by the Unions of the Trelleborg Group (PTK)
Elected to the Board: 2020
Born: 1972
Nationality: Swedish
Quality engineer. Other assignments: Chairman of Unionen Trelleborg Ersmark AB and member of Trelleborg Swedish Works Council (PTK)
Qualifications: Engineer, machine specialist
Shareholding 2020: –
Board meeting attendance: 10 of 10



Jimmy Fallin
Employee representative, appointed by the Unions of the Trelleborg Group (LO)
Elected to the Board: 2018
Born: 1965
Nationality: Swedish
Machine operator. Other assignments: Member of the Trelleborg European Work Council, the Trelleborg Swedish Works Council (LO) and the Negotiating Delegation Technology Agreement IF Metall. Division Chairman IF Metall Norra Västerbotten
Qualifications: Training in behavioral science, employment contracts and labor law
Shareholding 2020: –
Board meeting attendance: 9 of 10



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BOARD OF DIRECTORS

			
	Anne Mette Olesen	Susanne Pahlén Åklundh	Jan Ståhlberg
	Member	Member	Member
Year elected	2015	2016	2018
Born	1964	1960	1962
Nationality	Danish	Swedish	Swedish
Qualifications	MBA and B.Sc. Eng.	M.Sc. Eng.	Graduate in business administration
Other assignments			Deputy Chairman of the Board of Bactiguard Holding AB. Board member of ITB-Med AB
Employment and professional experience	Chief Strategy & Sustainability Officer AAK AB Formerly various senior positions at Coloplast A/S, Chr. Hansen A/S and Danisco Ingredients A/S	Executive Vice President at Alfa Laval AB Formerly various senior positions at Alfa Laval	Founder and CEO of Trill Impact AB Formerly Vice President and Deputy Chairman of EQT and various senior positions at Ovako Steel
Dependence	No	No	No
Own and related-party holdings 2020	2,500 shares	5,000 shares	130,000 shares
Shares in related companies	–	–	–
Board meeting attendance	Member 10 of 10	Member 10 of 10	Member 10 of 10
Audit Committee attendance	–	Member 5 of 5	Member 3 of 5 4
Remuneration Committee attendance	Member 3 of 4 3	–	–
Finance Committee attendance	–	–	Member 3 of 3
Total reimbursement 2020, SEK 000s 1		675	740 815
Of which Board, SEK 000s		600	600 600
Of which Committees, SEK 000s		75	140 215

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2020.

1. Remuneration paid to the Board of Directors for the period May 2020–April 2021. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2020 calendar year, remuneration was paid as per Note 10. No consulting fees were paid to the Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.

3. Not present at meeting number 2.

4. Succeeded former Board member Panu Routila on the Audit Committee as of Meeting No. 3.



Lars Pettersson
Employee representative, appointed by the Unions of the Trelleborg Group (LO)
Elected to the Board: 2018
Born: 1965
Nationality: Swedish
Machine operator. Other assignments: Member of Unions of the Trelleborg Group (LO)
Qualifications: Cabinetmaker, training in negotiation and in salary system development
Shareholding 2020: –
Board meeting attendance: 10 of 10



Magnus Olofsson*
Deputy employee representative, appointed by the Unions of the Trelleborg Group (PTK)
Elected to the Board: 2021
Born: 1964
Nationality: Swedish
Production manager and process manager. Other assignments: Chairman of Unionen Trelleborg Industri AB and Trelleborg AB and member of Trelleborg Swedish Works Council (PTK)
Qualifications: Rubber and plastics technology. Previous positions in production management, product and process development.
Shareholding 2020: –

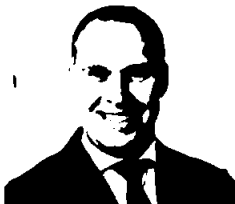
*Peter Larsson was succeeded by Maria Eriksson as Board member, who was in turn succeeded by Magnus Olofsson as deputy in January 2021.





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GROUP MANAGEMENT

				
	Peter Nilsson	Fredrik Nilsson*	Jean-Paul Mindermann	Peter Hahn
Position	President and CEO	CFO and overall responsibility for Businesses Under Development	Business Area President, Trelleborg Industrial Solutions	Business Area President, Trelleborg Sealing Solutions
Employed	1995	2021	2011	2001
In current position since	2005	2021	2017	2018
Born	1966	1977	1965	1958
Nationality	Swedish	Swedish	German	US/German
Qualifications	M.Sc. Eng.	Graduate in business administration	Graduate in business administration	M.Sc. Eng.
Other assignments	Chairman of the Board of Cibes Holding AB. Board member of Couplers Holdco AB, Trelleborg AB and the Chamber of Commerce and Industry of Southern Sweden		President of Contex Holding GmbH and Board member of Herschel Infrared Ltd and Herschel Energy Ltd	
Professional experience	Business Area President at Trelleborg and other posts within the Trelleborg Group, as well as management consultant at BSI	CFO AAK, various finance roles in Sandvik	Business Unit President at the Trelleborg Group, President of Premia Group, CEO of Watts Industrial Tires and other senior management functions	Business Unit President at the Trelleborg Group and various senior positions at 4M Technologies, Leybold and Degussa
Own and related-party holdings 2020	60,572 shares and 250,000 call options (2016) ¹ and 50,000 call options (2018) ²	3,475 shares	8,500 shares and 12,500 call options ²	12,500 call options ²
Shares in related companies	–	–	–	–

¹ In February 2016, the principal owner – The Henry Dunker Donation Fund & Foundations – offered the President and CEO 250,000 call options in Trelleborg, with a term of five years. Peter Nilsson purchased these call options at a price of SEK 15.20 per call option. Each call option entitles the holder to purchase one Series B share at a call price of SEK 143.16. The Black & Scholes method was used in the valuation of the call options. The principal owner's intention in introducing the program was to encourage the President and CEO's long-term commitment to the company. Trelleborg AB did not participate in the offer and will not be charged with any earnings effect related to the program.

² In November 2018, the principal owner – The Henry Dunker Donation Fund & Foundations – offered the members of Group management 12,500 call options each in Trelleborg, except the President and CEO who was offered 50,000 call options, with a term of five years. The members of Group management purchased these call options at a price of SEK 9.86 per call option. Each call option entitles the holder to purchase one Series B share at a call price of SEK 175.83. The Black & Scholes method was used in the valuation of the call options. The principal owner's intention in introducing the program is to encourage Group management's long-term commitment to the company. Trelleborg AB did not participate in the offer and will not be charged with any earnings effect related to the program.

*Ulf Berghult was succeeded by Fredrik Nilsson in the first quarter of 2021.



REMUNERATION OF GROUP MANAGEMENT 2020

SEK 000s		Fixed salary	Annual variable salary	Long-term incentive program	Other benefits	Total	Pension	Total including pension
President	2020	11,330	2,057	–	198	13,585	5,047	18,632
	2019	11,108	4,834	1,430	199	17,571	4,921	22,492
Group Management, others (7 persons)	2020	23,610	5,024	–	1,528	30,162	6,620	36,782
	2019	26,595	8,252	2,829	1,762	39,438	9,411	48,849
Total	2020	34,940	7,081	–	1,726	43,747	11,667	55,414
Total	2019	37,703	13,086	4,259 ¹	1,961	57,009	14,332	71,341

¹ Expensed in 2019. Payment is made in the first quarter, 2020 to 2022, on condition that the individual is employed in the Group on December 31 of the preceding year.



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GROUP MANAGEMENT



	Paolo Pompei	Charlotta Gråhs	Patrik Romberg*
Position	Business Area President, Trelleborg Wheel Systems	Senior Vice President, General Counsel	Senior Vice President, Communications and Senior Vice President, Human Resources
Employed	1999	2014	2006
In current position since	2017	2014	2011
Born	1971	1971	1966
Nationality	Italian	Swedish	Swedish
Qualifications	B.Sc. in economics, M.Sc. in International trade	Master of Law	MBA and university studies in behavioral science and education
Other assignments			
Professional experience	Business Unit President at the Trelleborg Group	Group General Counsel at Dometic Group and Senior Corporate Counsel at Husqvarna Group, lawyer at Mannheimer Swartling Advokatbyrå and Hengeler Mueller Rechtsanwälte	Various positions at the Trelleborg Group and Unilever
Own and related-party holdings 2020	12,500 call options ²	12,500 call options ²	901 shares and 12,500 call options ²
Shares in related companies	–	–	–

² In November 2018, the principal owner – The Henry Dunker Donation Fund & Foundations – offered the members of Group management 12,500 call options each in Trelleborg, except the President and CEO who was offered 50,000 call options, with a term of five years. The members of Group management purchased these call options at a price of SEK 9.86 per call option. Each call option entitles the holder to purchase one Series B share at a call price of SEK 175.83. The Black & Scholes method was used in the valuation of the call options. The principal owner's intention in introducing the program is to encourage Group management's long-term commitment to the company. Trelleborg AB did not participate in the offer and will not be charged with any earnings effect related to the program.

*Paolo Astarita adopted an advisory role within the Group at the end of 2020 and Patrik Romberg also assumed the role of Senior Vice President, Human Resources.



PRINCIPLES FOR REMUNERATION

The following principles for remuneration of senior executives were adopted by the 2020 Annual General Meeting:

- » Trelleborg will offer market-based terms of employment that enable the company to recruit, develop and retain senior executives.
- » The remuneration structure is to comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package.
- » Trelleborg continuously gathers, evaluates and adapts information on market-based remuneration levels for relevant industries and markets.
- » Principles for remuneration may vary depending on local conditions.
- » The remuneration structure will be based on such factors as position, expertise, experience and performance.

Senior executives comprise the President and other members of Group Management. The principles are supplemented by a policy governing benefits for senior executives as well as a global Remuneration Policy covering all managers and senior salaried employees. In 2020, total remuneration of Group Management amounted to SEK 43,747,000 (57,009,000), excluding pension premiums, and SEK 55,414,000 (71,341,000), including pension premiums.

For additional information concerning remuneration, refer to Note 10, pages 87–88.

REMUNERATION REPORT 2020

This report describes how the principles for remuneration of senior executives at Trelleborg, adopted by the 2020 Annual General Meeting, were implemented in 2020.

Introduction

This report describes how the principles for remuneration of senior executives at Trelleborg, adopted by the 2020 Annual General Meeting, were implemented in 2020. The report also provides information on remuneration of the CEO and a summary of Trelleborg's application of the performance criteria for awarding variable cash remuneration. The report has been prepared in accordance with the Swedish Companies Act and the remuneration rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 10 (Employees and personnel costs) on pages 87–88 of the 2020 Annual Report. Information on the work of the Remuneration Committee in 2020 is set out in the Corporate Governance Report, available on pages 53–57 of the 2020 Annual Report.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in Note 10 on page 88 of the 2020 Annual Report.

Key developments 2020

The CEO summarizes Trelleborg's overall performance in his statement on pages 4–7 of the 2020 Annual Report.

Trelleborg's principles for remuneration of senior executives: scope, purpose and deviations

A prerequisite for the successful implementation of Trelleborg's business strategy and safeguarding of its

long-term interests, including its sustainability, is that Trelleborg is able to recruit and retain qualified personnel. To this end, it is necessary that Trelleborg offers a market-based and competitive remuneration. Trelleborg's principles for remuneration of senior executives enable Trelleborg to offer executives a competitive total remuneration. Under these principles, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. These may also be individualized, quantitative or qualitative objectives. The criteria are to be designed so that they contribute to Trelleborg's business strategy and long-term interests – including its sustainability – by, for example, being clearly linked to the business results or by promoting the executive's long-term development.

The principles for remuneration of senior executives are found on pages 66–67 in the 2020 Annual Report. The principles adopted unanimously by the 2020 Annual General Meeting have been fully implemented. No deviations from the principles have been decided and there were no derogations from the procedure for implementation of the principles. The auditor's report regarding Trelleborg's compliance with the principles for remuneration of senior executives is available under Corporate governance at www.trelleborg.com. No remuneration was reclaimed or limited, nor did the company refrain from making any payment in 2020.

Share-based remuneration

Trelleborg does not have any long-term share-based incentive plans. It should be noted that Trelleborg's principal owner – the Henry Dunker Donation Fund & Foundations – offered Trelleborg Group Management call options in 2018 with a term of five years. Trelleborg did not participate in this offer and any expenses in connection herewith will therefore not incur for the Trelleborg Group. For more information regarding this incentive plan, including the criteria on which the outcome will be based, please refer to Trelleborg Group Management, on pages 62–63 of 2020 Annual Report.

“Trelleborg's remuneration structure optimizes the commitment of senior executives to the Group's growth, thereby benefiting shareholders, while giving Trelleborg the flexibility to reward results and retain senior executives.”

Hans Björck,
Chairman of the Board and chairman of the Remuneration Committee





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REMUNERATION REPORT

Application of performance criteria

The performance measures forming the basis for the CEO's variable remuneration have been selected to ensure delivery in line with Trelleborg's strategy and to encourage behavior that is in the long-term interests of Trelleborg. The strategic objectives and short and long-term business priorities for 2020 have been taken into

account in the selection of performance measures. The performance criteria forming the basis for the one-year annual variable salary were Earnings before tax (EBT or EBIT) and Operating cash flow (OCF). The performance criteria for the three-year long-term incentive (LTI) program was Earnings per share (EPS). All performance criteria are excluding items affecting comparability.

1 – Total remuneration of the CEO

Table 1 below sets out the total remuneration earned by Trelleborg's CEO during 2020 and 2019.

SEK 000s	Year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration ¹
		Fixed salary	Other benefits	Annual variable salary	Multi-year variable				
Peter Nilsson, CEO	2020	11,330	198	2,057	–		5,047	18,632	89/11
	2019	11,108	199	4,834	1,430		4,921	22,492	72/28

¹ Pension included in fixed remuneration.

2a – Performance of the CEO in the reported fiscal year

Table 2a below describes how the criteria for payment of variable short-term remuneration have been applied during the fiscal year.

	Remuneration components	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome
Peter Nilsson, CEO	Earnings before tax (EBT) ²	70%	a) EUR 380.4 M b) –
	Operating cash flow (OCF) ²	30%	a) EUR 510.1 M b) SEK 2,057,000

² Excluding items affecting comparability.

2b – Performance of the CEO in the reported fiscal year

Table 2b below describes how the criteria for payment of variable long-term remuneration have been applied during the fiscal year.

	Remuneration components	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome
Peter Nilsson, CEO	Earnings per share (EPS) ³ 2020 (Program 2018–2020)	33.3%	a) SEK 10.89 b) –
	Earnings per share (EPS) ³ 2020 (Program 2019–2021)	33.3%	a) SEK 10.89 b) –
	Earnings per share (EPS) ³ 2020 (Program 2020–2022)	33.3%	a) SEK 10.89 b) –

³ Excluding items affecting comparability.

3 – Comparative information on change in remuneration and Trelleborg performance

Table 3 – Changes in remuneration and Trelleborg performance over the last five reported fiscal years

Annual change	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2020
Total remuneration, SEK 000s						
Peter Nilsson, CEO	+1,627 (6.5%)	+179 (0.7%)	+930 (3.5%)	–5,285 (–19%)	–3,860 (–17.2%)	18,632
Trelleborg's performance						
Net sales, SEK M	+2,342 (9.4%)	+4,436 (16.3%)	+2,424 (7.7%)	+2,553 (7.5%)	–3,722 (–10.2%)	32,836
Earnings before interest and tax (EBIT) ⁴ , SEK M	+277 (8.6%)	+595 (17.0%)	+603 (14.7%)	–36 (–0.8%)	–376 (–8.1%)	4,282
Earnings per share (EPS) ⁴ , SEK	+0.84 (10.0%)	+1.59 (17.2%)	+1.52 (14.0%)	–0.45 (–3.6%)	–1.0 (–8.4%)	10.89
Average total remuneration on a full-time-equivalent basis of employees, SEK 000s						
Employees of Trelleborg AB in Sweden, excluding Group Management	–132 (–9.3%)	–244 (–17.6%)	+77 (7.3%)	+17 (1.5%)	–64 (–5.6%)	1,082

⁴ Excluding items affecting comparability.



PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES

The below principles for remuneration were adopted at the 2020 Annual General Meeting.

They can be found, together with other information concerning remuneration, at www.trelleborg.com/en/about-us/corporate-governance.

Principles for remuneration of senior executives

Senior executives, including the President and other members of Group Management, fall within the scope of these principles. The principles are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the principles by the 2020 Annual General Meeting. These principles do not apply to any remuneration decided on or approved by the Annual General Meeting.

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Trelleborg's strategy of securing leading positions in selected segments is supported by four strategic cornerstones: Geographic balance, Portfolio optimization, Structural improvements and Excellence. These ensure that all levels within the Group maintain focus and conduct activities that are in line with the strategy. For more information regarding Trelleborg's business strategy, please see the Group's strategy for leading positions at www.trelleborg.com.

A prerequisite for the successful implementation of Trelleborg's business strategy and safeguarding of its long-term interests, including its sustainability, is that Trelleborg is able to recruit, develop and retain qualified senior executives. To this end, it is necessary that Trelleborg offers market-aligned and competitive remuneration. These principles enable Trelleborg to offer senior executives competitive total remuneration. The aim of all variable cash remuneration covered by these principles is to promote Trelleborg's business strategy and long-term interests, including its sustainability.

Types of remuneration

Remuneration is to be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the Annual General Meeting may – irrespective of these principles – resolve on, among other items, share-based or share-price-based remuneration.

The satisfaction of criteria for awarding variable cash remuneration is to be measured over a period of one (annual variable salary) or several years (long-term incentive programs). For the President, the annual variable salary may amount to not more than 65 percent of the total fixed cash salary during the measurement period. For other senior

executives, the annual variable salary may amount to not more than 55 percent of the total fixed cash salary during the measurement period. The long-term incentive programs may amount to not more than 100 percent of the maximum annual variable salary during the measurement period. Variable cash remuneration will only qualify for pension benefits to the extent required by mandatory collective agreement provisions or otherwise stated by local law.

For the President, pension benefits, including health insurance, are to be defined contribution. Variable cash remuneration does not qualify for pension benefits. The pension premiums for defined contribution pension are to amount to not more than 45 percent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, are to be defined contribution unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions or otherwise stated by local law. The pension premiums for defined contribution pension are to amount to not more than 35 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 15 percent of the fixed annual cash salary.

For employment contracts governed by legislation outside of Sweden, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these principles.

Trelleborg does not have any long-term share-based incentive plans. Such plans must be resolved by the Annual General Meeting and are therefore excluded from these principles. Of note, Trelleborg's principal owner – the Henry Dunker Donation Fund & Foundations – offered Trelleborg's Group management call options with a term of five years. Trelleborg did not participate in this offer and any expenses in connection herewith will therefore not incur for the Trelleborg Group. For more information regarding this incentive plan, including the criteria on which the outcome will be based, please refer to Trelleborg's Group Management at www.trelleborg.com.

Criteria for awarding variable cash remuneration

The variable cash remuneration is to be linked to predetermined and measurable criteria of a financial or non-financial



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REMUNERATION REPORT

nature. They may also be individualized, quantitative or qualitative objectives. The criteria are to be designed so that they contribute to Trelleborg's business strategy and long-term interests, including its sustainability by, for example, being clearly linked to the business results or promoting the senior executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been fulfilled is to be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for evaluating variable remuneration to the President, and subsequently approved by the Board of Directors. For variable cash remuneration to other senior executives, the President is responsible for the evaluation and subsequently approved by the Remuneration Committee, in accordance with the grandparent principle. For financial objectives, the evaluation is to be based on the latest financial information published by the Trelleborg Group.

Right to withhold or reclaim remuneration

Terms and conditions for variable remuneration are to be designed so that the Board of Directors (i) has the right to limit or refrain from payment of variable remuneration if exceptional economic circumstances occur and if such a measure is considered reasonable, and (ii) has the right to withhold or reclaim variable remuneration paid to an executive based on results that afterwards were found to have been misstated because of wrongdoing or malpractice (so called malus and claw back).

The Board of Directors may, at its discretion, limit or refrain from payment of the individual variable salary if a senior executive, including the President, has breached or neglected Trelleborg's Code of Conduct and/or Trelleborg's sustainability commitments as a responsible corporate citizen, including environmental, social and governance factors.

Termination of employment

The notice period may not exceed 24 months if an employment is terminated by the company. Fixed cash salary during the notice period may not exceed the fixed cash salary for 24 months. No additional severance payment may apply. The notice period may not exceed six months, without any right to severance pay, should a senior executive terminate the employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration principles, current salary and employment conditions for employees of Trelleborg have been taken into account. Information on the employees' total income, the components of the remuneration, and its increase and growth rate over time, has been evaluated. Thereafter, the Remuneration Committee and the Board of Directors decide whether the principles and the limitations set out herein are reasonable. The development of the gap between the remuneration of senior executives and remuneration of other employees will be disclosed in a remuneration report, commencing in 2021.

Decision-making process to determine, review and implement the principles

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose principles for executive remuneration. The Board of Directors is to prepare a proposal for new principles at least every fourth year and submit such proposal to the Annual General Meeting. The principles shall apply until new principles are adopted by the Annual General Meeting. The Remuneration Committee is also to monitor and evaluate programs for variable remuneration for senior executives, the application of the principles for senior executive remuneration as well as the current remuneration structures and levels in Trelleborg. The members of the Remuneration Committee are independent from Trelleborg and its senior executives. The President and other members of senior executives do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by the same.

Derogation from the principles

The Board of Directors may temporarily resolve to derogate from the principles, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Trelleborg's long-term interests, including its sustainability, or to ensure Trelleborg's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolution in remuneration-related matters. This includes any resolution to derogate from the principles.



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Getting a train around a bend is a bit like getting a square peg into a round hole. Railroad wheels want to go straight ahead. A Trelleborg innovation allows the 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 different running conditions.

The technique stops the screeching of the wheels on a tight curve. Screeching is a sign that the wheels are producing very high friction levels. This can cause damage to the profiles of both wheels and track, potentially necessitating regular regrounding and replacement, and wasting a large amount of energy by converting it into worthless heat.



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CONSOLIDATED INCOME STATEMENTS

COMMENTS ON THE CONSOLIDATED INCOME STATEMENTS

Trelleborg's development in 2020 was greatly influenced by the impact of the spread of the Coronavirus pandemic. Sustained measures were initiated during the year to offset the challenges that arose.

Trelleborg Group's net sales declined 10 percent compared with the preceding year. The trend was negative for most of the Group's market segments, strongly impacted by the ongoing pandemic and the restrictions that authorities were forced to impose. The aerospace industry was the hardest hit by these restrictions and its production nearly halved compared with the preceding year. Performance in general industry weakened, but a gradual recovery occurred after the summer. Although the demand for agricultural tires improved sharply in the second half of the year, the full-year organic sales trend was nonetheless negative. The market status of tires for material handling and off-highway vehicles remained strained in the fourth quarter of the year.

Consolidated EBIT, excluding items affecting comparability, declined 8 percent compared with the preceding year, strongly impacted by the pandemic.

Net sales

Consolidated net sales declined by 10 percent during the year and amounted to SEK 32,836 M (36,588). The organic sales decrease was SEK 2,997 M, corresponding to a decline of approximately 9 percent. The effects of structural changes amounted to about 1 percent, or SEK 136 M. Exchange rate effects upon translation of sales in 2019 to the exchange rates applying for 2020 amounted to negative SEK 890 M, a decline of approximately 2 percent. The organic sales trend for the year was negative for all business areas, including the Businesses Under Development reporting segment.

The distribution of consolidated net sales between various market segments was relatively constant compared with the preceding year. The share of consolidated net sales attributable to capital-intensive industry amounted to 53 percent (53), with sales related to agriculture, oil & gas and transportation equipment increasing somewhat, while sales in aerospace and transportation equipment declined. The portion related to general industry was 36 percent (36) and the portion attributable to the light vehicles market segment amounted to 11 percent (11).

The Trelleborg Industrial Solutions business area conducts operations in several of the Group's market segments. Organic sales declined during the year by SEK 1,046 M or 10 percent compared with 2019. Sales were significantly lower in North America, lower in Europe and slightly lower in Asia. Most market segments were affected by the pandemic, primarily during the first two quarters of the year, with resulting plant shutdowns. There was a strong impact on sales to the aerospace industry throughout the year, but sales to the automotive industry and in marine solutions improved during the second half of the year. Structural growth had a 1-percent impact on sales, while changes in exchange rates from the translation of subsidiaries had a negative impact of 2 percent on sales.

For the Trelleborg Sealing Solutions business area, the decrease in organic sales was SEK 1,239 M or approximately 10 percent. Sales to Europe and North America were negative for the year, while Asia was unchanged. The weakest organic sales performance was noted for deliveries to the aerospace industry, but even sales to general industry and the automotive industry were severely affected by the Coronavirus pandemic, also resulting in plant closures. Deliveries to healthcare & medical grew during the year. Structural growth contributed 2 percent to sales and changed exchange rates from the translation of subsidiaries had a negative impact of about 2 percent on sales.

For the Trelleborg Wheel Systems business area, organic sales declined SEK 622 M or 7 percent compared with the preceding year. The organic sales trend for tires for agricultural

machinery, material handling vehicles and off-highway vehicles was negative in all major regions, driven by a fall in volumes and ineffectiveness caused by the Coronavirus pandemic. During the second half of the year, the situation improved for the agricultural market at the same time as the market situation for tires for materials handling and off-highway vehicles was strained for the remainder of the year. Changed exchange rates from the translation of subsidiaries had a negative impact of about 2 percent on sales.

For the Businesses Under Development reporting segment, the organic sales decrease amounted to SEK 189 M or approximately 5 percent. Offshore oil & gas noted an organic increase in sales during the year despite a weaker sales trend in the fourth quarter. Other Businesses Under Development, meaning printing blankets and technical rubber products, were impacted by ineffectiveness for much of the year that arose as a result of the ongoing pandemic. The effect of structural changes amounted to negative 5 percent as a result of the divestment of the Swedish and Estonian molded components operations during the second quarter. Changed exchange rates from the translation of subsidiaries had a negative impact of about 4 percent on sales.

Net sales per market

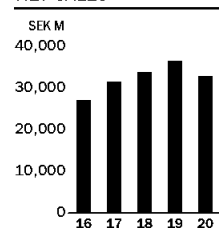
Organic sales for the Group's core businesses declined by 9 percent compared with the preceding year. In Western Europe, organic sales decreased by 10 percent compared with the preceding year. The decline in Germany amounted to 6 percent, while the decrease was even more substantial in the Group's other key markets, France, Italy and the UK. In Czech Republic, the trend was negative, while it was positive in Poland and Russia. In total, for the Rest of Europe, sales increased by 3 percent. Organic sales in the Group's largest market, the US, declined by 15 percent and sales in the Canadian market declined by 9 percent. Sales in Brazil increased by 8 percent compared with the preceding year, while the performance in Mexico was negative, down 8 percent. In total for South and Central America, the organic sales decrease was 9 percent. In Asia and other markets, organic sales decreased by 1 percent compared with the preceding year, with the most important market China increasing by 16 percent.

For the Group as a whole, Western Europe accounted for 46 percent (47) of consolidated net sales. In the Rest of Europe, the share was 10 percent (9). The share in North America was 23 percent (24). South and Central America accounted for 4 percent (4), while the combined share for the markets in Asia and the Rest of the world was 17 percent (16).

NET SALES BY BUSINESS AREA

SEK M	2020	2019	Organic change, %	Structural change, %	Exchange rate change, %	Total change, %
Trelleborg Industrial Solutions	9,727	10,885	-10	1	-2	-11
Trelleborg Sealing Solutions	10,892	12,142	-10	2	-2	-10
Trelleborg Wheel Systems	8,765	9,628	-7	0	-2	-9
Elimination	-156	-203	-	-	-	-
Core businesses	29,228	32,452	-9	1	-2	-10
Businesses Under Development	3,701	4,283	-5	-5	-4	-14
Elimination	-93	-147	-	-	-	-
Group	32,836	36,588	-9	1	-2	-10

NET SALES





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CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

SEK M	Note	2020	2019
Net sales	2	32,836	36,588
Cost of goods sold		-22,314	-24,870
Gross profit		10,522	11,718
Selling expenses		-2,776	-3,202
Administrative expenses		-2,834	-3,120
R&D costs		-582	-617
Other operating income	6	604	448
Other operating expenses	6	-654	-573
Share of profit or loss in associated companies	12	2	4
EBIT, excluding items affecting comparability		4,282	4,658
Items affecting comparability	5	-397	-3,696
EBIT	4, 7, 10	3,885	962
Financial income	8	138	78
Financial expenses	8	-427	-459
Profit before tax		3,596	581
Income tax	9	-885	-780
Net profit/loss		2,711	-199
– shareholders of the Parent Company		2,712	-199
– non-controlling interests		-1	0

EARNINGS PER SHARE ¹, SEK

Group, total	10.00	-0.73
Group, excluding items affecting comparability	10.89	11.89

¹ There were no dilutive effects.

NUMBER OF SHARES, DIVIDEND

On the balance sheet date	271,071,783	271,071,783
Average	271,071,783	271,071,783
Dividend per share, SEK ²	5.00	-

² As proposed by the Board of Directors. No dividend was paid in 2019, in accordance with the resolution of the Annual General Meeting.

STATEMENTS OF COMPREHENSIVE INCOME

SEK M	2020	2019
Net profit/loss	2,711	-199
Other comprehensive income		
Items that will not be reclassified to the income statement		
Reassessment of net pension obligation	-51	-151
Income tax relating to components of other comprehensive income	6	32
	-45	-119
Items that may be reclassified to the income statement		
Cash-flow hedging ³	-49	-98
Hedging of net investment	579	-390
Translation differences	-3,007	1,234
Income tax relating to components of other comprehensive income	-97	77
	-2,574	823
Other comprehensive income, net of tax	-2,619	704
Total comprehensive income	92	505
<i>Total comprehensive income attributable to:</i>		
Shareholders of the Parent Company	93	505
Non-controlling interests	-1	0

³ See also Note 28.



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CONSOLIDATED INCOME STATEMENTS

NET SALES PER GEOGRAPHIC MARKET

SEK M	2020		2019	
	Net sales	Share of total sales, %	Net sales	Share of total sales, %
Western Europe	15,105	46	17,105	47
Rest of Europe	3,153	10	3,348	9
North America	7,589	23	8,890	24
South and Central America	1,290	4	1,353	4
Asia and other markets	5,699	17	5,892	16
Total	32,836	100	36,588	100

ORGANIC GROWTH

	Organic growth 2020, %	Organic growth 2019, %
Western Europe	-10	0
Rest of Europe	-1	-2
North America	-14	1
South and Central America	5	-4
Asia and Rest of the World	-2	2
Group	-9	0

EBITA and EBIT

Consolidated EBITA, excluding items affecting comparability, was somewhat lower compared with the preceding year and amounted to SEK 4,654 M (5,020). The EBITA margin was 14.2 percent (13.7). Amortization and impairment of intangible assets, excluding items affecting comparability, increased during the year and amounted to an expense of SEK 372 M (expense: 362).

Consolidated EBIT, excluding items affecting comparability, amounted to SEK 4,282 M (4,658), down 8 percent. The earnings trend was generally negative, impacted by the pandemic. Despite this, Trelleborg Wheel Systems developed positively compared with the preceding year, with a 15-percent increase in EBIT, while Trelleborg Industrial Solutions and Trelleborg Sealing Solutions performed negatively. Earnings for the Businesses Under Development reporting segment were significantly better than in the preceding year. Acquisitions finalized made a positive contribution to the Group's earnings generation. The efficiency enhancement efforts that have been ongoing for many years via the Group's Excellence programs in manufacturing, purchasing, logistics and sales continued during the year. Both implemented and ongoing action programs continued to generate positive effects in the form of more efficient structures and lower costs. The impact of exchange rate effects – the translation of the earnings of foreign subsidiaries in 2019 to the exchange rate applying in 2020 – amounted to negative SEK 131 M, with the largest impact from the translation of subsidiaries with financial statements denominated in USD and LKR. The EBIT margin excluding items affecting comparability amounted to 13.0 percent (12.7).

EBIT SPECIFICATION

SEK M	2020	2019
<i>Excluding items affecting comparability:</i>		
EBITDA	6,164	6,605
Depreciation/impairment of tangible assets	-1,510	-1,585
EBITA	4,654	5,020
Amortization/impairment of intangible assets	-372	-362
EBIT	4,282	4,658
Items affecting comparability	-397	-3,696
EBIT	3,885	962

EBIT, EXCLUDING ITEMS AFFECTING COMPARABILITY

SEK M	2020	2019
Trelleborg Industrial Solutions	1,042	1,215
Trelleborg Sealing Solutions	2,137	2,729
Trelleborg Wheel Systems	1,050	913
Group items	-185	-229
Core businesses	4,044	4,628
Businesses Under Development	238	30
Group	4,282	4,658

EBIT and the EBIT margin for the Trelleborg Industrial Solutions business area decreased by 14 percent year on year to SEK 1,042 M (1,215), primarily as a result of the effects of the pandemic. Meanwhile, good cost control limited the decline in earnings. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 M on EBIT compared with 2019. The EBIT margin was 10.7 percent (11.2).

The Trelleborg Sealing Solutions business area was also affected by the pandemic, with EBIT for the year declining 22 percent and amounting to SEK 2,137 M (2,729). However, the decline in earnings was limited due to strict cost control. The EBIT margin declined to 19.6 percent (22.5). Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 48 M on EBIT compared with 2019.

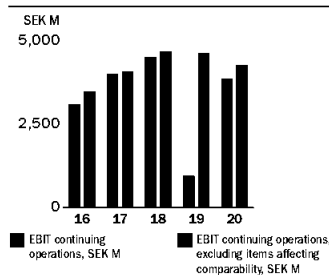
Despite a weak start to the year due to the effects of the pandemic, EBIT in Trelleborg Wheel Systems increased during the year, mainly due to structural measures and strict cost control implemented as a result of the difficult market conditions in the wake of the Coronavirus pandemic. Previous investments made in capacity that were commissioned during the year supported the earnings improvement. EBIT totaled SEK 1,050 M (913). The EBIT margin rose to 12.0 percent (9.5). Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 M on EBIT compared with 2019.

For the Businesses Under Development reporting segment, EBIT improved compared with the preceding year, with previously implemented structural measures and strict cost control the drivers behind the improved earnings. EBIT totaled SEK 238 M (30). The EBIT margin was 6.4 percent (0.7). Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 11 M on EBIT compared with 2019. During the year, the Swedish and Estonian operations that manufacture molded components were divested, as well as a small operation in France that manufactures rubber-covered rollers and rubber belts, which was part of the reporting segment's printing blankets operation.

Items affecting comparability

Items affecting comparability for the year amounted to a negative SEK 397 M (neg: 3,696), attributable in their entirety to restructuring costs. 2019 included restructuring costs of SEK 498 M and impairment of capital employed of SEK 3,198 M connected with the Businesses Under Development reporting segment. The largest restructuring projects in 2020 related primarily to the action program that was launched to address an anticipated slowdown in demand in parts of the Group due to the pandemic. In addition, this also included a project for the optimization of tire production capacity in Czech Republic, and a project for optimization of the structure in the oil & gas operations in the Businesses Under Development reporting segment.

EBIT





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CONSOLIDATED INCOME STATEMENTS

Earnings, Group

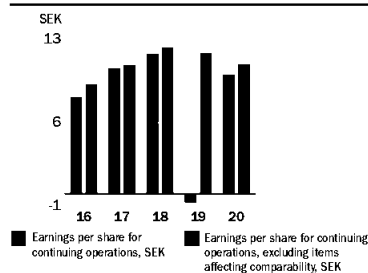
EBIT for the Group, including items affecting comparability, amounted to SEK 3,885 M (962). The Group's financial income and expenses amounted to a net expense of SEK 289 M (expense: 381), mainly impacted by lower liabilities and exchange rate effects. Net financial items in relation to net debt amounted to 2.0 percent (2.3), excluding the effects of leases and pension liabilities. Profit before tax totaled SEK 3,596 M (581). The tax cost for the year totaled SEK 885 M (cost: 780). The tax rate for the Group, excluding items affecting comparability, was 26 percent (25). Net profit amounted to SEK 2,711 M (loss: 199). Earnings per share were SEK 10.00 (neg: 0.73). Excluding items affecting comparability, earnings per share were SEK 10.89 (11.89).

Significant events after the close of the period

Trelleborg launched a new climate target in February 2021. The target goes under the name "50 by 25", meaning that the Group will reduce its CO₂ emissions by 50 percent relative to sales by 2025, with a base year of 2020. In conjunction with the new target, the Group launched a vision statement: To achieve complete climate neutrality, or zero net emissions, in its own operations by the end of 2035. Refer to page 22.

More information about Trelleborg's climate work and sustainability strategy can be found at [trelleborg.com](https://www.trelleborg.com).

EARNINGS PER SHARE



KEY FIGURES PER QUARTER

NET SALES

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2020	2019	2020	2019	2020	2019	2020	2019
Trelleborg Industrial Solutions	2,595	2,628	2,309	2,740	2,354	2,722	2,469	2,795
Trelleborg Sealing Solutions	3,209	3,118	2,498	3,090	2,512	2,982	2,673	2,952
Trelleborg Wheel Systems	2,459	2,723	2,046	2,536	2,075	2,188	2,185	2,181
Elimination	-71	-54	-34	-52	-46	-50	-5	-47
Core businesses	8,192	8,415	6,819	8,314	6,895	7,842	7,322	7,881
Businesses Under Development	1,114	1,007	888	1,086	862	1,019	837	1,171
Elimination	-20	-41	-18	-39	-14	-33	-41	-34
Group	9,286	9,381	7,689	9,361	7,743	8,828	8,118	9,018

EBIT, EXCLUDING ITEMS AFFECTING COMPARABILITY

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2020	2019	2020	2019	2020	2019	2020	2019
Trelleborg Industrial Solutions	209	284	202	327	262	289	369	315
Trelleborg Sealing Solutions	706	724	465	711	454	668	512	626
Trelleborg Wheel Systems	297	349	256	319	272	148	225	97
Group items	-56	-60	-34	-47	-46	-60	-49	-62
Core businesses	1,156	1,297	889	1,310	942	1,045	1,057	976
Businesses Under Development	79	-2	53	11	57	-9	49	30
Group	1,235	1,295	942	1,321	999	1,036	1,106	1,006

Contents

CONSOLIDATED BALANCE SHEETS

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

CAPITAL EMPLOYED

The Group's total capital employed was SEK 39,699 M (44,276), representing an decrease of SEK 4,577 M attributable to:

Opening balance, capital employed, SEK M	44,276
Change in working capital	-591
Net change in non-current assets	-493
Change in participations in joint ventures and associated companies	4
Structural changes	-233
Exchange rate effects upon translation of foreign subsidiaries	-3,264
Change in capital employed, 2020	-4,577
Closing balance, capital employed, SEK M	39,699

The change in working capital during the year, excluding acquisitions and exchange rate effects, was a negative SEK 591 M.

The net change related to the year's investments, depreciation, amortization and impairment of tangible assets and intangible assets, including right-of-use assets, amounted to negative SEK 493 M, excluding exchange rate effects.

Participations in associated companies increased by SEK 4 M.

Structural changes, net of divested entities and effects from acquisitions, excluding exchange rate effects, reduced the capital employed by SEK 233 M, primarily impacted by the divestment of the Swedish and Estonian operations for molded components manufacturing.

Exchange rate effects reduced total capital employed by SEK 3,264 M net during the year.

SPECIFICATION OF CAPITAL EMPLOYED

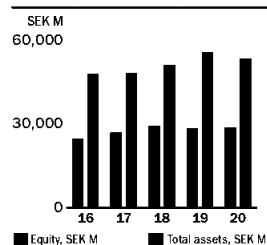
SEK M	2020	2019
Total assets	53,764	56,171
Less:		
Interest-bearing receivables	275	308
Cash and cash equivalents	5,756	2,694
Tax assets	1,626	2,050
Operating liabilities	6,408	6,843
Capital employed, Group	39,699	44,276

The return on capital employed, excluding items affecting comparability, was 9.8 percent (9.9).

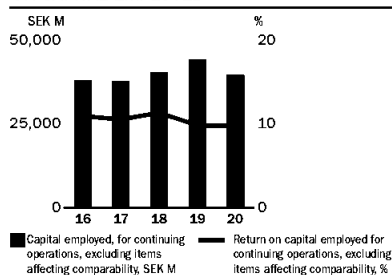
RETURN ON CAPITAL EMPLOYED, %

	2020	2019
Excluding items affecting comparability	9.8	9.9
Including items affecting comparability	8.9	2.0

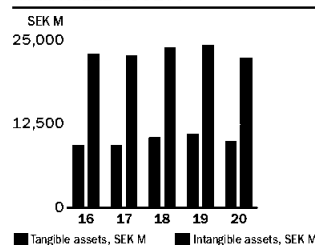
CAPITAL STRUCTURE



CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED



TANGIBLE¹ AND INTANGIBLE ASSETS



¹ Excluding right-of-use assets.



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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

December 31, SEK M	Note	2020	2019
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	15, 16	11,928	13,306
Goodwill	17	17,867	19,198
Other intangible assets	17	4,675	5,289
Participations in associated companies	12	104	108
Financial non-current assets	13, 26, 30	62	46
Deferred tax assets	9	742	941
Total non-current assets		35,378	38,888
<i>Current assets</i>			
Inventories	18	5,263	6,361
Current operating receivables	19, 20, 22	6,250	6,833
Current tax assets		884	1,109
Interest-bearing receivables	27	233	286
Cash and cash equivalents	25	5,756	2,694
Total current assets		18,386	17,283
TOTAL ASSETS		53,764	56,171
EQUITY AND LIABILITIES			
<i>Equity</i>			
	28		
Share capital		2,620	2,620
Other capital contributions		226	226
Other reserves		382	2,955
Profit brought forward		23,005	23,249
Net profit/loss for the year		2,712	-199
Total		28,945	28,851
Non-controlling interests		8	10
Total equity		28,953	28,861
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	29	10,718	13,063
Other non-current liabilities	23	272	188
Pension obligations	11	619	604
Other provisions	24	149	202
Deferred tax liabilities	9	899	1,075
Total non-current liabilities		12,657	15,132
<i>Current liabilities</i>			
Interest-bearing current liabilities	29	4,706	4,234
Current tax liability		1,138	1,234
Other current liabilities	21, 22, 23	5,987	6,317
Other provisions	24	323	393
Total current liabilities		12,154	12,178
TOTAL EQUITY AND LIABILITIES		53,764	56,171

TRELLEBORG GROUP, CHANGE IN TOTAL EQUITY

SEK M	Attributable to shareholders of the Parent Company								Non-controlling interests		Total	
	Share capital		Other capital contributions		Other reserves		Profit brought forward		2020	2019	2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019				
Opening balance, January 1	2,620	2,620	226	226	2,955	2,132	23,050	25,148	10	-	28,861	30,126
Adjustment of working capital	-	-	-	-	-	-	-	-359	-	-	-	-359
Adjusted opening balance, January 1	2,620	2,620	226	226	2,955	2,132	23,050	24,789	10	-	28,861	29,767
Nonrecurring item attributable to IFRS 16 including tax effect	-	-	-	-	-	-	-	-133	-	-	-	-133
Net profit/loss for the year	-	-	-	-	-	-	2,712	-199	-1	-	2,711	-199
Other comprehensive income	-	-	-	-	-2,573	823	-45	-119	-1	-	-2,619	704
Dividend	-	-	-	-	-	-	-	-1,288	-	-	-	-1,288
Non-controlling interests	-	-	-	-	-	-	-	-	-	10	-	10
Closing balance, December 31	2,620	2,620	226	226	382	2,955	25,717	23,050	8	10	28,953	28,861

For other reserves, refer to Note 28.

The Board of Directors proposes a cash dividend of SEK 5.00 per share (-), a total of SEK 1,355 M (-).

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CONSOLIDATED BALANCE SHEETS

NET DEBT

SEK M	2020	2019
Non-current interest-bearing investments and receivables	12	3
Current interest-bearing receivables	233	286
Cash and cash equivalents	5,756	2,694
Total interest-bearing assets	6,001	2,983
Interest-bearing non-current liabilities	-10,718	-13,063
Pension obligations	-603	-600
Interest-bearing current liabilities	-4,706	-4,234
Total interest-bearing liabilities	-16,027	-17,897
Net debt	-10,026	-14,914
<i>Change in net debt:</i>		
Net debt at January 1	-14,914	-10,499
Operating cash flow	5,332	4,167
Cash-flow effect of items affecting comparability	-325	-353
Non-controlling interests	-	10
Financial items	-319	-377
Tax paid	-772	-763
Free cash flow	3,916	2,684
Acquisitions	3	-3,066
Divested operations	147	-
Dividend to shareholders of the Parent Company	-	-1,288
Net cash flow	4,066	-1,670
Exchange rate differences	732	-370
Lease liability acc. to IFRS 16 ¹	141	-2,224
Pension liability	-51	-151
Net debt at year end	-10,026	-14,914
<i>Of which:</i>		
Pension liability ²	-603	-600
Lease liability acc. to IFRS 16 ²	-2,049	-2,353
Net debt excluding impact of lease and pension liability	-7,374	-11,961
Debt/equity ratio, %	35	52
Net debt/EBITDA³	1.7	2.5
<i>Group</i>		
EBITDA/net interest income, multiples	17.6	16.2
Return on shareholders' equity, %	9.4	-0.7

¹ Relates to non-cash items.

² As of 2019, net debt includes lease liabilities in accordance with IFRS 16 and pension liabilities.

³ EBITDA, including items affecting comparability.

Net debt and financing

Net debt at year-end 2019/2020 amounted to SEK 14,914 m.

Closing net debt at year-end was impacted by the net cash flow for the year, positive exchange rate differences, divestments during the year, a minor adjustment of acquisitions completed in earlier years and the effects of lease liabilities and pension liabilities. Net debt at year-end amounted to SEK 10,026 m. Excluding the impact of lease liabilities and pension liabilities, net debt amounted to SEK 7,374 m.

The debt/equity ratio at the end of the period was 35 percent (52).

Net debt in relation to EBITDA was 1.7 (2.5) at the end of the period.

Trelleborg's credit facilities

The majority of Trelleborg's core EUR 450 m and USD 625 m syndicated multicurrency revolving credit facility matures in February 2025 and can be extended by an additional one year on the condition that the lenders agree to this. On account of Trelleborg's significant presence in the Czech Republic, there is also a syndicated facility of CZK 6,750 m. This facility matures in 2024.

In 2020, Trelleborg raised a bridging loan of SEK 1,000 m (tenor 1 year) and signed an agreement for a revolving credit facility of SEK 500 m (tenor 2 years).

In 2020, Trelleborg issued four Medium Term Notes in the Swedish bond market of SEK 250 m (tenor 2 years), SEK 500 m (tenor 2 years), SEK 200 m (tenor 3 years) and SEK 800 m (tenor 5 years).

In the market for Schuldschein, Trelleborg raised a loan of EUR 25 m subdivided into two tranches of EUR 10 m (tenor 5 years) and EUR 15 m (tenor 7 years).

Equity

Total shareholders' equity at year-end amounted to SEK 28,953 m (28,861).

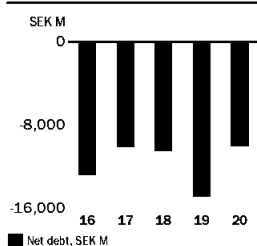
An adjustment, recognized in accordance with IAS 8, was made to the opening balance, which was attributable to correction of historical errors in current operating receivables and other current liabilities in subsidiaries, primarily due to a change in the accounting system.

The net result for the year impacted shareholders' equity in an amount of SEK 2,712 m (neg: 199). Effects of translation differences, cash-flow hedging and the hedging of net investments reduced total equity by a net amount of SEK 2,573 m (increase: 823) after tax. Effects of the restatement of the net pension obligation under IAS 19 Employee Benefits was an expense of SEK 45 m after tax (expense: 119). Non-controlling interests reduced total equity by SEK 2 m.

No dividend was paid on the basis of the results for 2019, in accordance with the resolution of the Annual General Meeting. In the preceding year, the dividend amounted to SEK 1,288 m.

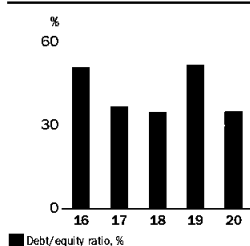
Equity per share amounted to SEK 107 (106). The equity/assets ratio was 54 percent (51). The return on shareholders' equity excluding items affecting comparability amounted to 10.2 percent (11.0). The total return on shareholders' equity for the Group was 9.4 percent (neg: 0.7).

NET DEBT¹

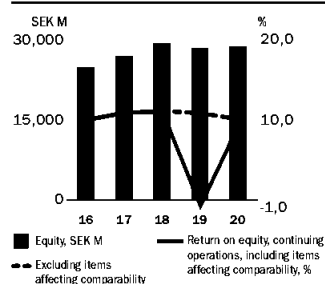


¹ 2019 and 2020 include lease liabilities acc. to IFRS 16.

DEBT/EQUITY RATIO¹



EQUITY AND RETURN ON EQUITY





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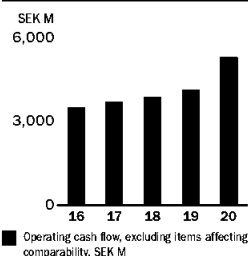
CONSOLIDATED CASH-FLOW STATEMENTS

COMMENTS ON THE CONSOLIDATED CASH-FLOW STATEMENTS

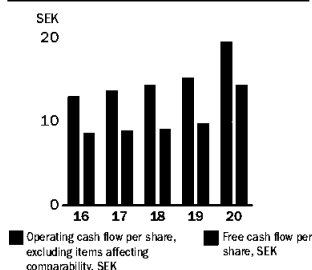
Operating cash flow during the year amounted to SEK 5,332 M (4,167). The cash conversion ratio was 125 percent (89) for the year. The improvement is due primarily to a better trend in working capital compared with the preceding year and lower capital expenditure. The level of investment decreased 32 percent compared with 2019 and amounted to SEK 1,220 M (1,797), comprising 3.7 percent (4.9) of sales. The change in working capital was SEK 678 M (neg: 258). During the year, payments related to items affecting comparability amounted to an outflow of SEK 325 M (outflow: 353). After deductions for financial items, outflow of SEK 319 M (outflow: 377), and taxes paid of SEK 772 M (outflow: 763), free cash flow amounted to SEK 3,916 M (2,684), corresponding to SEK 14.45 per share (9.93).

No acquisitions were made in 2020, but minor adjustments to prior years' acquisitions were reported with an effect of SEK 3 M (neg: 3,066). The effects of the year's divestments, mainly relating to the Group's Swedish and Estonian operations for the manufacture of molded components, amounted to SEK 147 M (-). No dividend was paid in 2020, in accordance with the resolution of the Annual General Meeting. The preceding year's net cash flow was also impacted by a dividend to shareholders of SEK 1,288 M. Net cash flow amounted to SEK 4,066 M (neg: 1,670).

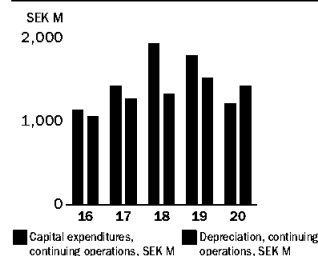
OPERATING CASH FLOW



CASH FLOW PER SHARE



CAPITAL EXPENDITURES AND DEPRECIATION¹



¹ Excluding impact from IFRS 16.

CASH-FLOW REPORT

SEK M	EBITDA		Gross capital expenditures		Sold non-current assets		Amortization of lease liability		Change in working capital		Dividend from associated companies		Other non-cash items		Total cash flow	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Trelleborg Industrial Solutions	1,593	1,759	-228	-438	9	4	-103	-97	182	-57	-	0	25	46	1,478	1,217
Trelleborg Sealing Solutions	2,810	3,366	-416	-575	5	3	-180	-172	312	-149	1	1	47	39	2,579	2,513
Trelleborg Wheel Systems	1,544	1,415	-410	-483	12	9	-93	-92	291	128	-	-	28	49	1,372	1,026
Group items	-165	-190	-4	-26	123	0	-16	-19	-20	-74	-	-	-127	-148	-209	-457
Core businesses	5,782	6,350	-1,058	-1,522	149	16	-392	-380	765	-152	1	1	-27	-14	5,220	4,299
Businesses Under Development	382	255	-162	-275	11	2	-24	-24	-87	-106	-	-	-8	16	112	-132
Operating cash flow	6,164	6,605	-1,220	-1,797	160	18	-416	-404	678	-258	1	1	-35	2	5,332	4,167
Cash-flow effect of items affecting comparability															-325	-353
Non-controlling interests															-	10
Financial items															-319	-377
Tax paid															-772	-763
Free cash flow															3,916	2,684
Acquisitions															3	-3,066
Divested operations															147	-
Dividend paid – shareholders of the Parent Company															-	-1,288
Total net cash flow															4,066	-1,670



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CONSOLIDATED CASH-FLOW STATEMENTS

CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Note	2020	2019
Operating activities			
EBIT including participations in associated companies		3,885	962
Adjustment for items not included in operating cash flow:			
Depreciation of property, plant and equipment	15, 16	1,495	1,579
Amortization of intangible assets	17	372	372
Impairment of property, plant and equipment	15, 16	59	452
Impairment of intangible assets	17	5	2,709
Dividend from associated companies		1	1
Participations in associated companies and other non-cash items		-29	-5
Interest received and other financial items		68	45
Interest paid and other financial items		-387	-422
Tax paid		-772	-763
Cash flow from operating activities before changes in working capital		4,697	4,930
Cash flow from changes in working capital			
Change in inventories		533	78
Change in operating receivables		-111	135
Change in operating liabilities		256	-471
Change in items affecting comparability		-20	182
Cash flow from operating activities		5,355	4,854
Investing activities			
Acquired units	14	3	-3,066
Divested/discontinuing operations		147	-
Gross capital expenditures for property, plant and equipment	15	-1,106	-1,632
Gross capital expenditures for intangible assets	17	-114	-165
Sale of non-current assets ¹		202	21
Cash flow from investing activities		-868	-4,842
Financing activities			
Change in interest-bearing investments		31	-213
Change in interest-bearing liabilities		-580	-599
New/utilized loans		3,100	3,004
Amortized loans		-3,737	-649
Dividend paid – shareholders of the Parent Company		-	-1,288
Non-controlling interests		-	10
Cash flow from financing activities	29	-1,186	265
Cash flow for the year		3,301	277
Cash and cash equivalents			
Opening balance, January 1		2,694	2,341
Exchange rate differences		-239	76
Cash and cash equivalents, December 31	25	5,756	2,694

¹ Of which SEK 42 M is included in items affecting comparability for 2020.

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

SEK M	2019	Transfer between long-term and short-term loans	Cash changes	Non-cash changes					2020
				Acquisitions	Translation differences	Fair value changes	Lease liabilities acc. to IFRS 16	Pension obligations	
Long-term loans	11,016	-2,762	1,218	-	-457	-	-	-	9,015
Current loans	3,368	2,746	-1,855	-	-131	-	-	-	4,128
Other non-current financial liabilities	95	-54	-18	-	0	-	-	-	23
Other current financial liabilities	465	70	-142	-	-184	-	-	-	209
Lease liability acc. to IFRS 16	2,353	-	-421	-	-163	-	280	-	2,049
Pension obligations	603	-	-	-	-36	-	-	51	618
Total liabilities from financing activities	17,900	-	-1,218	-	-971	-	280	51	16,042



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Definitions of performance measures

Trelleborg uses a number of alternative performance measures relating to its financial position: return on shareholders' equity and return on capital employed, net debt, debt/equity ratio and equity/assets ratio. The Group believes that these performance measures can be utilized by users of the financial statements as a supplement in assessing the possibility of dividends, making strategic investments and assessing the Group's ability to meet its financial commitments. Trelleborg also uses the cash flow

metrics of operating cash flow and free cash flow to provide an indication of the funds generated by the operations in order to conduct strategic investments, carry out amortizations and generate a return for its shareholders. Trelleborg uses the performance metrics of EBITDA, EBITA and EBIT excluding items affecting comparability, which the Group considers to be relevant for investors seeking to understand its earnings generation before items affecting comparability. For further descriptions and calculations of performance measures, visit www.trelleborg.com/en/investors/financial-definitions.

Notes – Group

1 General accounting policies

The Parent Company, Trelleborg AB (publ) is a limited liability company with its registered office in Trelleborg, Sweden. The Parent Company is listed on Nasdaq Stockholm. The Board of Directors resolved to adopt these consolidated financial statements for publication on February 19, 2021.

Basis of preparation

The Trelleborg Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups and the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as approved by the EU.

The Group's financial statements have been prepared in accordance with the cost method, with the exception of certain financial instruments that were measured at fair value.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below under "Parent Company's accounting policies." The differences arising between the Parent Company and the Group's accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

Amendments to IAS 1 Presentation of Financial Statements are being made within the framework of the IASB's Disclosure Initiative, a project aimed at improving disclosures in financial statements. The amendments clarify a number of issues, including materiality, separate disclosure and subtotals, and the order of notes. For Trelleborg, this has involved a rearrangement of the note structure, with certain applicable accounting policies presented under the respective notes since 2016. In addition, general accounting policies were applied that are presented below.

These policies were applied consistently for all years presented, unless otherwise stated.

Consolidated financial statements

Group

The consolidated financial statements include the Parent Company and all subsidiaries, joint ventures and associated companies. Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognized in assets are also eliminated.

Translation of foreign currencies

Functional currency and reporting currency

Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency, is utilized in the consolidated financial statements.

Transactions and balance-sheet items

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange rate gains and losses resulting from settlement of such transactions and from the translation at the closing rate of monetary assets and liabilities in foreign currency are recognized in profit and loss. An exception is made when hedging transactions meet the requirements for cash-flow hedging or net-investments hedging whereby gains and losses are recognized directly against other comprehensive income after adjustment for deferred taxes. Reversal to profit and loss takes place at the same time as the hedged transaction impacts profit and loss.

Subsidiaries

The earnings and financial position of the Group subsidiaries, joint ventures and associated companies (none of which use a high-inflation currency) are prepared in the functional currency of each company. In the consolidated financial statements, the earnings and financial position of foreign subsidiaries are translated into SEK in accordance with the following:

Income and expenses in the income statements of subsidiaries are translated at the average exchange rate for the applicable year, while assets and liabilities in the balance sheets are translated at the closing rate. Exchange rate differences arising from translation are recognized as a separate item in other comprehensive income. Translation differences arising on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item in other comprehensive income. On divestment, the accumulated translation differences attributable to the divested unit, previously recognized in other comprehensive income, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments of fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities of these operations, and are translated at the closing rate.

Cash-flow statements

Cash-flow statements are prepared in accordance with the indirect method.

Other accounting and valuation policies

Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid more than 12 months from the closing date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the closing date. Assets and liabilities are measured at cost, unless otherwise indicated.

New and amended IFRS standards applied from January 1, 2020

The following standards and amendments are new for the fiscal year beginning on January 1, 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform. The amendment is an effect of reforms to the interbank offered rates, which include the impending replacement of generally used interbank offered rates (such as STIBOR, EURIBOR, LIBOR) for alternative, risk-free interbank offered rates. IASB has issued an easing of the criteria used for hedge accounting so companies that apply hedge accounting can assume that the reference rate that hedged cash flow and cash flow from the hedging instrument does not change as a result of uncertainty from the interest rate benchmark reform.
- Amendments to IFRS 3 Business Combinations: Definition of a business. The purpose of the amendment is to clarify the definition of a business combination with the aim to make it easier for companies to analyze if an acquisition constitutes a business combination or an asset acquisition.
- Amendments to IAS 1 and IAS 8: Definition of "material". The amendment aims to clarify which information is material in preparation of the financial statements and therefore the texts in IAS 1 and IAS 8 have been adapted.
- Amendments to IFRS 16: Covid-19-Related Rent Concessions. The amendment concerns rent concessions that are directly related to Covid-19 and entail a voluntary exemption from the lease modifications rules in IFRS 16 Leases. This exemption only applies to the lessee, and does not affect reporting by the lessor. Trelleborg has chosen to utilize this exemption rule.

The amendments as set out above had no material impact on the Group's financial statements.



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New standards and interpretations that have not yet come into effect

A number of new and amended IFRS have not yet come into effect and were not applied prospectively in connection with the preparation of the Group's and Parent Company's financial statements. These amended standards or interpretations are not expected to have any material impact on the Group's or Parent Company's financial statements.

Interest rate benchmark reform:

- The Interest Rate Benchmark Reform Amendments PHASE II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) are related to amendments to financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements in IFRS 7 to follow the amendments regarding modifications and hedge accounting.
The Group has set up a project to analyze, transition and implement new interest rate benchmarks. Trelleborg is exposed to interbank offered rates (IBORs) in its borrowings with associated interest rate swaps at fixed rates. The benchmark interest rates affected are primarily EURIBOR, LIBOR and STIBOR. Approximately 87 percent of the Group's borrowing, excluding lease liabilities and derivatives, are at variable interest rates, of which about 64 percent is swapped at fixed rates. The Group has fallback clauses in most agreements.

Critical accounting estimates and judgments

Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions impact recognized assets and liabilities, as well as revenue and expenses and other disclosures, including contingent liabilities. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of

assets and liabilities where these cannot be determined by means of other information. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. Estimates and assumptions that may have a significant effect on the Group's earnings and financial position are provided for each note where appropriate.

Parent Company's accounting policies

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. In its financial reporting, the Parent Company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This primarily entails the following differences between accounting in the Parent Company and the Group:

- The Parent Company recognizes its pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments are made at Group level to reporting in accordance with IFRS.
- Group contributions are recognized as appropriations.
- Shareholders' contributions to subsidiaries are added to the value of shares and participations in the balance sheet, after which impairment testing is conducted.
- Liabilities in foreign currencies that represent effective hedging instruments for the Parent Company's investments in subsidiaries are measured at the historical rate of exchange. Gains or losses on liabilities that are replaced are recognized as other assets or liabilities until such time as the net investment has been divested.
- The Parent Company applies the exception from application of IFRS 16 Leases. Leasing costs are charged to profit and do not impact the balance sheet.

Sales and earnings

2 Segment reporting



Accounting policies

Operating segments

Operating segments are reported in a manner consistent with the internal reports presented to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the operating segments' earnings. For the Group, this function has been identified as the President.

Trelleborg's organization comprises three business areas included in the Group's core businesses, and a reporting segment, Businesses Under Development. The following business areas are included in core businesses:

- Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.

- Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in general industry, automotive and aerospace.
- Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for off-highway vehicles and specialty applications.

The reporting segment, **Businesses Under Development**, is recognized separately from the business area structure. The segment comprises areas where improvement in position and profitability must occur and comprises the operations of printing blankets, offshore oil & gas, technical rubber products, as well as bicycle tires.



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Critical estimates and judgments

Segment reporting for the business areas comprises operating EBIT and capital employed. Capital employed encompasses all property, plant and equipment, intangible assets and participations in associated companies, inventories and operating receivables, less operating liabilities. The business areas are charged with Group-wide expenses amounting to 0.4 percent of external sales, which does not affect recognized cash flows.

A description of the Group's operating segments is presented on pages 24–32.

Royalty revenue is presented in Note 6, since it is not included in normal operations but is instead classified as "Other operating income." In the presentation of the Group's geographical markets, the operations have been subdivided into Western Europe, Rest of Europe, North America, South and Central America, Asia and other markets. Net sales are recognized according to customer location, while capital employed and capital expenditures are recognized according to where the subsidiaries are physically located.

In the translation of foreign subsidiaries, changes in exchange rates compared with 2019 had an impact on sales of –2 percent (5).

Net sales and EBIT by operating segment

SEK M	2020						2019					
	Net sales		Profit/loss	Of which, items affecting comparability	Of which, profit/loss in associated companies		Net sales		Profit/loss	Of which, items affecting comparability	Of which, profit/loss in associated companies	
	External	Internal					External	Internal				
Trelleborg Industrial Solutions	9,528	199	9,727	921	–121	–	10,609	276	10,885	1,050	–165	–
Trelleborg Sealing Solutions	10,884	8	10,892	2,020	–117	1	12,134	8	12,142	2,709	–20	3
Trelleborg Wheel Systems	8,763	2	8,765	992	–58	–3	9,624	4	9,628	833	–80	–1
Group items/elimination		–156	–156	–204	–19	0		–203	–203	–258	–29	–1
Core businesses	29,175	53	29,228	3,729	–315	–2	32,367	85	32,452	4,334	–294	1
Businesses Under Development	3,661	40	3,701	156	–82	4	4,221	62	4,283	–3,372	–3,402	3
Elimination		–93	–93					–147	–147			
Group	32,836		32,836	3,885	–397	2	36,588		36,588	962	–3,696	4
Financial income				138						78		
Financial expenses				–427						–459		
Income tax				–885						–780		
Net profit/loss				2,711						–199		

Allocation of revenue, external sales

2020							Revenue recognition:		
SEK M	Western Europe	Rest of Europe	North America	South and Central America	Asia & Other markets	Total external sales	Over time	Point in time	Total external sales
Trelleborg Industrial Solutions	4,150	846	2,346	280	1,906	9,528	992	8,536	9,528
Trelleborg Sealing Solutions	4,532	653	3,260	255	2,184	10,884	27	10,857	10,884
Trelleborg Wheel Systems	4,981	1,090	1,543	339	810	8,763	–	8,763	8,763
Core businesses	13,663	2,589	7,149	874	4,900	29,175	1,019	28,156	29,175
Businesses Under Development	1,442	564	440	416	799	3,661	401	3,260	3,661
Group	15,105	3,153	7,589	1,290	5,699	32,836	1,420	31,416	32,836

2019							Revenue recognition:		
SEK M	Western Europe	Rest of Europe	North America	South and Central America	Asia & Other markets	Total external sales	Over time	Point in time	Total external sales
Trelleborg Industrial Solutions	4,627	919	2,839	375	1,849	10,609	960	9,649	10,609
Trelleborg Sealing Solutions	5,189	670	3,755	277	2,243	12,134	12	12,122	12,134
Trelleborg Wheel Systems	5,505	1,072	1,786	377	884	9,624	–	9,624	9,624
Core businesses	15,321	2,661	8,380	1,029	4,976	32,367	972	31,395	32,367
Businesses Under Development	1,784	687	510	324	916	4,221	522	3,699	4,221
Group	17,105	3,348	8,890	1,353	5,892	36,588	1,494	35,094	36,588



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Breakdown by operating segment

	2020						2019					
SEK M	Capital employed	Of which participations in associated companies	Capital expenditures ¹	Depreciation/ amortization ²	Impairment losses ³	Operating cash flow ⁴	Capital employed	Of which participations in associated companies	Capital expenditures ¹	Depreciation/ amortization ²	Impairment losses ³	Operating cash flow ⁴
Trelleborg Industrial Solutions	9,816	–	228	544	6	1,478	11,113	–	438	541	12	1,217
Trelleborg Sealing Solutions	13,470	10	416	670	46	2,579	15,188	10	575	638	–67	2,513
Trelleborg Wheel Systems	13,650	20	410	493	2	1,372	14,885	–	483	508	–6	1,026
Group items	238	–	4	36	–16	–209	283	23	26	39	1	–457
Provisions for items affecting comparability	–138						–146					
Core businesses	37,036	30	1,058	1,743	38	5,220	41,323	33	1,522	1,726	–60	4,299
Businesses Under Development	2,719	74	162	124	28	112	3,057	75	275	225	3,214	–132
Provisions for items affecting comparability	–56						–104					
Group	39,699	104	1,220	1,867	66	5,332	44,276	108	1,797	1,951	3,154	4,167

¹ Relates to investments in property, plant and equipment and intangible assets, excluding investments in right-of-use assets of SEK 317 M (201).

² Including depreciation of right-of-use assets of SEK 439 M (425).

³ Including reversed impairment losses.

⁴ Operating cash flow relates to the Group's operations excluding items affecting comparability.

Net sales

By geographic market/country

SEK M	2020	2019
Germany	4,826	5,239
France	1,940	2,239
UK	1,636	1,819
Italy	1,398	1,655
Sweden	988	1,227
Spain	622	722
Netherlands	617	803
Norway	570	610
Switzerland	489	597
Belgium	442	479
Austria	424	485
Finland	417	499
Denmark	265	266
Other Western Europe	471	465
Total Western Europe	15,105	17,105
Czech Republic	641	755
Poland	618	644
Russia	482	516
Turkey	339	305
Hungary	225	221
Romania	128	138
Slovakia	127	149
Slovenia	121	139
Rest of Europe	472	481
Total Rest of Europe	3,153	3,348
US	7,045	8,273
Canada	544	617
Total North America	7,589	8,890
Brazil	643	523
Mexico	380	478
Other South and Central America	267	352
Total South and Central America	1,290	1,353
China	2,147	1,911
Australia	579	523
Japan	470	567
South Korea	409	411
India	368	583
Other markets	1,726	1,897
Total Asia and other markets	5,699	5,892
Total	32,836	36,588

Trends in key currencies against the SEK were as follows:

	2020		2019	
	Average rate	Closing rate	Average rate	Closing rate
EUR	10.4888	10.0375	10.5850	10.4336
USD	9.2097	8.1886	9.4565	9.3171
GBP	11.8034	11.0873	12.0641	12.2145
CZK	0.3966	0.3831	0.4123	0.4098

Distribution by geographic market

SEK M	Capital employed		Capital expenditures ⁵	
	2020	2019	2020	2019
UK	2,642	2,836	74	130
Germany	2,611	2,814	175	131
Italy	1,963	2,198	109	147
France	1,108	1,179	38	59
Sweden	1,009	1,117	38	144
Switzerland	725	769	20	33
Malta	466	499	18	49
Other Western Europe	5,342	5,738	55	116
Total Western Europe	15,866	17,150	527	809
Czech Republic	8,079	8,408	307	381
Slovenia	1,509	1,635	29	79
Serbia	391	385	18	40
Turkey	277	357	11	15
Poland	182	231	16	34
Rest of Europe	370	480	17	39
Total Rest of Europe	10,808	11,496	398	588
US	9,482	11,514	151	192
Canada	65	70	–	–
Total North America	9,547	11,584	151	192
Brazil	481	701	12	15
Mexico	110	162	2	2
Other South and Central America	3	10	–	–
Total South and Central America	594	873	14	17
China	1,349	1,460	64	73
Australia	575	607	11	19
Sri Lanka	266	317	22	64
Japan	252	272	1	1
India	202	269	11	19
Other markets	240	248	21	15
Total Asia and other markets	2,884	3,173	130	191
Total	39,699	44,276	1,220	1,797

⁵ Excluding investments in right-of-use assets of SEK 317 M (201).



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NOTES – GROUP

3 Revenue recognition



Accounting policies

Revenue from contracts with customers

Trelleborg follows a five-step model for recognizing income that is based on when control of a good or service is passed to the customer. The core principle is that an entity is to recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The five-step model comprises the following steps:

Step 1: Identify the contract with the customer

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of IFRS 15 are to be applied to each individual customer contract that the parties agreed to and that meets the following criteria:

- The contract has been approved by the parties and the parties intend to fulfill their obligations
- Each party's rights can be identified
- The payment terms for the goods or services to be transferred can be identified
- The contract has commercial substance (the risk, timing and amount for the company's future cash flows are expected to change due to the contract)
- It is probable that the consideration to which the company is entitled in exchange for the goods or services to be transferred to the customer will be collected

Trelleborg's customer contracts meet the five criteria of step 1.

Step 2: Identify the performance obligations in the contract

A contract with a customer contains a promise to transfer a good or service to the customer. If a promise for a good or service meets the criteria for being "distinct," this then comprises a performance obligation that is to be recognized separately from other goods and services in the contract.

Distinct performance obligations are promises to transfer goods or services in a contract that meet both of the following criteria:

- The customer can benefit from the good or services on its own or in conjunction with other readily available resources (distinct in nature) and
- The company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (distinct in the contract).

The Trelleborg Group has customer contracts that include one or more performance obligations. Contracts may include only sales of products, only sales of services or a combination of both. The contracts may also include freight service.

The Trelleborg Group's obligations for warranties cover an assurance that the product meets the agreed specifications, meaning normal warranty rules. These are recognized as a provision.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which a company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding value-added tax. The transaction price may be a fixed amount or variable, for example, as a result of rebates, refunds, credits or other similar items. Contracts that involve variable consideration entails that estimates and assessments must be made that could affect both the size and the time of when revenue is recognized.

Variable consideration is only to be recognized if it is highly probable that it will not result in a significant revenue reversal in the future when the uncertainty relating to the variable consideration has been subsequently resolved. The Trelleborg Group has set

the transaction price in accordance with IFRS 15 and variable consideration is continuously recognized on an accruals basis.

Step 4: Allocate the transaction price

Once the transaction price has been determined, it is to be allocated to the distinct performance obligations that have been identified. Where a contract has multiple performance obligations, the company will allocate the transaction price to each distinct performance obligation by reference to their relative standalone selling prices. Standalone selling price means the amount at which the performance obligation could be separately priced. The Trelleborg Group allocates the transaction price to the various performance obligations in proportion to their standalone selling prices.

Step 5: Recognize revenue – over time or point in time

Revenue is recognized when a company has satisfied a performance obligation, which is when control of the underlying goods or services has been passed to the customer. The amount recognized as revenue correspond to the amount allocated to the satisfied performance obligations. A performance obligation can be satisfied over time or at a point in time. Revenue is recognized over time if the customer simultaneously receives and consumes all of the benefits provided by the company as the company performs; the company's performance creates or enhances an asset that the customer controls; or the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date. If a performance obligation does not meet one of these criteria to be recognized over time, revenue is recognized at one specific point in time. This takes place when control of a good or service is passed to the customer. Factors that may indicate the point in time at which control passes include: the company has transferred physical possession of the asset; the company has a present right to payment for the asset; the customer has accepted the good or service; the customer has the significant risks and rewards related to the ownership of the asset; and the customer has legal title to the asset.

Trelleborg recognizes revenue from contracts with customers both over time and at a specific point in time. The Group has a variety of delivery terms and these impact when control of the products is passed to the customer. For revenue recognition over time, both the "input and output" methods are used to determine the degree of completion. Under the "input method," revenue is recognized based on resources utilized in relation to the total expected use of resources in order to satisfy the performance obligation. For the "output method," revenue is recognized in relation to the number of tested or manufactured units and milestones achieved.

Payment terms

The most common payment terms in the Trelleborg Group vary between 1 and 90 days.

Other operating income

Other operating income includes external rental revenue, capital gains from the sale and scrapping of property, plant, equipment and tools, positive exchange rate differences, derivatives, royalty revenue and gains or losses on divestments of joint ventures, associated companies and subsidiaries.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment has been determined.

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4 Expenses and revenue by nature

SEK M	2020	2019
Costs for raw materials, components, goods for resale and packaging material as well as energy and transport costs	-15,440	-17,327
Remuneration to employees	-10,133	-11,031
Depreciation/amortization and impairment losses	-1,932	-5,105
Other external costs related to sales, administration and R&D	-1,556	-2,157
Other operating income/expenses	108	-10
Share of profit or loss in associated companies	2	4
Total	-28,951	-35,626

The above amounts include items affecting comparability.

5 Items affecting comparability



Accounting policies

Non-recurring expenses related to the action programs aimed at enhancing the Group's efficiency and structure are recognized as items affecting comparability. A project is classified as affecting comparability only when it amounts to an equivalent of at least SEK 20 m and it has been approved by the Board.

An additional non-recurring impairment of non-current assets was included in items affecting comparability. Impairment was conducted to the calculated value in use.

In addition to the action programs, costs and income can, in exceptional cases, also be classified as items affecting comparability. Exceptional items refers to material income or expense items recognized separately due to the significance of their nature or amount.

Breakdown by business area

SEK M	2020	2019
Trelleborg Industrial Solutions	-121	-165
Trelleborg Sealing Solutions	-117	-20
Trelleborg Wheel Systems	-58	-80
Group items	-19	-29
Core businesses	-315	-294
Businesses Under Development ¹	-82	-3,402
Group	-397	-3,696

¹ In 2019, impairment of capital employed amounted to SEK -3,198 M.

Breakdown by function

SEK M	2020	2019
Cost of goods sold	-186	-269
Selling expenses	-66	-62
Administrative expenses	-99	-132
Research & development costs	-4	-3
Other operating income	25	1
Other operating expenses	-67	-3,231
Total	-397	-3,696

Of which impairment losses and restructuring costs, respectively

SEK M	Impairment losses		Restructuring costs	
	2020	2019	2020	2019
Trelleborg Industrial Solutions	-	-9	-121	-156
Trelleborg Sealing Solutions	-43	66	-74	-86
Trelleborg Wheel Systems	-	-	-58	-80
Group items	-	-	-19	-29
Core businesses	-43	57	-272	-351
Businesses Under Development	-7	-3,215	-75	-187
Group	-50	-3,158	-347	-538

6 Other operating income and expenses

SEK M	2020	2019
Compensation from insurance company	1	0
Rental revenue	31	45
Exchange rate differences	308	182
Royalties	7	16
Government grants	18	5
Derivatives	56	41
Sale of non-current assets	12	6
Sale of tools, prototypes, etc.	11	15
Other	160	138
Total other operating income	604	448
Rental costs	-2	-5
Exchange rate differences	-289	-181
Derivatives	-20	-61
Depreciation/amortization	-190	-201
Sale/disposal of non-current assets	-19	-5
Other	-134	-120
Total other operating expenses	-654	-573
Total	-50	-125

7 Auditor's remuneration

SEK M	2020	2019
<i>Deloitte</i>		
Audit assignment	25	23
Audit activities other than audit assignment	2	2
Tax consultancy services	0	0
Other services	1	1
<i>Other auditors</i>		
Audit assignment	6	5
Audit activities other than audit assignment	0	0
Tax consultancy services	0	0
Other services	0	0
Total	34	31

The audit assignment relates to an audit of the financial statements and accounts as well as an audit of the administration of the Board of Directors and the President. Audit activities other than the audit assignment refer, for example, to comfort letters and the limited assurance report on Trelleborg's sustainability report. Tax services include both tax consultancy services and tax compliance services. Other services primarily relate to consultancy services.



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8 Financial income and expenses

Financial income

SEK M	2020	2019
Interest income according to the effective interest method from interest-bearing receivables recognized at amortized cost	27	43
Net change in value of derivative instruments measured at fair value	2	–
Exchange rate fluctuations, net	109	35
Total financial income	138	78

Financial expenses

Interest expenses according to the effective interest method from interest-bearing liabilities recognized at amortized cost	–203	–197
Interest expenses on leases recognized in accordance with IFRS 16	–75	–78
Interest expenses on pension liabilities	–8	–15
Interest expenses, derivative instruments measured at fair value	–71	–127
Net change in value of derivative instruments measured at fair value	–	–2
Exchange rate fluctuations, net	–70	–40
Total financial expenses	–427	–459
Total financial income and expenses	–289	–381

9 Income tax



Accounting policies

Income tax in the income statement includes both current tax and deferred tax. Income tax is recognized in profit and loss except when an underlying transaction is recognized directly against equity or comprehensive income, in which case the related tax effect is also recognized in equity or comprehensive income. Current tax is tax payable or recoverable for the current year. This also includes adjustment for current tax attributable to prior periods.

Deferred tax is recognized in its entirety and calculated using the balance sheet approach on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences that arise on initial recognition of an asset or liability, and which are not attributable to a business combination and have not affected recognized or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized for participations in subsidiaries, associated companies and joint ventures, as the Group can control the date when these temporary differences are reversed and when it is unlikely that they will be reversed in the foreseeable future. Temporary differences arise in business combinations on the differences between the consolidated value of assets and liabilities and their tax bases.

Deferred tax is measured at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the closing date. Deferred tax assets are recognized insofar as it is probable that tax surpluses will be available in the future against which temporary differences can be utilized. Deferred tax assets and liabilities are offset when the deferred tax pertains to the same tax authority.



Critical estimates and judgments

Assessments are made to determine current and deferred tax receivables and liabilities, particularly with regard to deferred tax assets on losses carried forward. In this manner, an assessment is made of the probability that the deferred tax assets will be utilized for settlement against future taxable gains. The fair value of these future taxable gains may deviate, owing to the future business climate and earnings potential, or to changes in tax regulations.

Income tax

SEK M	2020	2019
Current tax expenses		
Tax expenses for the period	–923	–761
Adjustment of tax attributable to prior years	6	–41
Total	–917	–802
Deferred tax expenses		
Utilization/revaluation of losses carried forward	–99	–71
Deferred tax expenses/revenue on changes in temporary differences	150	76
Adjustment of deferred tax attributable to prior years	–19	17
Total	32	22
Total recognized tax expenses for the Group	–885	–780

Reconciliation of tax in the Group

Profit before tax	3,596	581
Calculated Swedish income tax, 21.4% (21.4)	–770	–124
Impact of other tax rates on foreign subsidiaries	–45	–67
Impact of changed tax rates and tax regulations ¹	74	–24
Non-deductible impairment losses on capital employed ²	–	–489
Other non-deductible expenses/Non-taxable revenue	–15	–21
Foreign tax at source on dividends	–121	–43
Reassessment of losses carried forward/temporary differences	1	1
Tax attributable to prior years	–13	–24
Other	4	11
Recognized tax in Group	–885	–780

Tax items recognized in other comprehensive income or directly against equity

Deferred tax on cash-flow hedges	10	20
Deferred tax on hedging of net investments	–119	61
Deferred tax in translation differences	12	–4
Deferred tax on pension obligations (IAS 19)	6	32
Deferred tax on right-of-use assets and lease liabilities (IFRS 16)	–	39
Total	–91	148

¹ Includes the effects linked to a tax reform in the US.

² Refers to impairment losses in the Businesses Under Development reporting segment.

At year-end, the Group had losses carried forward of approximately SEK 2,680 M (3,639), of which SEK 1,937 M (2,673) was taken into account when calculating deferred tax. Losses carried forward not taken into account include cases where uncertainty exists regarding the tax value.

Of losses carried forward, SEK 0 M (14) falls due within the next 12-month period and SEK 60 M (31) falls due within the next five-year period.



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Deferred tax assets and liabilities

SEK M	2020			2019		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	149	1,032	-883	157	1,115	-958
Land and buildings	57	143	-86	73	176	-103
Machinery and equipment	104	279	-175	112	294	-182
Right-of-use assets	-	453	-453	-	527	-527
Financial non-current assets	0	5	-5	0	5	-5
Inventories	148	5	143	148	8	140
Current receivables	50	5	45	14	13	1
Pension provisions	112	0	112	121	0	121
Other provisions	119	37	82	122	35	87
Lease liabilities	495	-	495	573	-	573
Non-current liabilities	4	0	4	4	0	4
Current liabilities	128	30	98	137	1	136
Losses carried forward	466	-	466	579	-	579
Total	1,832	1,989	-157	2,040	2,174	-134
Offsetting of assets/liabilities	-1,090	-1,090	-	-1,099	-1,099	-
Total	742	899	-157	941	1,075	-134

Deferred tax assets and liabilities are offset when the deferred tax pertains to the same tax authority.

Change in deferred tax on temporary differences and losses carried forward

SEK M	Balance, January 1		Recognized in profit and loss		Recognized in other comprehensive income/directly against equity		Acquired/divested tax assets/liabilities		Translation differences		Balance, December 31	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Intangible assets	-958	-985	-14	96	-	-	-1	-42	90	-27	-883	-958
Land and buildings	-103	-94	-5	-5	11	-	0	-	11	-4	-86	-103
Machinery and equipment	-182	-211	3	37	-11	-	-4	-2	19	-6	-175	-182
Right-of-use assets	-527	-	39	33	-	-553	0	-7	35	0	-453	-527
Financial non-current assets	-5	-6	107	-56	-107	57	-	-	0	0	-5	-5
Inventories	140	120	14	18	-	-	-1	-	-10	2	143	140
Current receivables	1	10	45	-9	-	-	-	-	-1	0	45	1
Pension provisions	121	147	-8	-60	6	32	-	-	-7	2	112	121
Other provisions	87	26	-1	60	-	-	0	0	-4	1	82	87
Lease liabilities	573	-	-36	-26	-	592	0	7	-42	0	495	573
Non-current liabilities	4	11	0	-7	-	-	-	-	0	0	4	4
Current liabilities	136	114	-13	12	-6	-2	-5	9	-14	3	98	136
Losses carried forward	579	616	-99	-71	16	22	-2	-	-28	12	466	579
Total	-134	-252	32	22	-91	148	-13	-35	49	-17	-157	-134



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Employees

10 Employees and employee benefits

Accounting policies

Employee benefits

Variable salaries

Provisions for variable salaries are expensed on an ongoing basis in accordance with the financial implications of the agreement.

Remuneration on termination

Remuneration is normally payable if employment is terminated prior to normal retirement age, or when an employee accepts voluntary termination in exchange for remuneration. The Group recognizes severance pay when a detailed formal plan has been presented.

Average number of employees

	2020			2019		
	Number of women	Number of men	Total	Number of women	Number of men	Total
UK	344	1,411	1,755	382	1,439	1,821
Italy	190	1,011	1,201	186	1,067	1,253
Sweden	325	666	991	370	755	1,125
Germany	356	678	1,034	341	686	1,027
France	192	737	929	194	746	940
Malta	118	303	421	140	339	479
Denmark	84	203	287	115	293	408
Netherlands	25	191	216	31	214	245
Norway	46	185	231	46	194	240
Other Western Europe	134	384	518	146	404	550
Total Western Europe	1,814	5,769	7,583	1,951	6,137	8,088
Czech Republic	888	2,622	3,510	1,109	3,051	4,160
Slovenia	237	647	884	219	590	809
Serbia	63	550	613	61	563	624
Turkey	27	413	440	29	496	525
Poland	199	243	442	178	258	436
Rest of Europe	264	275	539	297	267	564
Total Rest of Europe	1,678	4,750	6,428	1,893	5,225	7,118
US	1,043	2,149	3,192	1,052	2,331	3,383
Canada	6	37	43	6	38	44
Total North America	1,049	2,186	3,235	1,058	2,369	3,427
Brazil	79	264	343	79	274	353
Other South and Central America	130	256	386	128	269	397
Total South and Central America	209	520	729	207	543	750
China	412	953	1,365	406	981	1,387
Sri Lanka	30	656	686	29	668	697
India	83	641	724	88	651	739
Other markets	157	563	720	155	591	746
Total Asia and other markets	682	2,813	3,495	678	2,891	3,569
Total	5,432	16,038	21,470	5,787	17,165	22,952

The proportion of women is 13 percent (10) in Group Management and 43 percent (38) on the Board of Directors.

Employee benefits, other remuneration and payroll overheads

Salaries and other remuneration, SEK M	2020	2019
UK	760	741
Italy	602	653
Sweden	516	603
Germany	741	742
France	393	463
Malta	106	120
Denmark	263	289
Netherlands	142	157
Norway	154	202
Other Western Europe	327	338
Total Western Europe	4,004	4,308
Czech Republic	589	686
Slovenia	206	186
Serbia	62	46
Turkey	65	81
Poland	79	77
Rest of Europe	87	98
Total Rest of Europe	1,088	1,174
US	2,123	2,268
Canada	33	30
Total North America	2,156	2,298
Brazil	74	95
Other South and Central America	58	63
Total South and Central America	132	158
China	228	235
Sri Lanka	42	47
India	76	82
Other markets	410	431
Total Asia and other markets	756	795
Salaries and other remuneration	8,136	8,733
Payroll overheads	1,440	1,634
Pension costs – defined contribution plans	223	217
Pension costs – defined benefit plans	39	57
Payroll overheads	1,702	1,908
Total	9,838	10,641
Salaries and other remuneration include:		
to Board members and President of Trelleborg AB, including variable salaries	19	24
to other senior executive officers	30	39

Remuneration of the Board of Directors and senior executives

Principles

The principles governing remuneration of senior executives in the Trelleborg Group were adopted by the 2020 Annual General Meeting. The principles for 2021 will remain largely unchanged, with only minor updates to simplify the wording. Trelleborg's principles for remuneration of senior executives state that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. The remuneration principles may vary depending on local conditions and be based on such factors as position, expertise, experience and performance. The total remuneration package is to comprise fixed and variable salaries, pension and other remuneration. Trelleborg continuously performs evaluations to ensure that conditions are market-based in comparison with relevant industries and markets. Refer also to www.trelleborg.com, Corporate Governance, Remuneration: "Principles for remuneration of senior executives".

Remuneration of management 2020

President

During 2020, the President and CEO received a fixed salary and other remuneration as shown in the table overleaf. Pursuant to agreements, the President has the possibility of earning an annual variable salary. The annual variable salary has a fixed ceiling for the full-year 2020, corresponding to a maximum of 65 percent of the fixed salary. In 2020, the annual variable salary was based on financial targets. The annual variable salary does not constitute pensionable income and does not form the basis for the calculation of vacation pay. For 2020, an annual variable salary of SEK 2,057,000 (4,834,000) was paid to the President.

Pensionable age for the President is 65; however, both the company and the President have the right, without a special cause, to request an early retirement from the age of 60, with a mutual six-month notice of termination.



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Should the President enter into an early retirement, the employment agreement and the pension agreement will be null and void. The pension agreement is a defined-contribution scheme, and the premium comprises 45 percent of the fixed salary. Pension premiums were paid in 2020 as shown in the table to the right. For the President, a notice period of 24 months applies should termination of employment be initiated by the company. Should a termination of employment be initiated by the President, the notice period shall be six months.

Other senior executives

The principles for remuneration of other senior executives was based on a fixed and annual variable salary as well as certain benefits. The annual variable component had a fixed ceiling accounting for a maximum of 40–55 percent of the fixed annual salary. In 2020, the annual variable salary was based on profit before tax and operating cash flow.

For other senior executives, the entire pension plan was based on a defined-contribution model, whereby the pension premium varied between 10 and 40 percent of the fixed salary. This has applied to other senior executives in all countries other than Italy, where the premium level was slightly higher. For other Swedish senior executives, the maximum level of 35 percent in accordance with the policy was applied in 2020.

Certain senior executives have extended notice periods when a termination of employment is initiated by the company, normally 12, 18 or 24 months. Should a termination of employment be initiated by a senior executive, the notice period is six months. The President and other senior executives have also been entitled to other benefits, primarily a company car and medical expenses insurance.

Long-term incentive program

Since 2005, the Board of Directors has annually resolved on a long-term incentive program for the President and for senior executives considered to have a significant influence on the Trelleborg Group's earnings per share. These programs are rolling on three-years at the time. The Board determines annually whether to introduce new programs and, if so, the scope, objective and participants. The long-term incentive programs have been a cash-based supplement to the annual variable salaries, provided that the executives have not terminated their employment as per December 31 in the year when the program ends.

Purpose

The long-term incentive programs shall be designed to contribute to Trelleborg's business strategy and long-term interests including its sustainability. The ultimate target is to increase the shareholder value by promoting, developing and retaining senior executives.

Target figure

The target value for the long-term incentive program is an annual improvement of 10 percent of the Trelleborg Group's earnings per share. This target shall exclude the Group's items affecting comparability and the impact of any share buyback programs. For the 2018–2020 programs, the basis for the target figure was set as the outcome of earnings per share for 2017. This principle has remained unchanged for the rolling three-year programs that commenced thereafter. All programs have an outcome limited to 33.3 percent of the maximum annual variable salary per year in the program.

Outcome and payment

The outcome of the programs are calculated annually, accumulated over the respective three-year period and potential payments are made in the first quarter of the year after the program expires. Therefore, a payment was made in the first quarter of 2020 for the program approved in 2017. For the program approved for 2018, payment will be made in the first quarter of 2021, for the program approved for 2019, payment will be made in the first quarter of 2022, and for the program approved for 2020, payment will be made in the first quarter of 2023. These payments do not constitute pensionable income and do not form the basis of calculation of vacation payment.

In 2020, consolidated earnings were not charged (10,252,000) as the targets were not achieved.

Other incentive programs

The Group has no other ongoing incentive programs such as convertible debentures, warrant programs, share incentive programs or similar at the present time.

Remuneration of the Board in 2020

The fees paid to the members of the Board of Directors elected by the Annual General Meeting were approved by the 2020 Annual General Meeting based on the proposals of the Nomination Committee. For 2020, remuneration was paid as per the table on the right. No consulting fees were paid to the Board members. Executive Board members do not receive remuneration for Board work.

Costs are recognized as remuneration of senior executives for the period during which the person in question was employed.

Specification of remuneration to Board members, salaries to the President and other senior executive officers

2020 sek 000s	Board fee/fixed salary	Annual variable salary	Incentive program	Other benefits	Pension costs	Total
Hans Biörck, Chairman of the Board.	2,090					2,090
Gunilla Fransson, Board member	820					820
Johan Malmquist, Board member	750					750
Anne Mette Olesen, Board member	675					675
Susanne Pahlén Åklundh, Board member	740					740
Panu Routila, Board member ¹	247					247
Jan Ståhlberg, Board member	768					768
President	11,330	2,057	–	198	5,047	18,632
Other senior executives, employees of Trelleborg AB, 2 persons	5,705	803	–	261	1,941	8,710
employees of other Group companies, 5 persons	17,905	4,221	–	1,267	4,679	28,072
Total	41,030	7,081	–	1,726	11,667	61,504

¹ Board member up to and including the Annual General Meeting.

2019 sek 000s	Board fee/fixed salary	Annual variable salary	Incentive program ²	Other benefits	Pension costs	Total
Hans Biörck, Chairman of the Board.	2,050					2,050
Gunilla Fransson, Board member	805					805
Johan Malmquist, Board member	738					738
Anne Mette Olesen, Board member	665					665
Susanne Pahlén Åklundh, Board member	728					728
Panu Routila, Board member	728					728
Jan Ståhlberg, Board member	665					665
President	11,108	4,834	1,430	199	4,921	22,492
Other senior executives, employees of Trelleborg AB, 2 persons	5,596	1,896	560	255	2,000	10,307
employees of other Group companies, 6 persons	20,999	6,356	2,269	1,507	7,411	38,542
Total	44,082	13,086	4,259	1,961	14,332	77,720

² Expensed in 2019. Payment is to be made in the first quarter, 2020 to 2022, on condition that the individual is employed in the Group on December 31 of the preceding year.



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11 Provisions for pensions and similar items

Accounting policies

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Pension obligations

Within the Group, there are a number of defined contribution pension plans and defined benefit pension plans, of which a small number have plan assets in foundations or similar. Pension plans are normally financed through contributions to a separate legal entity from each Group company and from the employees. Prepaid contributions are recognized as an asset insofar as cash repayments or reductions of future payments can benefit the Group. Costs for services rendered in previous years are recognized directly in profit and loss. Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta. This is a defined benefit plan and encompasses several employers. As Trelleborg did not have access to information to enable it to recognize this plan as a defined benefit plan, it was, consequently, recognized as a defined contribution plan.

Defined contribution pension plans

A defined contribution pension plan is a plan in which the Group pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees.

The Group's pension payments for defined contribution plans are expensed in all functions in profit and loss in the period in which the employees carried out the service to which the contribution refers.

Defined benefit pension plans

In a defined benefit pension plan, the amount of the pension benefit an employee will receive after retirement is based on factors such as age, period of service and salary.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the closing date, less the fair value of plan assets. For defined benefit plans, the liability is calculated using the projected unit credit method, which allocates the cost over the employee's working life. The calculations are undertaken by actuaries, who also regularly reassess the value of the pension obligations. These assumptions are based on the present value of future pension payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity largely matching that of the current pension obligations. For funded pension plans, the fair value of plan assets reduces the calculated pension obligation. Funded plans with net assets, meaning where the assets exceed the obligations, are recognized as plan assets, adjusted for limitation of defined benefit asset and IFRIC 14.

Actuarial gains and losses as a result of experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Other post-employment benefits

Some Group companies in the US provide post-retirement health care benefits to their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anticipated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined benefit pension plans. Actuarial gains and losses are recognized in other comprehensive income in the period in which they arise. These obligations are assessed by qualified actuaries.



Critical estimates and judgments

The value of pension obligations for defined benefit pension plans is derived from actuarial calculations based on assumptions concerning discount rates, future salary increases, inflation and the demographic conditions. At year-end, the Group's defined benefit obligations amounted to SEK 603 M (600).

The sensitivity analyses below are based on a change in one assumption, with all other assumptions remaining constant. In practice, it is unlikely that this will occur and some of the changes in the assumptions may be correlated. The calculation of sensitivity in the defined benefit obligation for key actuarial assumptions uses the same method (the present value of the defined benefit obligation applying the projected unit credit method at the end of the reporting period) as used in the calculation of pension liabilities recognized in the balance sheet.

Contributions to plans for post-employment benefits for the 2021 fiscal year are expected to amount to SEK 74 M. The weighted average term of the pension obligation is 14 years.

Specification of costs

SEK M	2020	2019
Costs for services during current year ¹⁾	50	42
Interest on the obligation	31	47
Anticipated return on plan assets ²⁾	-23	-33
Actuarial gains and losses recognized for the year	0	2
Curtailment and settlement	-17	-3
Past service cost	-2	2
Total cost of defined benefit plans	39	57
Cost of defined contribution plans	223	217
Total pension costs	262	274

¹⁾ Includes administrative expenses, taxes and risk premiums.

²⁾ Adjusted for limitation of defined benefit asset and IFRIC 14.

Specification of pension obligations in the balance sheet

SEK M	2020	2019
Present value of funded obligations	1,153	1,202
Fair value of plan assets	-1,048	-1,131
Surplus/deficit in funded plans	105	71
Present value of unfunded obligations	498	529
Total defined benefit plans	603	600
Effect of limit rule for net assets	0	0
Total defined benefit plans	603	600
Defined contribution plans	1	1
Net pension liability	604	601
of which, recognized as plan assets	15	3
Closing balance, pension liability	619	604

Change in defined benefit obligations

SEK M	Present value of obligation	Fair value of plan assets	Effect of limit rule for net assets	Total
On January 1, 2019	1,498	-1,005	28	521
Costs for services during current year ³⁾	38	4	-	42
Interest expenses/(income) ⁴⁾	47	-34	1	14
Past service cost	2	0	-	2
Gains and losses from settlements	-3	0	-	-3
	84	-30	1	55
Revaluations:				
Return on plan assets excluding amounts included in interest expenses/(income)	0	-30	-31	-61
(Gain)/loss due to changed demographic assumptions	-6	0	-	-6
(Gain)/loss due to changed financial assumptions	221	0	-	221
Experience-based (gains)/losses	0	0	-	0
	215	-30	-31	154
Exchange rate differences	48	-41	2	9
Contributions:				
Employer	0	-142	-	-142
Employees encompassed by the plan	8	-8	-	0
Payments:				
Payments made from plans	-78	78	-	0
Payments made directly from companies	-47	47	-	0
Assumed through business combinations	0	0	-	0
Transfers or change in scope	3	0	-	3
At December 31, 2019	1,731	-1,131	0	600
On January 1, 2020	1,731	-1,131	0	600
Costs for services during current year ³⁾	46	4	-	50
Interest expenses/(income) ⁴⁾	31	-23	-	8
Past service cost	-2	0	-	-2
Gains and losses from settlements	-17	0	-	-17
	58	-19	0	39
Revaluations:				
Return on plan assets excluding amounts included in interest expenses/(income)	0	-138	0	-138
(Gain)/loss due to changed demographic assumptions	-8	0	-	-8
(Gain)/loss due to changed financial assumptions	69	0	-	69
Experience-based (gains)/losses	132	0	-	132
	193	-138	0	55



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SEK M	Present value of obligation	Fair value of plan assets	Effect of limit rule for net assets	Total
Exchange rate differences	-247	210	0	-37
Contributions:				
Employer	0	-49	-	-49
Employees encompassed by the plan	10	-10	-	0
Payments:				
Payments made from plans	-53	53	-	0
Payments made directly from companies	-35	35	-	0
Transfers or change in scope	-5	0	-	-5
At December 31, 2020	1,652	-1,049	0	603

³ Including administrative expenses.

⁴ Adjusted for limitation of defined benefit asset and IFRIC 14.

Defined benefit pension obligation and composition of plan assets per country

SEK M	2020					Total
	US	Switzerland	France	UK	Other	
Present value of funded obligations	450	402	0	129	172	1,153
Fair value of plan assets	-473	-281	0	-129	-165	-1,048
Total	-23	121	0	0	7	105
Present value of unfunded obligations	13	1	194	0	290	498
Effect of limit rule for net assets	0	0	0	0	0	0
Total defined benefit plans	-10	122	194	0	297	603

SEK M	2019					Total
	US	Switzerland	France	UK	Other	
Present value of funded obligations	615	276	0	138	173	1,202
Fair value of plan assets	-623	-203	0	-138	-167	-1,131
Total	-8	73	0	0	6	71
Present value of unfunded obligations	18	1	205	0	305	529
Effect of limit rule for net assets	0	0	0	0	0	0
Total defined benefit plans	10	74	205	0	311	600

Key actuarial assumptions, %	2020					Group average
	US	Switzerland	France	UK	Other	
Discount rate	2.3	0.1	0.5	1.6	2.0	1.4
Inflation	2.5	1.0	N/A	2.3	2.3	1.7
Salary increases	N/A	1.2	2.4	N/A	3.6	2.3

Key actuarial assumptions, %	2019					Group average
	US	Switzerland	France	UK	Other	
Discount rate	3.1	0.2	0.5	2.0	1.9	1.9
Inflation	2.5	1.0	1.8	2.2	2.4	1.9
Salary increases	0.3	1.0	2.4	0.0	3.4	1.5

Life expectancy	2020					Average
	US	Switzerland	France	UK	Other	
Life expectancy for a 45-year-old man at the age of 65	21.9	23.7	19.2	21.7	21.1	21.8
Life expectancy for a 65-year-old man at the age of 65	20.5	21.9	19.2	20.4	19.7	20.4
Life expectancy for a 45-year-old woman at the age of 65	23.8	25.7	23.1	23.8	24.3	24.4
Life expectancy for a 65-year-old woman at the age of 65	22.4	23.8	23.1	22.3	23.0	23.0

Life expectancy	2019					Average
	US	Switzerland	France	UK	Other	
Life expectancy for a 45-year-old man at the age of 65	22.2	23.7	19.0	21.7	21.2	21.8
Life expectancy for a 65-year-old man at the age of 65	20.6	21.8	19.0	20.4	19.8	20.4
Life expectancy for a 45-year-old woman at the age of 65	24.2	25.7	23.0	23.8	24.5	24.3
Life expectancy for a 65-year-old woman at the age of 65	22.6	23.8	23.0	22.3	23.2	23.0

Sensitivity in the defined benefit obligation to changes in the key weighted assumptions

Impact on the defined benefit obligation, 2020	Increase of +0.25% in assumptions ⁵					Total
	US	Switzerland	France	UK	Other	
Discount rate	-12.1	-18.3	-6.0	-3.9	-14.7	-55.0
Inflation	0.0	0.2	N/A	3.5	4.3	8.0
Salary increases	0.0	1.3	6.0	0.0	3.2	10.5

Life expectancy	Increase of 1 year in assumption					Total
	US	Switzerland	France	UK	Other	
Life expectancy	14.3	10.8	0.9	4.4	7.3	37.7

Impact on the defined benefit obligation, 2020	Decrease of -0.25% in assumptions ⁵					Total
	US	Switzerland	France	UK	Other	
Discount rate	12.7	19.8	6.2	4.0	15.4	58.1
Inflation	0.0	-0.3	N/A	-3.5	-4.1	-7.9
Salary increases	0.0	-1.4	-5.8	0.0	-3.1	-10.3

Life expectancy	Decrease of 1 year in assumption ⁶					Total
	US	Switzerland	France	UK	Other	
Life expectancy	14.3	10.8	0.9	4.4	7.3	37.7

⁵ The increase in the defined benefit obligation is shown as positive and the decrease as negative.

⁶ Not applicable.

Composition of plan assets

SEK M	2020			%
	Listed	Unlisted	Total	
Shares	60	0	60	5.7
Debt instruments (government bonds and corporate bonds)	104	0	104	9.9
Properties	45	0	45	4.3
Other (including cash and cash equivalents and insurance)	624	215	839	80.1
Total	833	215	1,048	100.0

SEK M	2019			%
	Listed	Unlisted	Total	
Shares	361	0	361	31.9
Debt instruments (government bonds and corporate bonds)	295	0	295	26.1
Properties	40	0	40	3.5
Other (including cash and cash equivalents and insurance)	210	225	435	38.5
Total	906	225	1,131	100.0

Contributions to plans for post-employment benefits for the 2021 fiscal year are expected to amount to SEK 74 m. The weighted average term of the pension obligation is 14 years.



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NOTES – GROUP

Pension insurance with Alecta

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this constitutes a multi-employer defined benefit plan. For the 2020 fiscal year, the Group did not have access to such information that would enable the Group to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The premium for the defined benefit retirement pension is individual and is determined by such factors as the insured's age, salary and previously earned pension. Expected contributions for pension insurance in the next reporting period taken out with Alecta total SEK 13 M. The Group pays an insignificant amount of this plan.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. Collective consolidation, in the form of collective consolidation ratio, is normally permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation ratio falls below 125 percent or exceeds 155 percent, measures are taken to create conditions to return the collective consolidation ratio to the normal interval. Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155 percent. However, Alecta applies premium reductions to avoid a surplus from arising. At December 31, 2020, Alecta's surplus corresponded to a collective consolidation ratio of 148 percent (148).

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Group structure

12 Participations in joint ventures/associated companies



Accounting policies

Associated companies

Associated companies are companies in which the Parent Company directly or indirectly has a significant, but not controlling, influence, generally corresponding to between 20 and 50 percent of the voting rights. Investments in associated companies are recognized in accordance with the equity method and are initially recognized at cost. The Group's carrying amount of the holdings in associated companies includes the goodwill identified in conjunction with the acquisition, net after any recognition of impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, the share of profit in these companies is recognized in EBIT.

The Group's share in the post-acquisition results of an associated company is recognized in profit and loss in the item "Share of profit or loss in associated companies", and is included in EBIT. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amount to, or exceed, the Group's investment in the associated company, including any unsecured receivables, the Group does not recognize further losses unless obligations have been incurred or payments made on behalf of the associated company. Unrealized gains on transactions between the Group and its associated companies are eliminated in proportion to the Group's participation in the associated company. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Joint ventures

An assessment must be made regarding whether any joint arrangements that exist within the Group are to be considered joint ventures. Joint ventures are recognized in accordance with the equity method. The equity method entails that holdings in joint ventures are to be initially recognized in the consolidated statement of financial position at cost. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of profit is included in consolidated earnings, and the Group's share of other comprehensive income is included in other comprehensive income in the Group. When the Group's share of the losses in a joint venture is the same amount or exceeds the holdings in this joint venture (including all non-current receivables that in reality comprise part of the Group's net investment in the joint venture), the Group does not recognize any additional losses unless obligations have been incurred or payments made on behalf of the joint venture.

Related-party transactions

The Group's transactions with related parties pertain to purchases and sales to joint ventures/associated companies. All transactions are priced in accordance with market terms and prices. In addition, compensation is paid to the Board of Directors and senior executives; refer to Note 10 for further information.

The Trelleborg Group has no major associated companies; the most significant value is associated with Sico Rubena a.s.

SEK M	Profit before tax		Income tax		Net profit		Dividend received	
	2020	2019	2020	2019	2020	2019	2020	2019
Associated companies	2	5	0	-1	2	4	1	1
Total	2	5	0	-1	2	4	1	1

SEK M	Receivables from companies		Liabilities to companies		Sales to companies		Operating income from companies	
	2020	2019	2020	2019	2020	2019	2020	2019
Associated companies	4	3	1	1	13	7	2	10
Total	4	3	1	1	13	7	2	10

Change in carrying amounts of associated companies

SEK M	2020	2019
Balance, January 1, associated companies	108	81
Share of profit for year from associated companies	2	4
Newly founded	-	21
Dividend	-1	-1
Translation difference	-5	3
Carrying amount, December 31 ¹	104	108

¹ Of which Sico Rubena a.s accounts for SEK 74 M (75).



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NOTES – GROUP

13 Parent Company and Group holdings of shares in Group companies



Accounting policies

Subsidiaries

The Group has a controlling influence over a company when it is exposed or entitled to a variable return from its holding in the company and can influence said return through its controlling influence in the company. This is normally achieved when the shareholding amounts to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently available to utilize or convert are taken into account in the assessment of whether the Group exercises controlling influence over another company. The Group also determines that control exists despite not having a participation exceeding half of the voting rights but for which it nonetheless is able to govern financial and operating strategies in the company.

Subsidiaries are included in the consolidated financial statements from the date on

which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases. When the Group no longer holds a controlling influence, each remaining holding is measured at fair value at the date on which the Group ceased to hold the controlling influence. The change in the carrying amount is recognized in profit and loss. The fair value is used as the initial carrying amount and comprises the basis for the future recognition of the remaining holdings as an associated company, joint venture or financial asset. All amounts pertaining to the divested unit that were previously recognized in other comprehensive income are recognized as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit and loss.

Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

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Company ¹	Registration number	Domicile/country	Number of shares	Ownership percent	Carrying amount, sek M
Chemtrading Alpha Holding AG	CH-170.3.018.603-0	Switzerland	100	100	3
Dormviltolv AB	556853-1619	Trelleborg	1,000	100	0
Dormviltretton AB	556853-1627	Trelleborg	1,000	100	0
Dormvilforton AB	556853-1486	Trelleborg	1,000	100	0
Dormvilfemton AB	556853-1635	Trelleborg	1,000	100	276
LEBELA Förvaltnings AB	556054-1533	Trelleborg	60,000	100	32
Trelleborg Sealing Solutions Algetshausen AG	CHE107.270.682	Switzerland	100	100	28
MHT Takentreprenören i Malmö AB	556170-2340	Malmö	1,000	100	0
Trelleborg Automotive Shanghai Holdings AB	556742-8742	Trelleborg	1,000	100	10
Trelleborg Boots Mladá Boleslav s.r.o.	639 96 111	Czech Republic	0	100	19
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
Trelleborg Sealing Solutions (China) Co. Ltd	310000400437534	China	0	100	
Printing Solutions Sweden Holding AB	556728-8716	Trelleborg	1,000	100	1
Trelleborg Corporation	06-1253246	US	2,592	100	4,989
Trelleborg Coated Systems Italy SpA	10051150158	Italy	25,600,000	100	
Trelleborg Coated Systems US Inc	23-1470071	US	1,000	100	
Trelleborg Sealing Profiles US Inc	20-4090472	US	1,000	100	
Trelleborg Sealing Solutions Japan KK	0106-01-011635	Japan	117	35	
Trelleborg Sealing Solutions US Inc	95-1773005	US	7,500	100	
Trelleborg Sealing Solutions Delano, LLC	41-1966903	US	0	100	
Trelleborg Sealing Solutions Japan KK	0106-01-011635	Japan	83	25	
Trelleborg Wheel Systems Americas Inc	06-1316073	US	1,000	100	
Trelleborg Croatia d.o.o.	080638386	Croatia	0	100	0
Trelleborg do Brasil Soluções em Vedação Ltda	35218417780	Brazil	27,009,981	100	0
Trelleborg Engineered Systems China Holding AB	556223-5910	Trelleborg	1,000	100	3
Trelleborg Engineered Systems Qingdao Holding AB	556715-4991	Trelleborg	1,000	100	96
Trelleborg Forsheda AB	556052-2996	Värnamo	8,640,000	100	150
Trelleborg Holding AB	556212-8255	Trelleborg	3,000	100	5,467
Trelleborg Antivibration Solutions Germany GmbH	HRB 5137 NP	Germany	6	100	
Trelleborg Bohemia a.s	000 12 131	Czech Republic	174	100	
Trelleborg İstanbul Endüstriyel Hortumlar Sanayi ve Ticaret Anonim Şirketi	905	Turkey	9,900,000	100	
Trelleborg Marine Systems Australia Pty Ltd	098 290 400	Australia	12	100	
Trelleborg do Brasil Administração de Bens Ltda	35226506818	Brazil	15,891,387	100	
Trelleborg do Brasil Ltda	35212754369	Brazil	156,802,506	100	
Trelleborg Mexico Services S.A. de C.V.	TMS181012NU9	Mexico	300,000	100	
Trelleborg Sealing Profiles Germany GmbH	HRB 11960	Germany	0	100	
Trelleborg Sealing Profiles Sweden AB	556026-2148	Trelleborg	12,000	100	
Trelleborg Sealing Solutions Germany GmbH	HRB 21275	Germany	1	100	
Trelleborg Slovenija d.o.o	1661205000	Slovenia	0	100	
Trelleborg Wheel Systems Argentina S.A	14362	Argentina	277,500	15	
Trelleborg Wheel Systems Belgium NV	BE0402981847	Belgium	11,075,114	100	
Trelleborg Wheel Systems Czech Republic a.s.	000 12 190	Czech Republic	14,603,840	100	
Trelleborg Wheel Systems Germany GmbH	HRB 71478	Germany	0	100	
Trelleborg Holding Danmark A/S	1627 9196	Denmark	21,000	100	631
Trelleborg Holding France SAS	353742307	France	761,777	100	1,476
Trelleborg Clermont-Ferrand SAS	391933397	France	690,340	100	
Trelleborg Sealing Solutions France SAS	309 730 554	France	6,650	78	
Trelleborg Sealing Solutions France SAS	309 730 554	France	1,877	22	
Trelleborg Wheel Systems France SAS	410783492	France	9,060	100	



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Company	Registration number	Domicile/country	Number of shares	Ownership percent	Carrying amount, SEK M
Trelleborg Holdings Italia S.r.l.	LI-128316	Italy	0	100	671
Trelleborg Sealing Solutions Italia S.p.A.	LI-48490	Italy	1,112,140	100	
Trelleborg Wheel Systems Italia SpA	RM-907676	Italy	11,000	100	
Trelleborg Holding Norge AS	943508186	Norway	10,000	100	
Trelleborg Offshore Norway AS	941730566	Norway	27,000	100	
Trelleborg Holdings UK Ltd	03304377	UK	9,000,100	100	1,951
Trelleborg Industrial Products UK Limited	3847966	UK	75,000,001	100	
Trelleborg Offshore UK Limited	01369166	UK	41,590	100	
Trelleborg Sealing Solutions UK Ltd	00446036	UK	10,050,000	100	
Trelleborg Industri AB	556129-7267	Trelleborg	725,000	100	118
Trelleborg Industrial Products Finland Oy	0605887-9	Finland	100	100	137
Trelleborg Insurance Ltd	10412	Bermuda	50,000	100	119
Trelleborg International B.V.	02327837	Netherlands	41	100	1,358
Trelleborg Sealing Solutions Malta Ltd	C 388	Malta	482,263	100	
Trelleborg Pipe Seals Lelystad BV	05026585	Netherlands	30,000	100	
Trelleborg Lanka (Pvt) Ltd	6613	Sri Lanka	28,763,538	100	854
Trelleborg Marine Systems Japan KK	0100-01-095821	Japan	20	100	
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	29
Trelleborg Offshore & Construction AB	556055-7711	Trelleborg	1,250	100	23
Trelleborg Sealing Profiles Lithuanian, UAB	302333896	Lithuania	2,021,040	100	8
Trelleborg Sealing Solutions Belgium SA	BE0440479473	Belgium	100	100	41
Trelleborg Sealing Solutions Bulgaria EOOD	175241703	Bulgaria	64,120	100	65
Trelleborg Sealing Solutions Czech s.r.o.	48948764	Czech Republic	0	100	48
Trelleborg Sealing Solutions Finland Oy	0721679-5	Finland	15	100	75
Trelleborg Sealing Solutions Hong Kong Ltd	730579	Hong Kong	484,675	100	1
Trelleborg Sealing Solutions Hungary Limited Liability Company	13-09-119761	Hungary	0	100	1
Trelleborg Sealing Solutions Japan KK	0106-01-011635	Japan	133	40	99
Trelleborg Sealing Solutions Kalmar AB	556325-7442	Kalmar	60,000	100	499
Trelleborg Sealing Solutions Korea Ltd	123-81-81886	South Korea	77,000	100	17
Trelleborg Sealing Solutions Polska Sp. z o.o.	0000100866	Poland	12,800	100	6
Trelleborg Sealing Solutions Russia OOO	1087746852599	Russia	0	100	2
Trelleborg Sealing Solutions Sırdırmazlık Ürünleri İthalat İhracat Üretim ve Ticaret Limited Şirketi	816771	Turkey	42,200	100	7
Trelleborg Sealing Solutions Switzerland AG	290.3.004.156-3	Switzerland	100	100	333
Trelleborg Sealing Solutions Sweden AB	556204-8370	Jönköping	2,500	100	167
Trelleborg Tigveni SRL	22964627	Romania	700	100	6
Trelleborg Treasury AB (publ)	556064-2646	Stockholm	5,000	100	15,509
Trelleborg Tyres Lanka (Private) Limited	4395	Sri Lanka	16,272,537	100	91
Trelleborg Wheel Systems Argentina S.A.	14362	Argentina	1,572,500	85	0
Trelleborg Wheel Systems China Holdings AB	556739-6998	Trelleborg	1,000	100	56
Trelleborg Wheel Systems Lanka (Pvt) Ltd	6772	Sri Lanka	5,692,336	100	291
Trelleborg Wheel Systems Liepāja LSEZ SIA	42103042763	Latvia	12,097,256	100	105
Trelleborg Wheel Systems Nordic AB	556056-2620	Trelleborg	40,000	100	10
Trelleborg Wheel Systems Serbia doo	08250600	Serbia	0	100	800
Trelleborg Boots Morocco SARL	54449	Morocco	300,000	100	0
Total Parent Company					36,721

¹ The table shows all directly owned subsidiaries and indirectly owned companies with annual external sales exceeding SEK 250 M.



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NOTES – GROUP

14 Acquisitions



Accounting policies

The purchase method is used to recognize the Group's business combinations. The consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that result from an agreement covering a contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interests in the acquired company is to be recognized at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed in the Group as they arise.

If the business combination is completed in several steps, the previous equity interests in the acquired company are measured at fair value at the date of acquisition and up until a controlling influence is achieved. Any gain or loss arising is recognized in profit and loss.

Each contingent consideration to be transferred by the Group is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of a contingent consideration classed as an asset or liability are recognized in line with IFRS 9 in profit and loss. Contingent considerations classed as equity are not remeasured and the subsequent settlement is recognized in equity.

Goodwill is initially measured as the amount by which the total purchase consideration and fair value of non-controlling interests exceeds the value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

Transactions with non-controlling interests are treated as transactions with the Group's shareholders. This means that, in connection with an acquisition from a non-controlling interest, the difference between the purchase consideration paid and the actual share acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

2020

No acquisitions were carried out in 2020. Certain adjustments were made to acquisition analyses attributable to acquisitions made in 2019.

Acquisitions 2020

SEK M	Acquired 2020 Adjustments of Acquisitions 2019 ¹	Acquired 2019 Adjustments of Acquisitions 2018 ¹
Developed technology ²	6	14
Trademarks ³	–	65
Customer relationships ⁴	–8	635
Other intangible assets	–	–
Property, plant and equipment	–	300
Deferred tax assets	–	9
Participations in associated companies	–	–
Interest-bearing receivables	–	22
Inventories	–2	207
Operating receivables	–3	325
Current tax assets	1	0
Cash and cash equivalents	–	615
Deferred tax liabilities	–6	–44
Interest-bearing liabilities	–	–1,658
Pension obligations	–	–1
Other provisions	–	0
Current tax liability	–2	–18
Operating liabilities	–3	–290
Net assets	–17	181
Goodwill	14	1,863
Total purchase consideration	–3	2,044
Cash and cash equivalents and other net debt in acquired operations	–	1,022
Cash flow effect	–3	3,066

¹ Adjustments of previous years' acquisitions are Marginal, which is why separate disclosure is not considered to be significant.

² Surplus value of developed technology is amortized over a period of 10–12 years.

³ The trademarks have an indefinite useful life, and are thus not amortized.

⁴ The surplus value of customer relationships is amortized over a period of 10–12 years.



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NOTES – GROUP

Operating assets and liabilities

15 Property, plant and equipment



Accounting policies

Non-current assets comprise amounts expected to be recovered or paid more than 12 months from the closing date. PPE primarily encompasses plants and buildings. PPE is measured at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Cost may also include transfers from equity of gains and losses from cash-flow hedges relating to purchases in foreign currency, if these meet the requirements for hedge accounting.

Subsequent expenditure for a PPE is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of the replaced portion is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed as incurred.

Depreciation is applied until the estimated residual value is reached. Depreciation is

based on cost and is allocated on a straight-line basis over the asset's estimated useful life. The following depreciation rates apply:

Land	Not depreciated
Buildings	1.5–6 percent
Machinery	5–33 percent
Equipment and tools	33 percent
Office equipment	10–20 percent

The residual value and useful life of the assets are assessed on each closing date, and, if necessary, are adjusted. The carrying amount of an asset is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. Gains and losses on disposals are determined by comparing the sales proceeds and the carrying amount, and are recognized in profit and loss as other operating income and other operating expenses, respectively.

Property, plant and equipment

SEK M	2020	2019
Buildings	2,815	3,135
Land and land improvements	1,069	1,178
Plant and machinery	4,290	5,053
Equipment, tools, fixtures and fittings	639	731
New construction in progress and advance payments	1,255	1,052
Total PPE	10,068	11,149
Right-of-use assets	1,860	2,157
Total	11,928	13,306

For information on Right-of-use assets, see Note 16.

PPE by operating segment

SEK M	2020	2019
Trelleborg Industrial Solutions	2,288	2,576
Trelleborg Sealing Solutions	2,354	2,701
Trelleborg Wheel Systems	3,848	4,042
Group items	263	314
Core businesses	8,753	9,633
Businesses Under Development	1,315	1,516
Group	10,068	11,149

Depreciation of PPE by function

SEK M	2020	2019
Cost of goods sold	–900	–989
Selling expenses	–45	–48
Administrative expenses	–65	–72
Research & development costs	–38	–38
Other operating expenses	–8	–7
Total	–1,056	–1,154

Impairment of PPE by function

SEK M	Impairment losses		Reversed impairment losses	
	2020	2019	2020	2019
Cost of goods sold	–8	–7	2	–
Administrative expenses	–1	–	–	–
Other operating expenses	–25	–1	17	1
Items affecting comparability	–46	–506	–	68
Total	–80	–514	19	69

SEK M	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress and advance payments		Total property, plant and equipment	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost	5,743	6,457	1,136	1,247	16,037	17,503	2,805	3,035	1,305	1,159	27,026	29,401
Accumulated depreciation according to plan	–2,797	–3,164	–52	–52	–11,200	–11,911	–2,148	–2,286	–	–20	–16,197	–17,433
Accumulated impairment losses	–131	–158	–15	–17	–547	–539	–18	–18	–50	–87	–761	–819
Carrying amount	2,815	3,135	1,069	1,178	4,290	5,053	639	731	1,255	1,052	10,068	11,149
Balance, January 1	3,135	2,740	1,178	1,054	5,053	4,908	731	709	1,052	1,201	11,149	10,612
Acquisitions	–	75	–	17	–	127	–	9	–	0	–	228
Divested operations	–29	–	–5	–	–26	–	–2	–	–	–	–62	–
Capital expenditures	16	73	58	1	110	509	55	80	867	969	1,106	1,632
Divestments and disposals	–80	0	–84	0	–18	–14	–4	–4	–3	–2	–189	–20
Depreciation according to plan for the year	–183	–189	–5	–5	–691	–776	–177	–184	–	–	–1,056	–1,154
Impairment losses for the year	–2	–2	–	–	–40	–420	–2	–15	–36	–77	–80	–514
Reversed impairment losses	17	–	–	67	2	1	–	1	–	–	19	69
Reclassifications	221	342	8	21	219	584	80	118	–527	–1,067	1	–2
Translation difference for the year	–280	96	–81	23	–319	134	–42	17	–98	28	–820	298
Carrying amount	2,815	3,135	1,069	1,178	4,290	5,053	639	731	1,255	1,052	10,068	11,149

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16 IFRS 16 Leases



Accounting policies

The Group's lease portfolio mainly comprises leases for offices, production premises, warehouses, company cars and production and office equipment. The most important leases pertain to rent of offices and production premises.

The Group assesses whether a contract is, or contains, a lease at the commencement date. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases for which the Group is the lessee, except for short-term leases (leases with a maximum term of 12 months) and for leases in which the underlying asset is of low value. For leases that meet the criteria of exemption rules, the Group recognizes lease payments over the term of the lease. The lease liability is initially recognized at the present value of the future lease payments that have not been paid at the starting date of the lease, discounted by an incremental borrowing rate that is set quarterly at Group level by country. Lease payments that are included in the measurement of the lease liabilities comprise the following:

- fixed payments, less any benefits in conjunction with the signing of the lease to be obtained,
- variable lease payments that depend on an index or a rate, initially measured using the index or price on the commencement date,
- amounts expected to be paid by the lessee according to residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- penalties arising from the termination of the lease if the term reflects that the lessee will exercise the option to terminate the lease.

For leasing of offices and production premises with an original term of ten years for production premises and five or more years for office premises, the non-cancelable period is not normally assumed to be the same as the period stated in the lease. If the term of the lease is less than the period stated above, an assessment must be made of whether

any options for extending the lease will be exercised. Circumstances affecting the assessment include, for example, any investments that the lessee has made in the property. For all other leases, the Group has assumed that no leases will be extended.

Lease liabilities are included on the lines for interest-bearing liabilities in the statement of financial position and are recognized in subsequent periods by the liability being increased to reflect the effect of interest and reduced to reflect the effect of lease payments made. Lease liabilities are restated by a corresponding adjustment of the right-of-use asset in accordance with the rules contained in the standard.

The right-of-use asset is initially recognized at the value of the lease liability, with the addition of lease payments made on or before the initial date of the lease and initial direct payments. The right-of-use asset is recognized in subsequent periods at cost less depreciation and impairment. If the Group incurs obligations for the dismantling of a leased asset, remediation of land or restoration and renovation of an asset to the state agreed in the contract, a provision is recognized for such obligations in accordance with IAS 37. Such provisions are included in the cost of the right-of-use asset insofar as they are not connected with the production of inventory. Right-of-use assets are depreciated over their anticipated useful life, or if it is shorter, over the agreed lease term.

If a lease transfers ownership rights at the end of the lease term or if the cost includes the probable exercise of a call option, the right-of-use asset is depreciated over its useful life. Amortization commences on the start date of the lease. Right-of-use assets are included on the line for PPE in the statement of financial position. The Group applies the principles in IAS 36 for the impairment of right-of-use assets and recognizes this in the same manner as described in the policies for property, plant and equipment recognized in accordance with IAS 16. Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. Such lease payments are recognized as a cost in EBIT in the periods as they arise. The Group applies a practical exemption that entails that service components are not separated from the lease payments for leases that do not pertain to asset classes for office and production premises, unless this is specifically stated in the invoice.

Right-of-use assets per type of lease

SEK M	Properties		Office premises		Cars		Trucks		Machinery		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Balance, January 1	1,210	1,234	758	804	119	118	49	58	8	10	13	15	2,157	2,239
Acquisitions	–	70	–	0	–	1	–	1	–	0	–	–	–	72
Divested operations	–	–	–	–	0	–	0	–	–	–	0	–	0	–
Capital expenditures	118	75	107	50	61	64	19	8	3	4	9	0	317	201
Depreciation	–223	–213	–121	–121	–68	–64	–19	–19	–5	–6	–3	–2	–439	–425
Revaluations	29	13	2	5	0	0	0	0	0	0	0	–	31	18
Termination ¹	–15	–3	–43	–1	–5	–3	0	0	–	–	0	–	–63	–7
Translation difference for the year	–77	34	–45	21	–8	3	–3	1	0	0	–10	0	–143	59
Carrying amount	1,042	1,210	658	758	99	119	46	49	6	8	9	13	1,860	2,157

¹ Included on the line impairment of property, plant and equipment in the consolidated cash-flow statements.

Right-of-use assets are included on the line property, plant and equipment in the balance sheet.

Amounts recognized in balance sheet

Lease liability recognized in balance sheet

SEK M	2020	2019
Current liabilities	369	401
Non-current liabilities	1,680	1,952
Total	2,049	2,353

Lease liabilities are included on the lines interest-bearing current and non-current liabilities in the balance sheet.

Amounts recognized in profit and loss

SEK M	2020	2019
Depreciation of right-of-use assets	439	425
Interest expenses for lease liabilities	75	78
Expenses attributable to short-term leases	10	35
Expenses attributable to low-value leases	13	16
Expenses attributable to variable lease payments	26	43

The total cash flow from leases during the year was SEK 491 M (482), of which SEK 416 M (404) referred to operating cash flow and SEK 75 M (78) to financing cash flow.

Future lease payments

SEK M	2020	2019
Year 1	432	457
Years 2–5	1,103	1,210
Later than 5 years	820	1,021
Total	2,355	2,688

Leases that have not yet commenced.

The expected cash outflow for 2021 for leases that have not yet commenced as per December 31, 2020 amounted to SEK 18 M (37).

17 Intangible assets



Accounting policies

Intangible assets primarily comprise goodwill and patents, trademarks and licenses. These are recognized at cost less accumulated amortization and, where applicable, impairment losses. Subsequent expenditure for an intangible asset is added at carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred.

Goodwill

The amount by which the transferred consideration, any non-controlling interests and the fair value of previous shareholdings on the date of transfer exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill on acquisition of joint ventures or associated companies is included in the value of the investment in the associated company and is tested, taking into account possible impairment losses, as a portion of the value of the total investment. Goodwill that is recognized separately is tested annually to identify possible impairment losses and is measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the disposed unit. In the impairment tests, goodwill is allocated to cash-generating units. The allocation is made between the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item. These cash-generating units comprise the Group's investments in each primary segment.

Research and development

Expenditure for research and development is expensed when it arises. Expenditure for development and testing of new or significantly improved materials, products, processes or systems is capitalized once the following criteria have been fulfilled:

- it is technically feasible to complete the asset such that it can be utilized or sold,
- management intends to complete the asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the asset,
- it can be demonstrated that the asset will generate probable, future economic benefits,
- adequate technical, economic and other resources are available to complete the development and to utilize or sell the asset, and
- the expenditure associated with the asset during its development can be calculated in a reliable manner.

Other development expenditure is expensed as incurred. Development expenditure previously expensed is not capitalized in subsequent periods. Capitalized development expenditure is recognized as intangible assets. Capitalized development expenditure has a finite useful life and is amortized straight-line from the point at which commercial production of the product commences. Amortization is based on the anticipated useful life, normally a period of five years.



Critical estimates and judgments

The impairment requirement for goodwill implies that goodwill is tested annually in conjunction with the year-end financial statements, or as soon as changes indicate that a risk of impairment exists, such as when the business climate changes or a decision is made on the divestment or closure of an operation. The recoverable amount has been determined on the basis of calculations of value in use. These calculations are based on internal forecasts of the next five years. The most important assessments relate to sales growth during the forecast period and the operating margin trend. The assessments of management are based on both historical experience and current information relating to the market trend. For the Group's core businesses, cash flows after the forecast period were extrapolated using an assumed sustainable rate of growth of 2.0 percent (2.0), which is in line with the assessed sustainable growth rate in the respective market. Changes in working capital and in capital expenditure requirements have also been taken into account. Projected future cash flows according to these assessments thus form the basis for the calculation. When calculating the present value of future cash flows, a weighted average cost of capital of 7.7 percent (7.7) after tax was applied to the Group's core businesses. Since all of these segments have a

Trademarks

The trademarks that are considered to have an indefinite useful life originate from acquisitions. The assessment that the useful life of these trademarks is indefinite is based on the following circumstances:

- The trademarks are regarded as being well established in their respective areas and the Group intends to retain and develop them.
- The trademarks are considered to be of material economic significance as they comprise an integrated part of the product offering to the market by signaling product quality and innovation. Such trademarks are thus deemed to influence the pricing and competitiveness of the products.

Through their connection to ongoing business activities, they are therefore considered to have an indefinite useful life and are expected to be used as long as relevant business operations are being conducted.

Because it has been assessed that the cash flows attributable to the trademarks cannot be separated from other cash flows within the respective cash-generating units, a joint impairment test of both goodwill and trademarks is conducted by estimating the recoverable amount for the cash-generating units to which the goodwill and trademarks are allocated.

Other intangible assets

Other intangible assets include externally acquired assets, such as capitalized IT expenditure, patents, trademarks and licenses. Assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. These intangible assets are amortized straight line over their useful life, normally five to 15 years.

Impairment testing

Assets with an indefinite useful life, for example goodwill, are not amortized but are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the highest of fair value less selling expenses and value in use. Value in use refers to the total present value of the estimated future cash flows and the calculated residual value at the end of the useful life. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset, known as WACC (Weighted Average Cost of Capital). The Group bases the calculation on achieved earnings, forecasts, business plans, financial forecasts and market data. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units comprise the Group's operating segments. Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

similar risk profile and operate in the same markets, the risk in the cash flows is similar, which justifies use of the same return requirement. Reconciliation was also conducted against an external assessment of a reasonable cost of capital.

The calculations indicated no need for impairment in any of the business areas in the Group's core businesses, given their conditions. A sensitivity analysis shows that, with a rate of growth reduced by 50 percent beyond the next five years or an increase in the cost of capital of 1 percentage point to 8.7 percent after tax, there would still be no need for impairment for any of the business areas in the Group's core businesses.

Impairment testing also took place in the Businesses Under Development reporting segment. The expected future cash flows formed the basis for the calculation. When calculating the present value, a cost of capital of 7.7–9.7 percent was applied. The calculation showed no need for impairment. A sensitivity analysis shows that, with a rate of growth reduced by 1 percentage point beyond the next five years or an increase in the cost of capital of 1 percentage point there would still be no need for impairment. The Executive Management believes that no reasonable changes to the important assumptions will result in the calculated recoverable amount for the reporting segment falling below its carrying amount.



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Intangible assets

SEK M	2020	2019
Capitalized expenditure ¹	509	620
Goodwill	17,867	19,198
Trademarks with indefinite useful lives	1,762	1,851
Market and customer-related intangible assets	2,109	2,565
Other intangible assets ²	295	253
Total	22,542	24,487

¹ Includes capitalized expenditure for development work and IT.

² Includes concessions, patents, licenses, trademarks and similar rights, and advance payments related to intangible assets.

Impairment of intangible assets by function

SEK M	2020	2019
Other operating expenses	-1	-
Items affecting comparability	-4	-2,709
Total	-5	-2,709

Intangible assets with indefinite useful lives by operating segment

SEK M	Goodwill		Trademarks	
	2020	2019	2020	2019
Trelleborg Industrial Solutions	4,645	5,014	184	205
Trelleborg Sealing Solutions	7,572	8,188	-	-
Trelleborg Wheel Systems	5,399	5,706	1,330	1,385
Group items	-16	-16	-	-
Core businesses	17,600	18,892	1,514	1,590
Businesses Under Development	267	306	248	261
Group	17,867	19,198	1,762	1,851

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SEK M	Capitalized expenditure		Goodwill		Trademarks with indefinite useful lives		Market and customer-related intangible assets		Other intangible assets		Total intangible assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost	1,301	1,382	20,551	22,181	1,844	1,937	3,292	3,719	926	982	27,914	30,201
Accumulated depreciation according to plan	-789	-756	-	-	-	-	-912	-864	-626	-699	-2,327	-2,319
Accumulated impairment losses	-3	-6	-2,684	-2,983	-82	-86	-271	-290	-5	-30	-3,045	-3,395
Carrying amount	509	620	17,867	19,198	1,762	1,851	2,109	2,565	295	253	22,542	24,487
Balance, January 1	620	567	19,198	19,100	1,851	1,823	2,565	2,385	253	238	24,487	24,113
Acquisitions	6	14	14	1,863	-	65	-8	635	-	0	12	2,577
Divested operations	-1	-	-2	-	-	-	-	-	-	-	-3	-
Capital expenditures	15	59	-	-	-	-	-	-	99	106	114	165
Divestments and disposals	-3	0	-	-	-	-	-	-	-10	-1	-13	-1
Depreciation according to plan for the year	-109	-106	-	-	-	-	-243	-248	-20	-18	-372	-372
Impairment losses for the year	-1	-5	-3	-2,327	-	-86	-1	-290	-	-1	-5	-2,709
Reclassifications	13	75	-	-	-	-	-	-	-14	-73	-1	2
Translation difference for the year	-31	16	-1,340	562	-89	49	-204	83	-13	2	-1,677	712
Carrying amount	509	620	17,867	19,198	1,762	1,851	2,109	2,565	295	253	22,542	24,487
<i>Allocation of amortization for the year according to plan, by function</i>												
Cost of goods sold	-35	-12	-	-	-	-	-67	-93	-4	-4	-106	-109
Selling expenses	-7	-6	-	-	-	-	-12	-13	-1	-1	-20	-20
Administrative expenses	-48	-45	-	-	-	-	-12	-1	-13	-11	-73	-57
Research & development costs	-1	-3	-	-	-	-	-1	-	-1	-1	-3	-4
Other operating expenses	-18	-40	-	-	-	-	-151	-141	-1	-1	-170	-182
Total amortization	-109	-106	-	-	-	-	-243	-248	-20	-18	-372	-372



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18 Inventories



Accounting policies

Inventories are measured at the lower of cost and net realizable value on the closing date. Cost is calculated according to the first-in/first-out (FIFO) principle. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilization is used in the measurement of inventories. Borrowing costs are not included.



Critical estimates and judgments

The net realizable value is calculated as the estimated selling price less applicable variable selling expenses. Deductions are made for internal gains generated through intra-Group sales.

SEK M	2020	2019
Raw materials and consumables	1,337	1,641
Work in progress	628	641
Finished products and goods for resale	3,267	4,053
Contracted work in progress	8	9
Advances to suppliers	23	17
Total	5,263	6,361

Impairment of obsolete inventories amounted to SEK 505 M (493).

19 Current operating receivables



Accounting policies

Accounts receivable

Accounts receivable are recognized at amortized cost, see Note 30 for additional accounting policies.

A reserve for expected credit losses is made in accordance with the simplified approach. This means that a reserve for expected credit losses is recognized for the lifetime of the receivable, which is expected to be less than one year for all receivables below. The size of the reserve comprises the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted by the receivable's effective interest rate. The carrying amount of the asset is reduced by using a value depletion account and the loss is recognized under the item "Selling expenses." When a receivable cannot be collected, it is eliminated against the value depletion account for receivables. The reversal of amounts that were previously eliminated is credited under the item "Selling expenses" in the income statement. The following factors are to be taken into consideration when a reserve is made for an expected credit loss:

- Status quo is expected to continue and comprises a good estimate of the future result, but combined with:
 - Important changes in the country in which the counterparty conducts its business (for example, reduction in GDP)
 - Important changes in the market (for example, major changes in prices of raw materials or lower sales volumes)
 - Important changes in the counterparty's business prospects (for example, changes in profitability)

Based on the above, the need for reserves and additional reserves for realized losses is assessed on a case-by-case basis. An assessment is to be made if the total reserve is reasonable in relation to the total outstanding accounts receivable, taking into account past credit losses.

SEK M	2020	2019
Accounts receivable	5,007	5,671
Loss allowance for expected credit losses	-100	-115
Bills receivable	112	112
Operating receivables, associated companies	4	3
Other current receivables	441	492
Derivative instruments (Note 31)	1	1
Prepaid expenses and accrued income (Note 20)	785	669
Total	6,250	6,833

Age analysis of accounts receivable

SEK M	2020	2019
Receivable not yet due	4,382	4,754
Receivables fallen due:		
<30 days	371	532
31–60 days	83	125
61–90 days	43	60
>90 days	128	200
Total	5,007	5,671
Loss allowance for expected credit losses	-100	-115
Total	4,907	5,556

Loss allowance for expected credit losses

SEK M	2020	2019
Opening balance	115	87
Reclassification between balance accounts	0	0
New provisions recognized in profit and loss	42	44
Utilization of reserve attributable to identified credit loss	-31	-13
Reversals recognized in profit and loss	-11	-5
Acquisitions/divestments	-3	1
Translation difference	-12	1
Closing balance	100	115

20 Prepaid expenses and accrued income

SEK M	2020	2019
Interest	2	4
Pension costs	6	7
Tools	18	17
Derivative instruments (Note 31)	47	5
Accrued but not invoiced income, projects in progress	412	266
Prepaid insurance	47	69
Rents	32	32
Other	221	269
Total	785	669

21 Accrued expenses and prepaid income

SEK M	2020	2019
Interest	24	30
Wages and salaries	812	1,018
Payroll overheads	119	135
Pension costs	14	12
Tools	12	16
Derivative instruments (Note 31)	2	2
Invoiced but not accrued income, projects in progress	262	127
Other overheads	160	132
Other	581	526
Total	1,986	1,998

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NOTES – GROUP

22 Contract assets and contract liabilities



Accounting policies

A contract asset is recognized when the Trelleborg Group has delivered products/ services to a customer and recognized income but has not yet invoiced the customer. A contract liability is recognized when the Trelleborg Group has received or will receive payment but has not yet delivered the products/services to the customer. Income is recognized when control of the product/service has been transferred to the customer.

Impairment of financial assets recognized at amortized cost

With respect to expected credit losses, the Group applies impairment according to IFRS 9 as of January 1, 2018. The impairment model is applied to contract assets and loss allowance is conducted using an estimate of anticipated losses over the asset's expected useful life. No provision for contract assets was recognized during the year since the amount was not deemed to be material. The Group tests the need for impairment on a continuous basis and at the end of every reporting period.

Contract assets ¹

SEK M	2020	2019
Contracted work in progress	400	249
Other contract assets	20	26
Total	420	275

¹ Contract assets are included in Inventories, Note 18, and in Prepaid expenses and accrued income, Note 20.

The variation of contract assets depends on the volume of projects during the year.

Contract liabilities ²

SEK M	2020	2019
Advance payment from customers	126	111
Contracted work in progress	247	94
Other contract liabilities	15	33
Total	388	238

² Contract liabilities are included in the items Accrued expenses and prepaid income and advance payments from customers, Note 21 and in Non-interest-bearing liabilities, Note 23.

The variation of contract liabilities depends on the volume of projects over the years.

Amounts recognized as income during the reporting period and included in contract liabilities at the start of the period.

SEK M	2020	2019
Advance payment from customers	95	112
Contracted work in progress	79	59
Other contract liabilities	23	22
Total	197	193

Remaining liability to be recognized as income in 2021 amounts to SEK 388 M.

Total transaction price distributed between unsatisfied performance obligations on the closing date.

SEK M	2021	2022	>2023	Total
Contract longer than 12 months	113	154	–	267
Total	113	154	–	267

23 Non-interest-bearing liabilities



Accounting policies

Accounts payable are initially recognized at fair value and, thereafter, at amortized cost using the effective interest method.

Other non-current liabilities

SEK M	2020	2019
Other non-interest-bearing liabilities	26	24
Derivative instruments (Note 31)	246	164
Total	272	188

Other current liabilities

SEK M	2020	2019
Advance payment from customers	126	111
Accounts payable	3,067	3,570
Bills payable	8	12
Liabilities to associated companies	1	1
Other non-interest-bearing liabilities	745	560
Derivative instruments (Note 31)	54	65
Accrued expenses and prepaid income (Note 20)	1,986	1,998
Total	5,987	6,317
Total non-interest-bearing liabilities	6,259	6,505

24 Other provisions



Accounting policies

Provisions are recognized when the Group has a legal or constructive obligation resulting from past events and it is probable that payment will be required to meet the obligation, and that the amount can be calculated in a reliable manner. No provisions are made for future operating losses. Provisions are made for environmental activities related to earlier operations when it is probable that a payment liability will arise and when the amount can be estimated with reasonable precision. Provisions are divided into non-current and current provisions.

The provision for restructuring primarily covers costs relating to severance pay and other costs affecting cash flow arising in conjunction with restructuring the Group's operations. Provisions are established when a detailed, formal plan for measures to be undertaken has been established and valid expectations have been raised by those who will be affected by such measures.



Critical estimates and judgments

The amount of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the amount of severance payments or other obligations in connection with termination of employment. Calculations of this type of cost are based on the particular situation in the negotiations with the parties concerned. The Group is involved in a number of disputes and legal proceedings within the framework of its operating activities. Management engages both external and internal legal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that could entail any major negative effect on the operations or on the financial position.

SEK M	Restructuring programs		Other provisions		Total	
	2020	2019	2020	2019	2020	2019
Opening balance	201	163	394	353	595	516
Reclassification	2	1	–14	–1	–12	0
Reversals	–16	–5	–26	–48	–43	–53
Provisions for the year	80	142	162	155	237	297
Acquisitions for the year	–	–	–	1	–	1
Divestments for the year	–1	–	0	0	–1	0
Utilized during the year	–131	–103	–140	–74	–265	–177
Translation difference	–16	3	–23	8	–39	11
Closing balance	119	201	353	394	472	595

Of which, non-current provisions	149	202
Of which, current provisions	323	393
Of which, provisions for environmental commitments	53	58

Closing balances for restructuring programs relate to reorganizations and the focusing of operations in the business areas.

Closing balances for other provisions relate primarily to environmental commitments and guarantee provisions.



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NOTES – GROUP

Capital structure and financing

25 Cash and cash equivalents

Accounting policies

Cash and cash equivalents consist of cash balances and balances with banks and other institutes maturing within three months from the date of acquisition, as well as short-term liquid investments with a maturity, from the date of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value. For these items classified at amortized cost, the expected credit losses are recognized according to IFRS 9. The Group applies a rating-based method, refer to the Financial credit risk exposure section in Note 32. Expected credit losses are estimated at the total of the probability for payment cancellation, losses on payment cancellation and exposure on payment cancellation. Forward-looking information is also taken into consideration.

SEK M	2020	2019
Current bank investments	818	819
Cash and bank balances	4,938	1,875
Total	5,756	2,694

The fair value of cash and cash equivalents corresponds to the carrying amount less the loss allowance of SEK 1 M. For more information about credit exposure in cash and cash equivalents, see Note 32.

26 Financial non-current assets

Accounting policies

Financial non-current assets are classified at amortized cost, except for derivative instruments and a non-current interest-bearing receivable which are measured at fair value. Financial non-current assets classified at amortized cost are initially measured at fair value with additions for transaction costs, less expected credit losses, and are subsequently measured at amortized cost by applying the effective interest method, less any loss allowance. The gross amount reduced by the loss allowance is recognized in the financial statements. Changes in expected credit losses are recognized in profit and loss.

Impairment of financial assets recognized at amortized cost

With respect to expected credit losses, the Group applies impairment according to IFRS 9 as of January 1, 2018. No provision for financial non-current assets was recognized during the year since the amount was not deemed to be material. The Group tests the need for impairment at the end of every reporting period.

SEK M	2020	2019
Plan assets	15	3
Loan receivables	2	2
Non-current interest-bearing receivables at fair value	10	–
Non-current bank investments	0	0
Other non-current receivables	35	41
Total	62	46

Carrying amount corresponds to fair value.

27 Interest-bearing receivables

SEK M	2020	2019
Loan receivables	0	0
Derivative instruments (Note 31)	221	278
Current bank investments	12	8
Total	233	286

For reserves for expected credit losses on current bank investments, refer to the description of cash and cash equivalents in Note 25.

28 Equity

Accounting policies

For accounting policies relating to other reserves, see the relevant parts of the description in Note 31.

Specification of other reserves

SEK M	Hedging reserve		Translation reserve		Total	
	2020	2019	2020	2019	2020	2019
Opening balance	–129	–51	3,084	2,183	2,955	2,132
Cash-flow hedges, recognized in other comprehensive income						
Fair value of interest rate swaps	–83	–109	–	–	–83	–109
Transfers to profit and loss, interest rate swaps	4	0	–	–	4	0
Fair value of foreign-exchange forwards	–3	4	–	–	–3	4
Transfers to profit and loss, foreign-exchange forwards	33	7	–	–	33	7
Cash-flow hedges, result for the period	–49	–98	–	–	–49	–98
Tax, recognized in other comprehensive income						
Tax on fair value	16	22	–	–	16	22
Tax on transfers to profit and loss	–6	–2	–	–	–6	–2
Net investments in foreign currency, recognized in other comprehensive income						
Changes for the period attributable to translation of companies after tax	–	–	–2,994	1,230	–2,994	1,230
Hedging of net investments, recognized in other comprehensive income						
Fair value of foreign-exchange forwards	–	–	358	–253	358	–253
Exchange rate effects, liabilities in foreign currencies	–	–	221	–137	221	–137
Hedging of net investments, result for the period	–	–	579	–390	579	–390
Tax on hedging of net investments	–	–	–119	61	–119	61
Closing balance	–168	–129	550	3,084	382	2,955

Accumulated translation differences are recognized from January 1, 2004.

Of transfers from the hedging reserve to profit and loss in 2020, SEK 4 M (0) caused a decline in the Group's financial interest expenses and SEK 3 M caused an improvement in other operating income and operating expenses, respectively (decline: 7). These effects are offset by earnings effects from the hedged items. A transfer to profit and loss of the full amount took place due to the hedged item impacting profit and loss. All amounts in the hedging reserve pertain to ongoing hedges. Effects of hedging instruments that have matured remain in the translation reserve.

The Board of Directors proposes a cash dividend of SEK 5.00 per share (–), a total of SEK 1,355 M (–). Trelleborg AB's share capital at December 31, 2020 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No. of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

	2020	2019
Change in total number of shares		
January 1	271,071,783	271,071,783
Change during the year	–	–
December 31	271,071,783	271,071,783

No treasury shares are held.



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NOTES – GROUP

29 Interest-bearing liabilities



Accounting policies

Borrowings are initially measured at fair value, net, after transaction costs and, subsequently, at amortized cost. Any difference between the amount received and the amount to be repaid is recognized in profit and loss over the loan period by applying the effective interest method. Borrowings are classified as interest-bearing non-current or current liabilities in the balance sheet.

The Group has entered into leases in accordance with IFRS 16. Lease liabilities are included on the lines non-current and current interest-bearing liabilities in the balance sheet. For accounting policies relating to lease liabilities, refer to Note 16.

For accounting policies relating to derivative instruments, refer to Note 31.

Interest-bearing non-current liabilities

SEK M	2020	2019
Liabilities to credit institutions	9,006	10,989
Other interest-bearing liabilities	32	52
Lease liability acc. to IFRS 16	1,680	1,952
Derivative instruments (Note 31)	–	70
Total	10,718	13,063

Interest-bearing current liabilities

SEK M	2020	2019
Liabilities to credit institutions	4,128	3,368
Bank overdraft facilities	4	276
Other interest-bearing liabilities	24	38
Lease liability acc. to IFRS 16	369	401
Derivative instruments (Note 31)	181	151
Total	4,706	4,234
Total interest-bearing liabilities	15,424	17,297

Financial interest-bearing liabilities, except financial derivatives that adjust the loans, are recognized at amortized cost. Changes in interest rates and credit margins create differences between fair value and amortized cost. A calculation at fair value would increase the Group's non-current loans by SEK 76 M. The Group's current loans were not remeasured because the carrying amount is considered to be a good estimation of the fair value due to their short maturity.

The table below shows the currency distribution, average interest rates and fixed-interest terms for the Group's interest-bearing liabilities, including the effect of derivative instruments. Lease liabilities according to IFRS 16 are excluded.

The Group's outstanding interest-bearing liabilities at December 31, 2020, adjusted for any derivative instruments, have the following currency distribution, average interest rates and fixed-interest terms. Lease liabilities according to IFRS 16 are excluded.

	Amount SEK M		Effective interest rate, %		Fixed-interest term adjusted for any derivatives. No. of days	
	2020	2019	2020	2019	2020	2019
EUR	8,023	8,117	1.1	1.1	693	542
GBP	816	1,100	1.4	1.9	300	297
SEK	1,735	–118	1.1	–7.2	349	–6,268
USD	2,332	4,622	3.1	3.1	832	694
Other	469	1,223	1.5	2.7	27	12
Total	13,375	14,944	1.5	2.0	625	581

Lease liability acc. to IFRS 16	2,049	2,353
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Total interest-bearing liabilities	15,424	17,297
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As of 2019, interest-bearing liabilities include a lease liability in accordance with IFRS 16 and interest expenses for the liability are recognized as a financial expense. The most important leases pertain to rent of offices and production premises. Interest rate risk pertaining to these leases are primarily an effect of discounting when the lease is signed and interest rate changes do not govern the actual cash flow linked to the leases. Only a small portion of the lease liability has interest rate risk connected to the leases.

The Group's interest-bearing liabilities (utilized amounts at closing date)

	2020		2019	
	SEK M	Expiry, year	SEK M	Expiry, year
Non-current				
Syndicated loan, USD tranche USD 572 M ²	2,213	2025	2,511	2024
Syndicated loan, USD tranche USD 53 M	205	2024	233	2024
Medium Term Note SEK 251 M	251	2022	–	–
Medium Term Note SEK 500 M	500	2022	–	–
Medium Term Note SEK 200 M	200	2023	–	–
Medium Term Note SEK 800 M	800	2025	–	–
Medium Term Note SEK 750 M	750	2024	750	2024
Medium Term Note SEK 300 M	300	2022	300	2022
Medium Term Note SEK 200 M	200	2022	200	2022
Medium Term Note SEK 300 M	300	2023	300	2023
Medium Term Note EUR 50 M	502	2029	522	2029
Medium Term Note SEK 502 M	–	–	502	2021
Medium Term Note SEK 550 M	–	–	549	2021
Medium Term Note SEK 450 M	–	–	449	2021
Medium Term Note EUR 50 M	–	–	521	2021
Medium Term Note EUR 45 M	–	–	470	2021
Bilateral money market loan EUR 150 M	1,506	2026	1,565	2026
Schuldscheindarlehen EUR 15 M	151	2027	–	–
Schuldscheindarlehen EUR 10 M	100	2025	–	–
Schuldscheindarlehen EUR 77 M + EUR 20 M ³	773	2023	1,012	2023
Schuldscheindarlehen EUR 29 M	291	2026	303	2026
Schuldscheindarlehen EUR 24.5 M + EUR 55 M ⁴	–	–	829	2021
Lease liability acc. to IFRS 16	1,680	2022–2109	1,952	2021–2109
Capitalized borrowing costs	–36	2022–2029	–27	2021–2029
Other interest-bearing liabilities	32	2022	52	2021
Derivative instruments	–	–	70	2021
Total non-current	10,718		13,063	
Current				
Commercial paper program	429	2021	2,579	2020
Medium Term Note SEK 502 M	502	2021	–	–
Medium Term Note SEK 550 M	549	2021	–	–
Medium Term Note SEK 450 M	449	2021	–	–
Medium Term Note EUR 50 M	501	2021	–	–
Medium Term Note EUR 45 M	452	2021	–	–
Schuldscheindarlehen EUR 24.5 M	246	2021	–	–
Bilateral money market loan SEK 1,000 M	1,000	2021	–	–
Medium Term Note SEK 504 M	–	–	504	2020
Lease liability acc. to IFRS 16	369	2021	401	2020
Bank overdraft facilities	4	2021	276	2020
Other current loans	–	–	285	2020
Other interest-bearing liabilities	24	2021	38	2020
Derivative instruments	181	2021	151	2020
Total current	4,706		4,234	
Total	15,424		17,297	

Loan facilities¹

SEK M	2020			2019		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
Committed loan facilities						
Syndicated loan EUR 412 M + USD 572 M (expires 2025) ²	8,819	2,213	6,606	9,627	2,512	7,115
Syndicated loan EUR 38 M + USD 53 M (expires 2024)	816	205	611	891	233	658
Syndicated loan CZK 6,750 M (expires 2024)	2,586	–	2,586	2,766	–	2,766
Revolving loan (expires 2022)	500	–	500	–	–	–
Overdraft facilities (expire 2021)	200	–	200	390	27	363
Total	12,921	2,418	10,503	13,674	2,772	10,902
Bilateral credit facilities	1,506	–	1,506	1,565	–	1,565
Bank overdraft facilities	1,539	4	1,535	1,720	248	1,472
Total	3,045	4	3,041	3,285	248	3,037
Total credit facilities	15,966	2,422	13,544	16,959	3,020	13,939

¹ Loan facilities are defined as committed if they are confirmed in writing and subject to a firm commitment to lend by the facility provider.



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- ² EUR 412 M and USD 572 M of the syndicated loan were extended by one year in 2020.
³ A Schuldscheindarlehen of EUR 20 M with original maturity in 2023 was repaid early during the year.
⁴ A Schuldscheindarlehen of EUR 55 M with original maturity in 2021 was repaid early during the year.

The EUR 450 M and USD 625 M syndicated loan, most of which matures in 2025, and CZK 6,750 M syndicated loan maturing in 2024 are both subject to a financial covenant that stipulates a maximum debt/equity ratio (indebtedness excluding pension liabilities and lease liabilities in accordance with IFRS 16). At year-end 2020, there was ample headroom in relation to these covenants.

30 Financial instruments – classification and valuation

Accounting policies

A financial asset or liability is initially recognized in the balance sheet when the company becomes a party to the contractual conditions of the instrument. A financial asset is derecognized from the balance sheet when all benefits and risks associated with ownership have been transferred. A financial liability is derecognized from the balance sheet when the obligations of the contract have been met, or otherwise extinguished.

Financial instruments are initially measured at fair value and, subsequently, at fair value or accumulated amortized cost, depending on their classification. All financial derivatives are measured at fair value. The purchase and sale of financial assets is recognized on the transaction date, which is the date the Group undertakes to purchase or sell the asset. From January 1, 2018, the Group applies the policy of recognizing a loss allowance for financial assets and receivables classified at amortized cost.

Some measurements are conducted according to the effective interest method. The effective interest rate is the rate that, on discounting of all future anticipated cash flows over the expected term, results in the initially carrying amount of the financial asset or the financial liability.

Classification of financial instruments – financial assets

Debt instruments

Classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the characteristics of the asset's contractual cash flows.

Instruments are classified at:

- amortized cost
- fair value through other comprehensive income, or
- fair value through profit and loss

Financial assets classified at amortized cost are initially measured at fair value plus transaction costs. Accounts receivable are initially recognized at the invoice amount. After initial recognition, the assets are measured according to the effective interest method. Assets classified at amortized cost are held under the business model of collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The assets are covered by a reserve for expected credit losses (loss allowance).

The Group does not have any material assets classified at fair value through other comprehensive income or through profit and loss.

Fair value through profit and loss is all other debt instruments that are not measured at amortized cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in the fair value are recognized in profit and loss. The Group's debt instruments are classified at amortized cost, except for debt instruments held for trading.

Equity instruments

Classified at fair value through profit and loss.

Derivatives

Classified at fair value through profit and loss except if they are classified as hedging instruments in cash-flow hedges or hedges of net investments in foreign operations when the effective portion of the hedge is then recognized in "Other comprehensive income."

Classification of financial instruments – financial liabilities

Debt instruments

Classified at amortized cost except for derivatives. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortized cost according to the effective interest method.

Derivatives

Classified at fair value through profit and loss except if they are classified as hedging instruments in cash-flow hedges or hedges of net investments in foreign operations when the effective portion of the hedge is then recognized in "Other comprehensive income."

Loss allowance for expected credit losses

The Group's financial assets and receivables, except for those classified at fair value through profit and loss, are subject to impairment for expected credit losses. Impairment

for credit losses under IFRS 9 includes forward-looking factors and a loss allowance is established when there is exposure to credit risk, already in connection with initial recognition.

Expected credit losses reflect the present value of all deficits in cash flows attributable to payment cancellations. Expected credit losses reflect an unbiased and probability-weighted amount that considers range of possible outcomes based on reasonable and supportable forward-looking information.

The modified retrospective approach is applied to accounts receivable. Under this approach, a loss allowance is recognized for the expected lifetime of the receivable or asset. Refer to Note 19.

For other items covered by expected credit losses, a three-stage impairment model is applied. Initially, and on each closing date, a loss allowance is recognized for the next 12 months, or for a shorter period of time depending on the lifetime (stage 1). If there has been a material increase in credit risk since initial recognition, a loss allowance is recognized for the asset's lifetime (stage 2). For assets that are considered to be credit-impaired, lifetime expected credit losses continue to be recognized (stage 3), but interest income is based on the net of the loss allowance. The Group has defined a receivable as credit-impaired if the receivable is more than 90 days overdue for payment or if other factors indicate that the receivable is credit-impaired. A material increase in credit risk is defined as a payment delay of more than 30 days, or a significant reduction in credit rating that no longer entails an investment grade rating.

The measurement of expected credit losses is based on different methods for different types of credit exposure, refer to the description in the relevant note. In general, any significantly credit-impaired assets and receivables are assessed individually, taking into account past, current and forward-looking information. The measurement of expected credit losses also considered any collateral or other credit enhancement in the form of guarantees. Loss allowances were established for cash and cash equivalents and accounts receivable. The Group writes off assets and receivables when there is no longer any reasonable expectation of receiving any additional payment for the asset or receivable.

The financial assets are recognized in the balance sheet at amortized cost, meaning the net of the gross amount and the loss allowance. Changes in the loss allowance are recognized in profit and loss in EBIT for accounts receivable and as financial expenses or income for other provisions.

The Group's credit exposure is presented in Note 32 and in Note 19.

Calculation of fair value

The fair value of listed financial instruments is based on the appropriate market quotation on the closing date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying recognized measurement techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the closing date. Market rates form the basis for the calculation of fair value of long-term loans. For other financial instruments with no specified market value, the fair value is deemed to correspond to the carrying amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are measured at the exchange rate prevailing on the closing date. Exchange rate differences on operating receivables and operating liabilities are included in EBIT, while exchange rate differences on financial receivables and liabilities are classified as financial items. See also Note 1 for translation of foreign currencies.

Offsetting of financial instruments

Financial assets and liabilities are offset and recognized at net amount in the balance sheet only when a legal right exists to offset the recognized amount and there is an intention to settle the amount net, or simultaneously realize the asset and settle the liability. This legal right may not be dependent on future events and it must be legally binding for the company and the counterparty in the normal business operations and also in the event of payment cancellation, insolvency or bankruptcy.

To limit credit risks in receivables from banks related to derivative instruments, Trelleborg has entered into netting agreements, under ISDA agreements. Financial assets and liabilities are not netted in the balance sheet.

Other financial instruments

Accounting policies for the financial instruments not addressed here can be found under the relevant note.

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NOTES – GROUP

Classification of financial assets

At December 31, 2020	Assets measured at amortized cost	Assets at fair value through profit and loss	Derivatives used for hedging purposes, measured at fair value			
SEK M	Carrying amount	Carrying amount	Measure-ment level	Carrying amount	Measure-ment level	Total
<i>Assets in the balance sheet</i>						
Derivative instruments	–	67	2	202	2	269
Financial non-current assets	52	10	3	–		62
Accounts receivable	4,907	–		–		4,907
Interest-bearing receivables	12	–		–		12
Cash and cash equivalents	5,756	–		–		5,756
Total	10,727	77		202		11,006

Classification of financial liabilities

At December 31, 2020	Liabilities measured at amortized cost	Liabilities at fair value through profit and loss	Derivatives used for hedging purposes, measured at fair value			
SEK M	Carrying amount	Carrying amount	Measure-ment level	Carrying amount	Measure-ment level	Total
<i>Liabilities in the balance sheet</i>						
Derivative instruments	–	174	2	309	2	483
Interest-bearing non-current liabilities	9,038	20	3	–		9,058
Interest-bearing current liabilities	4,156	20	3	–		4,176
Lease liability acc. to IFRS 16	2,049	–		–		2,049
Accounts payable	3,067	–		–		3,067
Total	18,310	214		309		18,833

Measurement techniques used to measure fair values in Level 2

Derivatives in Level 2 comprise foreign-exchange forwards and interest rate swaps, and are primarily used for hedging purposes, but also for trading. Fair-value measurement for foreign-exchange forwards is based on published forward rates in an active market and on discounted contractual cash flows. Measurement of interest rate swaps is based on forward interest rates based on observable Swedish yield curves and discounting of contractual cash flows.

Measurement techniques used to measure fair values in Level 3

A financial interest-bearing receivable of SEK 10 M is recognized at fair value. The carrying amount is an accurate estimation of its fair value. Interest-bearing non-current and current liabilities include additional purchase payments according to contract of SEK 20 M (37) and SEK 20 M (39), respectively. An assessment of the most likely outcome has been determined. The present value of this amount has been calculated.

Disclosures on fair value of borrowing and other financial instruments

Financial interest-bearing liabilities, except financial derivatives that adjust the loans and additional purchase payments according to contract, are recognized at amortized cost. Changes in interest rates and credit margins create differences between fair value and amortized cost. A calculation at fair value would increase the Group's non-current loans by SEK 76 M. The Group's current loans were not remeasured because the carrying amount is considered to be a good estimation of the fair value due to their short maturity.

Classification of financial assets

At December 31, 2019	Assets measured at amortized cost	Assets at fair value through profit and loss	Derivatives used for hedging purposes, measured at fair value			
SEK M	Carrying amount	Carrying amount	Measure-ment level	Carrying amount	Measure-ment level	Total
<i>Assets in the balance sheet</i>						
Derivative instruments	–	84	2	200	2	284
Financial non-current assets	46	–		–		46
Accounts receivable	5,556	–		–		5,556
Interest-bearing receivables	8	–		–		8
Cash and cash equivalents	2,694	–		–		2,694
Total	8,304	84		200		8,588

Classification of financial liabilities

At December 31, 2019	Liabilities measured at amortized cost	Liabilities at fair value through profit and loss	Derivatives used for hedging purposes, measured at fair value			
SEK M	Carrying amount	Carrying amount	Measure-ment level	Carrying amount	Measure-ment level	Total
<i>Liabilities in the balance sheet</i>						
Derivative instruments	–	222	2	230	2	452
Interest-bearing non-current liabilities	11,004	37	3	–		11,041
Interest-bearing current liabilities	3,643	39	3	–		3,682
Lease liability acc. to IFRS 16	2,353	–		–		2,353
Accounts payable	3,570	–		–		3,570
Total	20,570	298		230		21,098

Offsetting of financial derivative instruments

To limit credit risks in receivables from banks related to derivative instruments, Trelleborg has entered into netting agreements, under ISDA agreements.

The disclosures in the table below include financial assets and liabilities that are subject to legally binding framework agreements on netting or similar agreements that cover financial instruments.

	At December 31, 2020			At December 31, 2019		
SEK M	Financial assets	Financial liabilities	Total	Financial assets	Financial liabilities	Total
Gross amount	269	–483	–214	284	–452	–168
Amount offset	–	–	–	–	–	–
Recognized in balance sheet	269	–483	–214	284	–452	–168
Amounts encompassed by netting agreements	–142	142	0	–236	236	0
Net amount after netting agreements	127	–341	–214	48	–216	–168



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31 Financial derivative instruments and other hedging instruments



Accounting policies

Derivatives are recognized in the balance sheet from the contract date and are measured at fair value, both initially and in subsequent remeasurement. The method for recognizing the gains or losses arising in connection with remeasurement depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities measured at fair value through profit and loss. Gains and losses resulting from changes in fair value are recognized as financial items in profit and loss in the period in which they occur.

Hedge accounting

The Group applies hedge accounting according to IFRS 9 for financial instruments intended to hedge future commercial cash flows in foreign currency, cash flows in future interest payments on the Group's borrowing and net investments in foreign operations.

When entering into the transaction, the relationship between the hedging instrument and the hedged item or transaction is documented, as is the objective of risk management and the strategy according to which various hedging measures are implemented. Both at the inception of the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are efficient in terms of offsetting changes in the fair value of the hedged items or in terms of the cash flows pertaining to them.

Hedges are designed so that they can be expected to be effective, meaning that an economic relationship is expected to exist by the hedging instrument offsetting changes in fair value or the cash flow of the hedged item. This economic relationship is established mainly through qualitative analysis of critical terms in the hedging relationship. If changes in circumstances affect the hedging relationship such that the critical terms no longer match, the Group uses quantitative methods (the dollar offset method) to evaluate effectiveness. Sources of hedge ineffectiveness are stated below under each type of hedge. The Group determines the hedge ratio between the hedging instrument and the hedge item, based on the hedge ratios existing for the actual hedges. The hedge ratio is 1:1 for all of the Group's hedging relationships where hedge accounting is applied.

Changes in the fair value of hedging instruments not meeting the requirements for hedge accounting are recognized directly in profit and loss.

Hedging of future commercial cash flows in foreign currencies

To hedge future forecast and contracted commercial cash flows, both within the Group and externally, the Group has secured foreign-exchange forward contracts. The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income. The gain or loss attributable to any ineffective portion is recognized directly in EBIT in profit and loss. Accumulated amounts in equity are transferred back to profit and loss in the periods in which the hedged item affects profit, such as when the forecast external sale takes place.

When a hedging instrument expires or is sold, or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity and are recognized as income/loss at the same time as the forecast transaction is finally recognized in profit and loss. If a forecast transaction is no longer expected to take

place, the accumulated gain or loss recognized in equity is immediately transferred to profit and loss.

Sources of hedge ineffectiveness include the impact of the parties' credit rating in the measurement of the hedging instrument and not perfectly matching cash flows between the hedging instrument and hedged commercial cash flows. The Group believes that the sources of hedge ineffectiveness are not material given Trelleborg's credit rating and that of its counterparties, and since procedures are in place for reporting and monitoring forecast flows compared with outcomes. The Group normally hedges only a portion of forecast cash flows.

Hedging of cash flows in future interest payments on Group borrowing

The Group secures interest-rate derivatives to ensure the required interest rate on the Group's net borrowings. Amounts to be paid or received in relation to interest rate derivatives are recognized on an ongoing basis as interest income or interest expense. Changes in the fair value of hedging instruments are recognized in equity until the maturity date. Any ineffective portion is recognized directly in profit and loss. If the loan, and consequently, future interest payments, ceases to exist, the accumulated gain or loss recognized in equity is transferred immediately to profit and loss.

Sources of hedge ineffectiveness include the impact of the parties' credit rating in the measurement of the hedging instrument and not perfectly matching cash flows between the hedging instrument and hedged cash flows due to different points in time for determining the reference rate or time of the interest payment. The Group believes that the sources of hedge ineffectiveness are not material given Trelleborg's credit rating and that of its counterparties, and since reference rates and payments are determined at a close point in time.

Hedging of net investments in foreign operations

The Group makes use of loans in foreign currency and forward contracts as hedging instruments for hedging net investments in foreign subsidiaries. These loans are valued at the exchange rate of the closing date and the forward contracts are measured at fair value. If effective hedging relationships exist, the changes in exchange rates on the loans and the change in the value of the forward contracts, excluding the forward premium, are recognized in other comprehensive income and accumulated in equity, translation reserve. Any inefficiency in the hedging instrument is recognized directly in profit and loss as a financial item. Accumulated gains and losses in equity are recognized in profit and loss when the foreign operations are disposed of.

Sources of hedge ineffectiveness include the risk that the hedged volume in the hedging instrument could exceed the net investment. The Group continuously reconciles the currency exposure in the net investments and hedge accounting is applied to a specific percentage of the total exposure, which is why the risk of ineffectiveness is deemed to be low.

Realized exchange rate differences on borrowings and forward contracts are recognized in the cash-flow statement in the section "Financing activities."

Loans defined as net investments

The Group has borrowings in foreign currency with certain subsidiaries where the loans represent a permanent part of the Parent Company's financing of the subsidiary. Loans are recognized at the closing rate, with exchange rate differences on these loans recognized in other comprehensive income and cumulated in equity, translation reserve.

Derivative instruments are used mainly to hedge the Group's exposure to fluctuations in exchange rates and interest rates. The Group also uses derivative instruments for proprietary trading within the framework of mandates set by the Board. In cases where available forms of borrowing do not meet the desired structure of the loan portfolio with regard to interest rate and foreign-exchange considerations, various derivative instruments are used.

Currency and basis swaps are used to secure the desired financing adapted to the subsidiaries' currencies. Interest rate swaps and basis swaps are used to obtain the desired fixed-interest terms.

Foreign-exchange forwards are used to hedge currency exposure in fixed undertakings of a project-like nature. Calculated future commercial flows are normally not hedged.

Investments in foreign subsidiaries, associated and joint ventures may be hedged. Hedging is effected mainly through corresponding borrowing in the same currency, but may also be secured through forward contracts.

For credit exposure in derivatives, see Note 32.

The table below shows where the Group's financial derivative instruments are recognized in the balance sheet.

SEK M	2020	2019
Prepaid expenses and accrued income	47	5
Current operating receivables	1	1
Interest-bearing receivables	221	278
Total receivables, financial derivatives	269	284
Other non-current liabilities	246	164
Interest-bearing non-current liabilities	0	70
Accrued expenses and prepaid income	2	2
Other current operating liabilities	54	65
Interest-bearing current liabilities	181	151
Total liabilities, financial derivatives	483	452

For credit exposure in derivatives, see Note 32.

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SEK M	2020		2019	
Type and purpose of Group's financial derivative instruments	Assets Fair value	Liabilities Fair value	Assets Fair value	Liabilities Fair value
Interest rate swaps				
– cash-flow hedging	–	297	0	225
Foreign-exchange forwards				
– cash-flow hedging	47	2	5	2
Foreign-exchange forwards				
– net investment hedging	156	10	195	3
Basis swap contracts				
– financing of subsidiaries	1	47	1	71
Foreign-exchange forwards				
– financing of subsidiaries	65	127	83	151
Total	269	483	284	452

The nominal amount of interest rate swaps outstanding totaled SEK 7,363 m (5,632).

Derivatives with hedge accounting

Cash-flow hedging – Interest rate swaps

In the closing balance of the hedging reserve in equity, a negative SEK 247 m (neg: 168) before tax relates to the fair value of interest rate swaps.

At unchanged interest and exchange rates, this value will impact earnings by SEK –1 m in 2021, by SEK –22 m in 2022, by SEK –29 m in 2023, by SEK –30 m in 2024, by SEK –76 m in 2025, by SEK –73 m in 2026, by SEK –16 m in 2027. These effects are offset by earnings effects from the hedged items.

Cash-flow hedges – foreign-exchange forwards

The fair-value closing balance of cash-flow hedges relating to foreign-exchange forwards attributable to transaction exposure and recognized in the hedging reserve amounted to a positive net of SEK 33 m (4).

At unchanged exchange rates, a transfer of SEK 23 m will be made in profit and loss in 2021 and SEK 10 m in 2022, which will be offset by the earnings effects from the hedged transactions.

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest rate risks and translation risks are presented in Note 32.

If cash-flow hedges related to transaction exposure were valued using exchange rates applicable on December 31, 2019, the fair value would amount to SEK 43 m (0), of which SEK 43 m (0) would be included in the hedging reserve.

Taking into account implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

Maturity analysis of hedging instruments

Hedging instrument identified in hedging relationships at December 31, 2020

Hedging instruments – hedge accounting applied			Maturity		Total nominal amount
SEK M	Within 3 months	3 months – 1 year	1–3 years	3–8 years	
<i>Interest rate swaps – cash-flow hedging</i>					
Nominal amount ¹ (average fixed interest)	–469 (2.23)	–	–3,574 (0.92)	–3,320 (1.09)	–7,363
<i>Foreign-exchange forwards – net investment hedging</i>					
EUR/SEK Nominal amount ¹ (average spot rate)	–6,305 (10.24)	–	–	–	–6,305
CZK/SEK Nominal amount ¹ (average spot rate)	–1,205 (0.38)	–	–	–	–1,205
Other Nominal amount ¹	–925	–	–	–	–925
<i>Liabilities – net investment hedging</i>					
EUR liability, nominal amount ¹ (average spot rate)	–	–	–	–2,008 (10.24)	–2,008
USD liability, nominal amount ¹ (average spot rate)	–696 (8.61)	–	–	–	–696

¹ Translated to SEK M at exchange rate on closing date.

Hedge effectiveness

Effects of hedge accounting on financial position and profit or loss	Hedging instrument identified in hedging relationships at December 31, 2020			Period – change in fair value for measuring ineffectiveness	
SEK M	Nominal amount	Carrying amount	Item in balance sheet	Hedging instruments	Hedged item
Interest rate swaps – cash-flow hedging					
Interest rate swaps Nominal amount ¹	–7,363	–247	Financial non-current assets, Other non-current liabilities and Other current operating liabilities	–79	–79
Foreign-exchange forwards – net investment hedging					
EUR/SEK Nominal amount ¹	–6,305	128	Interest-bearing receivables and Interest-bearing liabilities	264	264
CZK/SEK Nominal amount ¹	–1,205	–11	Interest-bearing receivables and Interest-bearing liabilities	35	35
Other Nominal amount ¹	–925	25	Interest-bearing receivables and Interest-bearing liabilities	59	59
Liabilities – net investment hedging					
EUR liability, nominal amount ¹	–2,008	–2,008	Interest-bearing non-current liabilities	79	79
USD liability, nominal amount ¹	–696	–696	Interest-bearing non-current liabilities	96	96
GBP liability, nominal amount ¹	–	–	Interest-bearing non-current liabilities	46	46

¹ Translated to SEK M at exchange rate on closing date.

The hedge quote is 1:1 for all of the Group's hedges. The Group did not recognize any ineffectiveness in profit or loss during the year.

The fair-value closing balance of cash-flow hedges relating to foreign-exchange forwards attributable to transaction exposure and recognized in the hedging reserve amounted to a net of SEK 33 m before tax. The Group has decided that from autumn 2018 it will normally no longer hedge estimated future commercial flows, which means that exchange rate fluctuations will immediately impact the Group's earnings instead of affecting the Group's earnings with a delay corresponding to the currency hedges as was previously the case. Major currency exposures related to long-term contracts of a project nature will continue to be hedged in their entirety.

Financial risks

32 Financial risk management

Financial risks

Financial risks mainly include financing risk, liquidity risk, interest rate risk, foreign exchange risk and financial credit risk. A description of the Group's financial risks and the policy, which is adopted by the Board, applied to each risk area is presented below. Commentary is also provided on the outcome for the year for each risk area.

Financing risk and liquidity risk

Financing risk is the risk that the refinancing of maturing loans may become difficult or costly. Liquidity risk refers to the risk of not being able to fulfill payment obligations as they fall due.

Policy

Committed credit facilities with a term of at least 12 months must be in an amount equivalent to the Group's gross debt plus a liquidity reserve corresponding to at least 3 percent of consolidated net sales. The average remaining weighted term of committed credit facilities must also never be less than 18 months.

Commentary

Trelleborg commands a broad funding base with good access to the money and debt capital markets. The Group has mainly accessed the bank loan market via a syndicated multicurrency revolving credit facility comprising two tranches in EUR 450 M (SEK 4,517 M) and USD 625 M (SEK 5,118 M) and including a swingline facility denominated in SEK. On account of Trelleborg's significant presence in the Czech Republic, there is also a syndicated facility in CZK. Trelleborg is present in the money markets through its SEK 5,000 M Domestic Commercial Paper Program. Over the years, Trelleborg has successfully tapped the debt capital markets through issuance under its SEK 8,000 M Swedish Domestic Medium Term Note Program and a number of Schuldschein issues, thus building a broad investor base in Europe and Asia.

The Group monitors its liquidity reserve, debt maturity term structure and key financial ratios on an ongoing basis.

Throughout 2020, the volume of the Group's committed credit facilities exceeded the aggregate of gross debt plus liquidity reserve as stipulated in the policy. Credit facilities are defined as committed when they are the subject to a firm lending commitment by the lender. Trelleborg's committed credit facilities totaled SEK 12,921 M (13,674) per December 31, 2020 of which SEK 10,503 M (10,902) was unutilized. At year-end 2020, the Group's committed credit facilities included a primary EUR 450 M and USD 625 M syndicated multicurrency revolving credit facility. This facility was entered into in February 2019 and the major part will mature in 2025. The facility can thereafter be extended by one more year subject to approval by the lenders. The facility is provided by a total of 13 financial institutions from Europe, Asia and the US. Based on the number of participating banks and their status, Trelleborg deems that the banking syndicate behind the facility is strong. The facility denominated in CZK amounts to CZK 6,750 M and will mature in May 2024.

On May 8, a bridge loan of SEK 1,000 M was raised with a tenor of one year and with an extension option of six months.

On July 20, a loan agreement was entered into concerning a revolving credit facility of SEK 500 M with a two-year tenor.

The remainder of the Group's committed credit facilities per end 2020 consisted principally of Medium Term Notes and Schuldscheindarlehen with tenors to maturity of up to ten years.

On January 17, 2020, Trelleborg issued a Medium Term Note with a two-year tenor for a nominal SEK 250 M.

On February 4, Trelleborg raised a Schuldscheindarlehen of EUR 25 M subdivided into two tranches of EUR 10 M, with a five-year tenor, and EUR 15 M with a seven-year tenor.

On March 30, 2020, Trelleborg issued a Medium Term Note with a two-year tenor for a nominal SEK 500 M.

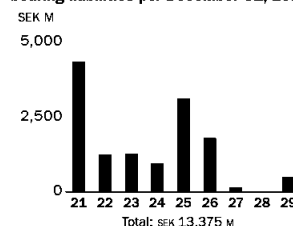
On April 5, 2020, Trelleborg issued a Medium Term Note with a three-year tenor for a nominal SEK 200 M.

On June 2, 2020, Trelleborg issued a Medium Term Note with a five-year tenor for a nominal SEK 800 M.

Including the lease liability according to IFRS 16 of SEK 2,049 M (2,353) and pension liability of SEK 618 M (602), interest-bearing liabilities amounted to SEK 16,042 M (17,900) per December 31, 2020. Excluding the impact of the lease liability and pension liabilities, interest-bearing liabilities totaled SEK 13,375 M (14,944) and comprised current liabilities (maturing in 2020) of SEK 4,337 M (3,833) and non-current liabilities (maturing after 2020) of SEK 9,038 M (11,111). Current liabilities consisted mainly of outstanding Commercial Paper of SEK 429 M (2,579), a Medium Term Loan of SEK 2,453 M (501), a Schuldscheindarlehen of SEK 246 M and a bilateral money market loan of SEK 1,000 M. The aggregate of these current liabilities was backstopped through the undrawn portion of the Group's EUR 450 M and USD 625 M syndicated multicurrency revolving credit facility. Non-current liabilities mainly comprised the utilized portion of the Group's EUR 450 M

and USD 625 M syndicated multicurrency revolving credit facility, Medium Term Notes, Schuldscheindarlehen and a bilateral money market loan. The maturity term of the Group's interest-bearing liabilities, excluding the lease liability according to IFRS 16 and pension liabilities, per December 31, 2020 is shown in the diagram below:

Maturity term structure of the Group's interest-bearing liabilities per December 31, 2020



The Group's net debt/equity ratio excluding the lease liability according to IFRS 16 and pension liabilities amounted to 25 percent (39) at year-end.

Interest rate risk

Risk

Since most of Trelleborg's net debt bears variable interest, the Group focuses on interest-related cash-flow risk, meaning the risk that movements in market interest rates could have an impact on the financial cash flow and earnings. The scope of the impact depends on the fixed interest term of the borrowing and investment.

Interest rate risk attributable to IFRS 16 Leases

The lease liability is initially recognized at the present value of the future lease payments that have not been paid at the starting date of the lease, discounted by a borrowing rate. The discount rate is established for each country every quarter at Group level, starting from a base rate plus a margin.

The Group's lease portfolio mainly comprises leases for offices, production premises, warehouses, company cars and production and office equipment. The most important leases pertain to rent of offices and production premises. Interest rate risk pertaining to these leases are primarily an effect of discounting when the lease is signed and interest rate changes do not govern the actual cash flow linked to the leases. Only a small portion of the lease liability has interest rate risk connected to leases.

Policy

The average fixed-interest term on the Group's gross borrowing, including the impact of derivative instruments, may not exceed four years. The average fixed-interest term on interest-bearing investments, including the effects of derivative instruments, may not exceed two years on a maximum amount of SEK 2,000 M, or the equivalent amount in other currencies.

The Group does not hedge interest rate risk for lease liabilities recognized in accordance with IFRS 16.

Commentary

The Group seeks a balance between a reasonable current cost of borrowing and the risk of having a significantly negative impact on earnings in the event of a sudden major movement in interest rates. Trelleborg employs interest rate hedging where appropriate.

Net debt at year-end 2019/2020 amounted to SEK 10,026 M (14,914). The closing net debt was impacted by net cash flow for the year, positive exchange rate differences and cash flow for leases in accordance with IFRS 16 and pension liability. Excluding the lease liability according to IFRS 16 of a negative SEK 2,049 M (neg: 2,353) and pension liability of a negative SEK 603 M (neg: 600), net debt amounted to SEK 7,374 M (11,961). Excluding the impact of leases recognized in accordance with IFRS 16 and pension liabilities, the Group's average interest-bearing net debt was SEK 10,358 M (12,266) for the year. Net financial items corresponded to 2.0 percent (2.3) of the average interest-bearing net debt. Net interest income excluding borrowing costs corresponded to 2.0 percent (2.0).

Including the impact of leases in accordance with IFRS 16 and pension liabilities, the average interest-bearing net debt was SEK 13,235 M (15,282). Net financial items corresponded to 2.2 percent (2.5) and net interest income excluding borrowing costs 2.2 percent (2.2).

Excluding the impact of leases in accordance with IFRS 16 and pension liabilities, gross loans at year-end had an average fixed-interest term of 21 months (19) and interest-bearing investments 1 month (1). At December 31, 2020, interest-bearing net debt amounted to SEK 7,374 M (11,961), with an

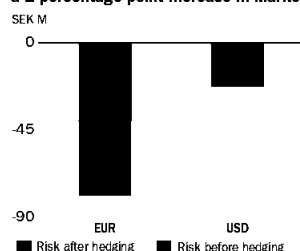
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average remaining fixed-interest term of about 38 months (24). Based on the level of interest-bearing net debt on December 31, 2020, a 1 percentage point rise in market interest rates in all currencies in which the Group has loans or investments would have a negative impact on financial net of approximately SEK 12 M (neg: 54) for 2021. The currencies with the greatest impact are EUR and USD. Taking into account the interest-rate hedges in place at year-end 2021, and for which hedge accounting has been applied, an increase of 1 percentage point in the market interest rates in currencies that have been hedged would have a positive impact on comprehensive income of SEK 148 M (149) after tax effects.

For further analysis of the accounting of the Group's borrowing, see Note 29. Outstanding interest-bearing investments are recognized in Notes 25, 26 and 27.

Impact in 2021 on consolidated interest expenditure of a 1 percentage point increase in market interest rates



Foreign exchange risk

Foreign exchange risk relates to the risk of adverse impacts on the consolidated income statement, balance sheet and/or cash flow as a result of exchange rate fluctuations. Foreign exchange risk exists in the form of transaction and translation risks.

Transaction risk

Risk

Currency flows arising primarily in connection with the purchase or sale of goods and services in currencies other than the local currency of the relevant Group company give rise to transaction exposure. Trelleborg's global operations generate substantial cash flows in foreign currencies.

Policy

Transaction exposure linked to the recurring business is normally not hedged. Nevertheless, major currency exposures related to long-term contracts of a project nature will be hedged in their entirety. Group Treasury works actively on matching currency flows at Group level to minimize the currency exposure and related transaction costs.

Commentary

The Group's net currency flows are estimated at an annual value corresponding to approximately SEK 4,382 M (7,072). The currencies with the highest net flows that are expected to exceed the equivalent of SEK 200 M over a period of 12 months, and the amounts hedged per currency pair at December 31, 2020 are shown in the table below.

A 10-percentage-point strengthening of the value of all foreign currency flows that Trelleborg forecasts to occur during 2021 against USD would lead to a change in USD-denominated net flows of a negative USD 4 M (neg: 5). A 10-percentage-point strengthening of the value of all foreign currency flows that Trelleborg forecasts to occur during 2021 against EUR would lead to a change in EUR-denominated net flows of a negative EUR 9 M (neg: 21). A 10-percentage-point strengthening of SEK in relation to all currencies would lead to a change in the total net flows of a negative SEK 51 M (neg: 47).

Forecast annual exposure per currency with the highest 12-month net flow and currency hedges as of December 31, 2020, (SEK M)

Currency	Net flow	Currency hedging	Net flow after currency hedging
EUR	1,734	-868	866
CZK	-1,038	795	-243
USD	955	-164	791
LKR	-716	0	-716
SEK	-570	59	-511
DKK	-291	0	-291

Translation risk – Income statement

Risk

Exchange rate fluctuations impact on the Group's earnings in connection with the translation of foreign subsidiaries' income statements to SEK.

Policy

The Group does not normally hedge this risk.

Commentary

Trelleborg's earnings are largely generated outside Sweden. Accordingly, the impact of exchange rate fluctuations on the Group's sales and earnings can be significant. The translation of foreign subsidiaries' income statements, including items affecting comparability, for 2019 to the average exchange rates for 2020 would have impacted EBIT by SEK 142 M and net profit by SEK 177 M. Excluding items affecting comparability, the impact on EBIT would be a negative SEK 131 M and net profit by a negative SEK 73 M.

Translation of income statement for 2019 to exchange rates applicable in 2020, SEK M

Currency	Net sales	EBIT	Net profit
EUR	-91	14	10
GBP	-69	51	52
USD	-230	2	8
CZK	-70	80	84
LKR	0	-27	-10
Other	-430	22	33
Total	-890	142	177

Translation risk – balance sheet

Risk

When translating the Group's investments in foreign subsidiaries to SEK, there is a risk that the consolidated balance sheet will be impacted by changes in exchange rates.

Policy

Investments in foreign subsidiaries, associated companies and joint ventures may be hedged by between 0 and 100 percent of the investment value (which, because of the tax effect, implies a maximum hedge of approximately 79 percent of the investment value). Decisions on any hedging are made following a comprehensive assessment of exchange rate levels, the related costs, liquidity and tax, and impact on the Group's debt/equity ratio.

Commentary

When translating the balance sheets of the Group's foreign subsidiaries to SEK, there is a risk that the consolidated balance sheet will be impacted by changes in exchange rates. The Group has significant net investments in foreign subsidiaries and associated companies. If SEK appreciates by 1 percentage point in relation to all currencies in which the Trelleborg Group has foreign net investments, there would be a negative change in shareholders' equity of SEK 279 M (neg: 297).

Currency distributions, degree of hedging and sensitivity analysis are presented on the table below.

Currency distributions, degree of hedging and sensitivity analysis per December 31, 2020

Currency	Net investment, SEK M	Currency hedging, %	Effect on equity, if SEK 1% stronger, SEK M
EUR	17,275	48	-107
GBP	1,854	0	-19
USD	6,295	11	-57
CZK	2,180	55	-12
Other	9,202	10	-84
Total 2020	36,806	30	-279
Total 2019	38,596	29	-297

The Group's positions regarding hedging of investments in foreign subsidiaries are regularly monitored and adjusted. Correlations between currencies are taken into consideration when appropriate.



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Financial credit risk

Risk

Financial credit risk is the risk of losses if those counterparties with which the Group has invested in accounts receivable, cash and cash equivalents, short-term bank deposits or entered into financial instruments with positive market values, do not fulfill their obligations. Credit risk relating to accounts receivable is disclosed in Note 19.

Policy

Counterparties must possess a high creditworthiness and preferably participate in the Group's medium and long-term financing. The Group's Treasury Policy contains a specific counterparty regulation that stipulates the maximum level of credit risk exposure to various counterparties.

Commentary

A follow-up in relation to credit limits according to the Treasury Policy is conducted on an ongoing basis. Counterparties have been subdivided into three categories: A, B and C. The rating categories A, B and C are also used as the starting point for the reserve for expected credit losses according to the rating method, by basing the probability of payment cancellation per rating category on the external rating institute's past studies of payment cancellation. Category A contains counterparties and their fully guaranteed subsidiaries that hold Issuer Ratings from two of the following three rating institutes with a minimum of the following ratings or better: Moody's (Aa3/stab/P-1), Standard & Poor's (AA-/stab/A-1), Fitch (AA-/stab/F1). Loans from the Trelleborg Group to institutions in category A may not exceed SEK 1,000 M or equivalent, including the value of unrealized gains in derivative instruments.

Category B comprises counterparties and their fully guaranteed subsidiaries that cannot be included in category A and that hold an Issuer Rating from two of the following three rating institutes with a minimum of the following rating or better: Moody's (A3/stab/P-1), Standard & Poor's (A-/stab/A-1), Fitch (A-/stab/F1). Counterparties in category B may borrow a maximum of SEK 500 M or equivalent, including the value of unrealized gains in derivative instruments, from the Trelleborg Group.

Category C encompasses counterparties outside categories A and B that Group companies require to fulfill their operational needs. Exposure to counterparties in category C may not exceed SEK 50 M per counterparty.

The table below presents the Group's credit risk exposure for interest-bearing receivables, cash and cash equivalents and derivative instruments at December 31, 2020 subdivided by category:

Financial credit risk exposure

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments - unrealized gains, gross		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
SEK M								
A	–	–	4,283	1,186	11	166	4,294	1,352
B	22	8	1,173	1,338	259	118	1,454	1,464
C	–	–	283	170	–	–	283	170
Total	22	8	5,739	2,694	270	284	6,031	2,986

At year-end 2020, cash and cash equivalents in category A were allocated among 12 counterparties. Credit exposures in category A amounted to less than SEK 1,000 M per counterparty, except for two counterparties where exposures amounted to SEK 1,520 M and SEK 1,133 M, respectively. The exceeded credit limits were a conscious decision in light of the Group's large cash balance. At year-end 2020, the total credit exposure in category B was allocated among 29 counterparties. Credit exposures in category B amounted to less than SEK 500 M per counterparty. The total credit exposure in category C at year-end 2020 was divided among more than 33 counterparties. Credit exposures in category C amounted to less than SEK 50 M per counterparty, except for one counterparty where the balance was SEK 58 M.

Credit risk exposure associated with derivative instruments is determined as the fair value on the closing date. On December 31, 2020, the total counterparty risk associated with derivative instruments amounted to SEK 269 M (284), gross. If ISDA contracts are taken into account and the net receivable in derivative instruments is calculated net per counterparty, the counterparty risk amounted to SEK 127 M (48).

Trelleborg applies a rating-based method according to categories A, B and C, combined with other known information and forward-looking factors for assessing expected credit losses for cash and cash equivalents and interest-bearing investments. The current reserve amounts to SEK 1 M. All cash and cash equivalents and bank balances are attributable to stage 1, meaning that no material credit impairment has taken place. The Group also makes reserves for expected credit losses on accounts receivable, refer to Note 19.

In addition to the amounts presented in the table above, the Group also has interest-bearing receivables of SEK 12 M (2) due from third parties.

Management does not anticipate any losses due to non-payment by these counterparties.

Maturity analysis for financial instruments

The table below shows the Group's financial liabilities and the net settlement of derivative instruments comprising financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity.

The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2020

SEK M	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–4,269	–2,675	–4,168	–2,469	–13,581
Interest rate swaps with negative fair value	–48	–66	–24	0	–139
Accounts payable	–3,067	–	–	–	–3,067
Total	–7,385	–2,740	–4,192	–2,469	–16,787
Accounts receivable	4,907	–	–	–	4,907
Net flow	–2,478	–2,740	–4,192	–2,469	–11,880

The Group's liquidity reserve covers financial liabilities maturing within 12 months. A more detailed maturity structure is presented in Note 29.

At December 31, 2019

SEK M	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–3,855	–4,036	–4,919	–2,450	–15,260
Interest rate swaps with negative fair value	–29	–31	–14	–2	–76
Accounts payable	–3,570	–	–	–	–3,570
Total	–7,454	–4,067	–4,933	–2,452	–18,906
Accounts receivable	5,556	–	–	–	5,556
Net flow	–1,898	–4,067	–4,933	–2,452	–13,350

The table below shows the Group's financial derivative instruments that will be settled gross, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2020

SEK M	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Foreign-exchange forwards					
– outflow	–18,195	–323	–	–	–18,518
– inflow	18,314	337	–	–	18,651
Basis swap contracts					
– outflow	–596	–	–	–	–596
– inflow	550	–	–	–	550
Total	74	13	–	–	87

At December 31, 2019

SEK M	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Foreign-exchange forwards					
– outflow	–20,635	–11	–	–	–20,646
– inflow	20,760	11	–	–	20,771
Basis swap contracts					
– outflow	–3	–620	–	–	–623
– inflow	7	550	–	–	557
Total	129	–70	–	–	59



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Other

33 Contingent liabilities and pledged assets

SEK M	2020	2019
<i>Contingent liabilities</i>		
Guarantees and other contingent liabilities	10	13
Total	10	13
<i>Pledged assets</i>		
Plant and machinery	1	2
Total	1	2



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PARENT COMPANY INCOME AND CASH-FLOW STATEMENTS

PARENT COMPANY

PARENT COMPANY INCOME STATEMENTS

SEK M	Note	2020	2019
Net sales	34	462	550
Administrative expenses	35, 37, 41, 46	-295	-331
Other operating income	35, 36	6	3
Other operating expenses	35, 36	-268	-310
EBIT		-95	-88
Financial income and expenses	38	471	-335
Profit/loss before appropriations and tax		376	-423
Appropriations	55	134	71
Income tax	39	-34	-6
Net profit		476	-358

Statements of comprehensive income

SEK M	2020	2019
Net profit	476	-358
Other comprehensive income	-	-
Total comprehensive income	476	-358

PARENT COMPANY CASH-FLOW STATEMENTS

SEK M	2020	2019
Operating activities		
EBIT	-95	-88
Adjustment for items not included in cash flow:		
Depreciation of property, plant and equipment	1	2
Amortization of intangible assets	3	3
Divestments and disposals	-	0
Other items not included in cash flow	-	-6
	-91	-89
Cash dividend received	820	1,754
Interest received and other financial items	-	2
Interest paid and other financial items	-126	-62
Tax paid/received	-36	-27
Cash flow from operating activities before changes in working capital	567	1,578
Cash flow from changes in working capital		
Change in operating receivables	302	-14
Change in operating liabilities	-33	-24
Cash flow from operating activities	836	1,540
Investing activities		
Acquisition of subsidiaries/capital contribution	-1,254	-1,078
Divestment of subsidiaries	-	-
Gross capital expenditures for property, plant and equipment	0	0
Gross capital expenditures for intangible assets	0	-22
Cash flow from investing activities	-1,254	-1,100
Financing activities		
Group contributions received	72	1,560
Group contributions paid	-1	-
Change in interest-bearing liabilities	347	-713
Dividend paid – shareholders of the Parent Company	-	-1,287
Cash flow from financing activities	418	-440
Cash flow for the year	0	0
Cash and cash equivalents		
Opening balance, January 1	-	-
Cash and cash equivalents, December 31	-	-



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PARENT COMPANY BALANCE SHEETS

PARENT COMPANY BALANCE SHEETS

December 31, SEK M	Note	2020	2019
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	44	12	13
Intangible assets	45	22	25
Financial non-current assets	43, 51	36,721	35,690
Deferred tax assets	40	56	58
Total non-current assets		36,811	35,786
<i>Current assets</i>			
Current operating receivables	47	83	123
Current tax assets		3	–
Interest-bearing receivables	52	134	333
Cash and cash equivalents		–	–
Total current assets		220	456
TOTAL ASSETS		37,031	36,242
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		2,620	2,620
Statutory reserve		1,130	1,130
Total restricted equity		3,750	3,750
<i>Non-restricted equity</i>			
Profit brought forward		3,799	4,157
Net profit for the year		476	–358
Total non-restricted equity		4,275	3,799
Total equity	54	8,025	7,549
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	53	85	91
Pension obligations	42	0	1
Other provisions	50	45	49
Total non-current liabilities		130	141
<i>Current liabilities</i>			
Interest-bearing current liabilities	53	28,718	28,365
Current tax liabilities		–	1
Other current liabilities	48, 49	158	186
Total current liabilities		28,876	28,552
TOTAL EQUITY AND LIABILITIES		37,031	36,242

CHANGE IN EQUITY

Equity SEK M	Restricted equity		Non-restricted equity		Total equity	
	2020	2019	2020	2019	2020	2019
Opening balance, January 1	3,750	3,750	3,799	5,444	7,549	9,194
<i>Changes for the year:</i>						
Dividend			–	–1,287	–	–1,287
Net profit for the year			476	–358	476	–358
Closing balance, December 31	3,750	3,750	4,275	3,799	8,025	7,549

See also Note 54.



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PARENT COMPANY NOTES

Sales and earnings

34 Net sales per geographic market/country

SEK M	2020	2019
US	106	124
Germany	59	69
Sweden	45	37
Italy	41	52
UK	35	35
Czech Republic	31	47
France	24	35
Other countries	121	151
Total	462	550

Net sales refers to sales of Group-wide services to other Group companies and is broken down by each significant country as outlined above.

35 Expenses by nature

SEK M	2020	2019
Employee benefits	-128	-152
Depreciation/amortization	-5	-5
Other external costs	-162	-174
Other operating income/expenses (Note 36)	-262	-307
Total	-557	-638

36 Other operating income and expenses

SEK M	2020	2019
Exchange rate differences	5	3
Other	1	-
Total other operating income	6	3
Purchase of services from other Group companies	-188	-212
Exchange rate differences	-5	-4
Other	-75	-94
Total other operating expenses	-268	-310
Total	-262	-307

37 Auditor's remuneration

SEK M	2020	2019
Deloitte		
Audit assignment	4	2
Audit activities other than audit assignment	1	1
Tax consultancy services	-	-
Other services	1	1
Total	6	4

38 Financial income and expenses

SEK M	2020	2019
<i>Income from participations in Group companies</i>		
Dividend	820	1,754
Impairment losses on shares in subsidiaries	-223	-2,029
Total	597	-275
<i>Other interest income and similar profit items</i>		
Distribution, other non-current securities holdings	-	2
Interest income, Group companies	0	0
Interest income, other	0	0
Exchange rate differences	0	-
Total	0	2
<i>Interest expenses and similar loss items</i>		
Interest expenses, Group companies	-126	-62
Interest expenses, other	0	0
Exchange rate differences	-	0
Total	-126	-62
Total financial income and expenses	471	-335

39 Income tax

SEK M	2020	2019
<i>Current tax expenses</i>		
Tax expenses/revenue for the period	-32	-26
Adjustment of tax attributable to prior years	0	0
Total	-32	-26
<i>Deferred tax expenses/revenue</i>		
Change in losses carried forward	-2	3
Change in temporary differences	0	17
Total	-2	20
Total recognized tax expense	-34	-6
<i>Reconciliation of tax</i>		
Profit/loss before appropriations and tax	376	-423
Calculated Swedish income tax, 21.4% (21.4)	-80	91
Non-taxable dividends/Income from shares in subsidiaries	175	375
Non-deductible impairment losses	-48	-434
Other non-deductible expenses/non-taxable revenue	-2	4
Tax effect of transferred negative net interest income to other Group companies	-27	-
Foreign tax at source on dividends	-32	-26
Group contributions received	-29	-15
Group contributions paid	0	-
Tax attributable to prior years	9	0
Tax effect as share in foreign tax-transparent legal entity	0	0
Impact of changed tax rates and tax regulations	0	-1
Recognized tax expense	-34	-6

The applicable tax rate is 21.4 percent (21.4).

40 Change in deferred tax

	Losses carried forward		Provisions		Non-current assets		Total deferred tax assets	
SEK M	2020	2019	2020	2019	2020	2019	2020	2019
Balance, January 1	13	10	47	30	-2	-2	58	38
<i>Recognized in profit and loss:</i>								
Change in losses carried forward	-11	3	-	-	-	-	-11	3
Tax attributable to prior years	9	0	-	-	-	-	9	0
Impact of changed tax rates and tax regulations	-	0	-	0	-	0	-	0
Temporary differences	-	-	0	17	0	0	0	17
Balance, December 31	11	13	47	47	-2	-2	56	58

See also Note 39.



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PARENT COMPANY NOTES

Employees

41 Employees and employee benefits

Average number of employees

	2020			2019		
	Women	Men	Total	Women	Men	Total
Sweden	32	42	74	35	41	76

Gender distribution in executive management positions, %

	2020	2019
Percentage of women		
in executive positions	0	0
on Board of Directors	43	38

Employee benefits, other remuneration and payroll overheads

2020	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
SEK M						
Sweden	19	7	51	77	44	19

See also Note 10.

2019	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
SEK M						
Sweden	23	8	61	91	53	20

See also Note 10.

Operating assets and liabilities

43 Participations in Group companies

SEK M	2020	2019
Opening balance	35,690	36,641
Add:		
Acquisitions	–	27
Capital contributions	1,254	1,123
Less:		
Divestment/winding up	–	–
Repayment of capital	–	–72
Impairment losses	–223	–2,029
Carrying amount	36,721	35,690

See also Note 14.

44 Property, plant and equipment

SEK M	2020	2019
Improvement expenses on buildings owned by others	9	10
Equipment, tools, fixtures and fittings	3	3
Total	12	13

SEK M	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total PPE	
	2020	2019	2020	2019	2020	2019
Accumulated cost						
Balance, January 1	25	25	16	16	41	41
Capital expenditures	–	–	0	0	0	0
Divestments and disposals	–	–	–	–	–	–
Accumulated cost, December 31	25	25	16	16	41	41
Accumulated depreciation according to plan						
Balance, January 1	–15	–14	–14	–13	–29	–27
Divestments and disposals	–	–	–	–	–	–
Depreciation according to plan for the year	–1	–1	–1	–1	–2	–2
Accumulated depreciation, December 31	–16	–15	–14	–14	–30	–29
Carrying amount	9	10	3	3	12	13

42 Pension obligations

SEK M	2020	2019
Provisions for pensions and similar obligations	0	1
Total	0	1

Pensions and similar costs amounted to SEK 19 M (20).

Trelleborg AB has entered into leases. Lease costs for assets held via leases are recognized as operating costs and amounted to SEK 2 M (2). Future payments for non-cancellable lease commitments amount to SEK 2 M (2) and fall due as follows:

SEK M	2020	2019
Year 1	1	1
Years 2–5	1	1
Total	2	2

45 Intangible assets

SEK M	2020	2019
Capitalized expenditure for IT	22	25
Total	22	25

SEK M	Capitalized expenditure for IT	
	2020	2019
Accumulated cost		
Balance, January 1	50	28
Capital expenditures	0	22
Accumulated cost, December 31	50	50
Accumulated amortization according to plan		
Balance, January 1	–25	–22
Amortization according to plan for the year	–3	–3
Accumulated amortization, December 31	–28	–25
Carrying amount	22	25

46 Depreciation of PPE and amortization of intangible assets

SEK M	2020	2019
Improvement expenses on buildings owned by others	–1	–1
Equipment, tools, fixtures and fittings	–1	–1
Capitalized expenditure for IT	–3	–3
Total	–5	–5



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PARENT COMPANY NOTES

47 Current operating receivables

SEK M	2020	2019
Operating receivables, Group companies	26	50
Other current receivables	14	24
Prepaid expenses and accrued income	43	49
Total	83	123

48 Other current liabilities

SEK M	2020	2019
Accounts payable	34	40
Operating liabilities, Group companies	54	83
Other non-interest-bearing liabilities	33	4
Accrued expenses and prepaid income (Note 49)	37	59
Total	158	186

49 Accrued expenses and prepaid income

SEK M	2020	2019
Wages and salaries	21	37
Payroll overheads	7	12
Other	9	10
Total	37	59

50 Other provisions

SEK M	2020	2019
Provision for long-term incentive program	0	5
Other provisions	45	44
Total	45	49

Capital structure and financing

51 Financial non-current assets

SEK M	2020	2019
Participations in Group companies (Note 14 and Note 43)	36,721	35,690
Other non-current securities holdings	0	0
Total	36,721	35,690

52 Interest-bearing receivables

SEK M	2020	2019
Financial receivables, Group companies	134	333
Total interest-bearing receivables	134	333

53 Interest-bearing liabilities

SEK M	2020	2019
Other non-current interest-bearing liabilities, Group companies	85	91
Other current interest-bearing liabilities, Group companies	28,718	28,365
Total interest-bearing liabilities	28,803	28,456

54 Equity

Trelleborg AB's share capital at December 31, 2020 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No. of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

See also Note 28.

Proposed treatment of unappropriated earnings

	2020
The Board of Directors proposes that the profit brought forward from the preceding year, SEK 000s	3,798,871
and net profit for the year, SEK 000s	475,970
Total, SEK 000s	4,274,841
<i>be distributed in the following manner:</i>	
Dividend to shareholders of SEK 5.00 per share, SEK 000s	1,355,359
balance to be carried forward, SEK 000s	2,919,482
Total, SEK 000s	4,274,841

Other

55 Appropriations

SEK M	2020	2019
<i>Appropriations</i>		
Group contributions received	134	72
Group contributions paid	0	-1
Total appropriations	134	71

56 Contingent liabilities and pledged assets

SEK M	2020	2019
<i>Contingent liabilities</i>		
Pension obligations	0	0
Guarantees and other contingent liabilities	13,776	15,286
Total	13,776	15,286
Of which, on behalf of Trelleborg Treasury AB	13,398	14,941
Of which, on behalf of other subsidiaries	378	345

<i>Pledged assets</i>	-	-
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The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. Of the obligations under these guarantees, direct loans accounted for SEK 13,173 M (14,660), the fair value of derivative instruments for SEK 181 M (221) and other contingent liabilities for SEK 43 M (60) on the closing date.



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PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The Board of Directors proposes that the profit brought forward from the preceding year, SEK 000s

3,798,871

and net profit for the year, SEK 000s

475,970

Total, SEK 000s

4,274,841

be distributed in the following manner:

Dividend to shareholders of SEK 5.00 per share, SEK 000s

1,355,359

balance to be carried forward, SEK 000s

2,919,482

Total, SEK 000s

4,274,841

The proposed record date for the right to a dividend is April 26, 2021.

The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on the Group's equity imposed by the type, scope and risks of the business and with regard to the Group's consolidation requirements, liquidity and overall position. The proposed dividend reduces the Group's equity/assets ratio from 53.9 percent to 52.7 percent and the Parent Company's equity/assets ratio from 21.7 percent to 18.7 percent, calculated on December 31, 2020.

The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory Board of Directors' Report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

TRELLEBORG, FEBRUARY 19, 2021

Signature on Swedish

Signature on Swedish

Signature on Swedish

Hans Biörck
Chairman

Gunilla Fransson
Board member

Johan Malmquist
Board Member

Signature on Swedish

Signature on Swedish

Signature on Swedish

Peter Nilsson
Board member and
President

Anne Mette Olesen
Board member

Susanne Pahlén Åklundh
Board member

Signature on Swedish

Signature on Swedish

Signature on Swedish

Jan Ståhlberg
Board member

Maria Eriksson
Employee representative

Jimmy Faltin
Employee representative

Signature on Swedish

Lars Pettersson
Employee representative

Audit report submitted February 19, 2021
Deloitte AB

Signature on Swedish

Signature on Swedish

Hans Warén
Authorized Public Accountant
Auditor in Charge

Maria Ekelund
Authorized Public Accountant



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AUDITOR'S REPORT FOR TRELLEBORG AB

AUDITOR'S REPORT

To the general meeting of the shareholders of Trelleborg AB (publ),
corporate identity number 556006-3421

Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Trelleborg AB (publ) for the financial year 1 January – 31 December 2020 except for the corporate governance report on pages 53–63 and parts of the sustainability report on pages 9 and 36–45. The annual accounts and consolidated accounts of the company are included on pages 18–15, 24–63, 70–116 and 134–136 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not comprise the corporate governance report on pages 53–63 and parts of the sustainability report on pages 9 and 36–45.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibility section*. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

Risk description

As of 31 December 2020, Trelleborg AB (publ) accounts for goodwill in the consolidated balance sheet amounting to SEK 17,867 M. The value of the goodwill is dependent on future income and profitability in the cash-generating units, to which the goodwill refers, and is assessed for impairment at least once a year. Management bases its impairment test on several judgments and estimates, such as growth, EBIT development and cost of capital (WACC) as well as other complex circumstances. Incorrect judgments and estimates may have a significant impact on the group's result and financial position.

Management has not identified any need for impairment for any of the cash-generating units within the group.

For further information, please see note 17 – Intangible assets where it is described how management has performed the impairment test together with important judgments and estimates.

Our audit procedures

Our audit included the following procedures, but was not limited to these:

- » Review and assessment of Trelleborg AB' (publ)'s procedures and model for impairment tests of goodwill and evaluation of the reasonability of judgments and estimates made, that the procedures are consistently applied and that there is integrity in computations;
- » Verification of input data in calculations including information from business plans for the forecast period approved by the Board of Directors;
- » Test of head room for each cash generating unit by performing sensitivity analyses;
and
- » Review of the completeness in relevant disclosures to the financial reports.

When performing the audit procedures our valuation experts have been involved.



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AUDITOR'S REPORT FOR TRELLEBORG AB

Other information than the annual accounts and consolidated accounts

The other information contains of the compensation report as well as pages 1–7, 16–23, 64–69, 120–133 and 137 in this document that contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual report and consolidated accounts is available on the Swedish Inspectorate of Auditors website, www.revisorsinspektionen.se/revisorsansvar. This description forms a part of the Auditor's Report.

Report on other statutory and regulatory requirements Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Trelleborg AB (publ) for the financial year 1 January – 31 December 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the



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AUDITOR'S REPORT FOR TRELLEBORG AB

dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- » in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors website, www.Revisorsinspektionen.se/revisorsansvar. This description forms a part of the Auditor's Report.

Deloitte AB, 556171-5309 Stockholm was appointed auditor of Trelleborg AB (publ) by the annual general meeting of shareholders on the 23 April 2020, and has been the auditor of the company since 27 April 2017.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 59–69 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö 19 February 2021

Deloitte AB

Signature on Swedish

Hans Warén
*Authorized public accountant
Auditor in charge*

Signature on Swedish

Maria Ekelund
*Authorized public
accountant*



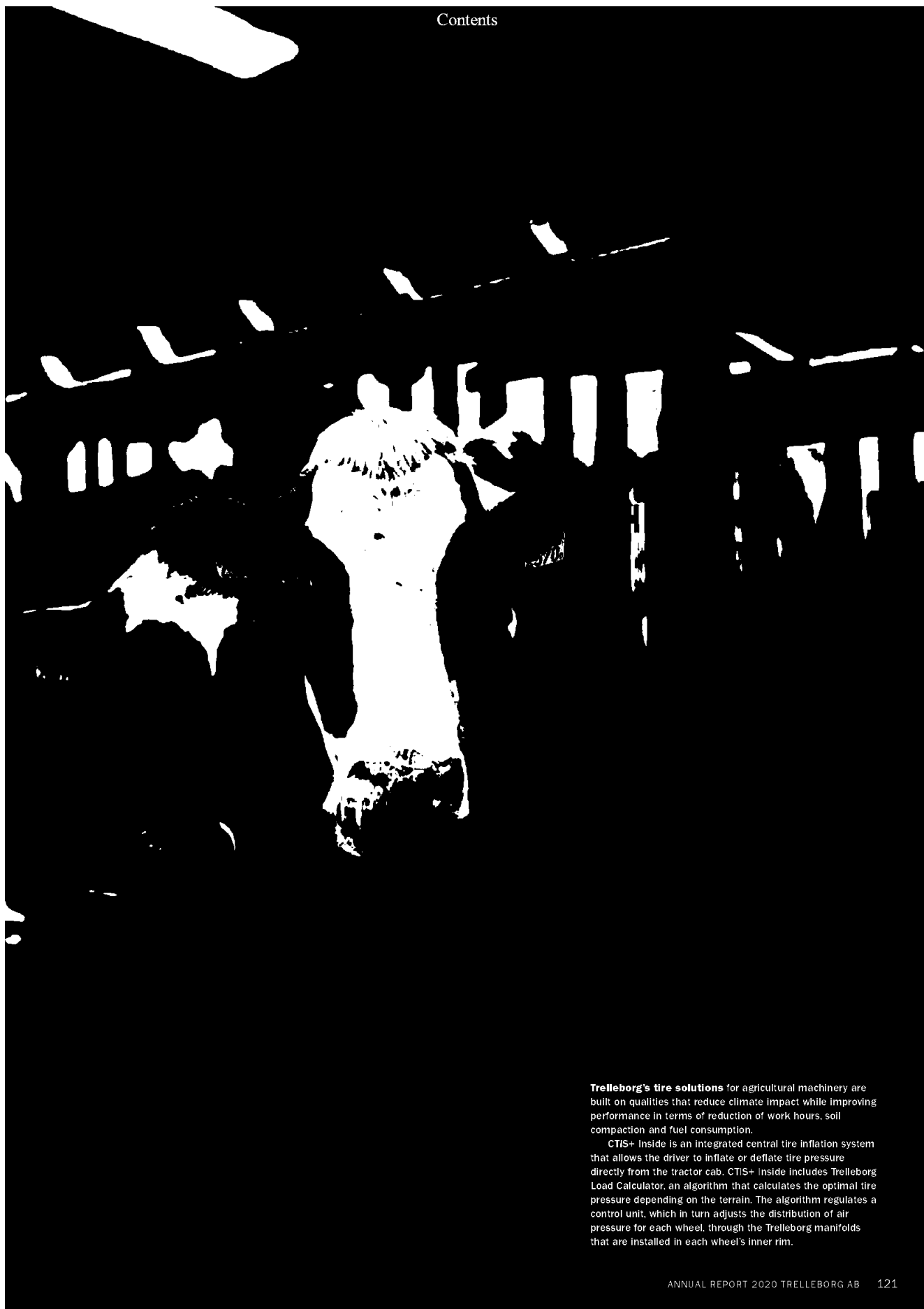
Contents

SUSTAINABILITY-RELATED INFORMATION

In this section, the most important performance results of sustainability are presented together with materiality analysis, strategy and sustainability governance, together with an overview of related risks and opportunities. Sustainable Development Goals, the GRI Index and an index of the most important disclosures are also included.



Contents



Trelleborg's tire solutions for agricultural machinery are built on qualities that reduce climate impact while improving performance in terms of reduction of work hours, soil compaction and fuel consumption.

CTIS+ Inside is an integrated central tire inflation system that allows the driver to inflate or deflate tire pressure directly from the tractor cab. CTIS+ Inside includes Trelleborg Load Calculator, an algorithm that calculates the optimal tire pressure depending on the terrain. The algorithm regulates a control unit, which in turn adjusts the distribution of air pressure for each wheel, through the Trelleborg manifolds that are installed in each wheel's inner rim.

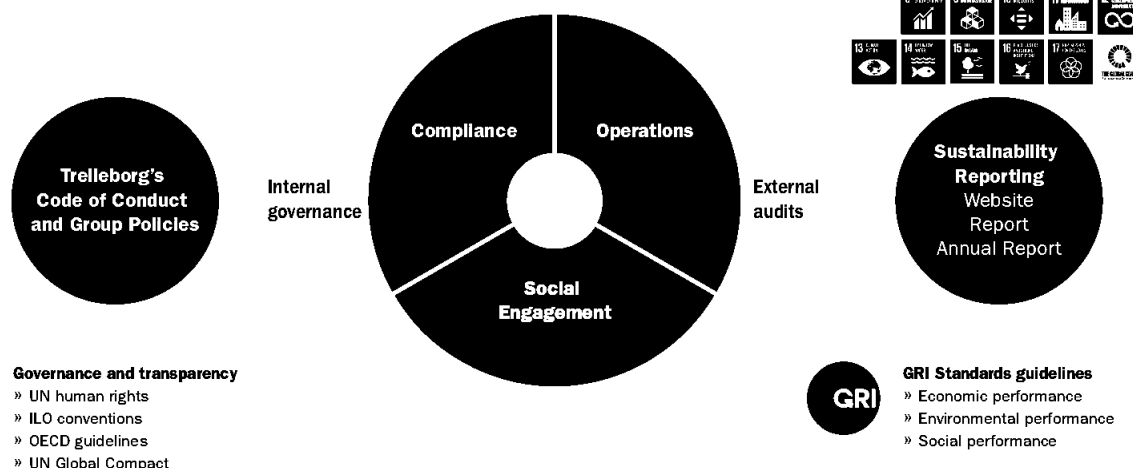


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GOVERNANCE OF SUSTAINABILITY AT TRELLEBORG

GOVERNANCE OF SUSTAINABILITY AT TRELLEBORG

Trelleborg protects what matters



Code of Conduct and monitoring.

A pillar of the internal sustainability work is Trelleborg's Code of Conduct (new version launched in 2019, see also page 40 and 43) and policies in the areas of environment, occupational health and safety (OHS) and ethics. The Code is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, which Trelleborg signed in 2007.

The Code of Conduct applies to all employees without exception. Training in the content of the Code is mandatory for all employees.

Internal sustainability governance is further supported by various types of internal audits, for example, within the framework of the occupational Safety@Work program and the ISO 14001 environmental management system. Random internal and external audits are also carried out, for instance audit efforts to monitor compliance with the Code of Conduct.

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.

Reporting and external reporting.

The internal collection of sustainability data is mandatory for all units included in the Group during the relevant period and is mainly performed within the framework of monthly reporting via Manufacturing Excellence (see page 36) and via specific sustainability reporting from all Trelleborg units twice per year. The same system is used to report both financial and sustainability data.

The external reporting of sustainability issues that is published in Trelleborg's Annual Report and in the annual, more comprehensive, Sustainability

Report is based on GRI Standards guidelines, according to the Core option. The separate Sustainability Report contains detailed descriptions and an index to clarify exactly how the report follows the GRI guidelines.

From 2019, there is a supplementary index that considers Trelleborg's operations relative to the UN SDGs, see pages 124–125.

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

Organization.

At Board level, the Audit Committee has been assigned to monitor the Group's work with sustainability issues, including climate issues.

Starting in 2016, the entire Board was regularly presented with case stories related to Trelleborg's ongoing sustainability work at Board meetings. A more in-depth review of sustainability targets and indicators in each focus area for the coming period is also presented at the annual Board meeting after mid year. Overall, this clearly reflects the Board's commitment to the strategic direction.

The operational sustainability organization is led by a Steering Committee comprising the managers of Group Legal, Group Communications and Group HR staff functions, while much of the day-to-day activities take place 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, as well as out in the operational units.

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

Organization



Frequency of meetings/focus:

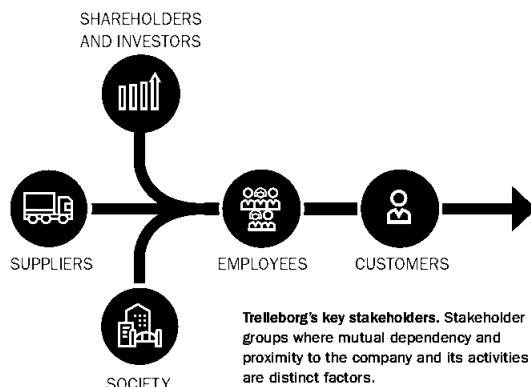
- » 2 times/year: Strategy and earnings
- » 2 times/year: Strategy and earnings
- » 2 times/year: Strategy, focus/earnings
- » 2–3 times/year: Strategy, focus/earnings and audit

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STAKEHOLDER ENGAGEMENT

STAKEHOLDER DIALOG FOCUSING ON MATERIAL ASPECTS

Trelleborg's key stakeholders



Materiality analysis

Significance to stakeholders' perceptions and decisions	VERY IMPORTANT	• Open and honest communication • Corporate governance and transparency • Environmental performance of products	• Compliance with legislation and human rights • Measures against corruption and bribery • Measures against anti-competitive behavior • Use of hazardous chemicals • Supplier practices • Energy and climate • Emissions • Waste • Occupational health and safety
	IMPORTANT	• Labor/Management relations • Investment and divestment practices • Risk and crisis management • Public policy and lobbying • Talent attraction and retention • Training and development	• Diversity • Community relations
		IMPORTANT	VERY IMPORTANT
Significance of financial, environmental and social impact			

Trelleborg's stakeholder engagement.

2020 differs from preceding years as very few stakeholder dialogs were held as personal meetings. These were replaced with conference calls and online meetings, a natural consequence of adapting to the Covid-19 rules introduced worldwide in March.

Activity this year was again dominated by the key group "Shareholders and Investors", though the clearest change in activity was in dialog with "Employees". The number of questions from internal stakeholders has risen notably in the area of sustainability. Most concern business aspects and products.

The main issues – excluding the company's handling of the pandemic, which is described on pages 4 and 10 – addressed by various stakeholders in 2020 were:

- » The company's handling of climate change (see pages 22–23, 36–37, 49, and 126.)
- » Circularity in materials handling and business models (see page 36 and below)
- » Management of sustainability-related risk, including climate risks (see below and page 49)

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

Common questions in stakeholder engagement:

» **How is Trelleborg managing the increasingly urgent issue of climate change?**
The climate target for 2020, "20 by 20", was reached at the end of the year, see page 126.

The starting point in preparing the company's new 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 within Scope 1 and 2. In parallel, other emissions are also addressed across the value chain (Scope 3 emissions), mainly via purchased products and services, and from transportation. This resulted in the "50 by 25" target for the period until 2025, and also the vision to achieve climate neutrality in own operations by 2035, see pages 22–23.

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

One pilot area for circularity has been industrial tires, where a number of activities have already been tested and put into production, such as a greater share of recycled raw materials.

During 2020, work has continued drawing up a general model for Trelleborg's view of circular resource use and business, as an additional step toward more efficient use of resources. Using this general model for circularity, training and

2020 review and analysis.

Trelleborg's priorities for sustainability work were again reviewed. In October 2020, exercises were again conducted with about 40 students from Örebro University and the master's program in Sustainable business, where they evaluated the content of Trelleborg's latest Sustainability Report from the perspective of 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. The main issues/conclusions are summarized below.

New risk analysis. New in 2020 is the expansion of the materiality analysis also to include risks in accordance with the UN Sustainable Development Goals (SDGs). For the first time within the framework of the newly established Sustainability Risk Task Force, Trelleborg's operations across the value chain have been analyzed with regard to the 17 UN SDGs and their 169 targets concerning risks and impact on society and the environment. The analysis prioritizes and highlights the risks associated with Trelleborg's operations – both risks resulting from the operations and those that may impact operations – that are considered most severe and likely, see illustration on page 125.

The views collected from the stakeholder dialog, review and the new risk analysis were addressed during work on the 2020 Sustainability Report.

the further application of the approach will continue in 2021 and in the years ahead. A group has been created to identify new, interesting material research and development in accordance with the principles of circularity, refer to page 36 for more information.

» **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 page 48. New in 2020 is the supplementary risk/impact evaluation in accordance with the UN SDGs, see illustration and comments on page 125. The evaluation prioritizes and highlights the risks and impacts/effects that are considered most severe and likely to occur.



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STAKEHOLDER ENGAGEMENT

TRELLEBORG 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 in its own operations. A sustainability risk overview along the value chain is presented on the next page. See also pages 20–23.

UN Goals	Implications	Trelleborg's products, solutions and social activities for/contribution to the sustainable development of society, with reference to the UN targets.
	Goal 1 is to end poverty in all its forms everywhere.	
	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).
	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).
	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).
	Goal 5 is to achieve gender equality and the empowerment of all women and girls.	
	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).
	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).
	Goal 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	
	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, facade profiles and pipe seals, such as in trains and the rail system area (9.1).
	Goal 10 is to reduce inequality within and among countries.	
	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).
	Goal 12 is to ensure sustainable consumption and production patterns.	
	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).
	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).
	Goal 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	
	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).
	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).

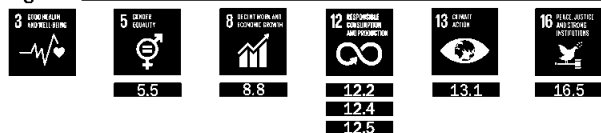


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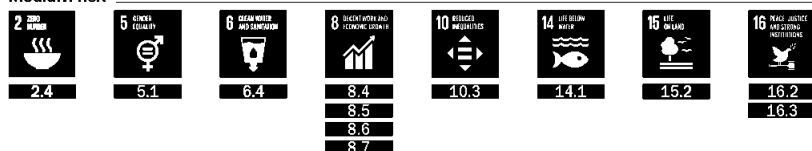
UN SUSTAINABLE DEVELOPMENT GOALS

Sustainability risks and own impact

High risk



Medium risk



In 2020, Trelleborg conducted its first assessment in accordance with the UN Sustainable Development Goals (SDGs) in the area of sustainability-related risk along the value chain and own impact on surroundings. All 169 UN targets were assessed in relation to the risks and impact Trelleborg's activities cause.

The image shows goals where risk/impact are considered high or medium-high, by weighing both the factors 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	Risks along the value chain?	Trelleborg's own impact	Examples of management, page
2.4 Sustainable food production systems and resilient agricultural practices	Technological shift away from tractors in global agriculture	Use and recycling		Business Intelligence/macro trends and strategic planning 16-19
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 38, 127, Global Chemical Task Force 36, REACH activities 36
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 38-39
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 38-39
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 37, 126
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 21-22, 36, Energy Excellence 22, 126, Circularity 20, 36, 123, Waste 37, 127
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	Suppliers 42-43, Code of Conduct 43, 128
8.6 Substantially reduce the proportion of youth not in employment, education or training	Recruitment		Production and organization	Diversity and inclusion. Age 38
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, zero tolerance approach to 41, Human rights 41
8.8 Protect labor rights and promote safe and secure working environments for all workers	Safe work environment.	Suppliers	Production and organization	Safety@Work 38, 127
10.3 Ensure equal opportunity and eliminate discrimination	Wage difference women - men		Production and organization	Discrimination, zero tolerance approach to 41
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, 36, 126, Polymers for tomorrow 36, 123, Water use and water supply 37, 126, Circularity 20, 36, 123
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 36, REACH activities 36, Waste management 37, 127, Emissions to air 37, 126
12.5 Substantially reduce waste generation	Resource efficiency and circularity	Raw materials, Use and recycling	Production and organization	Manufacturing Excellence 21-22, 36, Waste 37, 127, Circularity 20, 36, 123
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	Circularity 20, 36, 123, Polymers for tomorrow 36, 123, Climate Impact 22, 126
14.1 Prevent and significantly reduce marine pollution of all kinds	Problem of microplastics	Raw materials, Use and recycling		Message in a bottle 45, Circularity 20, 36, 123
15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation and restore degraded forests	Deforestation (natural rubber)	Raw materials, Suppliers		Natural rubber chain, Dialog with suppliers 43, Global Platform for Sustainable Natural Rubber 43
16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children	Risk of child exploitation in the value chain (natural rubber)	Suppliers	Production and organization	Child labor, zero tolerance approach to 41, Natural rubber chain 43
16.3 Promote the rule of law and ensure equal access to justice for all	Regulatory compliance globally	Suppliers	Production and organization	Regulatory compliance 40-41, 128, Suppliers 42-43
16.5 Substantially reduce corruption and bribery in all their forms	Compliance with laws and the Code of Conduct	Suppliers	Production and organization	Regulatory compliance 40-41, in the supply chain 42-43, Code of Conduct 43



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OUTCOME OF THE GROUP'S SUSTAINABILITY WORK

OUTCOME IN 2020 IN THE AREA OF OPERATIONS: RESOURCES

Resources	Where?	Outcome 2020	Goals and main governance
ENERGY	■	In total, energy consumption has been at a lower level year-on-year, partly due to lower production volumes. Relative to sales, consumption increased slightly, which during a year such as 2020 with generally lower volumes and production disruption from the pandemic is attributable to the basic energy consumption needed to keep the facilities in operation.	The internal target for the Group is to improve its energy-efficiency by at least 3 percent annually. The proportion of renewable energy is to gradually increase, both for direct and indirect energy.
Energy consumption	■	Total of 1,308 GWh (1,414). The share of direct energy is 612 GWh (648), and the share of indirect energy is 696 GWh (766).	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 21–22, 36).
Energy consumption relative to sales	■	0.040 GWh per SEK M (0.039). Energy consumption relative to sales increased approximately 3 percent.	Local energy coordinators are trained via global training sessions, and a shared toolbox is available.
Renewable energy	■	10.3 percent (3.6) of total energy consumption, mainly consisting of purchased renewable electricity, but also the transition to, for example, biomass and internally generated electricity at facilities. The internally generated electricity is produced from solar cells and amounted to 671 MWh (546).	
Energy cost	■	SEK 698 M (816).	
CLIMATE	■	Both in total and relative to sales, CO ₂ emissions decreased in 2020, which is primarily attributable to a higher proportion of green electricity. Trelleborg's systematic measures for energy efficiency contribute to the results, which at the end of 2020 yielded a decrease of 33 percent in CO ₂ emissions in relation to sales compared with the base value of 16.0 tons/SEK M from 2015, based on pro forma values (dashed line in the diagram) from Trelleborg and CGS, an acquisition from 2016.	The "20 by 20" climate target aimed to achieve a 20-percent reduction of CO ₂ emissions (in Scope 1 and 2) in relation to sales in the 2015–2020 period. This goal was reached and exceeded: the total reduction for the 2015–2020 period was 32 percent.
Total CO ₂ emissions	■	358,400 tons (429,400), of which direct emissions amounted to 117,400 tons (128,800), and indirect emissions 241,000 tons (300,600).	For the 2021–2025 period, the new "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 ₂ emissions in Scope 1 and 2, in relation to sales, and also achieve a substantial reduction in emissions across the value chain (Scope 3). Read more on page 22.
CO ₂ emissions relative to sales	■	10.9 tons per SEK M (11.7). Compared with last year, there was a clear improvement during 2020, mainly due to the transition to renewable electricity.	
WATER	■	In 2020, water use, meaning water for production and sanitary water, decreased in absolute terms but increased relative to sales.	Even if water use is one of the central environmental key figures reported, a decrease in consumption is most crucial in production areas with water shortages, or where water shortages can be expected. Refer to page 37.
Water use	■	2.19 million m ³ (2.31)	
Water use relative to sales	■	66.5 m ³ per SEK M (63.1)	
Water withdrawal	■	61 percent municipal water (60) 21 percent from the company's own wells (20) 18 percent surface water (rivers, lakes, etc.) (19.5) 0.5 percent other sources (0.5)	
EMISSIONS	■	Emissions of volatile organic compounds (VOC), clearly decreased in total during the year but remained unchanged relative to sales. The year's decrease in emissions of sulfur dioxide is primarily attributable to the change-over from oil fuel to biomass in Sri Lanka in 2019. Emissions of nitrogen oxides also decreased.	Reducing volatile organic compounds (VOC) emissions is a priority both from an environmental and health perspective. Emissions of VOC are defined according to EU standards.
VOC	■	504 tons (564)	
VOCs relative to sales	■	0.015 tons per SEK M (0.015)	
Sulfur dioxide	■	55 tons (113)	
Nitrogen oxides	■	48 tons (55)	

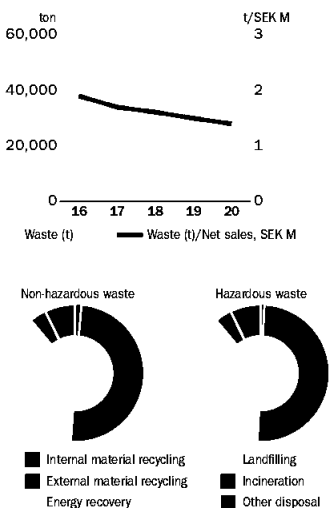
Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units □ = External, suppliers or acquisition candidates



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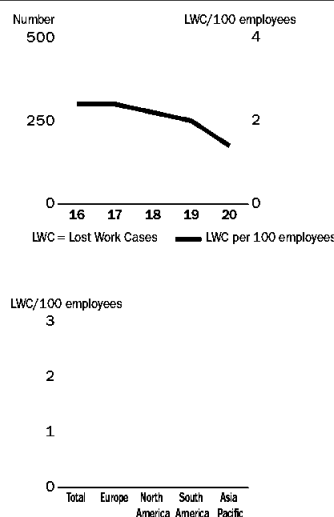
OUTCOME OF THE GROUP'S SUSTAINABILITY WORK

Resources	Where?	Outcome 2020	Goals and main governance
WASTE		In 2020, the amount of waste decreased in absolute terms, with falling production volumes, and also relative to sales. The volume of hazardous waste decreased clearly, which was in line with goals. 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 page 21–22 and 36. The volume of hazardous waste is to gradually decrease.
Waste volume		46,270 tons (54,600). Of the total volume, rubber accounted for 31 percent (30). Hazardous waste totaled 4,540 tons (4,780), a decrease of 5 percent since the preceding year.	
Waste volume relative to sales		1.4 tons per SEK M (1.5)	
Waste cost		SEK 62 M (69)	
Waste management		1 percent to internal material recycling (1) 50 percent to external material recycling (46) 16 percent for energy recovery (15) 4 percent to incineration (4) 22 percent to landfill (27) 7 percent for other disposal (8) The distribution between methods for handling non-hazardous waste and hazardous waste is presented in the diagram to the right. The handling method was chosen by the supplier in just under half of the cases. In about a quarter of cases, the method was chosen by Trelleborg, and in about a third of cases the chosen method was the only available.	



OUTCOME IN 2020 IN THE AREA OF OPERATIONS: EMPLOYEES

Employees	Where?	Outcome 2020	Goals and main governance
HEALTH AND SAFETY		The curve shows the number of work-related injury/illness cases per 100 employees resulting in more than one day's absence (LWC). This figure has gradually declined. In 2020, the figure declined approximately 30 percent.	The number of accidents is to steadily decrease. In 2020, LWC per 100 employees was to have fallen below 2.0.
Fatal accidents		No fatal accidents (1) occurred during the year.	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.
LWC		218 cases (361) resulting in at least one day's absence (LWC). Of these, 14 (22) were insourced staff, and 37 (41) women.	As of 2020, the program has been relaunched under the "Team up for Safety" theme, and the venture is continuing in 2021.
LWC per 100 employees		1.4 LWC per 100 employees (2.0). For insourced employees, the figure was 1.0 (1.3), and for women 1.1 (1.2). See the diagram to the right for the regional situation.	
LWD		36.6 work days lost on average per injury (28.3).	
Safety committee		94 percent of facilities have a safety committee (89) with representatives from both employers and employees.	
Absenteeism in Sweden		6.8 percent of normal working hours (5.4).	
Systems for occupational health and safety management		At the end of 2020, 29 units (29) were certified under OHSAS 18001 or ISO 45001, corresponding to 24 percent (24) of all facilities.	



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



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OUTCOME OF THE GROUP'S SUSTAINABILITY WORK

OUTCOME IN 2020 IN THE AREA OF COMPLIANCE

Compliance	Where?	Outcome 2020	Goals and main governance
Anti-corruption and competition law	■	5,799 employees (2,893) 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, a further 5,900 employees completed the course.	In line with this aim, employees underwent training, through e-learning or classroom training, during 2019–2020.
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 pages 40–41.
Compliance (environmental)	■	2 cases (3) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 553,000 (243,000).	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, 6 matters (17) were reported via the Whistleblower system, most of which concerned complaints about local management and measures such as staff reductions. In some cases, reviews were carried out and identified non-compliances with the Group's Code of Conduct and policies, and relevant measures have been taken in these cases.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	5 cases (11) of discrimination, all from the US, were reported and reviewed. In 4 of the cases (8), a settlement was reached between the parties or other relevant measures were taken. 1 case (3) is under investigation.	Zero tolerance applies to discrimination (reported and reviewed cases). Local governance in accordance with the Code of Conduct. Reported cases are dealt with at local level and reported centrally.
Freedom of association	■	51 percent (51) of employees 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 2020.	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 2020.	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 88.9 percent (86.4) of the reported relevant purchasing spend in the production units. 2 units reported ongoing investigations in December 2020. No supplier relationships (1) were terminated in 2020 for reasons related to the Code of Conduct. No new supplier audits (10) were conducted involving on-site visits in 2020 due to the 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. 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 43.
Environmental management systems	■	At the end of 2020, 87 units (89) were certified under ISO 14001, corresponding to 73 percent (73) of all facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system.
Unplanned emissions	■	During the year, 1 case (0) of unplanned emissions was reported. The emissions took place in Lodi Vecchio, Italy, and consisted of about 1.6 m ³ of thermal oil.	Local governance of all handling operations subject to permits, even via the environmental management systems in accordance with ISO 14001.
Remediation of contaminated soil	■	Contaminated soil is currently being remediated at 9 units (9). Another 11 facilities (11) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 53 M (58).	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	■ □	In 2020, 4 environmental studies (16) of facilities were performed in conjunction with potential acquisitions or closures.	Environmental studies are conducted to assess and outline the environmental impact and identify potential environmental liabilities for the company in question.

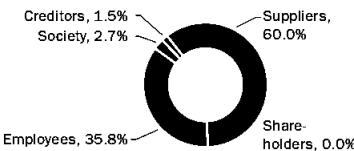
Symbols: ■ = Internal, all units ■ = Internal, all production units ■ = Internal, certain units □ = External, suppliers or acquisition candidates



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OUTCOME OF THE GROUP'S SUSTAINABILITY WORK / TCFD INDEX OVERVIEW

OUTCOME IN 2020 IN THE AREA OF SOCIAL ENGAGEMENT

Social engagement	Where?	Outcome 2020	Goals and main governance
Distributed economic value	■ □	In total, Trelleborg's operations generated economic value of SEK 33,084 M (36,670) of which SEK 28,328 M (33,035) is distributed between stakeholders (suppliers, employees, shareholders, creditors, society). See details on page 15. Distributed value 2020 	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 20–23).
Local communities	□	Educational and development programs are being run in Sri Lanka (one pre-school, two schools for pupils at the equivalent of secondary level), India, Sweden and a number of other countries. A new program for school children in China was started in 2019. The operation in Sri Lanka was impacted in 2020 by local regulations relating to Covid-19, which during periods led to school closures.	Good relationships with local communities wherever the company operates is one goal that Trelleborg strives to achieve through local – and sometimes centrally supported – educational and development initiatives, often targeting children and young people. Group-wide programs are coordinated by Group Communications.

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

TCFD INDEX OVERVIEW

This index describes where the central recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) are addressed in the annual report. Some issues, such as scenario analysis are still under development.

Area/target	TCFD recommendations	References/pages
Climate: organization and governance	a) Describe the organization's governance around climate-related risks and opportunities.	President's comment 7, Organization 122, Chairman of the Board 52
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	President's comment 7, Organization 122
Climate strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability-related risk 48, 51, 123
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate strategy and risks 22–23, 36–37, Sustainable products and solutions 20–23
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate strategy and risks 22–23, 36–37, Sustainable products and solutions 20–23
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability-related risk 48, 123, Risk identification and assessment 123–125, Stakeholder questions on climate risk 124
	b) Describe the organization's processes for managing climate-related risks.	Sustainability-related risk 48, 123, Climate strategy 22–23, 36–37, 126, Organization 122
	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 22–23, 36–37, Sustainability-related risk 48, 123
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 9, 126, Climate target and vision 22–23, Climate strategy and risks 36–37, Sustainability-related risk 123
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Trelleborg only reports Scope 1 and 2: Results 9, 36, 126, Sustainability-related risk 48, 51, 123, Ten-year overview 133
	c) Describe the metrics used by the organization to manage climate-related risks and opportunities and performance against targets.	Target overview 8–9, Outcome for the year 9, 126, Climate target and vision 22–23, Climate strategy and risks 36–37, Ten-year overview 133



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GRI STANDARDS INDEX OVERVIEW

GRI STANDARDS INDEX OVERVIEW

Material sustainability issues have been grouped in the table in areas with page references that conform to the GRI Standards Reporting Guidelines, according to the Core option.

A supplementary index according to the UN Sustainable Development Goals and a risk/impact overview can be found on pages 124–125.

Material sustainability aspects according to GRI can be found under the respective report area in the first column. Those that do not constitute specific GRI Aspects are written in *italics*.

The second column contains material GRI disclosures for the respective sustainability aspect, with page references in the third column. Unless specified otherwise, the disclosures refer to the 2016 standards.

Reference to descriptions of governance (Management Approach Disclosures) for each focus area, can be found in the second column in bold.

The fourth column contains references to the UN Global Compact, which Trelleborg signed back in 2007.

A more detailed GRI Content Index with boundaries and omitted parts is included in the separate Sustainability Report for 2020. This will be available for download from April 2021 on [www.trelleborg.com/About Us/Sustainability](http://www.trelleborg.com/About%20Us/Sustainability).

The 2020 Sustainability Report is prepared according to guidelines for Sustainability reporting in compliance with the Swedish Annual Accounts Act, see the color coding below and the explanations at the bottom of the page.

Areas/ Sustainability aspects	GRI disclosures	Pages in the 2020 Annual Report	Connection to principles in the UN Global Compact
COMPANY'S SUSTAINABILITY PROFILE			
CEO's comments	102-14	4–7	
Trelleborg profile, incl. business model, overriding targets and governance as well as risks and opportunities	● 102-1 – 102-10, 102-15, ● 102-18	Cover, 1–3, 8–9, 14–25, 33, 39, 48–51, 122, 125, 137	3, 6
Code of Conduct/Group policies, Whistle-blower Policy and external initiatives	102-12 – 102-13, 102-16, 102-17	14, 20–23, 40–43, 45, 122, 124–125, 128–130	
Stakeholder engagement	102-40 – 102-44	123, 128	
Report profile, incl. materiality analysis	102-45 – 102-56	122–123, 137	
FOCUS AREAS WITH SUSTAINABILITY ASPECTS BASED ON GRI STANDARDS			
Operations: Resources	103-1 – 103-3	36-37, 126-129	
Energy	● 302-1, 302-3 – 302-4	22, 36–37, 126–127, 133	7, 8, 9
Climate and emissions	● 305-1 – 305-5, 305-7	22, 36–37, 126–127, 133	7, 8, 9
Water	● 303-1 (2018), 303-3 (2018)	37, 126, 133	7, 8, 9
Waste	● 301-2, 306-2	37, 127, 133	7, 8, 9
Chemicals	● 102-11	36	
Operations: Employees	103-1 – 103-3	38-39, 127	
Health and safety	● 403-1 (2018), 403-8 – 403-10 (2018)	38–39, 127, 133	6
Professional development	● 404-2	39	
Group diversity policy and categories	● 405-1	38–39, 87	6
Compliance	103-1 – 103-3	40-41, 128	
Anti-corruption	● 205-2 – 205-3	40–41, 128, 133	10
Competition issues	● 206-1	40–41, 128, 133	
Regulatory compliance (general)	419-1	40–43, 128, 133	
Regulatory compliance (environmental)	● 306-3, 307-1	42, 128, 133	7
Non-discrimination	● 406-1	42, 128, 133	1, 2, 6
Freedom of association and collective bargaining	● 407-1	42, 128, 133	1, 2, 3
Child labor	● 408-1	41, 128, 133	1, 2, 5
Forced labor	● 409-1	41, 128, 133	4
Suppliers and compliance in supply chain	● 308-2, 414-1 – 414-2	42–43, 128, 133	
Social engagement	103-1 – 103-3	44-45, 129	
Community development and value distribution	● 201-1, 413-1	15, 44–45, 129	1

Requirements in the Annual Accounts Act concerning sustainability reporting: ● Business model ● Risks Policy/Target ● Anti-corruption ● Environment ● Human rights ● Social conditions incl. diversity



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's Sustainability Report for the year 2020. The Company has defined the scope of the Sustainability Report below the table of contents of the Annual Report and the Statutory Sustainability Report on page 56.

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 below the table of contents of the Annual 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.

Malmö 19 February 2021
Deloitte AB

Signature on Swedish

Hans Warén
Authorized Public Accountant

Signature on Swedish

Lennart Nordqvist
Expert Member of FAR



Contents

TEN-YEAR OVERVIEW

FINANCIAL TEN-YEAR OVERVIEW

Trelleborg Group (SEK M unless otherwise stated)	2020	2019	2018	2017	2016	2015	2014	2013	2012 ¹	2011
Net sales	32,836	36,588	34,005	31,581	27,145	24,803	22,533	21,473	21,262	21,043
EBIT	3,885	962	4,518	4,022	3,105	2,962	2,775	2,203	2,353	2,093
Profit before tax	3,596	581	4,236	3,792	2,896	2,809	2,641	2,006	2,199	1,929
Net profit/loss, continuing operations	2,711	-199	3,190	2,874	2,216	2,096	1,938	1,419	1,711	1,333
Net profit, discontinuing operations	-	-	-	-	4,369	509	289	198	346	505
Total net profit/loss	2,711	-199	3,190	2,874	6,585	2,605	2,227	1,617	2,057	1,838
- shareholders of the Parent Company	2,712	-199	3,190	2,874	6,585	2,603	2,221	1,609	2,042	1,819
- non-controlling interests	-1	0	-	-	-	2	6	8	15	19
Equity	28,953	28,861	29,767	27,216	25,137	18,622	17,776	14,877	14,012	13,504
Capital employed ²	39,699	44,276	40,692	37,817	38,246	25,492	25,157	20,713	19,751	20,107
Net debt ²	10,026	14,914	10,499	10,154	12,784	6,837	7,777	6,087	5,880	6,958
Total assets	53,764	56,171	51,582	48,612	48,354	34,390	33,067	27,288	27,224	28,691
Equity/assets ratio, %	54	51	58	56	52	54	54	55	51	47
Debt/equity ratio, % ²	35	52	35	37	51	37	44	41	42	52
Capital turnover rate, multiples ²	0.8	0.8	0.8	0.8	0.8	0.9	1.0	1.0	1.2	1.5
Investments in property, plant and equipment ³	1,106	1,632	1,822	1,343	1,074	1,241	962	852	967	1,075
Capital expenditures for intangible assets	114	165	121	94	74	73	63	70	76	61
Cash flow attributable to acquisitions	3	-3,066	-440	-226	-13,380	-681	-1,912	-234	-744	-746
Cash flow attributable to discontinuing operations	147	-	4	649	6,165	1,390	152	-19	448	478
Free cash flow	3,916	2,684	2,495	2,434	2,368	1,452	1,751	965	1,714	675
Free cash flow per share, SEK ⁴	14.45	9.90	9.20	8.98	8.74	5.36	6.46	3.56	6.32	2.49
Return on shareholders' equity, %	9.4	-0.7	11.2	11.0	30.1	14.3	13.6	11.2	15.0	14.3
Earnings per share, SEK ⁴	10.00	-0.73	11.77	10.60	24.30	9.60	8.20	5.93	7.53	6.71
Dividend to shareholders of the Parent Company ⁵	1,355	-	1,288	1,220	1,152	1,084	1,017	881	813	678
Dividend per share, SEK ⁵	5.00	-	4.75	4.50	4.25	4.00	3.75	3.25	3.00	2.50
Shareholders' equity per share, SEK ⁴	106.78	106.43	109.81	100.40	92.73	68.70	65.54	54.72	51.56	49.20
Average number of employees	21,470	22,952	22,420	22,112	19,423	15,713	15,425	14,827	16,702	20,274
- of whom, outside Sweden	20,479	21,827	21,286	20,990	18,312	14,533	14,196	13,563	15,220	18,502
Continuing operations excluding items affecting comparability⁶										
EBITA	4,654	5,020	5,003	4,385	3,700	3,325	3,064	2,685	2,390	2,280
EBIT	4,282	4,658	4,694	4,091	3,496	3,219	3,001	2,613	2,342	2,231
Profit before tax	3,993	4,277	4,412	3,861	3,287	3,066	2,867	2,416	2,188	2,067
Net profit	2,952	3,222	3,345	2,934	2,503	2,277	2,116	1,777	1,643	1,436
EBITA margin, %	14.2	13.7	14.7	13.9	13.6	13.4	13.6	12.5	11.2	10.8
EBIT margin, %	13.0	12.7	13.8	13.0	12.9	13.0	13.3	12.2	11.0	10.6
Return on capital employed, % ²	9.8	9.9	11.4	10.6	11.0	14.0	15.4	14.7	13.5	13.3
Return on shareholders' equity, %	10.2	11.0	11.7	11.2	11.4	12.5	12.9	12.3	12.0	11.2
Earnings per share, SEK	10.89	11.89	12.34	10.82	9.23	8.39	7.79	6.52	6.03	5.26
Operating cash flow ²	5,332	4,167	3,922	3,739	3,548	2,310	2,766	2,198	2,295	1,546
Operating cash flow per share, SEK ²	19.67	15.37	14.47	13.79	13.09	8.53	10.20	8.11	8.47	5.70
Cash conversion ratio, % ²	125	89	84	91	101	72	92	84	98	69
Average number of employees	21,470	22,952	22,420	22,112	19,423	15,713	15,425	14,827	13,905	14,306
Continuing operations including items affecting comparability⁶										
Return on shareholders' equity, %	9.4	-0.7	11.2	11.0	10.1	11.5	11.9	9.8	12.5	10.4
Earnings per share, SEK	10.00	-0.73	11.77	10.60	8.18	7.73	7.13	5.20	6.27	4.88

¹ Figures for 2012 have been adjusted for the transition effects of the amendment to IAS 19.

² The comparative figures have been adjusted due to the reclassification of the pension liability from capital employed to net debt.

³ Excluding investments in right-of-use assets recognized in accordance with IFRS 16.

⁴ The average number of shares was adjusted in accordance with IAS 33. This calculation was applied to all key figures that include the number of shares. No dilutive effects occurred.

⁵ Dividend in accordance with the proposed treatment of unappropriated earnings.

⁶ For comparability, historical values have been adjusted for discontinuing operations.



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TEN-YEAR OVERVIEW SUSTAINABILITY

SUSTAINABILITY TEN-YEAR OVERVIEW

Focus area	Key figures	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operations											
Employees	Number of employees at year-end	22,209	23,935	24,045	23,152	23,245	16,450	16,552	15,825	15,280	21,307
Health and safety	LWC (Lost Work Cases – cases resulting in at least one day's absence)	218	361	422	438	402	238	223	209	255	384
Gender	Percentage of women on the Board	43	38	38	38	33	33	29	29	29	29
Energy	Total energy consumption, GWh	1,308	1,414	1,486	1,493	1,248	942	903	873	859	1,232
	Energy consumption, GWh per SEK M	0.040	0.039	0.044	0.047	0.047	0.038	0.040	0.041	0.040	0.042
Climate	Total CO ₂ emissions, metric tons	358,400	429,400	442,800	487,200	385,000	280,000	276,900	260,800	244,600	385,000
	CO ₂ emissions, metric tons per SEK M	10.9	11.7	13.0	15.4	14.2	11.3	12.3	12.1	11.5	13.2
Water	Water use, million m ³	2.19	2.31	2.29	2.36	2.18	1.85	1.98	2.0	1.9	2.7
	Water use, m ³ per SEK M	66.5	63.1	67.4	74.7	80.4	74.6	87.7	88.5	90.9	92
Emissions	VOC emissions, metric tons	504	564	655	952	1,005	903	1,195	1,049	854	1,816
	VOC emissions, metric tons per SEK M	0.015	0.015	0.019	0.030	0.037	0.036	0.053	0.049	0.040	0.062
	SO _x emissions, metric tons	55	113	181	187	184	204	216	189	263	391
	NO _x emissions, metric tons	48	55	62	65	54	45	41	38	42	60
Waste	Waste, metric tons	46,300	54,600	54,700	53,500	50,600	44,500	44,700	45,350	43,400	62,100
	Waste, metric tons per SEK M	1.4	1.5	1.6	1.7	1.9	1.8	2.0	2.1	2.0	2.1
Compliance											
Compliance (general)	Number of material breaches of laws and permits during the year	0	0	0	0	0	0	0	0	0	
Compliance (environmental)	Number of breaches of laws and permits resulting in fines or sanctions	2	3	2	5	3	4	3	0	2	4
Discrimination	Number of reported cases	5	11	7	5	5	8	1	1	8	4
Freedom of association	Proportion of employees that are represented by a trade union through collective agreements	51	51	54	53	54.7	52.2	48.1	51.5	43.5	49
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	88.9	86.4	85.5	84	80.6	84	84	81.4	79.5	75
	Number of audits of at-risk suppliers during the year (started 2015)	0	10	22	15	14	12				
Social engagement											
	Sales, SEK M	32,836	36,588	34,005	31,581	27,145	24,803	22,515	21,473	21,262	29,106
	Economic value distributed among stakeholders, SEK M	29,616	33,035	31,148	29,127	25,053	22,797	20,808	20,211	19,850	27,010
	Taxes paid, SEK M	772	763	919	732	593	472	627	587	460	480

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



Trelleborg Series B share has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe as of August 5, 2020. The ESI Index comprises companies that are included in the Russell Global Index and that display the best results in the area of Corporate Social Responsibility.



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TRELLEBORG SHARE 2020

STOCK MARKET YEAR FOR THE TRELLEBORG SHARE

Initially, the Coronavirus pandemic resulted in a sharp drop in the stock market in 2020, followed by a recovery primarily in the spring and summer. In total, Nasdaq Stockholm rose 13 percent. The performance of the Trelleborg share was also positive during the year.

Share performance. The price of Trelleborg's Series B share increased 8 percent (21) in 2020 while the index of comparable industrial companies, Stockholm Industrials SX50PI, rose 13 percent (47). Nasdaq Stockholm, in its entirety, increased 13 percent (31).

Total yield. The Trelleborg share's total yield during the year was negatively affected by the non-payment of a dividend for the 2019 fiscal year and therefore only followed the share increase of 8 percent. This compares with a 15-percent increase for OMX GI¹. The average total yield over the past five years has therefore fallen and amounts to 5 percent per year. The corresponding figure for OMX GI is 16 percent.

Share price and turnover. In addition to Nasdaq Stockholm, the Trelleborg share is traded on such marketplaces as Cboe CXE, Turquoise and Cboe BXE. Nasdaq Stockholm is the largest, with 82 percent (78) of the share trading.

Total trading in the Trelleborg Series B share in 2020 amounted to 308 million shares (310) at a total value of SEK 43,892 M (44,964), which corresponds to an average daily turnover of 1,223,844 shares (1,239,931) or SEK 174 M (180) per trading day. During 2020, the highest price was

SEK 184.85 on December 28, and the lowest price was SEK 86.68 on March 23.

Shareholders. Trelleborg's Series B share has been listed on the stock exchange since 1964. The share is currently quoted on the Nasdaq Stockholm Large Cap under TREL B. The share capital in Trelleborg amounts to SEK 2,620 M, represented by 271,071,783 shares, each with a par value of SEK 9.67. Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Each Series A share carries ten votes and each Series B share carries one vote.

All of the Series A shares are owned by the Dunker Foundations, comprising a number of foundations, donation funds and asset-management companies created through testamentary disposition by former owner and founder of Trelleborg AB, Henry Dunker, who died in 1962. For further information about the Dunker Foundations and its holding in Trelleborg AB, visit www.trelleborg.com and www.dunkerstiftelserna.se.

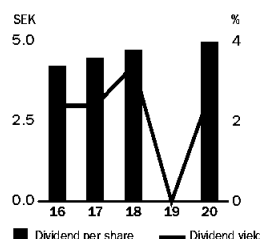
Analysts. For a current list of the analysts who continuously monitor Trelleborg, visit www.trelleborg.com.

DIVIDEND

Trelleborg's dividend policy is that, over the long term, the dividend should amount to between 30 and 50 percent of the net profit for the year. The dividend is adjusted for such factors as the Group's earnings level, financial position and future development potential.

For 2020 fiscal year, the Board proposes a dividend of SEK 5.00 (-) per share, which corresponds to about 50 percent of the net profit for the year.

DIVIDEND PER SHARE AND DIVIDEND YIELD



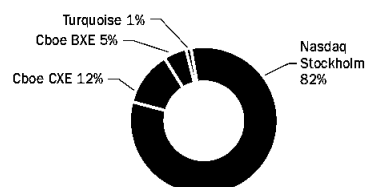
¹ Nasdaq Stockholm GeneralIndex.



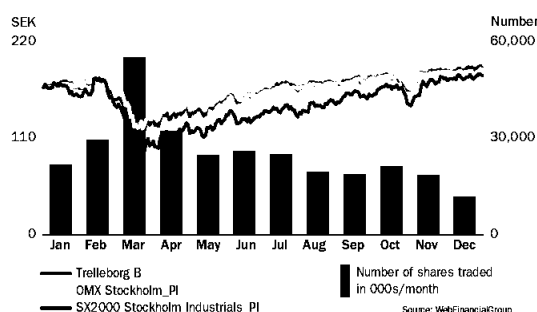
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TRELLEBORG SHARE 2020

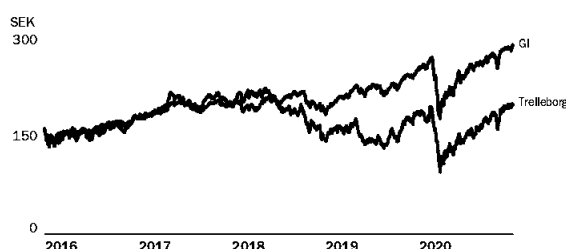
TRADING PLATFORMS, % OF TOTAL TRADING



PRICE TREND AND TRADING VOLUME, JANUARY 1 – DECEMBER 31, 2020



TOTAL YIELD, TRELLEBORG COMPARED WITH NASDAQ STOCKHOLM GENERALINDEX (GI)*



* The non-payment of a dividend in the 2019 fiscal year had a negative impact on total yield.

Källa: WebFinancialGroup

KEY DATA PER SHARE

SEK	2020	2019	2018	2017	2016
Continuing operations					
Earnings	10.00	-0.73	11.77	10.60	8.18
Earnings, excluding items affecting comparability	10.89	11.89	12.34	10.82	9.23
Total					
Earnings ¹	10.00	-0.73	11.77	10.60	24.30
Shareholders' equity ¹	106.78	106.43	109.81	100.40	92.73
Dividend ²	5.00	— ³	4.75	4.50	4.25
Dividend as a % of earnings per share	50	— ³	40	42	17
Dividend yield, %	2.7	— ³	3.4	2.4	2.4
Total dividend, SEK M	1,355	— ³	1,288	1,220	1,152
P/E ratio	18	-231	12	18	7

¹ There were no dilutive effects.

² As proposed by the Board of Directors.

³ No dividend was paid in 2020, in accordance with the resolution of the Annual General Meeting.

SERIES B SHARE

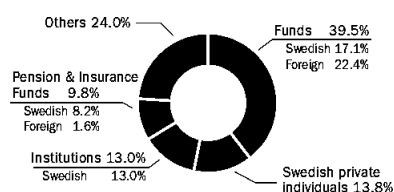
SEK	2020	2019	2018	2017	2016
Highest price	184.85	174.75	215.10	212.20	186.00
Lowest price	86.68	119.55	134.70	173.20	134.50
Market price, Dec. 31, last paid price	182.50	168.55	139.35	190.00	179.30
Market capitalization, Dec. 31, SEK M	49,471	45,689	37,774	51,504	48,603
No. of shares, Dec. 31, Series A and B shares	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
No. of shareholders	51,061	52,662	48,125	49,709	52,282



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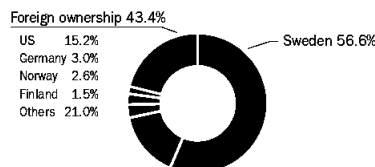
TRELLEBORG SHARE 2020

OWNER TYPES, % OF CAPITAL



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others

OWNER BY COUNTRY, % OF CAPITAL



Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others

TRELLEBORG AB'S TEN LARGEST SHAREHOLDERS, DECEMBER 31, 2020

Shareholder	TREL A (No. of shares)	TREL B (No. of shares)	Value (SEK M)	% of capital	% of voting rights
1 Henry Dunker Donation Fund & Foundations	28,500,000	400,000	5,698 ¹	10.66	54.10
2 Lannebo Funds		13,168,408	2,596	4.86	2.50
3 Handelsbanken Funds		11,873,493	2,341	4.38	2.25
4 Vanguard		7,250,395	1,429	2.67	1.37
5 Norges Bank		5,785,663	1,141	2.13	1.10
6 Didner & Gerge Funds		5,402,662	1,065	1.99	1.02
7 Tweedy, Browne Company LLC		5,378,067	1,060	1.98	1.02
8 Allianz Global Investors		5,275,561	1,040	1.95	1.00
9 BlackRock		4,407,234	869	1.63	0.84
10 Allianz Global Investors		4,218,584	832	1.56	0.80

Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others

¹ TREL A is not traded on any marketplace but is assessed as having the same value as TREL B.

DISTRIBUTION OF SHARES, DECEMBER 31, 2020

No. of shares	No. of shareholders	% of capital	% of voting rights
1–1 000	42,737	4.2	2.2
1,001–5,000	6,804	5.5	2.8
5,001–20,000	1,136	3.8	1.9
20,001–	384	86.6	93.1
Total	51,061	100.0	100.0

CLASS OF SHARES, NUMBER OF SHARES, CAPITAL AND VOTES

Class of share	No. of shares	% of capital	% of voting rights
Series A shares	28,500,000	10.5	54.0
Series B shares	242,571,783	89.5	46.0
Total	271,071,783	100.0	100.0

Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others

FINANCIAL CALENDAR 2021

Annual General Meeting (Trelleborg)	April 22
Interim report January–March	April 22
Interim report April–June	July 22
Interim report July–September	October 27
Year-end report 2021	February 4, 2022

SEK 5.00

The proposed dividend corresponds to about 50 percent of net profit for the year.



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ADDRESSES

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 2019 Annual Report was published in March 2020.

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, 2019. All figures in the section "The year in brief" and "Trelleborg's business areas" relate to continuing operations, unless otherwise stated.

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

This Annual Report was produced in collaboration with RHR Corporate Communication in Malmö, Sweden. It was printed by DanagårdLitho on environmentally certified paper, using vegetable-based inks from renewable raw materials and using 100-percent renewable energy. Translation by The Bugli Company.



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Head offices

Trelleborg AB (publ)

PO Box 153, SE-231 22 Trelleborg, Sweden
Visitors: Johan Kocksgatan 10
Tel: +46 0410 670 00
www.trelleborg.com

Trelleborg Treasury

PO Box 7365, SE-103 90 Stockholm, Sweden
Visitors: Jakobsbergsgatan 22
Tel: +46 8 440 35 00

Business areas

Trelleborg Industrial Solutions

SE-231 81 Trelleborg, Sweden
Visitors: Johan Kocksgatan 10
Tel: +46 0410 510 00
www.trelleborg.com/industrial-solutions

Trelleborg Wheel Systems

Via Naz, Tiburtina, 143
IT-00010 Villa Adriana (Roma), Italy
Tel: +39 774 38 41
www.trelleborg.com/en/wheels

Trelleborg Sealing Solutions

Schockenriedstrasse 1
DE-70565 Stuttgart, Germany
Tel: +49 711 786 40
www.tss.trelleborg.com/en



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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 33 billion and operations in about 50 countries. The Group comprises three business areas: Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems – and a reporting segment, Businesses Under Development.

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

WWW.TRELLEBORG.COM