

# 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 based on compliance with laws, rules and international agreements.

## Anti-corruption and competition law

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

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

Trelleborg has a zero tolerance policy toward all forms of corruption, including bribery and extortion, blackmailing, nepotism, racketeering and embezzlement. The contents of Trelleborg's Group-wide Compliance Program have been continuously developed and, in addition to issues related to competition law, also include issues of anti-corruption, export control, data protection and employee relations, as well as matters relating to professional conduct and business ethics.

Recently introduced elements are aimed at achieving excellence in the management of contracts, and in issues related to global distributors and agents. The program also provides information and guidance on the relevant legislation, such as anti-corruption law.

The Group's Compliance Program supports the entire organization. In addition, management, middle management, employees out in the field and on the factory floor are supported by Compliance Officers, which are appointed every year by each Group company to serve as a contact point for all compliance issues in their part of the business. To support them in these efforts, Compliance Officers undergo special training and progress from bronze to silver and then gold standard in order to help colleagues address compliance issues that may arise in their day-to-day 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 has been in place since 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of compliance.

During 2022, the Compliance Task Force held three meetings that addressed, among other aspects, sanctions, particularly those arising as a result of Russia's invasion of Ukraine, the new sustainability strategy, competition policy and legislative developments, digitalization of compliance procedures, data protection, information security and a review of the audits 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. Every year the acceptance letter has specific focus areas that direct the recipient's attention to these individual areas. For 2022 these areas were: preventing bribery and corruption, competition laws, data protection, environmental issues and alcohol & drugs.

The Group's Whistleblower Policy entitles all employees to report any suspected legal or regulatory violations without repercussion. Refer to the table on page 132 for matters reported via the whistleblower system or other channels. This system was supplemented with employee surveys carried out at regular intervals. In addition to drawing attention to areas for local improvement projects, these surveys provide a clear indication of any problems with management or similar shortcomings.

Specific legislation must be followed in certain countries, such as the US (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control legislation), the EU (Conflict Minerals Regulation), and the UK (Bribery Act and Modern Slavery Act, respectively – which are designed to prevent forced labor and sex trafficking, see the text alongside).

## 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 132.

## Human rights

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

Within the framework of Trelleborg's ERM processes for internal risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant internally. However, if the entire value chain is taken into consideration, the risk is classed as higher, see section below on child labor, for example, and the table on page 132.

## Child and forced labor

A number of potential risks of child labor in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at the level of rubber producers. For many years, Trelleborg has cooperated with Save the Children in joint community initiatives, which has also strengthened internal know-how in the field of child labor. This has, in turn, been strengthened through dialog with suppliers and by visiting natural rubber producers in Sri Lanka, Southeast Asia and Africa. From 2021, Trelleborg is active in the *Global Platform for Sustainable Natural Rubber* initiative to minimize risks such as these, refer to page 131.

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 2022, Trelleborg's corporate website has again renewed its annual statement regarding the management of issues concerning forced labor, child labor and trafficking/modern slavery, mainly in accordance with the UK's Modern Slavery Act 2015, the California Transparency in Supply Chain Act and the Australian Modern Slavery Act 2018.

## 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 132.

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

## Environmental management systems

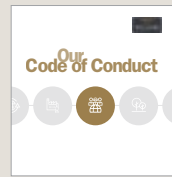
A cornerstone of the Group's environmental strategy is that all major production units with production and development capacity must have an ISO 14001-certified environmental management system. Only Executive Management can grant an exception. Facilities that are incorporated following an acquisition are allowed a certain period of time to achieve this certification. The percentage of certified units is presented on page 132.

## Environment laws and permits

Fines or sanctions for breaches of environment or OHS-related rules are shown in the table on page 132. 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 132.



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

**Environmental studies**

For potential acquisitions and divestments, for example, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. The number of environmental studies conducted in 2022 is presented in the table on page 132.

**Suppliers**

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 (refer also to page 124), metal components, and various additives.

While purchasing is based on a joint process, it is distinctly decentralized to the operational units, in line with a similarly decentralized responsibility for performance. The exception to this is when purchases at the business area or Group level yield cost benefits. This applies in particular to rubber material and material and services that are not directly included in products.

**Supplier assessment and follow-up**

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

Refer to the table on page 132 for the year's outcome. The digital system for supplier assessments streamlines the process and make it more transparent.

In line with the company's climate target, follow-up of the climate performance of suppliers will be further developed over the next five years. One of the first steps taken already in 2021 was to begin cooperating with CDP Supply Chain for supplier follow-ups and development focusing on climate issues. The need of such follow-up and dialog heightened in 2022 when Trelleborg, in collaboration with KPMG, observed that a majority of the company's greenhouse gas emissions along the value chain (Scope 3) are supplier-related, refer to page 25.

In previous years, site visits with an audit based on a geographic and material risk assessment have focused on textile suppliers, chemicals suppliers and natural rubber suppliers. Audit activities were minimal in 2020–2022, partly due to the pandemic and partly as there were very few new suppliers in these areas.

In 2022, Trelleborg resolved to develop the general review of suppliers under a new system, together with a third party. A renewed risk analysis of the supply chain will be performed in consultation with this partner.

**The Code of Conduct is the basis for all compliance**

Trelleborg's Code of Conduct in the areas of environment, occupational health and safety, and ethics forms a basis for all operations in the Group, and applies to all employees, without exception. All employees are to complete a refresher course in the Code of Conduct every three years, at a minimum.

A comprehensive review of the Code of Conduct was carried out in 2019 when a new version was released containing updated regulations in areas such as trade restrictions, information processing and diversity. A global training initiative started that year, and more than 82 percent of all employees have received training in the Code in the following years. E-learning and other training material is available in 15 languages.

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

Trelleborg's Whistleblower Policy and system mean each employee is given the right and opportunity, by telephone or online, to report suspicions of legal or regulatory violations in their own language, without repercussions.

**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 or directives are considered to form the core of the regulations Trelleborg applies in the area of Compliance:

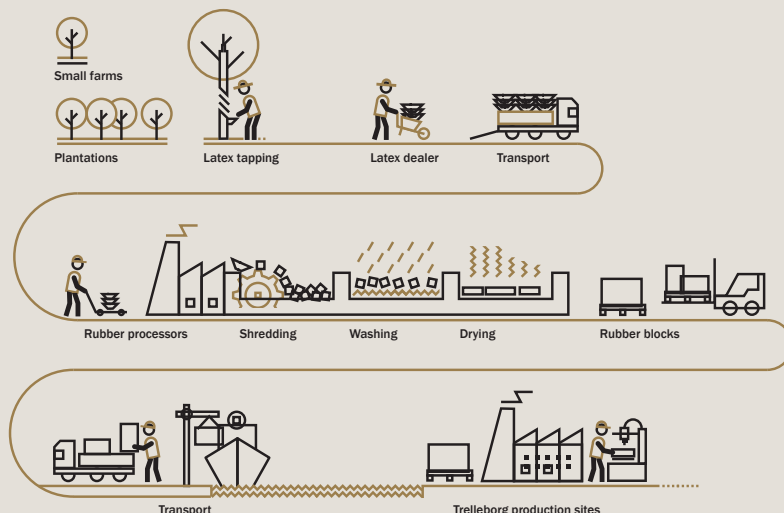
- » Anti-bribery and Anti-corruption Policy
- » Competition Rules Policy
- » Whistleblower Policy
- » Export Control Policy
- » Conflict of Interest Policy
- » Directive for Handling of Agreements
- » Data Protection Policy

**PRODUCTION OF NATURAL RUBBER**

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

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

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



OUTCOME IN 2022 IN THE AREA OF COMPLIANCE

Compliance	Where?	Outcome 2022	Goals and main governance
Anti-corruption and competition law	■	7,474 individuals (7,237) 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 between 2020 and 2022.	In 2021, a target was set for each employee to take the Code of Conduct course at least every three years.
Compliance (general)	■	One (0) significant breach of laws and permits was reported during the year. Nasdaq Stockholm's Disciplinary Committee decided in November 2022 to order Trelleborg AB to pay a fine equivalent to an amount of SEK 9.6 m as a result of the company's information disclosure procedures in connection with divestment rumors regarding the Trelleborg Wheel Systems business area in 2021. The Disciplinary Committee is of the opinion that Trelleborg should have acted more swiftly in disclosing information to Nasdaq Stockholm and that Trelleborg, on the matter, has breached the rules regarding the disclosure of information to the market.	Local governance in accordance with the Code of Conduct and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting. The Compliance Task Force is a central forum for all compliance issues, refer to page 130.
Compliance (environmental)	■	1 case (2) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported, totaling SEK 100,000 (80,000)	Local governance in accordance with the Code of Conduct, permits and local legislation. All significant cases in terms of fines and sanctions are reported to Group Legal and are included in reporting.
Whistleblower cases	■	During the year, a total of 31 matters (18) were reported via the whistleblower system and other channels, concerning alleged harassment, safety deficiencies, injustices, or conflicts of interest. Relevant action was taken where necessary. In several cases, the matters were closed due to lack of relevance or insufficient evidence.	Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussions.
Discrimination	■	7 cases (4) of discrimination or equivalent were reported, 5 in the US, 1 in the UK and 1 in Sweden. 3 cases (4) are under investigation, and 4 have been closed.	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	■	47 percent (44) of all employees at year-end are represented by a trade union through collective agreements. In China, however, certain restrictions related to freedom of association apply.	The right to freedom of association, through union or other personal representation, and collective bargaining, is highlighted in the Code of Conduct.
Child labor	■ □	Zero breaches (0) were reported in 2022.	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 2022.	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 88.2 percent (89.4) of the reported relevant purchasing spend in the production units.  1 supplier relationship (1) was terminated in 2022 for reasons related to the Code of Conduct.	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 90 percent of the reported relevant purchasing spend.  Site visits with an audit of "at-risk suppliers" (selection based on geographic and material risk assessment) previously supplemented the self-assessments. Refer also to page 131.
Environmental management systems	■	At the end of 2022, 83 units (87) were certified under ISO 14001, corresponding to 70 percent (69) of all relevant facilities.	The goal is that all major production units will have an ISO 14001-certified environmental management system. The difference compared with last year is that several certified units were divested.
Unplanned emissions	■	During the year, no cases (2) of unplanned emissions were reported.	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 6 units (5). Another 10 facilities (10) are expected to require remediation, although the extent has not yet been determined. Provisions for environmental liabilities amounted to SEK 93 m (65).	Trelleborg is also active as one of several parties in additional cases of remediation, although with marginal liability for costs.
Environmental studies	●●● □	In 2022, 12 environmental studies (8) were carried out at the various facilities.	Environmental studies are conducted to assess and outline the environmental impact of the facilities and identify potential environmental liabilities for the company in question, often in connection with acquisitions or closures.

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