

Autoliv Sustainability Report 2019

Creating Sustainable Value

Autoliv

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Autoliv

“Sustainability is a continuous journey and we are committed to continually strengthening our sustainability work and performance.”

From our President and CEO

Autoliv is a purpose-driven company and we exist because life matters. Our business is guided by our vision of Saving More Lives and our mission of providing world-class, life-saving solutions for mobility and society. Sustainability is firmly rooted in our business strategy and our sustainability targets are part of our long-term strategic plan. Our core business supports the UN Sustainable Development Goal #3: Good health and well-being, and its target of halving global deaths and injuries from road traffic by 2020. Our products save over 30,000 lives every year and we aspire to save over 100,000 lives by 2030.

In 2019, Autoliv Inc. became a signatory of the United Nations Global Compact. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and continuing to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

During 2019, we continued to participate in several collaborations in traffic safety, with a special focus on vulnerable road user protection and countries with a high number of traffic-related deaths. For example, Autoliv is a long-standing member of the China Sweden Research Centre for Traffic Safety and a founding member of the Sweden-India Transport Innovation & Research Platform. During 2019, we continued to work with the India Road Safety Knowledge Sharing Platform together with

the Indian government and other stakeholders. The platform aims to facilitate an exchange of knowledge in order to drive the adoption of global best practices from Vision Zero and help build a stronger framework for road safety in India.

We also continued to progress in other areas of our sustainability strategy. Health and safety is one of our continuous focus areas and we made a good progress towards our incident and severity rate interim targets; however, we still have work to do in order to progress towards our ultimate goal of zero accidents. In the environmental area, our organization established action plans to drive progress towards our new environmental targets. We also advanced in our supply chain sustainability work as well as rolling out our renewed Code of Conduct throughout the organization.

Sustainability is a continuous journey and we are committed to continually strengthening our sustainability work and improving our performance. I invite you to learn more about our progress during 2019.



Yours sincerely,
Mikael Bratt

Clarity of Direction – Autoliv’s Commitment

WHO WE ARE

Autoliv has pioneered automotive safety for over 65 years. We are the world’s largest automotive safety supplier, with sales to all leading car manufacturers in the world and a current estimated market share of 41%. We have more than 65,000 associates in 27 countries. We develop, manufacture and market protective systems, such as airbags, seatbelts, steering wheels and pedestrian protection systems to meet the mobility needs of today and tomorrow.

OUR SUSTAINABILITY COMMITMENT

Autoliv’s business is guided by our vision of Saving More Lives. Our products save over 30,000 lives a year and prevent ten times as many severe injuries. Our goal is to increase the number of lives saved to 100,000 a year by 2030. Our vision directly supports the UN Sustainable Development Goal #3: Good health and well-being, and its target of halving global deaths and injuries from road traffic accidents by 2020.

OUR SUSTAINABILITY STRATEGY

Autoliv operates in an industry undergoing a significant transformation, driven by changing driver behavior, emerging technologies and an evolving competitive arena. Our strategy, business priorities and targets are deeply rooted in the growing demand for traffic safety. Our leading role, developed over many years, places us in the pole position to spearhead the transformation in our industry and we aspire to position ourselves firmly in the wider mobility safety arena, looking beyond the light vehicle safety industry.

Our mission is to provide world class, life-saving solutions for mobility and society, guided by our vision of Saving More Lives and our values: One Autoliv, Transparent, Innovative and Agile.

Sustainability is an integral part of our business strategy, and in 2019 we focused on rolling out our new sustainability strategy to all divisions and

functions. Our top strategic sustainability priorities include:

- Continuing to deliver on our commitment to saving more lives
- Focusing on the health and safety of our employees and contractors, with the ultimate goal of zero accidents
- Focusing on increasing resource efficiency and reducing our carbon footprint
- Ensuring that no corruption or anti-competitive behavior takes place in our business
- Managing the sustainability risks in our supply chain

We have established targets for each of these priorities and regularly monitor the progress achieved.

Autoliv’s current commitment is expressed in four categories:

Innovate Life-Saving Products

By staying at the forefront of technology, innovating and manufacturing high-quality products, we save more lives in real-life traffic.

Commit to Our Employees

We are committed to respecting human rights, diversity, and health and safety for our employees.

Limit Our Impact on the Environment

Our commitment is to limit our environmental impact, particularly through reducing energy and water consumption, waste and emissions.

Act Ethically and Commit to Society

We believe in sound business practices and our actions are based on observance of ethical standards and engagement with communities where we operate. We expect our suppliers and business partners to act with the same level of integrity.



Autoliv Sustainability targets:

Our Priorities	Our Targets	Page reference			
Innovate Life-Saving Products	100,000 Lives saved By 2030	6-11			
Limit Our Impact on the Environment	12% REDUCTION CO ₂ e Emissions* Scope 1 & 2 By 2023 <small>* Efficiency target, measured per part delivered</small>	12% REDUCTION Energy Consumption* By 2023	100% PERFORMED Water Risk Assessment By 2020	Y-o-Y REDUCTION Waste and Scrap Continuous	12-17
Commit to Our Employees	0.50 Incident Rate By 2022	5.00 Severity Rate By 2022			18-21
Act Ethically & Commit to Society	100% Anti-corruption training completion* Continuous <small>* Completion rate measured from the annual target group</small>	100% Antitrust training completion* Continuous	100% Code of Conduct certification* Continuous		22-25
Supply Chain Sustainability	100% New DM* suppliers sustainability audited Continuous <small>* DM = Direct Material</small>	100% All DM* suppliers sustainability audited By 2021	95% DM* suppliers respond to conflict minerals survey. By 2022		28-29

Life-Saving Innovations



OUR PRIORITIES

Autoliv's most important contribution to society and sustainability are its products, which save over 30,000 lives a year and prevent countless more injuries. Our vision of saving more lives is supported by our deep understanding, continuous innovation and collaborations in traffic safety, and relentless quality work to ensure the safety of our products.

Our target is to save 100,000 lives a year by 2030. This target is based on the assumptions that we retain our strong market position and continue to grow in our core business, and that there will be increased multi-stakeholder efforts in end-user education to increase seatbelt use. Reaching the target will also require that we successfully expand our business in new mobility segments, including vulnerable road user protection.

THE GLOBAL ROAD SAFETY PROBLEM - MILLIONS OF REASONS TO DO MORE

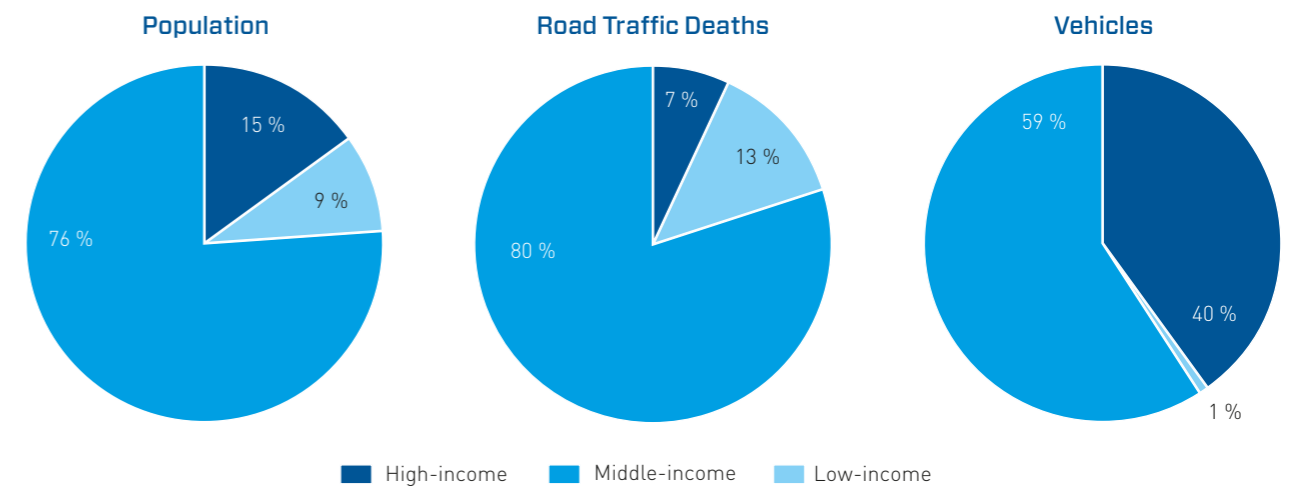
Most countries in the world have adopted the UN Sustainable Development Goals (SDGs), including the target of halving the number of global deaths and injuries from road accidents, which is a target of Goal #3: Good health and well-being. Today, 1.35 million lives are lost annually on the roads, a figure likely to increase significantly unless disruptive moves are made.

According to World Health Organization (WHO), road traffic injuries are the leading cause of death among young people between the ages of 5 and 29. Low and middle-income countries are hit the hardest, accounting for over 90% of global traffic deaths. Vulnerable road users – pedestrians, cyclists, and motorcyclists – make up more than half of these fatalities. Road traffic injuries are currently estimated to be the eighth leading cause of death across all age groups globally, and are predicted to become the seventh leading cause of death by 2030. As well as being a public health problem, road traffic injuries are a development issue: according to WHO, low- and middle-income countries lose approximately 3% of their GDP as a result of road traffic crashes. Many families are driven deeper into poverty by the loss of a breadwinner, or by the expenses of prolonged medical care.

Improving traffic safety requires global action and collaboration in several areas, including

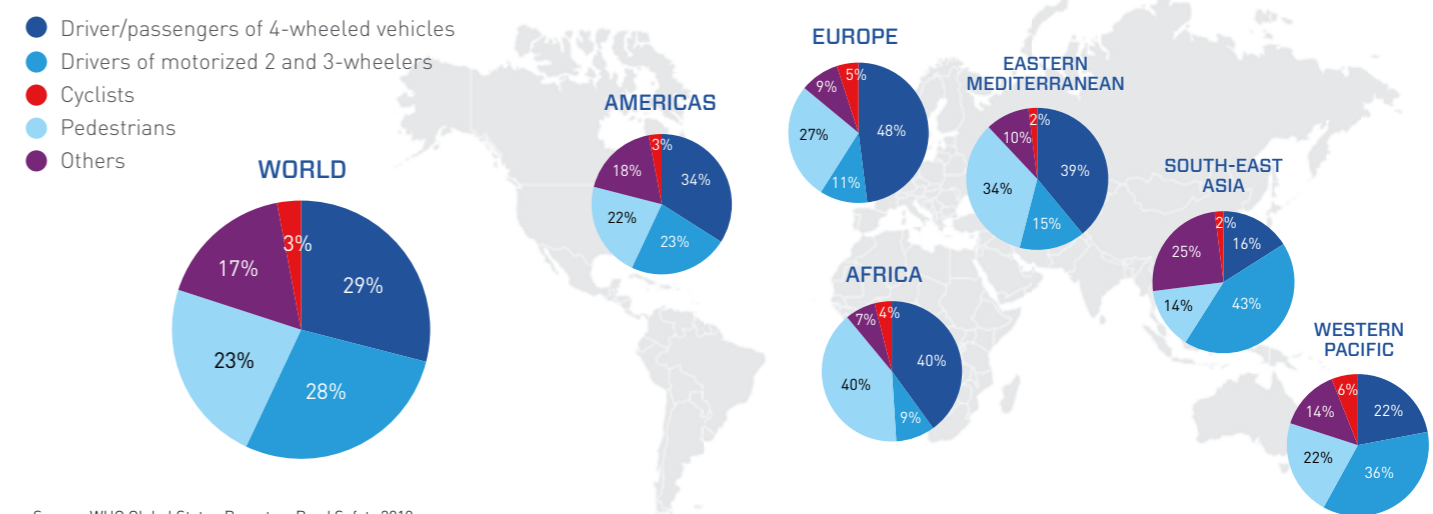
- Strengthening traffic safety laws and standards globally to enforce safe behavior
- Designing safe infrastructure, giving sufficient attention to the needs of the most vulnerable road users
- Improving vehicle safety

Proportion of population, road traffic deaths, and registered motor vehicles by country income category



Source: WHO Global Status Report on Road Safety 2018

Distribution of deaths by road user type by WHO Region



Source: WHO Global Status Report on Road Safety 2018.

OUR TARGET

▶ **100,000**

Lives saved By 2030

STATUS 2019

More than **30,000**



LIFE-SAVING INNOVATIONS

Autoliv has a strong track record in innovation. Throughout our history, we have introduced several world firsts. The main purpose of our research and development activities is to reduce road fatalities and injuries. Our activities are guided by industry trends, such as advanced driver assistance systems, autonomous driving and electrification, adaptivity to the size and age of occupants as well as vulnerable road user protection.

RESEARCH

Autoliv not only develops and engineers technologies to enable more lives to be saved, but also conducts

research to provide guidance on how to accomplish this goal. We are engaged in research activities together with universities in the fields of biomechanics, human factors and traffic safety analysis. Our research and development are based on real-life data on traffic accidents and injuries as well as numerous crash tests, user clinics, simulations, field operational tests and the vast expertise gathered by our specialists over many years. The way we innovate solutions is a key differentiator that sets us apart from our competition.

During 2019, we continued to participate in research collaborations to develop human body models for virtual simulations. A new project

phase ("I-HMB" step 4) was started, with a focus on pelvis and spine injuries considering new seating positions in automated vehicles.

Developing tools to assess the safety of the new seating positions and validation of these tools are at the core of two new collaborative projects started in 2019. In ENOP (Enable New Occupant Seating Positions), we are working with European partners to achieve these goals, complemented by research conducted by Autoliv and the University of Virginia in the US.

We continued to collaborate with Swedish industry and academia in the EU-funded OSCCAR (Future Occupant Safety for Crashes in Cars) project and have taken steps towards creating human body models in a variety of sizes and shapes and developing restraint systems to better protect the diverse population of car occupants.

We are not only working in the field of biomechanics, preventing injuries in crashes, but also on preventing crashes from happening. In the EU-funded MEDIATOR (MEDIating between Driver

and Intelligent Automated Transport systems on Our Roads) project, we have set out to mediate between human driving and automated driving to assign the driving task to the best-suited entity in the given context, with proven safety benefits expected in a few years. We also initiated a collaboration with Chalmers University of Technology concerning cloud-based, in-vehicle health monitoring as well as a collaboration with Fraunhofer Institute for Industrial Engineering related to our ambition to support safe driving and to develop the safest human-machine interaction.

Autoliv has a long history of protecting Vulnerable Road Users with Pedestrian Protection Airbag and Piston Hood Lifter, products found in today's vehicle fleet. For the next step, we started a project with Swedish Industry and Academia to study automobiles overtaking cyclists and how crashes and injuries can be prevented or mitigated, called MICA2 (Modelling Interaction between cyclists and automobiles 2).

Autoliv is a long-standing member of the well-established China Sweden Research Centre for Traffic Safety. This year, we expanded our involvement in research platforms with a regional focus on India, continuing our dialogue with the Indian government and other local stakeholders and working towards a common goal to Save More Lives (for more information, see chapter "Acting Ethically and Committing to Society"), in addition to being a founding member of SITS (Sweden-India Transport Innovation & Research Platform).

Autoliv sponsors and presents its research at numerous traffic safety-related conferences. This year, we sponsored the Safe Roads India Summit in New Delhi, where we discussed factors leading to traffic accidents and fatalities with OEMs, suppliers and policy makers.

Our outreach is not limited to sponsoring or to presenting our research at conferences, but also includes educational activities for the general public, such as presenting our vehicle technologies for traffic police officers in Tianjin in China or during the Vehicle Safety Course organized by ASEAN NCAP. We are also active in several working groups focusing on regulatory and standardization work in traffic safety

In 2019, we introduced a new service: Safety Score by Autoliv, a smartphone and artificial intelligence-based application with the goal of helping people of all ages to become safer drivers. Safety Score monitors real-time driver behaviors, compares them against Autoliv's proprietary data algorithms and known causes of accidents and provides the user with a personalized safe driver score. Having a personalized safety score based on individual driving behavior can be used, for example, by ride-hailing, taxi, limousine and other fleet and professional driving companies to provide an objective picture of a user's safe-driving habits and provide a platform for evaluating and improving driving behavior. Additionally, Safety Score can be used to reduce insurance costs and to give a measure of objectivity in sharing platforms, allowing people to have confidence in people they have never met before, and in sharing their car with them.

We have continued to innovate lower weight products that support our customers' carbon footprint reduction strategies, in which weight reduction is one tactic used to reduce the vehicles' overall carbon footprint. For example, we recently introduced a compressed side airbag module to the market that is 80g lighter and much smaller than the previous generation.

Materials management is an important part of our product development process with overlaps in several areas, from identifying materials and their composition for new products to requesting quotes from suppliers and reporting on the material composition of our supplied parts to customers. We aim to ensure an optimized material catalogue and supply base within Autoliv that meets our global requirements for all functions and all products and at the same time reduces cost and complexity. As part of our materials management, we have clear requirements for reporting the material composition of our supplied parts and the restrictions to which certain substances will be subject. Autoliv's related standard for substance use restrictions is regularly reviewed and updated to meet the latest legal and customer requirements. Autoliv's classifications for declarable, restricted and prohibited substances are based on GADSL (The Global Automotive Declarable Substance List) and customer specifications, and are subject to governmental regulations, including ELV (end-of-life vehicles) directives in different regions, the EU REACH Regulation (or similar), POPs (persistent organic pollutants) regulations (such as EU POPs) and SEC (US Securities and Exchange Commission) disclosure rules related to conflict minerals. We continuously follow up with our suppliers to phase out substances in time, according to the latest updated legal requirements, such as REACH.

We also investigate options for increasing the use of bio-based and recycled-content materials in our products. During 2019, for example, we introduced a driver airbag housing using bio-based plastic from castor oil. In addition, we invested in a new LCA tool, which will be used to support our product design process.

PRODUCT DEVELOPMENT

Our product portfolio spans airbags, seatbelts, steering wheels and pedestrian protection. We also provide additional safety features, such as pyro safety switches for electric vehicles, automatic bolt releases, integrated child booster seats and digital services.

We are committed to creating a safer society by designing products that will one day appear in future vehicles. The vehicles of the future, with increasing levels of electrification and autonomy, are placing new demands on automotive safety systems. Our solutions for automotive driving are a natural evolution of our safety products. We are continually developing airbag and seatbelt systems for new seating configurations as well working with electrification of seatbelts and steering wheels. For example, the Lifecell airbag – a world first introduced by Autoliv – provides protection regardless of how a driver or passenger is seated.

In the future transportation system, with a mixed fleet of vehicles, there will be an increasing need to protect vulnerable road users. To respond to this demand and advance our vision of Saving More Lives, we are developing new solutions to protect pedestrians, cyclists and powered two-wheelers. For example, we are cooperating with a customer to provide airbags for scooter riders and developing a modified pedestrian airbag that can also protect cyclists in case of a collision with equipped vehicles. The number of two-wheelers has surged recently and they are involved in a high percentage of fatal and serious accidents. Governments are increasingly becoming aware of the need to protect this vulnerable group of road users, and we foresee that demand for safety systems for these vehicles will grow.



PEDESTRIAN AIRBAGS AND HOOD LIFTERS Protect Pedestrians

When pedestrians are involved in traffic accidents, severe or fatal injuries are often the result. Active hood lifters and outside pedestrian protection airbags aim to reduce the severity of pedestrian head injuries in case of a pedestrian-vehicle accident.

FRONTAL AIRBAGS Save Lives and Reduce Injuries

In frontal crashes, driver airbags reduce driver fatalities by 29%. Combining driver airbag with using seatbelt reduce fatalities in frontal crashes by 61%. Driver airbags also reduce severe injuries in frontal crashes by 32%. Autoliv offers driver, passenger and knee airbags.

SIDE-CURTAIN AIRBAGS Reduce Head Injuries

In near-side crashes, curtain and side airbags together reduce fatalities by 31% for vehicle occupants. Autoliv offers front and rear side airbags, curtain and far side airbags.

CHILD SEATS Protect Children

An integrated booster cushion and specially designed seatbelt offer a vehicle system solution that improves the comfort and safety of children while reducing the risk of misuse.

SEATBELTS Top Life-Saving Device

The seatbelt is the top life-saving device. It reduces fatalities for front row occupants in passenger cars by 45% for all types of crashes. Seatbelts also reduce moderate and severe injuries by 45%. The technology content of modern seatbelts has increased to include constant load limiters, adaptive load limiters, pretensioners, pre-pretensioners with electrical motor activation, warning functions and integrated ECUs (electronic control units).

PYRO SWITCH Stop the Fire

Autoliv has developed a device to stop potential fires caused by short-circuiting: a pyro safety switch that can disconnect or cut the power after an accident.

STEERING WHEELS With the Lives of Others in Your Hands

Autoliv is the leading supplier of steering wheels. The steering wheel is a key element for the interaction between driver and vehicle. This is reflected in our innovative HMI-(human machine interface) steering wheel for future cars, which uses touch technology and air gesture controls to keep the driver in full control and demonstrates the seamless transition between manual and automated driving. It enables the driver to control more functions with less distraction, which makes for a safer driving experience.

PRODUCT QUALITY & SAFETY – OUR PRODUCTS NEVER GET A SECOND CHANCE

Our life-saving products never get a second chance. Accordingly, we are committed to delivering the highest quality, safety and performance in our products and services, in alignment with our vision of Saving More Lives. Our quality culture is personified by the daily efforts throughout the organization to:

- Reduce the risk of critical quality issues and near misses, and drive toward zero customer issues and zero defects
- Provide customers with products and services that are – and are perceived to be – more valuable than those of our competitors
- Reduce waste and internal errors

Quality is also a key to our financial performance, since excellence in quality is critical for winning

new orders, preventing recalls and maintaining low scrap rates.

Autoliv implements its quality strategy through the Q5 program, which shapes a proactive quality culture of zero defects. Q5 addresses quality in five dimensions: customers, products, suppliers, growth and behavior. In our pursuit of excellence, we have developed a chain of four “defense lines” against quality issues: 1) robust product designs, 2) flawless components from internal and external suppliers, 3) manufacture of flawless products with a system for verifying that our products conform with specifications, and 4) an advanced traceability system in the event of a recall together with Yokoten, our system for identifying and applying lessons learned to ensure robust improvements throughout the organization. In combination with our Q5 behaviors, these “defense lines” are intended to allow us to deliver flawless products to our customers on time.

The integration of quality and the Q5 program into all aspects of our operations – from product and process development to supplier management, production and after delivery – is supported by a dedicated quality organization. In addition, employee involvement and the “It Starts with Me” concept are core parts of our Q5 program. Our quality program includes well-defined cross-functional workshops to eliminate potential defects and an ongoing drive to empower teams with a proactive mindset. A vital part of Q5 is Jidoka, a commitment that when an operator detects an abnormality he or she should directly stop the line to take appropriate actions.

We monitor our quality culture through a regular employee survey that measures how our employees perceive the quality culture and behavior in the company. For example, do we encourage curiosity and do we actively look for ways to improve our way of working? How are we regarded when we bring up a prob-

lem? Do we have a working climate where we share good and bad news and promote Jidoka? The survey results provide a tool to help each site identify areas for development and to improve year after year.

Autoliv’s quality management system is regularly audited by both internal and external parties. According to Autoliv’s policy, facilities that ship parts directly to OEMs need to have a third-party registration of IATF 16949, the quality management standard for automotive component suppliers.

As a part of our product development process, our products are also thoroughly tested from a safety performance and durability point of view to ensure government and customer specification compliance.

During 2019, our share of industry recalls remained low (less than 2% since 2010), compared with our market share of 41%.

Our Continuous Proactive Quality Work

1

PRODUCT AND PROCESS DEVELOPMENT

Autoliv’s Product Development System (APDS) ensures that all new products pass five mandatory checkpoints: 1) project planning, 2) concept definition, 3) product and process development, 4) product and process validation, and 5) product launch. In this way, we proactively prevent problems and ensure we deliver only the best designs to the market.

2

SUPPLIER MANAGEMENT

By involving and training our suppliers early in projects we ensure robust component designs and processes. This prevents non-conforming parts from being produced by our in-house and external suppliers and from reaching our manufacturing lines. We actively phase out any supplier that does not adhere to our quality principles.

3

PRODUCTION

Through the Autoliv Production System (APS), we all work according to the continuous improvement philosophy. Our associates are also trained to react to anomalies and to understand the critical connection between themselves and our lifesaving-products. To prevent us from delivering non-conforming products we verify quality by using mistake-proofing methods such as Poka-Yoke, in-line inspections, and cameras and sensors.

4

AFTER DELIVERY

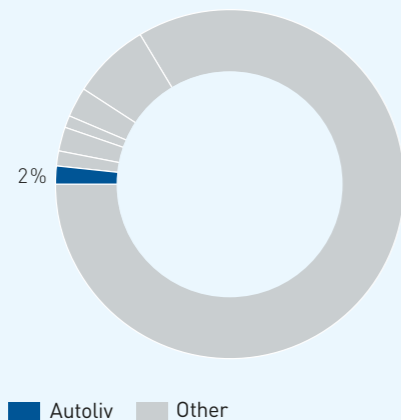
As we maintain an advanced product traceability system we are able to trace and limit batches of potentially defective parts in an effective way.

We also maintain an effective change-management system as any change to a product or process can potentially create problems.

Through lessons learned we can take advantage of experiences to make a difference in future projects and help them to succeed.

Minimal recalls

Less than 2% of recalled vehicles since 2010



Less than 2% Share of Global Recalls
and ~41% Market Share

Limiting Our Impact on the Environment



OUR PRIORITIES

Climate change and resource scarcity are global megatrends that drive significant environmental, social, political and economic changes, posing both risks and opportunities for businesses. Our environmental targets support our ambitions to increase resource efficiency and to reduce our carbon footprint. During 2019 we made progress in all of our target areas.

OUR POLICY AND COMMITMENT

We are committed to operating our business in an environmentally sustainable manner and to developing and producing products in an energy-efficient way while preventing pollution and limiting our environmental impact. We encourage our employees to continually improve environmental sustainability in their daily work, and we are committed to implementing and continuously improving our environmental management system, to fulfilling our compliance obligations and to enhancing our environmental performance.

ENVIRONMENTAL MANAGEMENT

Autoliv's global environmental management system (EMS) emphasizes continuous improvement and learning and is aligned with the ISO 14001:2015 requirements. The management system applies to all our manufacturing sites, offices, logistic centers and technical centers. Our EMS standard establishes the requirements for a standardized global approach to environmental management, including identification of material environmental aspects, objective setting, competence development and performance follow-up. The EMS also establishes standardized reporting of energy, greenhouse gas (GHG) emissions, water, waste, spills and fines.

All our facilities complete an annual EMS self-assessment to verify the adherence of their local management system to the Autoliv global EMS standard and to identify opportunities for improvement. We also continued to develop our reporting and internal data quality assurance processes and implemented a new sustainability reporting database solution.

Environmental management at Autoliv is supported by a number of other methods.

Our quality program (Q5) aims to achieve zero defects and eliminate waste from our processes. Waste refers to all activities that do not add value to what we deliver. As one of our KPIs, we continuously track the "non-quality cost" of our operations, which includes waste and scrap cost.

Our 1P1P method focuses on product and process standardization and reducing cost and complexity.

The Autoliv Production System (APS) is based on lean manufacturing philosophy, which aims to continuously increase output with fewer resources.

Many of our facilities have significantly increased their production output and at the same time improved their efficiency in terms of such variables as energy use per part delivered.

Certifications

85% of our production facilities (89% in 2018) are externally certified in accordance with ISO 14001 and the rest, 15%, follow the principles of our internal EMS standard. The reduction in the coverage of externally certified facilities is due to closures of previously certified facilities and opening of new facilities, which are not yet certified.

Image below: Seatbelt Webbing Process at Autoliv in Brasov, Romania



OUR TARGETS



**12%
REDUCTION**

CO₂e Emissions*
Scope 1 & 2
By 2023

**12%
REDUCTION**

Energy
Consumption*
By 2023

**100%
PERFORMED**

Water Risk
Assessment
By 2020

**Y-o-Y
REDUCTION**

Waste and
Scrap
Continuous

* Efficiency target, measured by part delivered

STATUS 2019

2%

reduction in CO₂e
emissions (per part
delivered)

1%

reduction in energy
consumption (per
part delivered)

Water risk
assessment
progressing
according to
schedule

Waste and
scrap reduced
from previous
year

ENVIRONMENTAL PERFORMANCE
ENERGY

The total annual energy use of our facilities in 2019 was 947 GWh (952 GWh in 2018). The energy use per part delivered in 2019 decreased slightly over 1% compared to the target baseline year of 2018. During 2019, Autoliv's divisions and facilities started to implement a number of energy efficiency improvement initiatives, both in relation to building infrastructure as well as manufacturing processes.

Of the total energy use, 66% was purchased electricity and the remainder comprised different fuels used for heating, cooling and power production. Natural gas is the main fuel source used.

Autoliv's organizational boundary consists of 93 facilities, of which 87 report actual energy use data. The remaining six facilities are office spaces with no material impact to the inventory. Data from reporting facilities is converted, using standardized generic conversion factors, into metric units of measure where needed. Each facility maintains a current record of reported data, including billing documents for self-assessment and auditing purposes.

Data and graphs of energy use are reported in GWh and include Scope 1 and Scope 2 energy use from all Autoliv facilities, including plants, offices, technical centers and logistics centers.

WATER

At Autoliv's production facilities, water is used for production and for non-industrial uses. Our total water use in 2019 amounted to 2,110,527 cubic meters (2,441,767 cubic meters in 2018), with municipal water being the main water source. The decrease in water use was driven by a number of initiatives taken by our facilities to reduce water consumption, such as increased recycling and reuse of water and equipment improvements.

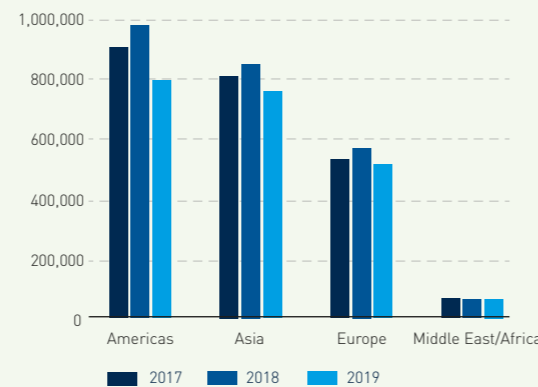
In 2019, Autoliv started an in-depth water risk assessment focusing on the facilities that are

dependent on water for their production processes. The assessment will be concluded during 2020. In many of Autoliv's operating regions identified as having water stress, Autoliv already has processes in place to reduce the amount of water withdrawn from municipal sources. In India alone, facilities harvest nearly 7,000 cubic meters of rainwater annually and treat over 30,710 cubic meters of waste water for reuse. At our facility in Queretaro, Mexico, all rain water is harvested and sent to a nearby dam. The water is used by local farmers to water their crops.

All water use data reported is based on actual abstraction. Water is reported in total cubic meters abstracted. Where needed, standardized generic conversion factors are used to convert water use from liters, US gallons or UK gallons into cubic meters. The 2019 data represents water reported from 87% of all Autoliv facilities, and 100% of all the production facilities, which are the main contributors to Autoliv's water use.

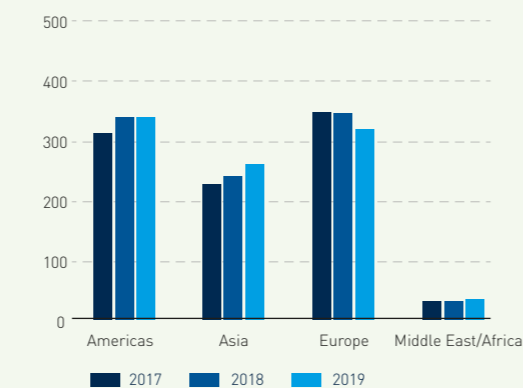
Water use

by region in cubic meters



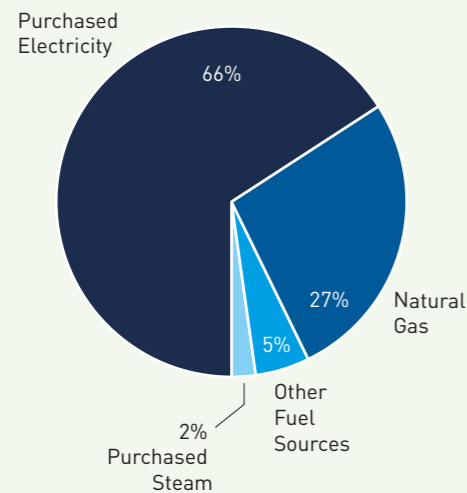
Energy use

By region in GWh



Share of energy use

By source



GREENHOUSE GAS EMISSIONS

Scope 1 and Scope 2 location-based CO₂ equivalent emissions from Autoliv's operations in 2019 totaled 406,402 metric tons (410,665 metric tons in 2018), of which most – 72% – were Scope 2 emissions from purchased electricity. The CO₂ equivalent emissions per part delivered in 2019 decreased close to 2% compared to the target baseline year of 2018. During 2019, Autoliv started to implement a number of energy efficiency initiatives and there was also a reduction in fugitive emissions. In India, we entered into a power purchase agreement to supply solar energy to one of our facilities and are investing in solar panels in the new facility under construction in Bangalore.

Scope 1 emissions for Autoliv consist of fuel sources for heating, cooling and power production processes as well as vehicles, and fugitive emissions. Fuel sources include fuel oil, natural gas, liquefied petroleum gas (LPG), diesel and gasoline. Fugitive emissions include emissions from CO₂, nitrous oxide, sulfur hexafluoride, and a very limited number of refrigerants and compressed gases.

Autoliv determines organization boundaries based on the operational control approach. 100% of all energy use data is reported as actual use and GHG emissions are calculated at the global level (centralized approach), using the IPCC's fifth assessment report (AR5) emission factors and other relevant emission factors from GHG Protocol cross-sector tools.

All data and graphs are reported in metric tons and include Scope 1 and Scope 2 emissions from all Autoliv facilities, including plants, offices, technical centers and logistics centers.

WASTE

In 2019, Autoliv's activities generated a total of 106,071 metric tons of waste (111,696 in 2018). The

main types of waste from Autoliv's operations include non-hazardous waste (87% of total waste in 2019) – such as metals, office waste and packaging; and hazardous waste (13% of total waste in 2019). Most of the waste is recycled, reused or recovered.

We continuously seek to reduce the amount of waste and scrap generated by our operations and we search for recycling opportunities for all waste before considering landfill as a final option. For example, we have facilities that recycle Autoliv's scrap airbags and sell the different materials, such as metal, fabric and plastic, to local recycling companies. We have also implemented reusable packaging for products in many facilities, thereby reducing the amount of cardboard, Styrofoam and plastic waste generated. Autoliv complies with global regulations on hazardous waste and, where conflicting policies exist, our practice is to follow the stricter of the regulations.

All data and graphs are reported in metric tons. Where needed, standardized generic conversion factors are used to convert the data. The 2019 data represents waste reported from 100% of Autoliv's production facilities and 87% of all facilities. We continued to develop our waste reporting during 2019, which has impacted how we capture and report the treatment methods for both non-hazardous and hazardous waste. The methodology change has not impacted the total waste generation numbers.

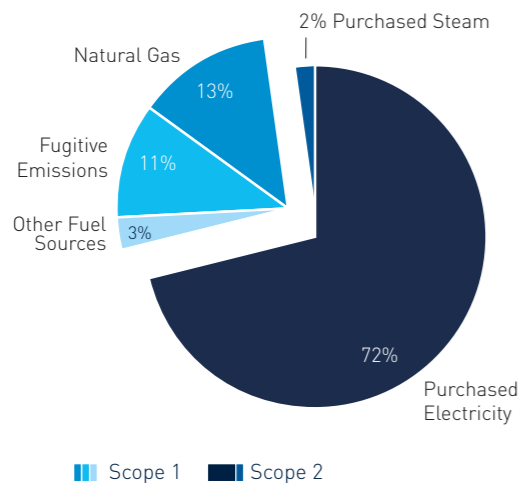
SIGNIFICANT SPILLS AND FINES

There were no environmental incidents resulting from major permit violations or spills. Two minor non-compliances with limited environmental impact resulted in administrative fines in China. These incidents were related to waste water permit limit exceedance. Necessary corrective actions have been taken in both cases.



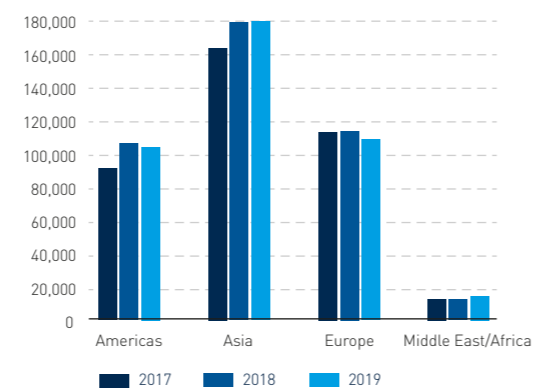
Share of CO₂e emissions

From Autoliv activities by scope and energy (%)



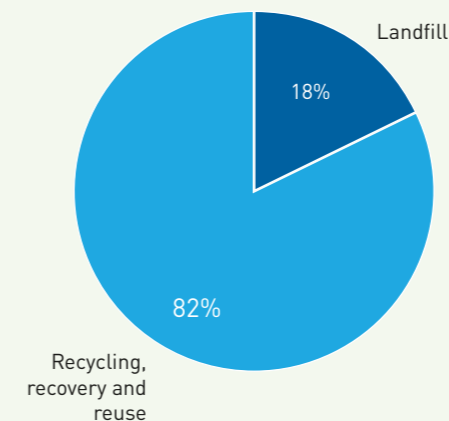
CO₂e emissions

By region in metric tons



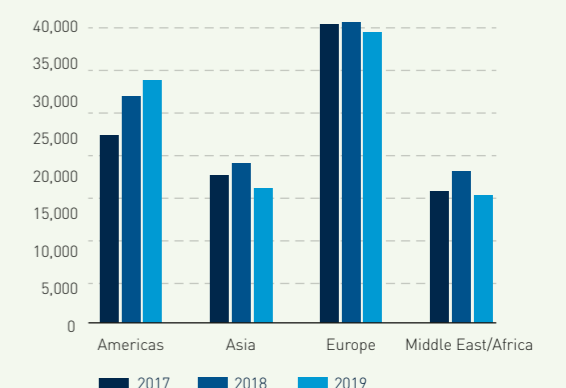
Share of waste

By type (%)



Waste

By region in metric tons



Committing to Our Employees



OUR PRIORITIES

Employee health and safety, diversity and respect for labor rights are the priorities of our employee-related sustainability agenda. We also work to continually develop our employees, which is essential in a highly competitive and rapidly changing environment. During 2019 we made a good progress towards our incident and severity rate interim targets; however, we still have work to do in order to progress towards our ultimate goal of zero accidents.

HEALTH AND SAFETY

OUR POLICY AND COMMITMENT

As a leading producer of automotive safety components, Autoliv is committed to the development and manufacturing of quality automotive safety systems while providing safe working conditions for our employees and contractors. In both the marketplace and workplace, health and safety is more than an element of our business – it is our business.

Autoliv understands the importance of a positive health and safety culture, and we attach great value to protecting the health, safety and welfare of our employees, contractors and visitors. A focus on health and safety puts people first. It also makes good business sense: a good safety record reduces risk and costs and enhances productivity.

At Autoliv, the responsibility for health and safety starts with senior management. All employees

at all levels share a responsibility for identifying and eliminating unsafe conditions and behaviors, and for speaking up. We believe that work-related injuries and illnesses are preventable and will continually strive to eliminate all workplace accidents. Our health and safety (H&S) strategy focuses on continuously improving H&S leadership, awareness, training and competence, and our H&S management system in general.

HEALTH AND SAFETY MANAGEMENT

Every Autoliv facility is required to implement Autoliv's health and safety management system (HSMS). System requirements are defined in Autoliv's internal health and safety management system standard, which is aligned with the ISO 45001 requirements. The HSMS is supported throughout the organization by leadership teams who encourage operators and visitors to engage in and speak up about health and safety concerns and take responsibility for their actions. The implementation of the system is monitored through internal and external audits. Internal audits are performed by divisional and facility cross-functional teams. In addition, our sites undergo external health and safety audits. The external health and safety audits are performed as part of the site risk management audits or as external certification audits. Currently, 12% (15% in 2018) of Autoliv facilities are externally certified in accordance with OHSAS 18001 or ISO

Autoliv's Health & Safety Work Principles:



Leadership commitment

Leaders at all levels of the organization are actively involved in creating a culture that supports and promotes a strong health and safety performance and continuous improvement.

Employee involvement

Employees are actively engaged in all aspects of health and safety performance, including establishing goals, identifying and reporting hazards/risks, investigating incidents and tracking progress.

Working safely is a condition of employment

Every employee is responsible for his/her own workplace safety.

Recognition and control of risks

Processes, procedures and programs are implemented to properly identify, prevent, reduce and/or control potential hazards/risks.

Continuous improvement

Processes, procedures and programs are implemented to monitor health and safety, verify implementation, identify deficiencies and provide opportunities for improvement.

OUR TARGETS

▶ **0.50**

Incident Rate
By 2022

5.00

Severity Rate
By 2022

STATUS 2019

Incident Rate:
0.57

Severity Rate:
5.82

45001. The reduction in the coverage of externally certified facilities is due to closures of previously certified facilities and opening of new facilities, which are not yet certified.

The cornerstone of our health and safety management system is the Hazard Risk Assessment (HRA) program. HRAs provide a factual basis for identifying significant hazards/risks and implementing continuous improvement activities to eliminate or mitigate hazards/risks. HRAs establish the primary principles and standards by which the global health and safety activities and operations are managed.

In 2019, health and safety was one of the main focus areas in Autoliv's annual policy deployment process. Policy deployment is a tool which turns Autoliv's strategy into concrete annual targets and tactics at all levels of the organization. We revised our global Health and Safety Policy and introduced a number of global H&S communication tools, including the launch of regular safety talks

at Autoliv's production facilities. We conducted a talent review in our environment, health and safety (EH&S) organization in order to identify training needs and talented individuals for global EH&S expert teams. We reviewed the contractor safety programs at our production facilities, revised our personal protective equipment guidelines and introduced new visual factory guidelines. We also implemented a new global sustainability database to further develop our global performance monitoring and management.

HEALTH AND SAFETY PERFORMANCE

We closed the year with an incident rate of 0.57 (0.64 in 2018) and a severity rate of 5.82 (8.03 in 2018). We were also able to increase the number of facilities with zero injuries to 29 (from 22 in 2018).

Unfortunately, one fatal accident took place in Autoliv's operations during 2019. In December, an Autoliv employee was involved in a fatal warehouse forklift accident at our facility in Turkey. We are

collaborating with authorities and conducting a thorough internal investigation of the accident and will take appropriate measures as necessary.

We will continue our relentless focus on health and safety in order to progress towards our ultimate goal of zero accidents. Our health and safety management system has been instrumental in improving the health, safety and well-being of our employees and we are committed to continuously improving health and safety performance at all locations and at all levels.

LABOR RIGHTS

Autoliv is committed to offering fair terms and conditions of employment. Our values, Code of Conduct, talent development strategies and employment policies support the principles contained in the United Nations Universal Declaration of Human Rights and the International Labour Organization's Fundamental Principles and Labour Standards. We strive to:

- Provide fair and equitable wages, working hours, benefits and other conditions of employment in accordance with applicable laws,
- Recognize and respect employees' right to freedom of association and collective bargaining,
- Provide humane and safe working conditions,
- Prohibit forced and child labor, and
- Promote a workplace free of discrimination and harassment.

Our human and labor rights commitments are part of Autoliv's Standards of Business Conduct and Ethics (the "Code of Conduct") and we also have a Respect in the Workplace Policy, which specifies that we have zero tolerance for harassment.

We provide Code of Conduct training for all employees and have a Respect in the Workplace e-learning program that specifically teaches all employees about what constitutes harassment and informs them that sexual harassment and all other forms of harassment and discrimination are not tolerated.

We encourage our employees to speak up and report known or suspected violations of the Code of Conduct or our policies. Whenever an employee reports an issue through our confidential third party-operated helpline or other channels, we investigate the issue and take necessary actions (read more about business ethics and integrity in "Acting Ethically and Committing to Society" chapter).

Autoliv recognizes and respects employees' right to freedom of association and collective bargaining. In the majority of the countries where we operate, our workforce is covered by a collective bargaining agreement. In addition, we have a number of different mechanisms through which employees can bring up topics with management. These include the Autoliv helpline, an employee suggestion program, facility Health and Safety Committees, and Operational Committees. The major unions representing Autoliv employees in different regions are disclosed as part of our Annual Report (10-K). In January 2019, one of our facilities in Mexico was affected by a strike, which was a result of social unrest in the region.

The strike was not directed towards Autoliv as a company but involved close to 60,000 people in the city of Matamoros. The strike started with workers in the factories of 45 different companies and was eventually extended to approximately 100 companies. We successfully negotiated with the union and reached an agreement, and have a new contract in place.

DIVERSITY AND INCLUSION

We are committed to diversity and acknowledge, accept and value differences among our people and the contributions they make. The diversity of our people is one of the things that makes Autoliv great. We recognize that each person has unique strengths, and embracing those strengths helps us Save More Lives. Inclusion is fundamental to our culture and we believe that everyone should be respected and treated fairly. Autoliv is committed to an inclusive and diverse workplace where people can be themselves and deliver results.

Our workforce reflects the diversity of the countries and cultures in which we operate. At the end of 2019, 46% (46% in 2018) of our workforce and 21% (21% in 2018) of our senior management positions were filled by women. We have operations in 27 different countries and 28% of our workforce is located in Asia, 31% in the Americas and 41% in Europe (including Africa, Russia and Turkey).

TALENT MANAGEMENT AND EMPLOYEE DEVELOPMENT

Autoliv builds a winning team by focusing on having the right people, the right culture and a work environment that allows us to attract, retain and

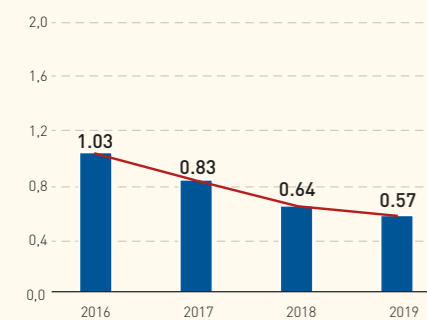
engage employees. We take great pride in our vision of Saving More Lives and in our values. We are constantly looking for people who share our commitment to our vision, who can live our values and contribute to our mission.

We strive to retain employees by providing a respectful and growth-oriented work environment where our people can develop and become their best selves. Training our leaders to deliver on this ambition is critical, as are our continued efforts to understand how our people perceive Autoliv as an employer and what they value. An important cornerstone of employee retention and the growth of each employee is the ongoing personal, transparent communication between the team member and manager, which is summarized during an annual performance and development dialogue (PDD). During 2019, 99% (99% in 2018) of targeted employees conducted PDDs with their managers.

To support the development of our people, we have created a competency framework differentiated at several levels depending on the complexity and scope of the role. Linked to this competency framework is an architecture of development programs, supporting the development of the skills and capabilities needed at each particular career stage. In addition to promoting continuous development on the job every day, more than 4,000 employees attended at least one such training program this year. Additionally, we have a multitude of development channels, including technical and specialist career paths, international assignments and other such programs.

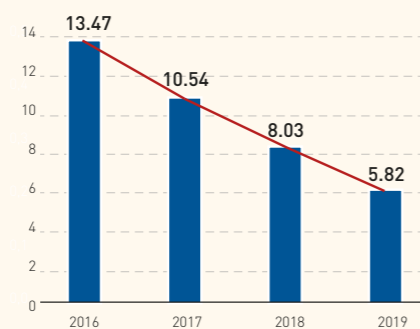
Incident rate

Number of reportable injuries per 200,000 employee hours of exposure



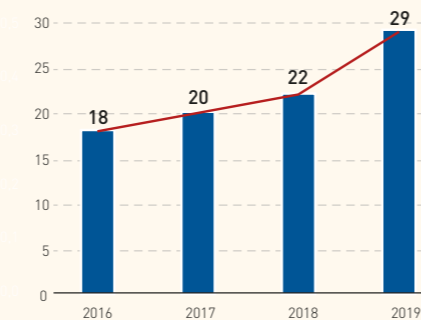
Severity rate

Total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure



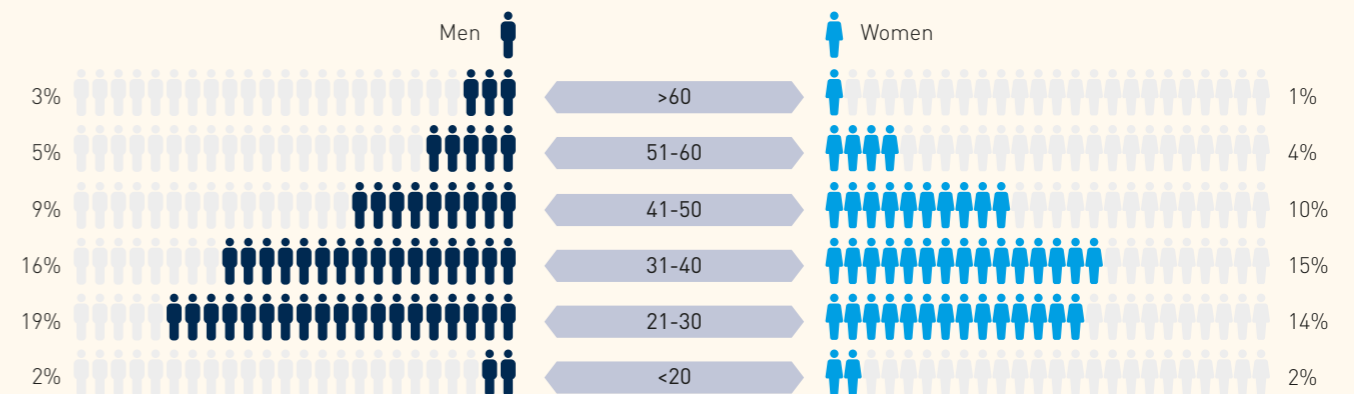
Number of facilities

With zero injuries



Well-balanced workforce

By age, group, and gender in %



Acting Ethically and Committing to Society



OUR PRIORITIES

How we do business is as important as the business we do. Acting ethically and ensuring that no corruption, anti-competitive or other illegal behavior takes place in our business are key priorities for us. We also contribute to local communities through our business operations and engage in locally relevant community activities.

BUSINESS ETHICS AND INTEGRITY OUR CODE OF CONDUCT

At Autoliv, the Code of Conduct is the foundation for business ethics and integrity. We publish the Code of Conduct in 19 languages and make it available to all employees, consultants and contractors.

Our Code of Conduct was revised during 2018 and was launched to all employees in February 2019. The main changes include having a more conversational tone that is easier for employees to relate to. The Code was communicated to employees through various channels throughout the organization and via face-to-face training/engagement sessions including group discussions about relevant ethical dilemmas related to different areas in the Code of Conduct. This training is being rolled out with a train-the-trainer concept, and the goal is that all employees should have received face-to-face training by end of 2020.

Promoting ethical behavior

Autoliv's Board of Directors, in particular the Risk and Compliance Committee, has the ultimate responsibility for overseeing the Compliance Program, which has been formalized and in place for eight years. In consultation with management, the Board reviews compliance reports periodically, and business conduct and ethics are standing items on the agendas of annual Board meetings and the quarterly meetings of the Risk and Compliance Committee.

Each member of Autoliv's business leadership is responsible for ensuring that, within their respective organizations, employees understand the Code of Conduct and have sufficient information to enable them to meet their business responsibilities legally and ethically. Management is responsible for adopting and enforcing appropriate controls and for taking the steps necessary to ensure compliance.

Compliance with the Code of Conduct and related company policies is the responsibility of every Autoliv employee. Our objective is to embed a culture of compliance and ethics into our day-to-day work and decisions, and to live our culture of "It starts with me." Each employee is responsible for acquiring a sufficient understanding of the Code of Conduct and related company policies in order to recognize situations which may not comply with the Code of Conduct and related company

policies. Annual goals and actions are identified to continuously enhance and advance the program.

Each year, all employees at the managerial level and higher submit Code of Conduct certifications electronically in our compliance system. The certification requires the disclosure of known violations of the Code of Conduct, including our Anti-Corruption and Anti-Bribery Policy and Antitrust and Competition Policy, as well as other matters that may give rise to actual or perceived compliance concerns. We also require a conflict of interest disclosure to be submitted by all indirect employees (office workers) and anyone with an actual, potential or perceived conflict of interest, so that each case can be assessed to determine if mitigation or remediation is necessary.

A critical aspect of our Compliance Program is education, which supports employees in understanding company expectations and policies pertaining to the Code of Conduct and related company policies. The goal of our business conduct and ethics education is to provide a continuing communication channel for compliance matters, to deliver compliance messages to employees, to train and educate employees in their compliance responsibilities, and to support the Code of Conduct and our Compliance Program.

The training activities that were rolled out during the year included both classroom training and e-learning. Examples of areas covered include Code of Conduct training for new hires, compliance investigations, antitrust, respect in the workplace, conflicts of interest, whistleblowing, insider trading and GDPR.

Our performance

We track and report the number of courses offered and percentage of completion for each active course. We also use a learning management

system (LMS) hosted by a training company as well as an in-house system. The LMS supports the reporting of attendance at training courses and monitors on-time completion. Related KPIs, which include the number of employees and percentage of the workforce that receives compliance training, are reported by division on a monthly basis, discussed in management meetings and presented to the Risk and Compliance Committee for review every quarter.

During 2019 more than 50,000 employees participated in and completed Code of Conduct training. The focus of the training this year was on interactive dilemma based face-to-face training. When it comes to Code of Conduct certification, we achieved 97%.

AUTOLIV HELPLINE

The effectiveness of Autoliv's ethics culture relies on our employees being empowered to speak up and report any concerns they may have. We promote and encourage all employees to speak up through different channels.

Autoliv employees are responsible for immediately reporting suspected or known violations of the Code of Conduct, the law or Autoliv's policies to their manager or a member of management, HR, the Legal Department, a Compliance Officer or through the Autoliv Helpline. The Autoliv Helpline is an ethics and compliance reporting line that has been available to all employees since 2011. The Autoliv Helpline is a multilingual, third party-operated service where reports can be made confidentially, without fear of retaliation, 24 hours a day, seven days a week, by phone or online. This can be done anonymously where allowed by law and/or confidentially in the language of any country where Autoliv operates.

OUR TARGETS

▶ **100%**
Anti-corruption training completion*
Continuous

100%
Antitrust training completion*
Continuous

100%
Code of Conduct certification*
Continuous

* Completion rate measured from the annual target group

STATUS 2019

Anti-corruption training completion:
98%

Anti-trust training completion:
99%

Code of Conduct certification:
97%



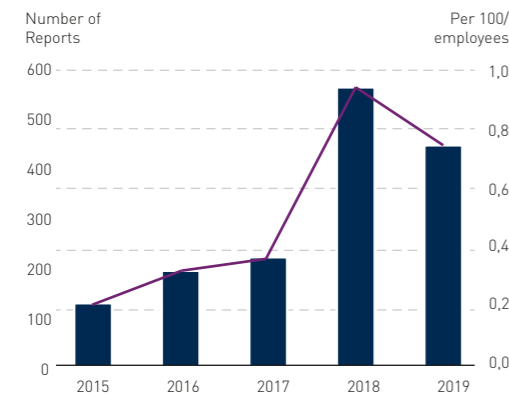
The Autoliv Anti-Retaliation Policy states that no employee will be adversely affected for reporting in good faith or for refusing to carry out a directive believed to constitute fraud or a violation of the Code of Conduct, laws or regulations. At Autoliv, we are committed to protecting individuals who make a report or participate in an investigation in good faith.

We take all reports seriously and investigate to determine whether there is any violation of the law, the Code of Conduct or other Autoliv policies. In the event that a case is substantiated, the Compliance Department will develop a remediation plan with recommendations and action plans to prevent the situation from occurring in the future, and responsible management will document the actions and implementation timeline.

Our performance

The Autoliv Helpline receives 87% of all incoming reports that result in an investigation, while 13% of the cases handled in 2019 were submitted internally – for example, reported to management, HR, the Legal Department or the Compliance Department. A total of 443 Helpline reports were received in 2019. The reporting volume per 100 employees in 2019 amounted to 0.68, which is a decrease from 0.89 in 2018.

Autoliv helpline reports



ANTI-CORRUPTION

As a company with worldwide business activities, Autoliv is determined to adhere to all applicable anti-corruption laws where we operate and to implement high standards of integrity in all business

transactions. Any conduct that violates anti-corruption laws is detrimental to the societies where it occurs and to the best interests of Autoliv.

Our policy

We strictly prohibit the acceptance or offering of any form of bribery. It is our policy to compete vigorously and effectively while always complying with the applicable anti-corruption laws in all countries in which we operate. We have defined clear expectations to prevent corruption in our Code of Conduct and our Anti-Corruption and Anti-Bribery Policy. The policy includes guidance to ensure all employees are aware of what is acceptable and not acceptable relating to gifts given/received, hospitality and entertainment, with a strong emphasis on government officials. During 2019, the Anti-Corruption and Anti-Bribery Policy was reviewed and revised to make it even clearer and more relevant for our employees.

A third party who acts on Autoliv’s behalf must always behave in accordance with Autoliv’s Code of Conduct and the Anti-Corruption and Anti-Bribery Policy. The term “third party” refers to any outside party acting on behalf of Autoliv, including but not limited to agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners. Management is responsible for evaluating each third-party relationship and assessing the risk involved.

Autoliv takes bribery and corruption very seriously, and any employee or representative who violates this policy will be subject to disciplinary action up to and including termination of employment and legal action.

Similarly, we do not provide or accept kickbacks or facilitation payments. Kickbacks refer to the return of a sum received (or due to be received) as part of an agreement to foster or arrange business. Facilitation payments are small payments used to facilitate government actions, such as processing an operating license. Although these facilitation payments may be allowed in some countries, we do not allow facilitation payments at Autoliv.

Training and education

Every other year, we enroll all employees in our target groups, such as management, sales and purchasing, in a business conduct and ethics education e-learning course on anti-corruption

and anti-bribery. Periodically, we also conduct face-to-face training to enhance the employees’ understanding of compliance with our policy.

Our performance

In 2019, we trained a total of 3,027 employees in anti-corruption matters, achieving a course completion rate of 98%.

ANTI-COMPETITIVE BEHAVIOR

The purpose of antitrust and competition laws is to preserve and continue fair and honest competition and to protect society from anti-competitive practices. Any conduct that violates antitrust laws is detrimental to the best interests of the market and to our company.

Our policy

As a company with worldwide business activities, Autoliv is determined to adhere to all applicable laws and regulations in force in the various countries where it operates and to implement high standards of integrity in all business transactions. To ensure compliance with antitrust laws in all countries where we operate, we have defined clear expectations in order to prevent violations of our Code of Conduct and our Antitrust and Competition Policy. This policy includes guidance to ensure all employees are aware of what is acceptable and not acceptable relating to interactions with competitors in order to ensure independent price decisions.

Training and education

Every other year, we enroll all employees in our target groups, such as management, sales and purchasing, in a business conduct and ethics education e-learning course in antitrust and competition. Periodically, we also conduct face-to-face training to enhance the employees’ understanding of compliance with our policy. We have also held face-to-face antitrust training for target groups of employees in management and high-risk functions.

To provide further clarity regarding the Antitrust and Competition Policy, we also provide a brochure on our Antitrust “Dos and Don’ts” Guidelines, which gives employees practical guidance on complying with antitrust and competition regulations.

Our performance

In 2019, we trained a total of 3,223 employees on antitrust matters, achieving a course completion rate of 99%.

Since 2011, Autoliv was subject to antitrust investigations and inquiries in various jurisdictions, including the US, Brazil, South Africa and the EU. The final investigation was resolved in May 2019. For more information on the conclusions of these matters, please refer to Contingent Liabilities footnote to the financial statements contained in Autoliv’s periodic reports on Form 10-Q and Form 10-K, as filed with the SEC.

TAX POLICY

At Autoliv, tax planning is carried out in compliance with all relevant laws, disclosure requirements and regulations while safeguarding shareholder interests as well as the organization’s reputation and brand. All tax planning must be in line with Autoliv’s business purpose and no artifice in organizational structure is permitted. Specifically, all Autoliv affiliates are required to pay all tax obligations and meet relevant payment deadlines, to fully comply with all relevant tax laws and accounting rules and regulations in the tax jurisdictions in which the business operates, and to be open and transparent with tax authorities about its tax liability. Where disputes arise, Autoliv will proactively seek to work cooperatively with full transparency.

COMMUNITY ENGAGEMENT

OUR POLICY

We believe in contributing to the well-being of the communities in which we operate. We do this by contributing to the local economy through our business operations and through locally relevant community involvement projects. We encourage our business operations to engage in and support their local communities. Many of our projects are initiated by Autoliv employees who are passionate about their communities and include a wide range of community giving and volunteering activities, from road safety awareness to education, environmental projects, charity runs and donations during local natural catastrophes.

Anti-corruption training

	2015	2016	2017	2018	2019
Number of employees trained	3,347	8,602	5,982	7,589	3,027
% completed of the target group	97%	87%	100%	100%	98%

Antitrust training

	2015	2016	2017	2018	2019
Number of employees trained	3,674	8,874	5,820	8,002	3,223
% completed of the target group	95%	87%	100%	98%	99%

ROAD SAFETY AWARENESS

Autoliv participates in road safety awareness education in its local communities. We do so through country-wide initiatives, such as the Road Safety Knowledge Sharing Platform in India, as well as locally initiated events.

During 2019, we continued to work with the Road Safety Knowledge Sharing Platform together with the Indian government and other stakeholders. The platform aims to facilitate an exchange of knowledge in order to drive the adoption of global best practices from Vision Zero and help build a stronger framework for road safety in India.

The Annual China Auto Safety Exhibition Roadshow, held as part of the UN Decades of Action and organized by the China Automotive Technology and Research Center, focuses on increasing public traffic safety awareness. 2019 marked Autoliv's seventh consecutive year of participating in the event and leading roadshows, along with over 20 OEMs and other automotive suppliers. Autoliv participated in the roadshow and visited numerous cities to increase public traffic safety awareness.

Local road safety education outreach programs are commonplace in the communities where Autoliv operates. A notable example is Autoliv Romania, where we have continued to support awareness raising concerning traffic safety, targeting both adults and children in the area. Dedicated activities have been organized for our approximately 10,000 employees in Romania and for younger children and high school students in the area. Over 350 children visited Autoliv Romania in 2019 as part of the "School in a different way" program. Autoliv Romania is also one of the partners in a project which focuses on road safety education for local high school students. The project is a partnership with local authorities, including the Police, the County School Committee and the Emergency Response Authority. High school students receive training on topics such as defensive driving, first aid in car accidents and the risks associated with distracted driving. During 2019, we reached more than 2,800 students from over 40 local high schools.

In Japan, we collaborated with Tsukuba city to organize a traffic safety event for elementary school children. Almost 50 families took part in this event, and our employees shared their knowledge on traffic safety, the importance of wearing bike helmets and the effectiveness of seatbelts. Activities were also demonstrated using radio-controlled cars.

Autoliv India launched a safety awareness movie, which will be used for educational purposes in various industries, educational institutes and universities, and to educate people in surrounding communities on road, construction and domestic safety. The movie is available in three local languages.

SUPPORT FOR EDUCATION

In addition to road safety education, several Autoliv facilities host and participate in various ed-

ucational programs for employees and the community. Many Autoliv locations have developed or sponsored programs with the aim of introducing local children to technology by inviting students into facilities to pique their interest in pursuing studies in math and science and to inspire them to one day pursue a career in a technical field.

We recognize that not all people have access to basic education or are able to read or write. For this reason, we are proud of our Pratham partnership. Together with other leading Swedish industries, we are part of Pratham Sweden. The objective of the 2017-2020 program is to ensure that 30,000 children in the targeted state of Assam, India, are given an effective education that promotes the children's development as well as building capabilities and skills that will be useful in later life. Recent figures show that 96.9% of children between the ages of six and 14 attend school in rural India, but they are not receiving an effective education in reading or math. Pratham hopes to alleviate this problem and give every child the chance to go to school and learn. The results achieved in the project so far are encouraging.



Students in Pratham's Learning Camps (Picture from Pratham Sweden)

The "Teaching at the Right Level" (TaRL) methodology pioneered by Pratham and used in the project has been evaluated and refined through the collaboration with the 2019 Nobel Laureates in Economic Sciences, Esther Duflo and Abhijit Banerjee.

Vocational training in the communities where we operate enables Autoliv to train future employees for our operations and allows local people to acquire new skills. Training in sewing and leather wrapping is commonplace in many countries. In Lugo and Resita in Romania, for example, we are active in the local educational system. The Dual Schooling project is also continuing this year with a new generation of pupils. The pupils benefit from a scholarship and will be able to work at Autoliv as qualified employees when they graduate. In order to ensure that they have the practical abilities required, we set up a dual schooling workshop, where our colleagues teach the pupils.

Collaborations with institutions of higher education are very important for Autoliv. In Germany, for example, we actively collaborate with local universities and our facilities train students as apprentices. In 2019, our facilities hosted 17 apprentices. In Mexico, Matamoros, Autoliv hosted ten apprentices from the local university. In Utah in the US, our team partnered with the local university to create a new quality specialist degree and

we also mentored high school students by offering possibilities for the students to solve real-life technical problems.

In addition to traffic safety and education, our facilities hold activities in other areas relevant to our sustainability agenda. For example, Autoliv Poland's employees decided to focus on one of the largest and growing environmental problems, plastic waste, by working to eliminate disposable plastics at our premises. A number of actions have been already implemented, such as stopping the sale of water in plastic bottles, installing more water dispensers, using refillable bottles and eliminating disposable cutlery, plates and bowls. In Mexico, we implemented a PET recycling campaign for our employees.

In India, we provided disaster support to local communities affected by flooding in the state of Karnataka, providing immediate support to 500 families. Air pollution is a growing problem in India, and we also organized safety awareness campaigns at different locations to inform people about air pollution and to distribute masks and information handouts. In the US, we supported facility upgrades to a local shelter for domestic violence victims, and in Mexico, we supported non-profit organizations working with disabled people and with children suffering from cancer or other serious diseases.

Supply Chain Management

OUR PRIORITIES

Suppliers play a key role in managing our global supply chain in a responsible manner. We focus on integrating sustainability into existing purchasing and supplier quality management processes and work to ensure responsible sourcing of minerals. During 2019 we met our target related to new supplier sustainability audits and progressed towards the other targets.

OUR POLICY

We expect our suppliers to comply with the laws and regulations in the areas where they operate and to follow Autoliv's policies and procedures, including our Standards of Business Conduct and Ethics for Suppliers (Supplier Code). The Supplier Code conveys our expectation that suppliers will uphold our social, ethical and environmental standards in conducting their businesses, including human rights and working conditions, the environment, and business conduct and ethics.

For direct material suppliers, the Supplier Code of Conduct is included in the Autoliv Supplier Manual (ASM). All suppliers are required to acknowledge their compliance with the ASM as part of our general terms and conditions and by signing a separate acknowledgement letter for the ASM. In the case of indirect material suppliers, a reference to the Supplier Code of Conduct

is included in the general terms and conditions attached to purchasing orders.

SUPPLY CHAIN AUDITS

Autoliv has a global team responsible for the quality management of our supply base. Our Supplier Quality Department and Supply Chain Management Department work closely together, including such mandatory steps as the qualification of a new direct material supplier or new supplier site and pre-qualification audits. Once a direct material supplier has been approved, we have a three-year audit cycle for the process audit. These audits ensure that our suppliers adhere to Autoliv's standards as well as to applicable local laws and regulations, and establish a process for working with suppliers that fail to meet our policies and standards.

Sustainability criteria are included as a module in the direct material supplier quality audits. During 2019, all new direct material suppliers were audited, and by the end of 2019, 41% of our direct material suppliers had undergone a sustainability audit. During 2019, we continued to develop the supplier sustainability audit criteria and process. We provided further guidance to our supplier quality auditors who perform sustainability audits, and also worked to further integrate sustainability into our supplier risk management process.



OUR TARGETS



100%

New direct material suppliers sustainability audited. **Continuous**

100%

All direct material suppliers sustainability audited. **By 2021**

95%

Direct material suppliers respond to conflict minerals survey. **By 2022**

STATUS 2019

100%

of new direct material suppliers sustainability audited

41%

of all direct material suppliers sustainability audited

94%

direct material suppliers responded to conflict minerals survey

CONFLICT MINERALS

Autoliv's policy on conflict minerals (the "Conflict Minerals Policy") provides further clarification as to the principles of the Standards of Business Conduct and Ethics regarding the illegal trade of natural resources, in particular certain minerals known as "conflict minerals." Pursuant to SEC rules, conflict minerals include certain minerals that originated in the Democratic Republic of Congo or an adjoining country and are sold to benefit groups financing armed conflicts in those regions. We recognize the need to end the illegal extraction and trade of natural resources, and the human rights violations, conflicts and environmental degradation that result from this trade.

We have designed our conflict minerals approach in accordance with the Organisation for Economic Co-Operation and Development ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, specifically as it relates to our position as a "downstream"

purchaser. As part of our supply chain processes, we work with our suppliers to improve the traceability of minerals and ensure responsible sourcing of components, parts or products containing tin, tantalum, tungsten and/or gold. In order to comply with the rules and regulations regarding conflict minerals as promulgated by the SEC, we review our sourcing supply chain to identify any minerals that may qualify as "conflict minerals." We have incorporated the principles of this policy into the requirements of our contractually binding Supplier Manual and we work with our suppliers to increase transparency in the supply chain. Autoliv supports industry initiatives, such as the Conflict-Free Smelter (CFS) Program, to validate that the metals used in our products do not contribute to conflicts and come from sustainable sources. Autoliv publishes an annual report on this conflict minerals process on its website. The response rate to the 2018 direct material supplier conflict minerals survey was 94% (85% in 2017). The 2019 Conflict Minerals Report will be published in May 2020.

Sustainability Governance and Risk Management

GOVERNANCE

Autoliv's sustainability program is managed within a well-defined governance structure, through clearly established ownership and responsibilities at multiple levels in the organization. Line and functional managers lead the execution of program initiatives.

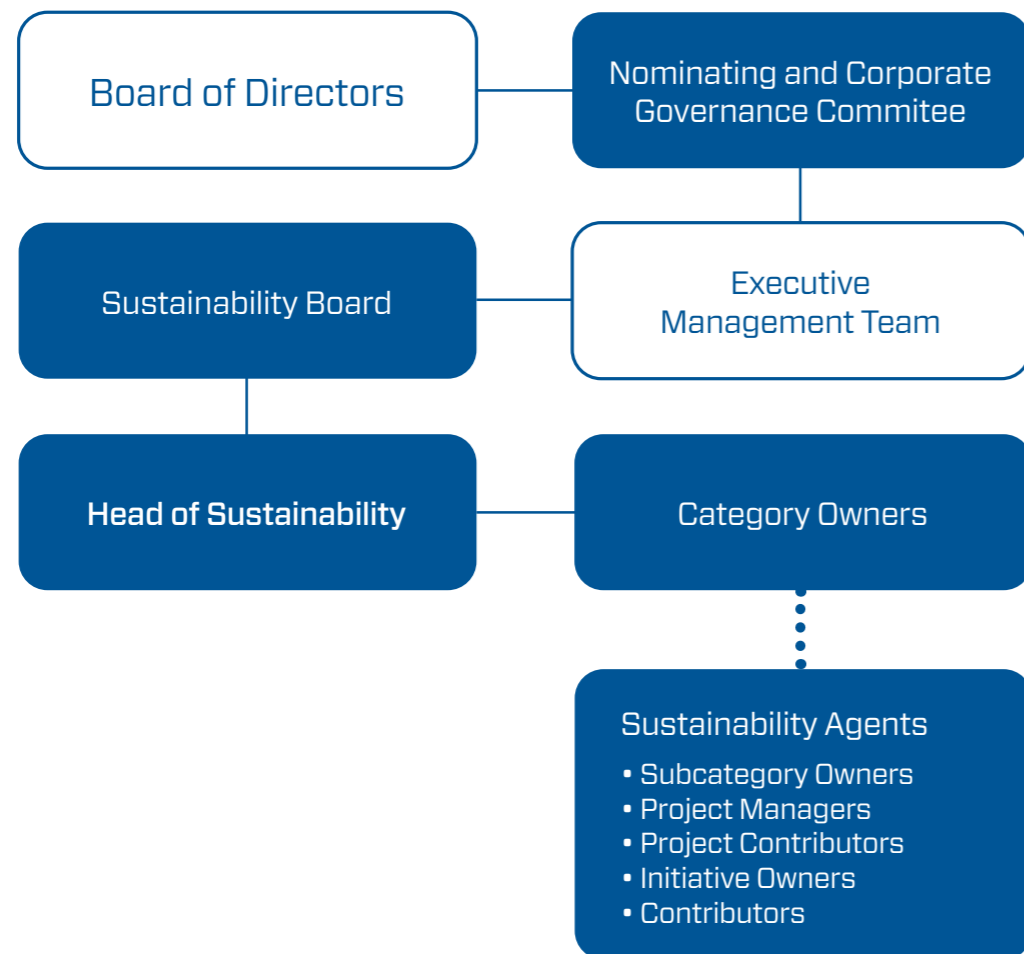
At Autoliv, the ultimate oversight for the company's sustainability activities lies with the Board of Directors. The Board of Directors sets the direction for the sustainability activities and regularly monitors progress of Autoliv's sustainability strategy through its Nominating and Corporate Governance Committee (NCGC). The Board also annually reviews the Sustainability Report disclosures and approves Autoliv's Modern Slavery Statement.

Implementation responsibility for sustainability lies with the Executive Management Team. The Executive Management Team (EMT) has appointed a Sustainability Board charged with providing direction and oversight. The Sustainability Board approves Autoliv's annual Sustainability Report disclosures, reviews and approves Autoliv's

sustainability strategy as well as its annual and long-term plans for key categories, and monitors implementation. The Sustainability Board also involves individual Executive Management Team members as required for new projects and initiatives. The Sustainability Board meets at a minimum on a quarterly basis.

Day-to-day sustainability work and integration of sustainability into Autoliv's business is led by the Vice President Sustainability, who reports to the Executive Vice President HR, Sustainability and Communications. The Vice President Sustainability coordinates, develops and monitors Autoliv's sustainability agenda and facilitates the Sustainability Board meetings. Everyday sustainability topics are managed, as appropriate, by the Group sustainability function, category owners, divisions, global functions, other corporate functions and topic experts. Ultimate responsibility for execution lies with the respective line and functional managers.

Read more about governance as it relates to compliance in chapter "Acting Ethically and Committing to Society".



Creating More Value
Saving More Lives





RISK MANAGEMENT

Autoliv has a global risk management organization and utilizes a number of different tools, such as an enterprise risk management (ERM) framework, divisional risk mapping activities, and standards for site risk management, business contingency planning and physical security. We include sustainability risks, such as product safety, environmental compliance, water scarcity, climate change, H&S and other labor rights, business ethics and supply chain sustainability, in our overall risk management framework. We assess how sustainability relates to business risks, such as legal proceedings, regulatory changes, contingent liabilities, supply chain disruptions and operational disruptions. We manage sustainability-related risks through company management systems and programs described in different chapters of this report.

A more detailed description of Autoliv's material operational, strategic and financial risks, including sustainability-related topics, can be found in the "Risk Factors" and "Risks and Risk Management" sections of the Annual Report on Form 10-K filed with the SEC.

STAKEHOLDERS

We aim to create value for our main stakeholders: customers, shareholders, business partners,

employees as well as family and society. Healthy, balanced and sustainable relationships are fundamental for business success and produce long-term value.

We aim to ensure that we understand the perspectives of our key stakeholders through both structured and daily business interactions. In 2019, we conducted our regular Autoliv Quality Culture Survey to track the views of our employees. Customer views are tracked as part of our monthly customer scorecards and investor views as part of our regular dialogue with investors. We also periodically perform additional surveys and in-depth interviews to further increase our understanding of different stakeholder views.

We actively collaborate with our stakeholders. For example, we collaborate with our customers, suppliers and the research community on innovation projects, and we have had an external Research Advisory Board since 1984. Our research findings contribute to the development of global automotive safety standards and we contribute to traffic safety education and other activities in our local communities.

REPORTING SCOPE AND BOUNDARIES

In Autoliv's 2019 Sustainability Report, we outline why sustainability is relevant to our business, our

priorities and approach to managing each of them as well as the ways in which we are measuring our progress.

The information in this report covers the 2019 financial year, unless otherwise stated. Information about our business and financial performance is provided in our 2019 Annual Report on Form 10-K.

Unless otherwise stated, this report covers Autoliv Inc. and all companies over which Autoliv Inc. directly or indirectly exercises control, which as a general rule means that the company owns more than 50% of the voting rights. Exceptions occur with respect to the following performance data:

- Environmental data: data from joint ventures, where Autoliv owns more than 50% of the voting rights, is reported by assessing the percentage of operations that is equal to the economic substance of the relationship with the company, referred to as the operational control approach.

Changes in scope and methodologies

During 2019 there were no major changes in scope or reporting methodologies that would have had material impact on the data reported. Smaller changes are disclosed in relevant report chapters.

External reporting guidelines

We use the Global Reporting Initiative (GRI) guidelines to inform our reporting, though we do not report in accordance with GRI. When selecting and developing our performance indicators, we have used GRI as a reference in the areas of environment, occupational health and safety, business ethics and diversity.

We have aligned our reporting with the Directive 2014/95/EU requirements. Those European subsidiaries that are required to produce an annual non-financial report use the information provided in this report to comply with their national requirements.

External assurance

The Sustainability Report has not been assured by a third-party assurance provider.

Global Compact Index

Autoliv Inc. supports the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Our annual Sustainability Report serves as our Communication on Progress and describes our company's efforts to implement the Ten Principles.



Global Compact Principles and Sustainability Report Reference Chapter

	HUMAN RIGHTS	REPORT CHAPTER
1	Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> Life-saving innovations Committing to our employees
2	make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Supply chain management
	LABOR	REPORT CHAPTER
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> Committing to our employees Supply chain management
4	the elimination of all forms of forced and compulsory labor	
5	the effective abolition of child labor; and	
6	the elimination of discrimination in respect of employment and occupation	
	ENVIRONMENT	REPORT CHAPTER
7	Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> Limiting our impact on the environment Supply chain management
8	undertake initiatives to promote greater environmental responsibility; and	
9	encourage the development and diffusion	
	ANTI-CORRUPTION	REPORT CHAPTER
10	Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Acting ethically and committing to society Supply chain management



OUR SUSTAINABILITY STRATEGY contributes to several of the Sustainable Development Goals. However, the one where we can make the most significant contribution is the Goal #3: Ensure healthy lives and promote well-being at all ages. Our vision of Saving More Lives directly supports the target of halving global deaths and injuries from the road traffic accidents. We also actively participate in multi-stakeholder efforts to advance this target, aligned with the Goal #17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

