

Saving More Lives

'20



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CEO Message



Autoliv has been a signatory of United Nations Global Compact (UNGC) since 2019, and its ten principles are an integral part of our sustainability commitment, strategy and work. Despite a strong focus on the challenges posed by the pandemic in 2020, we advanced within various areas of our sustainability strategy this year. We updated our Anti-Corruption Policy and translated it into all Autoliv languages. We continued to work collaboratively with our stakeholders to develop life-saving innovations and achieved a 100% response rate on our conflict minerals survey of our direct material suppliers. We also made good progress in our incident and severity rate KPIs. We introduced several energy-saving initiatives, completed our water risk assessment and implemented an in-house life cycle assessment tool to evaluate the environmental footprint of our products. However, our emissions and energy use per part delivered increased, as a result of fewer parts produced due to the pandemic. Some activities were delayed or placed on hold, which meant, for example, that our direct material sustainability audits progressed more slowly than we had planned.

Looking ahead, our focus will remain on combatting the challenges brought on by COVID-19, continuing to deliver on our sustainability strategy, and working to achieve our sustainability goals. During 2021, we will especially advance our position with respect to the climate issue and update our climate strategy. We will also continue to develop our climate risk assessment and our reporting according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Autoliv’s vision of Saving More Lives is more relevant than ever, and our commitment to provide world-class life-saving solutions and improve safety for mobility and society continues. Delivering on that commitment in a sustainable way is a continuous journey and we are dedicated to continually strengthening our sustainability work and improving our performance. I invite you to learn more about our activities and progress during 2020.

Mikael Bratt
President and CEO
Stockholm February 2021

Autoliv’s vision of Saving More Lives drives all our work. Sustainability is firmly rooted in our business strategy and our sustainability targets are integrated parts of our long-term strategic plan. Our products save over 30,000 lives every year and we aspire to save over 100,000 lives per year 2030.

2020 was a challenging year unlike any other. In the midst of the global COVID-19 pandemic, our activities have emphasized the very core of our business, saving lives. We are proud to have responded effectively to the pandemic, implementing a broad-spectrum approach in order to maintain a safe working environment for our employees. Our response centered on the development of the “Autoliv Smart Start Playbook” that lays out processes and practical recommendations to address various scenarios. We implemented strict disinfection, prevention and testing protocols, and provided personal protective equipment for all our employees. We also adapted production at several facilities to produce medical gowns, face masks and shields to distribute to the local communities in which we operate. We were able to successfully build on the well-established health and safety cooperation across our organization and introduce a structure to address the challenges faced in this turbulent year. I am impressed by and grateful for the dedication and commitment shown by our team.



Clarity of Direction – Autoliv’s Commitment

Sustainability is about ensuring that our business will continue to thrive in the long term by systematically considering all the dimensions of our business in society. Autoliv’s 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

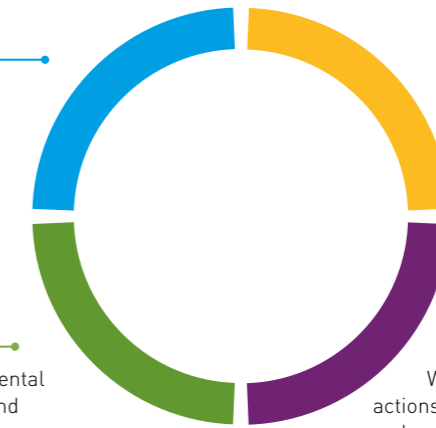
We are committed to respecting human rights, diversity, and health and safety for our employees.

Limit Our Impact on the Environment

Our commitment is to limit our environmental impact, particularly by 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.



WHO WE ARE

Autoliv has pioneered automotive safety for over 60 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 42%. 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 33,000 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 United Nations Sustainable Development Goal #3: Good health and well-being, and its target of halving global deaths and injuries from road traffic accidents by 2020, which has been reiterated to “reducing road traffic deaths by at least 50% from 2020 to 2030 for all groups of road users” in the Stockholm Declaration endorsed by the United Nations General Assembly in 2020.

RESPONSE TO THE COVID-19 PANDEMIC

During the COVID-19 pandemic, our vision of Saving More Lives gained additional meaning. All our activities and projects in 2020 emphasized the core value of our business: maintaining a safe working environment for our employees. We also engaged beyond the workplace, providing educational material to the families of our employees to ensure their safety outside working hours. Furthermore, we adapted production at several Autoliv facilities to produce masks, face shields and other personal protective equipment that were distributed together with other necessities to local communities as well as to Autoliv’s operations worldwide.

OUR SUSTAINABILITY STRATEGY

Autoliv operates in an industry undergoing a significant transformation, driven by changing driver behavior, emerging technologies, societal change 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 of 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 2020 we focused on continued strategy execution across the whole organization. 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 action plans and targets for each of these priorities and we regularly monitor the progress achieved. Our response to the COVID-19 pandemic and its impact on our key initiatives and performance is a cross-cutting theme throughout this year’s sustainability report.

Our Priorities:

Our Targets:

Page:

Innovate Life-Saving Products

100,000
Lives saved per year
By 2030
Progress 2020 ▶ **33,000**

6-11

Limit Our Impact on the Environment

*J Efficiency target, measured per part delivered

12% REDUCTION
CO₂e Emissions*
Scope 1 & 2
By 2023
Progress 2020 ▶ **12% Increase**

12% REDUCTION
Energy Consumption*
By 2023
11% Increase

100% PERFORMED
Water Risk Assessment
By 2020
Completed

Y-o-Y REDUCTION
Waste and Scrap
Continuous
5%

12-17

Commit to Our Employees

0.50
Incident Rate
By 2022
Progress 2020 ▶ **0.48**

5.00
Severity Rate
By 2022
4.26

18-21

Act Ethically and Commit to Society

*J Completion rate measured from the annual target group

100%
Anti-corruption training completion*
Continuous
Progress 2020 ▶ **96%**

100%
Antitrust training completion*
Continuous
97%

100%
Code of Conduct certification*
Continuous
99%

22-25

Supply Chain Sustainability

*J DM = Direct Material

100%
New DM* suppliers sustainability audited
Continuous
Progress 2020 ▶ **100%**

100%
All DM* suppliers sustainability audited
By 2022
49%

95%
DM* suppliers respond to conflict minerals survey
By 2022
100%

28-29

Life-Saving Innovations



OUR PRIORITIES

Autoliv's most important contribution to society and sustainability are its products, which save 33,000 lives a year and prevent ten times as many severe 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

1.35 million people die in traffic every year, a figure likely to increase significantly unless disruptive actions are undertaken. According to the 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. 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.

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 innovation activities is to reduce fatalities and injuries. Our innovation activities are guided by industry trends, such as advanced driver assistance systems, autonomous driving, connectivity and electrification, adaptivity to the size and age of occupants as well as vulnerable road user protection. We develop our core products based on traffic safety analyses, making our innovation truly research driven. The way we innovate solutions is a key differentiator that sets us apart from our competition.



OUR TARGET

▶ **100,000**

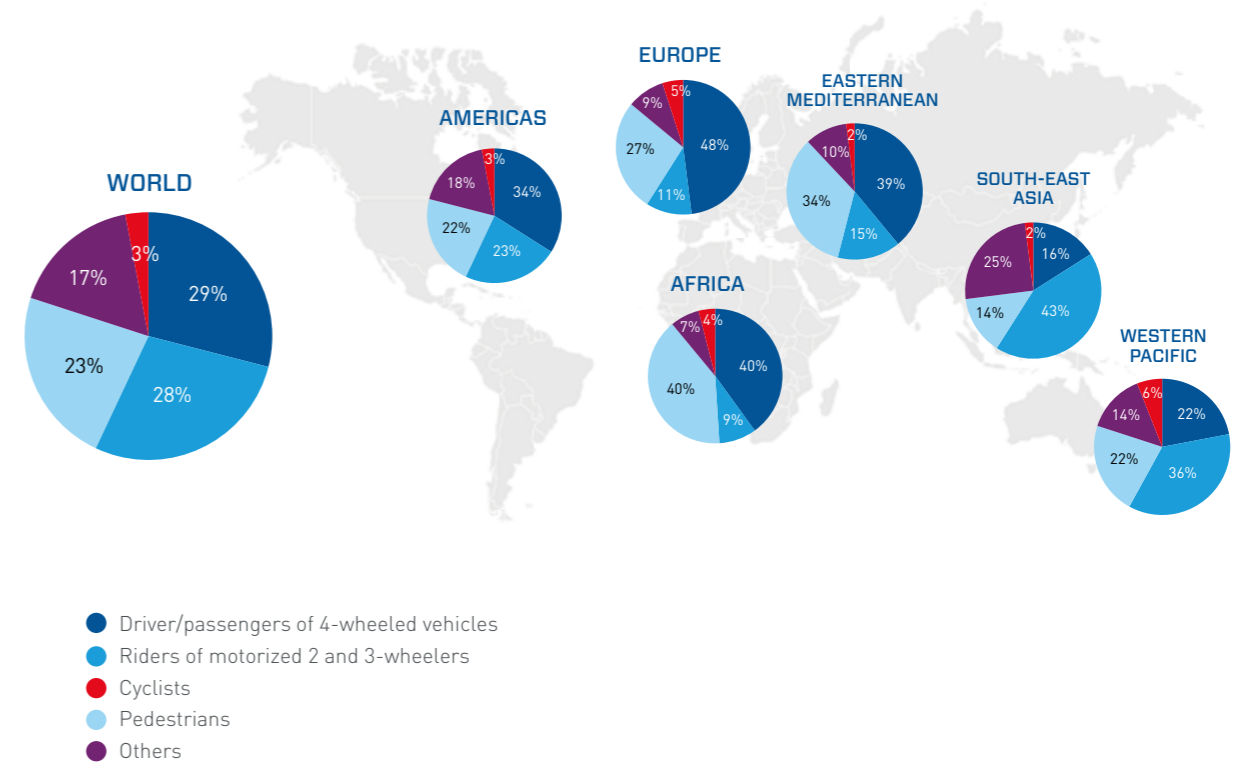
Lives saved per year

By 2030

STATUS 2020

33,000

Distribution of fatalities by road user type



Source: WHO Global Status Report on Road Safety 2018.

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. Together with universities, we engage in research activities in the fields of preventing car occupants and vulnerable road users from being injured as well as exploring digital services to improve traffic safety. We participate in the development of in-depth, real-life data concerning traffic accidents and injuries as well as numerous crash tests, user clinics, simulations, and field operational tests every year.

Biomechanics

To further decrease fatalities and injuries among car occupants, assessment tools that replicate a larger variety of people and crash characteristics are necessary, and achievable by advancements in virtual assessment.

Autoliv contributes to these efforts through the development of biomechanical data for new occupant seating positions and its participation in multi-partner research projects. Autoliv has demonstrated that Human Body Models are suitable to evaluate occupant protection in reclined seating positions, which are expected to be seen as automated driving becomes more common.

In 2020, we started projects to support new efforts, like the EU Horizon 2020 project Proactive Safety Systems and Tools for a Constantly Upgrading Road Environment (SAFE-UP). We also successfully completed the Assessment of Passenger Safety in Future Cars project.

Vulnerable Road Users

To address fatalities and injuries among vulnerable road users, researchers from Autoliv analyzed field data in 2020 to identify areas for improvement, including a ranking of crash scenarios and injuries sustained. We also performed research into protective systems for e-scooter riders, completing the first unique crash test with a concept airbag for e-scooters, with initial promising results.

Digitalization

Digitalization and connectivity are megatrends opening opportunities for Autoliv to provide new types of products and services. In 2020 we established the Autoliv Data Analytics Factory where we are exploring new ways of working with data to provide services that will contribute to saving more lives. As an example, researchers from Autoliv joined forces with Chalmers University of Technology in the Connected Occupant Physiological Evaluation (COPE) project, to develop an IT platform that recognizes signs of a driver getting sleepy.

PRODUCT DEVELOPMENT

Autoliv is committed to creating a safer society by designing products that will one day appear in future vehicles. 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.

The future vehicles and transportation system

Vehicles 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. One example is the Life Cell airbag that provides protection regardless of how a driver or passenger

is seated. We are also working with adaptivity and personalization of seatbelts and airbags based on age, size and gender, including fully electric seatbelt retractors with multiple load levels and adaptive load limiters.

In the future transportation system, with a mixed fleet of vehicles, we expect that there will be an increasing need to protect vulnerable road users. To respond to this demand, we are developing new solutions to protect pedestrians, cyclists and powered two-wheelers. For example, we are cooperating with a customer to develop a modified pedestrian airbag that can also protect cyclists.

Safety as a service

With the continued expansion of digitalization and the internet of things, technologies for connected vehicle safety is a fast growing market area. Autoliv is a prominent actor in this field and develops

products and services within the area of connected safety services. Our application Safety Score monitors drivers' real-time behavior, compares them against algorithms based on known causes of accidents, and provides the user with a personalized safe driver score. In 2020, we introduced a number of customers from insurance companies, fleet owners and young drivers to our new Connected Safety Services Platform, which runs safety scores live to assess safe driving.

Autoliv's Crash detection service identifies an occurred crash, defines the severity of the crash and contacts the relevant authorities. In 2020, we introduced a revised model that, with a higher degree of accuracy, can detect car crashes from a smartphone, enabling any provider using this service to feel a sense of trust and safety. Moving forward, the ambition is to define crash detection for multimodal transportation so as to better and more quickly prepare necessary emergency services.

As the safety score provides a platform for evaluating and improving drivers' behavior, Coaching is being added as a service to help people become better drivers. In 2020, Autoliv continued its journey of proactively working with coaching tools for drivers, and introduced a solution where a bot guides drivers by training them on safety principles. The initiative is still in the early stages, with development planned to continue during 2021.

Lower weight products

We have continued to innovate lower weight products that support our customers' carbon footprint reduction strategies. For example, we recently introduced new inflatable curtains with a combination of thinner fabric and a lighter coating, achieving the same performance with a total mass reduction per car ranging from 100g to 360g. We also reduced the average steering wheel mass by 4% through design optimization and the use of lower mass polyurethane foam.

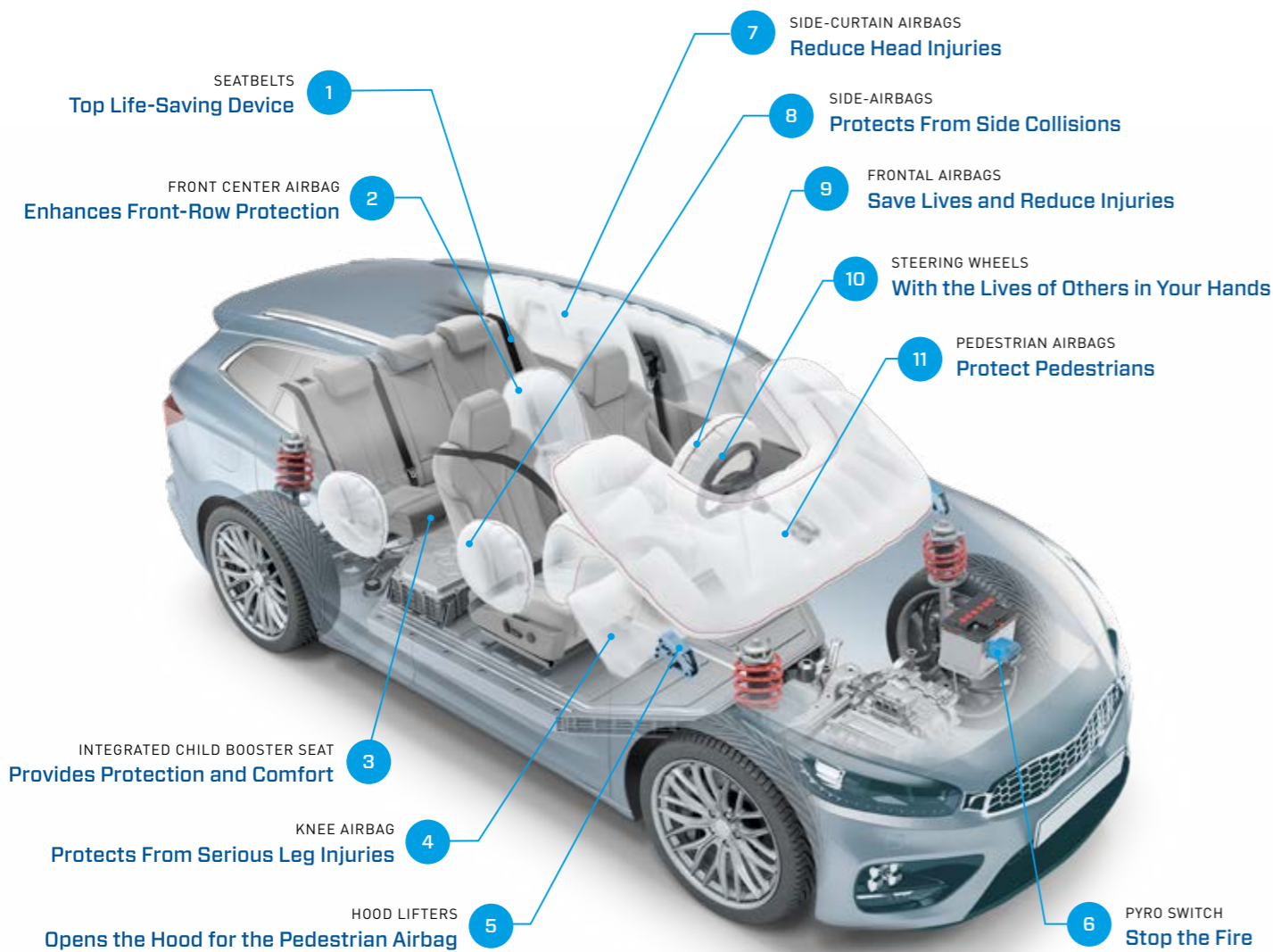
Materials management

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 meet our global requirements for all functions and products – and at the same time reduce 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 the Global Automotive Declarable Substance List (GADSL) and customer specifications, and are subject to governmental regulations. We continuously follow up with our suppliers to phase out substances according to the latest updated legal requirements.

Life cycle assessment

During 2020, we implemented an in-house life cycle assessment tool and started to evaluate our main product families to find tracks to reduce their overall environmental footprint through their entire life cycle. This will enable us to place even greater focus on light weighting and use of recycled metals in our design process. In parallel, we are working with our plastic raw material suppliers to systematically review options for increasing the use of bio-based and recycled materials in our products.



PRODUCT QUALITY AND SAFETY

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 our daily efforts throughout the organization to:

- Reduce the risk of critical quality issues and near misses, and progress 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

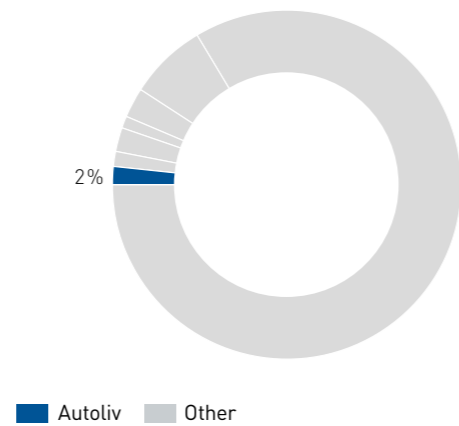
Autoliv implements its quality strategy through the Q5 program, which shapes a proactive quality culture of zero defects. Q5 addresses quality in five dimensions: customers, products, suppliers, growth and behavior. As a part of our product development process, our products are thoroughly tested from a safety performance and durability point of view to ensure government and customer specification compliance. The integration of the Q5 program into all aspects of our operations 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, which includes 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 to that when an operator detects an

abnormality, they immediately stop the line to take appropriate actions. We monitor our quality culture through a regular employee survey that helps each site identify areas for improvement.

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.

Minimal recalls

Share of Airbag and Seatbelt recalls vehicles since 2010.



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 a philosophy of continuous improvement. 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, 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.



**Less than
2% Share of
Global Recalls
and ~42% Market Share**

Limiting Our Impact on the Environment



OUR PRIORITIES

Climate change and resource scarcity are global megatrends that are fueling significant environmental, social, political and economic changes, creating both risks and opportunities for businesses. Our environmental targets support our ambitions to increase resource efficiency and to reduce our carbon footprint.

Despite a strong focus on the pandemic this year, we have had the opportunity to deliver on our action plans for environmental issues. Our efforts to reduce waste, energy consumption, CO₂e emissions and water usage at our facilities continued. For example, we introduced several energy saving initiatives and completed a water risk assessment. Our total CO₂e emissions and energy use decreased. However, the progress towards our 2023 efficiency targets was significantly impacted by the decrease in parts produced due to the pandemic, which led to increased emissions and energy use per part delivered.

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.

CLIMATE RISKS AND OPPORTUNITIES

Climate-related issues and their mitigation are integrated into the company's enterprise risk management program. When assessing climate-related risks and opportunities, Autoliv has considered physical impacts of climate change, and developments related to the transition to the lower-carbon economy. TCFD recommendations have been considered when developing the assessment and we also disclose information on climate risks and opportunities via CDP.

In terms of physical risks, acute extreme weather events may pose risks to our facilities and suppliers in areas with a risk of severe weather events. Chronic changes in precipitation patterns and extreme variability in weather patterns may also pose risks for Autoliv's facilities in water risk areas.

In terms of transition risks arising from the shift towards a lower-carbon economy, increased policy and legal requirements to mitigate climate change may have impact on the demand of our products and services and the results for our operations in the medium term.

Autoliv has identified climate-related opportunities in the areas of resource efficiency and climate impact of products and services. In our direct operations, the opportunities are related mainly to more efficient production and distribution processes, reduced energy and water consumption, and recycling. In products and services, the opportunities are related to shifting customer preferences towards lower weight products, recycled content and bio-based materials.

In 2021, Autoliv will focus on updating its climate strategy. We will also continue to develop our climate risk assessment and reporting according to TCFD recommendations.

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 develop-

ment and performance follow-up. The EMS also establishes standardized reporting of energy, greenhouse gas 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. In 2020, we also continued to develop our reporting and internal data quality assurance processes.

Environmental management at Autoliv is supported by a number of other methods. Our 1P1P method focuses on product and process standardization and reducing cost and complexity. The Autoliv Production System (APS) is based on the lean manufacturing philosophy, which aims to continuously increase output with fewer resources. 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.

Certifications

88% of our production facilities (85% in 2019) are externally certified in accordance with ISO 14001 and the rest follow the principles of our internal EMS standard.

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

PROGRESS 2020

12%

increase in CO₂e
emissions (per part
delivered)

11%

increase in energy
consumption (per
part delivered)

Water risk
assessment

Completed

5%

reduction of waste and
scrap from previous
year



ENVIRONMENTAL PERFORMANCE
ENERGY

The total annual energy use of our facilities in 2020 was 876 GWh (947 GWh in 2019). Energy use per part delivered in 2020 increased by 11% compared to the target baseline year of 2018. The increase in specific energy consumption use was driven by a decrease in parts produced due to the pandemic.

Autoliv's divisions and facilities conduct energy audits to find opportunities to improve energy efficiency. Initiatives executed at the facilities during 2020 included stopping air compressor leaks, waste heat recovery, insulation improvements, replacing lighting with LED, installing building management systems and employee awareness programs.

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.

WATER

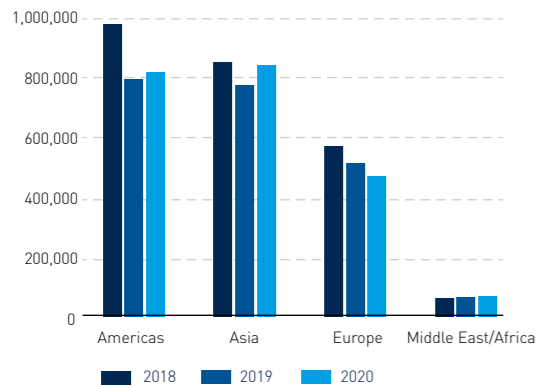
At Autoliv's production facilities, water is used for production and for non-industrial uses. Our total water use in 2020 amounted to 2,181,128 cubic meters (2,110,527 cubic meters in 2019), with municipal water being the main water source. The slight increase in water consumption was driven by pandemic related increase in consumption and detected leakages.

WATER RISK ASSESSMENT

During 2019-2020, Autoliv conducted detailed water risk assessments of its facilities. Water risk was analyzed using the WWF Water Risk Filter for physical, regulatory, and reputational risks. The largest water consuming facilities were selected for analysis. These facilities accounted for 75% of Autoliv's total water consumption in 2020. From the analyzed facilities, 2 were recognized to have high and 14 moderate to high water-related risk. All analyzed facilities conducted internal workshops to evaluate and further develop their risk mitigation plans.

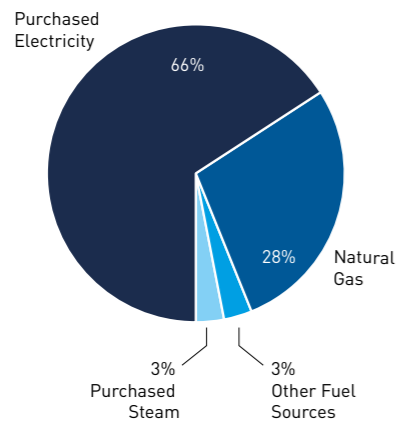
Water use

By region in cubic meters



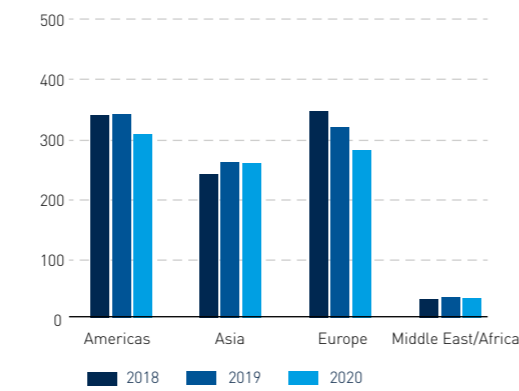
Share of energy use

By source



Energy use

By region in GWh



GREENHOUSE GAS EMISSIONS

Scope 1 and Scope 2 location-based CO₂e emissions from Autoliv's operations in 2020 totaled 381,641 metric tons (406,402 metric tons in 2019), of which most – 72% – were Scope 2 emissions from purchased electricity. The CO₂e emissions per part delivered in 2020 increased by 12% compared to the target baseline year of 2018. The increase in specific emissions was driven mainly by fewer parts produced due to the pandemic.

Scope 1 emissions for Autoliv consist of fuel sources for the heating, cooling and power production processes as well as vehicles, and fugitive emissions. Fuel sources include fuel oil, natural gas, liquified 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 gasses.

WASTE

In 2020, Autoliv's activities generated a total of 87,708 metric tons of waste (98,964 in 2019). The amount of waste reported in 2019 was restated due to corrections in the waste data. The main types of waste from Autoliv's operations include non-

hazardous waste (90% of total waste in 2020) – such as metals, office waste and packaging; and hazardous waste (10% of total waste in 2020). Most of the waste is recycled, reused or recovered.

The total amount of waste decreased by 5% compared to 2019. The decrease in generated waste was driven by waste saving efforts and a lower production intensity due to the pandemic.

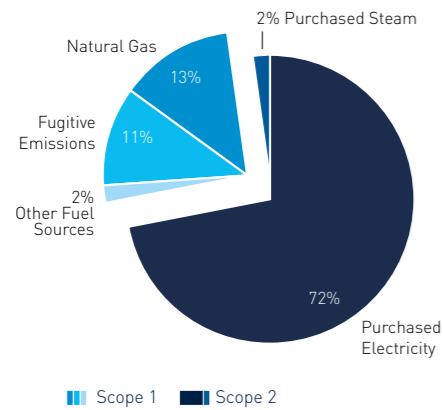
We continuously seek to reduce the amount of waste and scrap generated by our operations and we search for recycling opportunities for all waste before considering landfill as a final option. For example, we have facilities that recycle Autoliv's scrap airbags and sell the different materials, such as 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.

SIGNIFICANT SPILLS AND FINES

There were no environmental incidents resulting from major permit violations or spills in 2020.

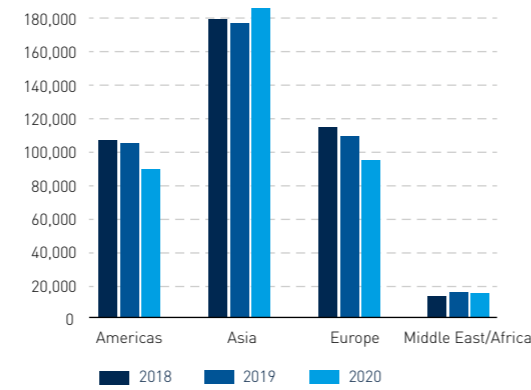
Share of CO₂e emissions

From Autoliv activities by scope and energy (%)



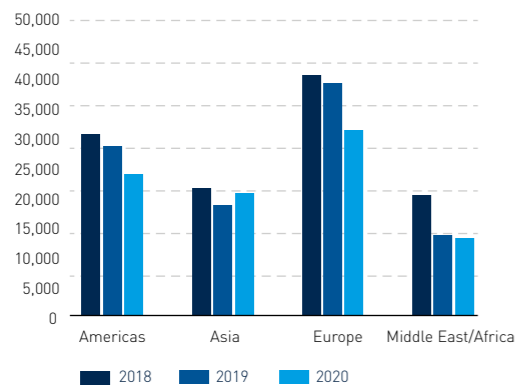
CO₂e emissions

By region in metric tons



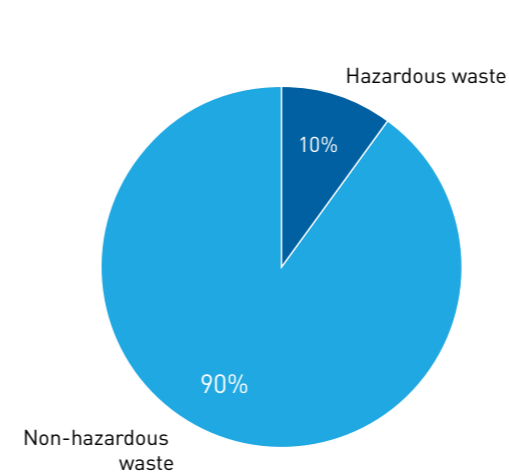
Waste

By region in metric tons



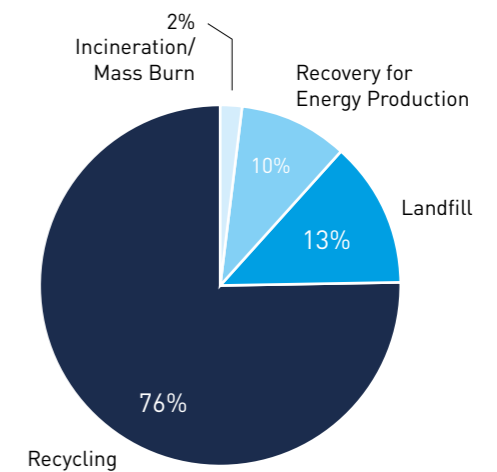
Share of waste

By type (%)



Share of waste

By Disposal Method



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.

Our activities this year focused on maintaining a safe working environment for all our employees, and we are proud to have proven ability to act efficiently in response to the COVID-19 pandemic. We fulfilled 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.

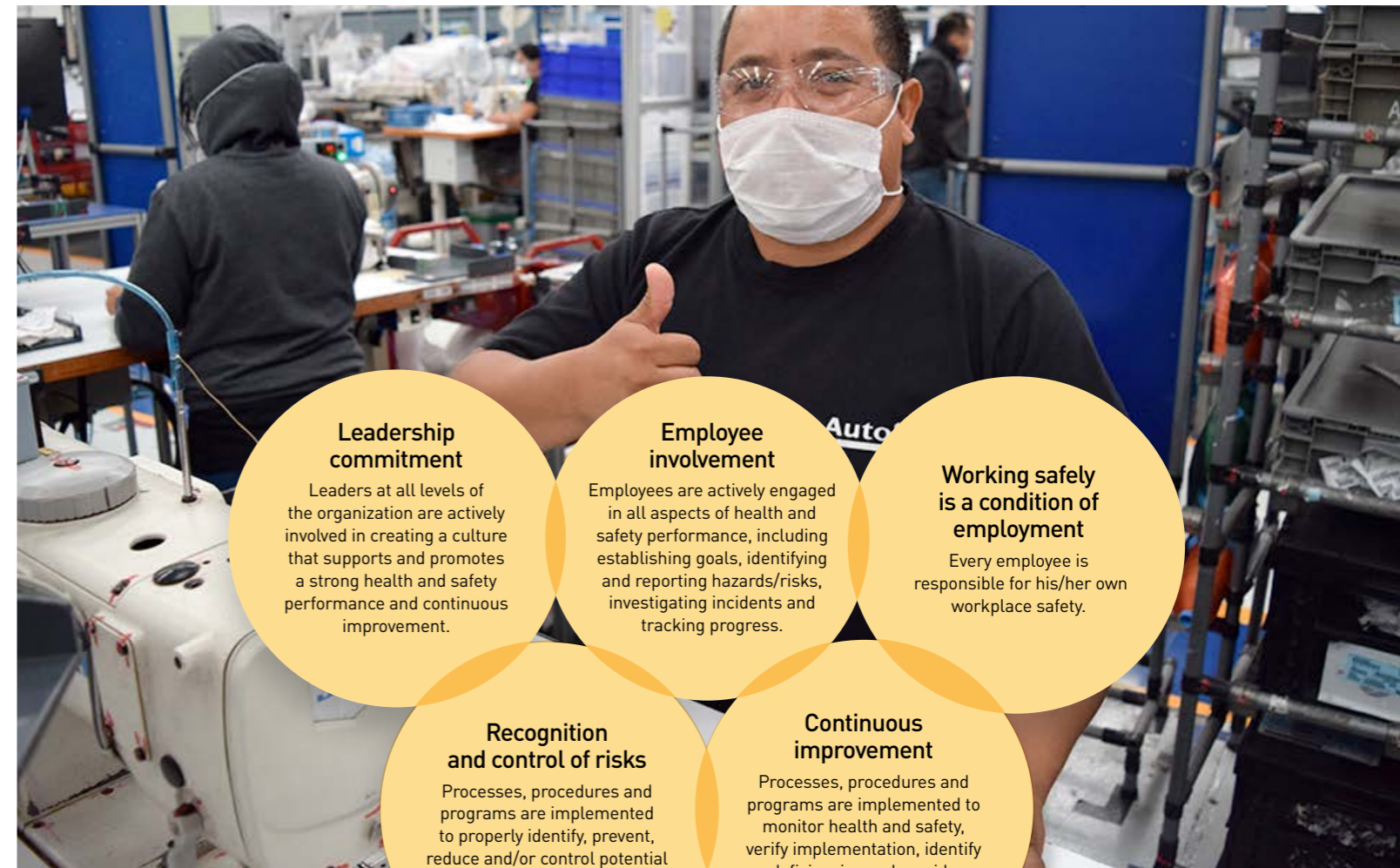
Autoliv understands the importance of a positive health and safety culture, and we attach great value to protecting the health, safety and welfare of our employees, contractors and visitors. A focus on health and safety puts people first. It also makes good business sense: a good safety record reduces 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. Our sites also undergo external health and safety audits that are performed as part of the site risk management audits or as external certification audits. Currently, 15% (12% in 2019) of Autoliv facilities are externally certified in accordance with OHSAS 18001 or ISO 45001. A number of Autoliv's

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

PROGRESS 2020

Incident Rate:
0.48

Severity Rate:
4.26

facilities were slated for external certification during 2020. However many facility audits did not take place due to travel restrictions introduced as a result of the COVID-19 pandemic. The certification of Autoliv facilities will continue in 2021.

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 2020, many of the strategic health and safety initiatives planned for the year were disrupted by the outbreak of the COVID-19 pandemic. We focused our attention on keeping our employees, customers and suppliers safe while working at our sites, adopting a broad-spectrum approach with clear and continuous communication to all our employees

as top focus. The guiding star of the work was the development of our "Smart Start Playbook" with best practices based on guidelines from the World Health Organization and Centers for Disease Control and Prevention. This dynamic document was made readily available to our employees and proactively shared with our supply base. Our network and cooperative approach to health and safety, which were already in place across the organization, were swiftly complemented with a structure to manage our COVID-19 response. During the early phases of the pandemic, we used our global manufacturing capabilities to supply all of our employees with fabric masks. We implemented disinfection and prevention protocols, and provided pandemic-specific equipment for all our employees daily. We managed to keep a very low spread of infection within Autoliv's own operations and facilities, for which we have been acknowledged by our employees and various authorities.

Our engagement also goes beyond the workplace, as we have provided educational material to the families of our employees, to keep them safe at home and in society.

Besides our focus of the pandemic, we made progress within areas of our health and safety work that remained key focus areas for the company in 2020, building on work initiated during 2019. Leadership's involvement in health and safety management increased across the organization, with nearly every high-level and product line manager engaging with our new EHS Dashboard, the Autoliv Sustainability Database (ASD), which helps our teams to identify safety concerns and enables us to track KPIs more efficiently. ASD has simplified our process of sharing lessons learned and communicating significant events throughout the organization. In 2021, we will implement additional tools from the ASD system, which will allow us to continue to build our health and safety culture.

We introduced a personal protective equipment (PPE) app to support the dissemination of our revised PPE guideline. Work on the talent review in our environment, health and safety (EH&S) organization was paused due to COVID-19. However, the review will be finalized in 2021, and will help identify training needs and talented individuals for global EH&S expert teams.

In 2021, we will add additional leading indicators such as Near Miss Reporting and Zero Defect Days in order to measure our overall safety performance.

HEALTH AND SAFETY PERFORMANCE

We closed the year with an incident rate of 0.48 (0.57 in 2019) and a severity rate of 4.26 (5.82 in 2019). We were also able to increase the number of facilities with zero injuries to 34 (from 29 in 2019). This significant improvement in our health and safety KPIs was partially attributable to volume effects, since production intensity was lower this year due to the pandemic.

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.

DIVERSITY AND INCLUSION

Autoliv is committed to diversity and to acknowledging, accepting and valuing differences among our people and the contributions they make. Inclusion is fundamental to our culture and we believe that everyone should be respected and treated fairly. We recognize that each person has unique strengths, and embracing those strengths helps us Saving More Lives.

Our workforce reflects the diversity of the countries and cultures in which we operate. At the end of 2020, 47% (46% in 2019) of our workforce and 22% (21% in 2019) 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, 32% in the Americas and 40% in Europe (including Africa, Russia and Turkey).



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 of the United Nations Universal Declaration of Human Rights and the International Labour Organization's Fundamental Principles and Labor 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 harassment,
- 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. 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, we investigate the issue and take necessary actions (read more about business ethics and integrity under "Acting Ethically and Committing to Society").

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 man-

agement. 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).

TALENT MANAGEMENT AND EMPLOYEE DEVELOPMENT

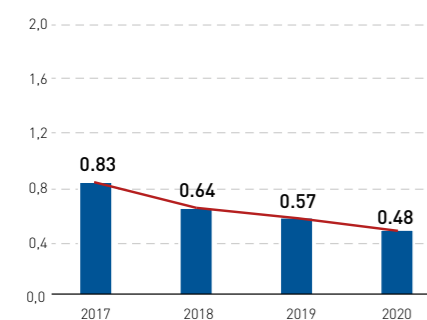
Autoliv builds a winning team by focusing on having the right people, the right culture and a work environment that allows us to attract, retain and engage employees. We are constantly looking for people who share our values and can contribute to our mission.

We strive to retain employees by providing a respectful and growth-oriented work environment where our people can improve their skills 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 2020, close to 100% (99% in 2019) 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. More than 1,500 employees attended at least one such training program this year (4,000 in 2019). Our possibilities to conduct these programs were greatly affected by COVID-19 restrictions, hence the decrease in attendees compared to last year.

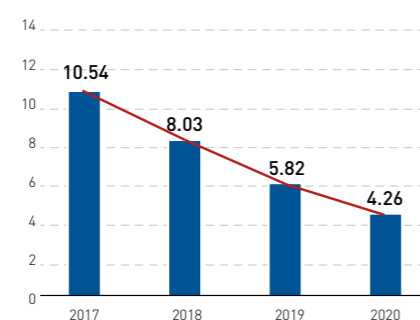
Incident rate

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



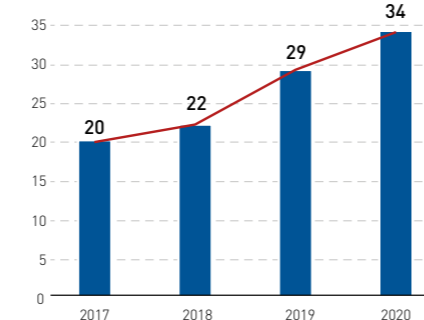
Severity rate

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



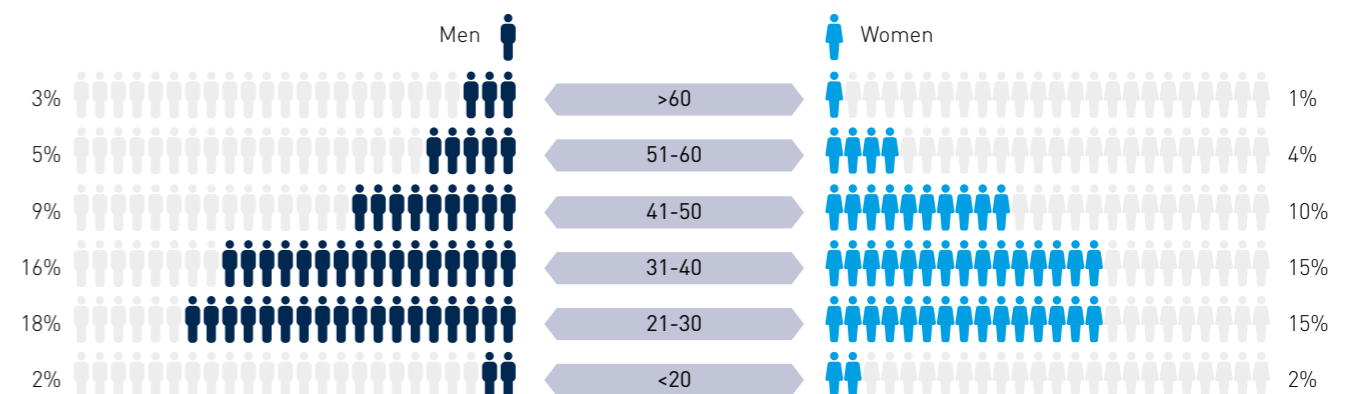
Number of facilities

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. 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. Acting ethically and ensuring that no corrupt, 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 it in 19 languages and make it available to all employees, consultants and contractors.

Our updated Code of Conduct was launched in February 2019, communicated to all employees throughout the organization, and incorporated into the new employee onboarding process. The full roll-out of the Code of Conduct face-to-face awareness training could not be completed in 2020 due to COVID-19 concerns. Our aim is now to complete the roll-out of this training during 2021.

Promoting ethical behavior

Autoliv's Board of Directors has the ultimate responsibility for overseeing the Compliance Program, which has been formalized and in place for nine 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 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 integrity into our day-to-day work and decisions, and live according to 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 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, including our Anti-Corruption and Anti-Bribery Policy and Antitrust and Competition Policy. We also require a conflict of interest disclosure to be submitted by all indirect employees (office workers), 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 training activities that were rolled out during 2020 included both classroom (including virtual) training and e-learning, and covered for example antitrust, respect in the workplace, conflicts of interest, and whistleblowing.

Our performance

We track and report the number of courses offered and percentage of completion for each active course. Since the launch of the revised Code of Conduct, more than 57,666 employees have participated in Code of Conduct training. When it comes to Code of Conduct certification, we achieved 99% completion in 2020.

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.

During 2020, Autoliv redefined the risk level of cases so that any alleged violation of Autoliv's core values (e.g. sexual harassment claims) are assigned an elevated risk level and get reported to divisional management on a monthly basis.

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. It 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.

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.

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

PROGRESS 2020

Anti-corruption training completion:
96%

Antitrust training completion:
97%

Code of Conduct certification:
99%

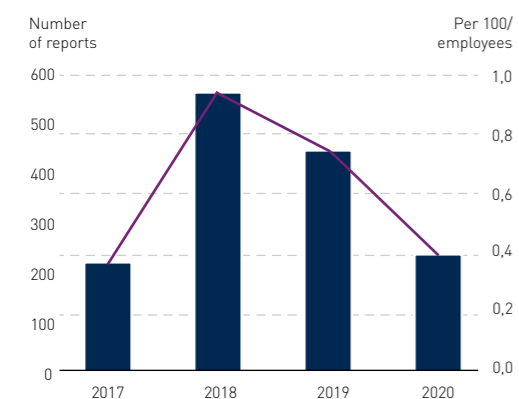


We take all reports seriously and investigate to determine whether there is any violation of the law, the Code of Conduct or other Autoliv policies. In the event that a case is substantiated, the Compliance Department will develop a remediation plan with recommendations and action plans to prevent the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

Our performance

The Autoliv Helpline receives 82% of all incoming reports that result in an investigation, while 18% of the cases handled in 2020 were submitted internally – for example, reported to management, HR, the Legal Department or the Compliance Department. A total of 301 Helpline reports were received in 2020. The reporting volume per 100 employees in 2020 amounted to 0.44, which is a decrease from 0.68 in 2019.

Autoliv helpline reports



ANTI-CORRUPTION

Any conduct that violates anti-corruption laws is detrimental to the societies where it occurs and to the best interests of Autoliv. Ensuring that no corruption takes place in our business is a key priority for us.

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 comply-

ing 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 Policy. During 2020, the Anti-Corruption Policy was revised, simplified and translated into all Autoliv languages. We also created a guidebook with specific guidance on gifts and hospitality. During 2021, improved guidance on how to manage third-party risks will be added to the policy.

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. Management is responsible for evaluating each third-party relationship and assessing the risk involved.

Training and education

On a regular basis, we enroll all employees in our target groups, such as management, sales and purchasing, in a business conduct and ethics 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 2020, we trained a total of 726 employees in anti-corruption matters, achieving a course completion rate of 96%. This is a decrease compared to previous years, partly due to natural variation between the years, and partly due to a pause in enrollments from March to July. The pause was taken to reduce stress in the organization in regards to COVID-19 priorities and restrictions. The enrollments were not canceled, but only pushed forward a few months.

ANTITRUST

Our policy

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, engineering and purchasing, in a business conduct and ethics e-learning course in antitrust and competition. We periodically conduct face-to-face trainings to enhance the employees' understanding of compliance with our policy. During 2020, a new training course on how to avoid anti-competitive activity was developed that includes interactive scenarios based on real life examples.

To provide further clarity regarding the Antitrust and Competition Policy, we 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 2020, we trained a total of 3,039 employees on antitrust matters, achieving a course completion rate of 97%.

Since 2011, Autoliv has been 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 the "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.

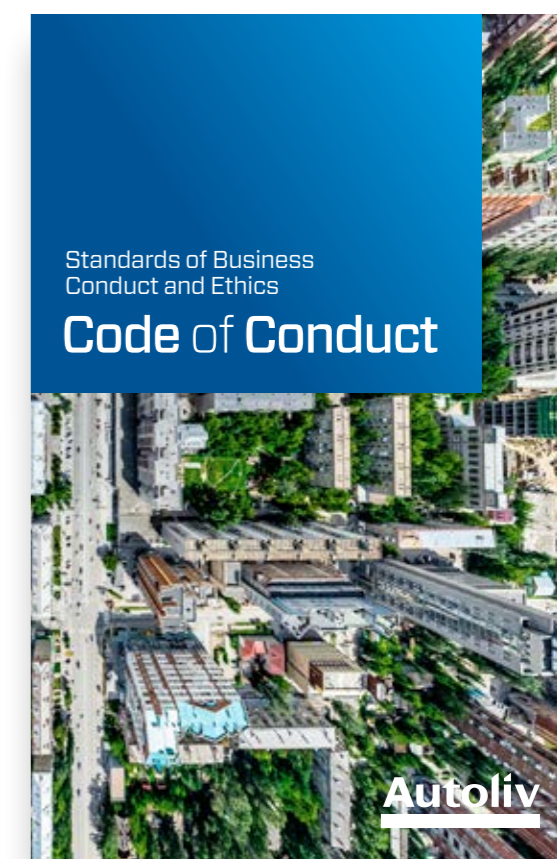
COMPLIANCE AND CORPORATE INTEGRITY

In 2020, Autoliv introduced an improved governance structure for corporate compliance and integrity. This is part of a strategic journey that aims to better facilitate management ownership of the Compliance Program activities.

An internal compliance and corporate integrity board has been added to the governance structure. The purpose of this board is to cultivate and promote a culture that encourages business conduct in line with the Autoliv Code of Conduct, supervise the Compliance Program's implementation, operation and continuous improvement, and review benchmarking and measure progress of the Compliance program in the business units. The board also monitors the periodic assessment and prioritization of Autoliv's highest legal and regulatory risks within its businesses, and oversees monitoring and auditing of the Program's effectiveness.

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 their tax liability. Where disputes arise, Autoliv will proactively seek to work cooperatively with full transparency.



Anti-corruption training

	2016	2017	2018	2019	2020
Number of employees trained	8,602	5,982	7,589	3,027	726
% completed of the target group	87%	100%	100%	98%	96%

Antitrust training

	2016	2017	2018	2019	2020
Number of employees trained	8,874	5,820	8,002	3,223	3,039
% completed of the target group	87%	100%	98%	99%	97%

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 engagement projects. 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 disasters.

SUPPORT TO COMMUNITIES DURING COVID-19

During the COVID-19 pandemic, Autoliv adapted production at several facilities to produce masks and face shields for Autoliv worldwide. Personal protective equipment (PPE) and other necessities were also distributed to local communities.

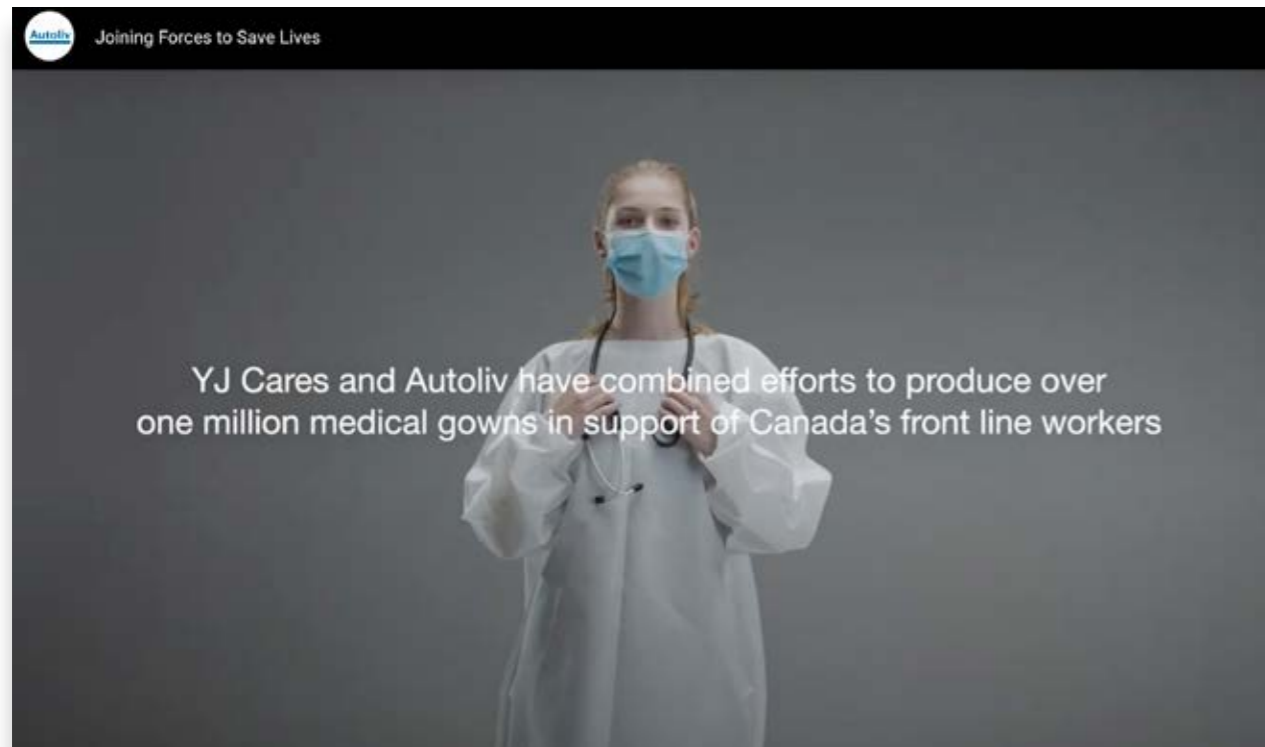
At the end of the year, we made a donation to the United Nations Foundation COVID-19 Solidarity Response Fund in support of the World Health Organization, which will support countries gathering critical data about the virus and coordinating scientists around the world to develop and distribute vaccines.

A few examples of our commitment and local response to the pandemic outbreak are described below.

In Poland, we produced 106,000 protective masks to support first responders in a local hospital, to address their immediate needs. We also produced protective masks for local communities, which local emergency services distributed to the community. In India, we distributed PPE and medical equipment to local hospitals with COVID-19 patients, and supported stranded migrants by providing 500 food kits. In Romania, we donated electronic equipment to support home schooling, and supported blood and plasma donation campaigns as well as charitable actions aimed at people in isolation. These initiatives were well received by both medical staff and local community members.

Autoliv Brazil hosted six campaigns on the theme of Healthy Homes & COVID-19. The facility also increased its use of social media to generate community awareness and engagement. Employees donated 470 items and 200 liters of cleaning products to the São Francisco elder care facility, to boost their cleaning and sanitation inventory, an appreciated gesture given the care facility's limited budget.

When it comes to COVID-19, the elderly are particularly vulnerable and isolated. Employees at Autoliv Mexico donated their time to support residents at the San Francisco de Asis nursing home. Their initiative provided well-needed moments of both emotional and personal support to nursing home residents.



Autoliv Tilbury in Canada (ACA) reached the remarkable production milestone of shipping its one millionth medical gown to support the healthcare heroes in Canada who risk their own lives to save the lives of others every day. Those gowns were co-developed with Second Clothing, the manufacturer of Yoga Jeans®, a premium-quality brand of denim blue jeans manufactured in Canada.

ROAD SAFETY AWARENESS

Autoliv contributes to road safety awareness in its communities through countrywide initiatives, as well as locally initiated events.

As part of our commitment to improve road safety in India, Autoliv released the report "Road safety in India – Joint Working Group Recommendations", with a series of recommendations to improve road safety in the country. The recommendations were developed in cooperation with the Indian government, local authorities, and stakeholders, and presented to the Indian Minister of Road Transport and Highways.

Autoliv is a founding member of Sweden-India Transport Innovation & Research Platform (SITS), a collaboration between companies and institutes to improve traffic safety, foster innovation and exchange knowledge. In the project "Safe and Secure Transport Corridors in India", launched in 2020, we have collected naturalistic driving data from buses in India featuring Autoliv's Safety Score.

Starting early is an effective way to establish good safety habits, and we organized several initiatives addressing that this year. In Japan, we collaborated with Tsukuba city to organize a traffic safety event for elementary school children. Almost 30 families took part in this event, where our employees shared their knowledge on traffic safety. Autoliv China introduced a saving lives concept, with primary school students visiting one of our sites to learn about traffic safety equipment and compliance. In Poland, Autoliv teamed up with the Police in Jelcz to organize a workshop for children on the theme of accident prevention and a safe journey to school. In Michigan in the US, Autoliv or-

ganized an eight-week course entitled "A World in Motion", providing kindergarten children with road safety knowledge.

SUPPORT FOR EDUCATION

Many Autoliv facilities host and participate in various educational programs for employees and the community, and several have developed or sponsored programs with the aim of introducing local children to technology. By inviting students into its facilities, Autoliv aims to pique their interest in studying 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, and we are therefore proud to be part of Pratham, together with other leading Swedish industries. 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 their development. During 2020, the project was affected by the COVID-19 pandemic and school closures. Pratham has worked hard to remain in contact with the children, carrying out its work remotely through text messages and WhatsApp. 400 villages are currently being reached in the targeted regions.

Collaborations with higher education institutions are important for Autoliv and are crucial for sharing key learning experiences. In Germany and Hungary, for example, we actively collaborate with local universities and our facilities train students as apprentices. In Utah in the US, our team collaborated with three Utah State University teams on idea development and testing with students.

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 supply chain management processes and work to ensure responsible sourcing of minerals.

During 2020, we met our target related to new supplier sustainability audits and exceeded the target for the conflict minerals survey. We also progressed towards the third target related to sustainability audits for all direct material suppliers, even though the actual audit rate decreased dramatically due to COVID-19 restrictions. The 100% target has therefore been extended to 2022 instead of by 2021.

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.

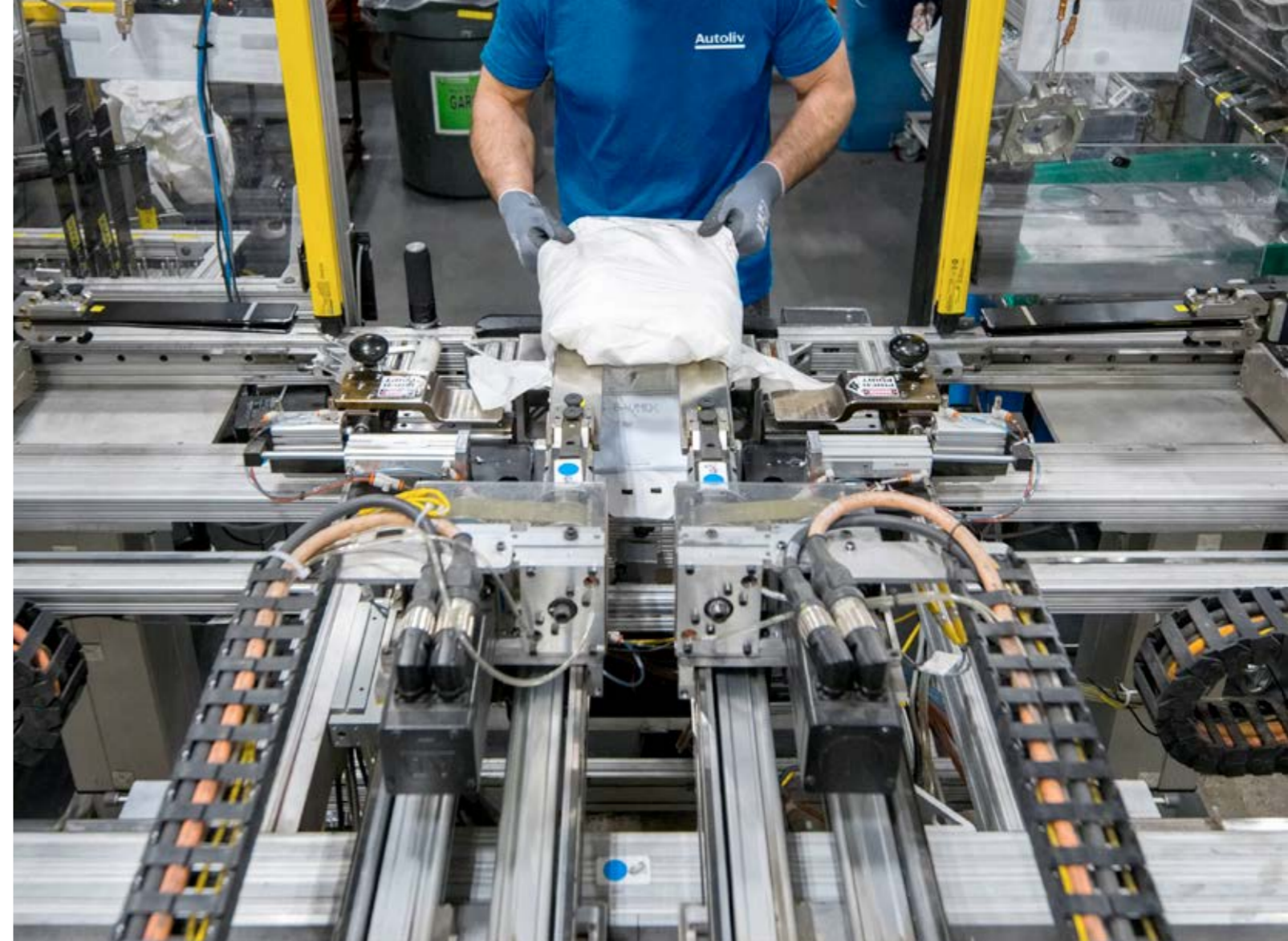
For direct material suppliers, the Supplier Code is included in the Autoliv Supplier Manual (ASM). All suppliers are required to acknowledge their compliance with the ASM as part of our general terms and conditions and by

signing a separate acknowledgement letter for the ASM. In the case of indirect material suppliers, a reference to the Supplier Code 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 and sustainability audits. 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. Since 2019, all new direct material suppliers were audited, and by the end of 2020, 49% (41% in 2019) of our direct material suppliers had undergone a sustainability audit. During 2020, the progress of direct material sustainability audits were slow, due to COVID-19 restrictions that prevented physical visits at our suppliers. Instead, we continued to develop the supplier sustainability audit criteria, process, and capability to follow up. We provided



further guidance to our supplier quality auditors who perform sustainability audits, and worked to further integrate sustainability into our supplier risk management process.

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 2019 direct material supplier conflict minerals survey was 100% (94% in 2019). The 2020 Conflict Minerals Report will be published in May 2021.

In 2020, we also started to work with our suppliers to trace cobalt, which is used in components supplied to us.

OUR TARGETS



100%

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

100%

All direct material suppliers sustainability audited. **By 2022**

95%

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

PROGRESS 2020

100%

of new direct material suppliers sustainability audited

49%

of all direct material suppliers sustainability audited

100%

direct material suppliers responded to conflict minerals survey

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.

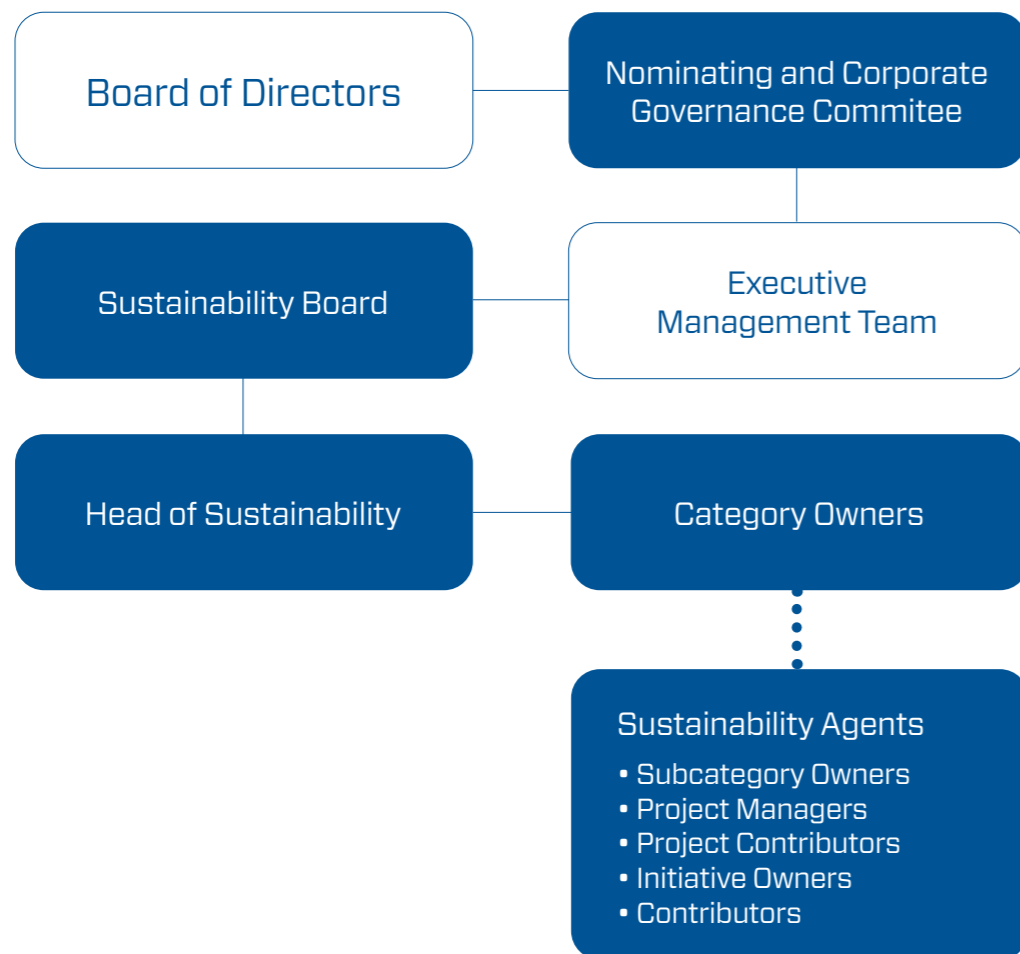
At Autoliv, the ultimate oversight for the company's sustainability activities lies with the Board of Directors. The Board of Directors sets the direction for the sustainability activities and regularly monitors progress of Autoliv's sustainability strategy through its Nominating and Corporate Governance 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 (EMT). The 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

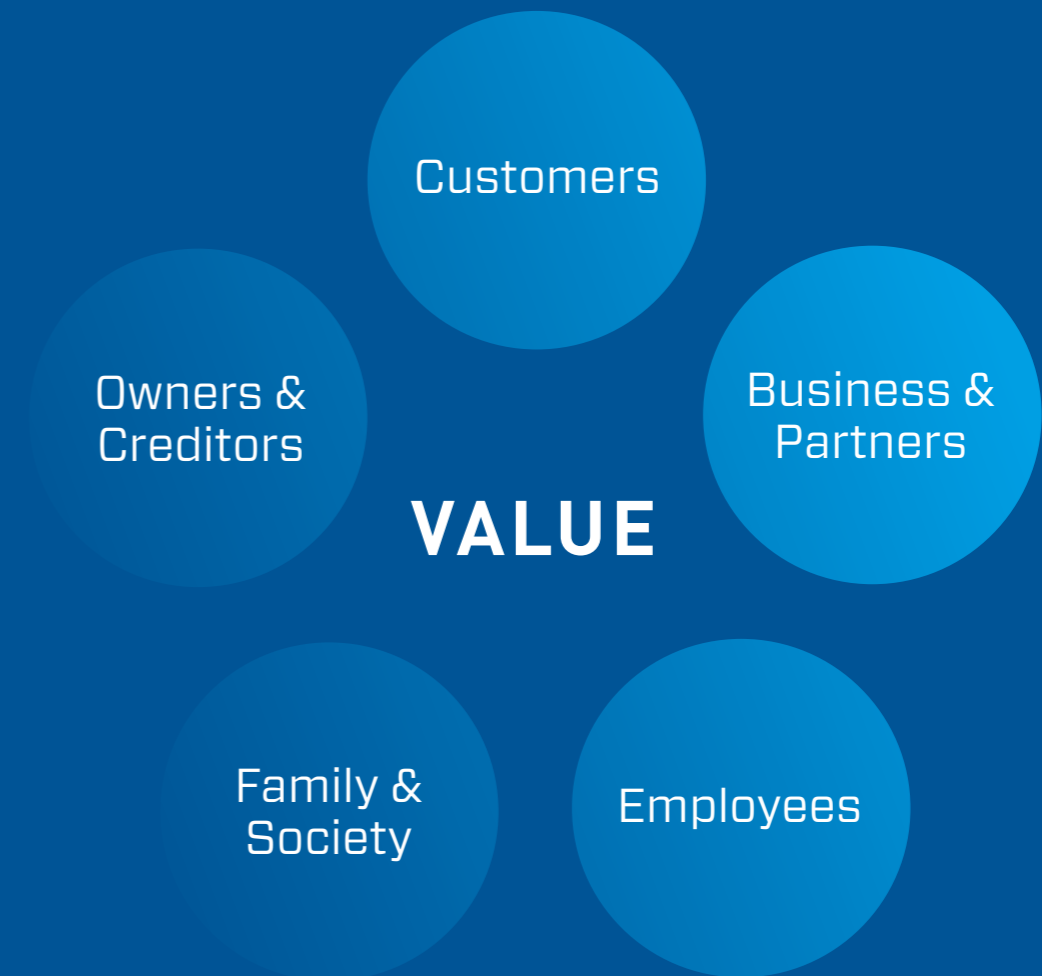
sustainability strategy as well as its annual and long-term plans for key categories, and monitors implementation. The Sustainability Board also involves individual EMT members as required for new projects and initiatives. The Sustainability Board meets at a minimum on a quarterly basis.

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 and Sustainability. 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 the 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 2020, 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 2020 Sustainability Report, we outline why sustainability is relevant to our business, our priorities and our approach to managing each of them as well as the ways in which we measure our progress.

The information in this report covers the 2020 financial year, unless otherwise stated. Information about our business and financial performance is provided in our 2020 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 environmental data from joint ventures, where Autoliv owns more than 50% of the voting rights, which 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.

Environmental performance data is gathered and reported from all Autoliv production facilities and technology- and logistics centers globally.

Autoliv determines its GHG-reporting organizational boundaries based on the operational control approach. Emission factors are retrieved from WRI GHG Protocol cross-sector tools and IPCC's fifth assessment report (AR5).

Changes in scope and methodologies

During 2020, there were no major changes in scope or reporting methodologies that would have had a material impact on the data reported. Smaller changes to the scope and coverage 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.

In addition, our reporting includes the industry-specific indicators identified in the Sustainability Accounting Standards Board's (SASB) Auto Parts Sustainability Accounting Standard and are disclosed in the "Sustainability KPI Annex with SASB references" excluding the following indicator data:

- TR-AP-130a 1: Energy management {3} percentage renewable: Not reported.
- TR-AP-410a 1: Revenue from products designed to increase fuel efficiency and/or reduce emissions: Not reported.
- TR-AP-520a 1: Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations. Reported under the "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.
- TR-AP-440b.1 Percentage of products sold that are recyclable: Not reported.
- TR-AP-440b.2 Percentage of input materials from recycled or remanufactured content: Not reported.

External assurance

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

Sustainability KPI Annex with SASB references

TARGETS & METRICS	2018	2019	2020	SASB CODE
Innovative Life-Saving Products				
Target: 100,000 Lives saved per year by 2030 Status 2020: 33,000				
Product Safety: share of global recalls	~ 2% of global recalls	~ 2% of global recalls	~ 2% of global recalls	TR-AP-250a 1. Number of recalls issued, total units recalled (partial coverage)
Limiting Our Impact on the Environment				
ENERGY: Target: 12% reduction in energy consumption by 2023 (kwh/parts produced) ¹ Status 2020: 11% increase in specific energy consumption compared to 2018 baseline	0.132	0.131 -1%	0.146 +11%	
Energy use (GWh):	952	947	876	Energy Management TR-AP-130a 1. (1) Total energy consumed
Share of energy use (%) - Natural Gas - Other Fuel Sources - Purchased Electricity - Purchased Steam	28% 5% 65% 2%	27% 5% 66% 2%	28% 3% 66% 3%	(2) percentage grid electricity (all electricity is grid, 100%)
WATER: Target: 100% performed Water Risk Assessments by 2020 Status 2020: Water risk assessment completed in all facilities	0	0	100%	
Water use (cubic meters)	2,441,767	2,110,527	2,181,128	
GREENHOUSE GAS EMISSIONS: Target: 12% reduction in CO ₂ e emissions Scope 1 & 2 by 2023 (CO ₂ e tons/parts produced) ¹ Status 2020: 12% increase in specific CO ₂ e emissions compared to 2018 baseline	0.057	0.055 -2%	0.064 +12%	
Greenhouse Gas Emissions (CO ₂ e tons) Location-based emissions: - Scope 1 - Scope 2 Total	110,507 299,158 410,665	111,744 298,961 406,402	97,975 283,666 381,641	
Share of Greenhouse Gas Emissions from Autoliv activities by scope (%) - Scope 1 - Scope 2	28% 72%	26% 74%	26% 74%	
Share of Greenhouse Gas Emissions from Autoliv activities by share (%) - Natural Gas - Other Fuel Sources - Fugitive emissions - Purchased Electricity - Purchased Steam	13% 4% 11% 71% 1%	13% 3% 11% 72% 2%	13% 2% 11% 72% 2%	
WASTE: Target: Year-on-Year reduction in waste and scrap Status 2020: Waste and scrap reduced from previous year 5%		-11%	-5%	
Waste (metric tons)	111,696	98,964	87,708	Waste Management TR-AP-150a 1. (1) Total amount of waste from manufacturing
Share of Waste by type (%) - Non-hazardous - Hazardous	93% 7%	90% 10%	90% 10%	2) percentage hazardous
Share of Waste by treatment (%) - Landfill - Recycling, recovery and reuse - Recovery for energy production - Incineration/mass burn		13% 73% 12% 2%	13% 76% 10% 2%	(3) percentage recycled
ENVIRONMENTAL COMPLIANCE Number of significant spills and fines ²	0	0	0	

TARGETS & METRICS	2018	2019	2020	SASB CODE
Commitment to Our Employees				
HEALTH AND SAFETY Target: 0.50 Incident rate by 2022 Status 2020: 0.48 Incident rate				
Incident rate ³	0.64	0.57	0.48	
Target: 5.00 Severity rate by 2022 Status 2020: 4.26 Severity rate				
Severity rate ⁴	8.03	5.82	4.26	
Number of facilities with zero injuries	22	29	34	
DIVERSITY AND INCLUSION				
Employees by gender (%) - Female - Male	46% 54%	46% 54%	47% 53%	
Employees by age group (%) - < 20 - 21-30 - 31-40 - 41-50 - 51-60 - >60	2% 37% 31% 18% 8% 3%	4% 33% 31% 19% 9% 4%	4% 33% 31% 19% 9% 4%	
Share of women in senior management positions	21%	21%	22%	
Employees by geographical area (%) - Americas - Asia - Europe, Middle East and Africa	31% 28% 41%	31% 28% 41%	32% 28% 40%	
Acting Ethically and Committing to Society				
ANTI-CORRUPTION TRAINING Target: 100% Anti-corruption training completion ⁵ - Number of employees trained - % completed of the target group	7,589 100%	3,027 98%	726 96%	
ANTITRUST TRAINING Target: 100% Antitrust training completion ⁵ - Number of employees trained - % completed of the target group	8,002 98%	3,223 99%	3,039 97%	
CODE OF CONDUCT TRAINING Target: 100% Code of Conduct certification ⁵ - Number of employees trained - % completed from all employees	22,250 100	>20,000 97%	8,310 99%	
AUTOLIV HELPLINE REPORTS - Number of reports - Per 100 employees	595 0.89	443 0.68	301 0.44	
Supply Chain Management				
SUPPLY CHAIN AUDITS (%) Target: 100% of new direct material suppliers sustainability audited - Percentage of new direct material suppliers sustainability audited Target: 100% of all direct material suppliers sustainability audited ⁷ - Percentage of all direct material suppliers sustainability audited	100%	100%	100%	
MATERIALS SOURCING: Target: 95% of direct material suppliers respond to conflict minerals survey - Percentage of direct material suppliers responded to conflict minerals survey	85%	94%	100%	TR-AP-440a 1: Description of the management of risks associated with the use of critical materials

¹ Efficiency target, per part delivered

² A "significant spill or fine" is defined as having a financial impact of \$100,000 or more

³ Number of reportable injuries per 200,000 employee hours of exposure

⁴ Total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure

⁵ Continuous target, measured from the annual target group

⁶ Continuous target

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 Supply chain management
2	make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Supply chain management
LABOR		
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		
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		
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 of Agenda 2030. 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 road traffic accidents. We also actively participate to 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.

Each year, Autoliv's
products save over
30,000 lives

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