

Annual and Sustainability Report 2022

'22

Content

03	2022 in Brief
06	CEO Message
08	Vision / Mission / Key Behaviors
10	The Autoliv Journey
12	Targets
14	Strategic Framework
16	Year in Brief
18	Market Trends
20	Our Products
22	Sales and Launches
24	Uniquely Positioned to Save More Lives
28	Innovation
30	Building a Winning Team
31	Quality
32	A Driving Force in Sustainable Mobility
34	Materiality Assessment
36	Sustainability Governance
38	Road Safety – a Global Challenge
40	A Safe and Inclusive Workplace
42	Climate Action
46	TCFD Disclosure
48	Responsible Business
54	Shareholders
58	Board of Directors
59	Executive Management Team
60	Contacts
61	Sustainability Appendix
65	Multi-Year Financial Summary

**More Lives Saved
– More Life Lived**

Forward-Looking Statements

Except for historical information, matters discussed in the annual report are forward-looking statements and are based on management's estimates, assumptions and projections. Actual results could vary materially. Please review the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2022, and subsequent SEC filings, for factors that could affect the Company's performance and cause results to differ materially from management's expectations. The information in this report reflected management's estimates, assumptions and projections as of January 27, 2023. Autoliv has not made updates since then and makes no representation, express or implied, that the information is still current or complete. The Company is under no obligation to update any part of this document.

This report includes content supplied by S&P Global. Copyright © Light Vehicle Production Forecast, January, 2023. All rights reserved.



Cover photo: Autoliv colleagues constantly challenge and redefine the standards of mobility safety to sustainably deliver leading solutions. Here, represented by Alexandru Moharta, Autoliv Steering Wheels Line Operator in Sfântu Gheorghe, Romania.

Autoliv

Location and Capabilities

Location ³⁾	Headcount	Tech center	Production				Sales support
			Airbags	Seatbelts	Steering wheels	Other ²⁾	
BRAZIL ¹⁾	925		●	●	●		●
CANADA	428					●	
CHINA ¹⁾	8,910	●	●	●	●	●	●
ESTONIA ¹⁾	1,033			●		●	
FRANCE	1,728	●	●		●	●	●
GERMANY	851	●					●
HUNGARY ¹⁾	1,845			●			
INDIA ¹⁾	3,238	●	●	●	●	●	●
INDONESIA ¹⁾	190			●	●		
ITALY	14						●
JAPAN	2,069	●	●	●	●	●	●
MALAYSIA ¹⁾			●	●	●		
MEXICO ¹⁾	15,427		●	●	●	●	
NETHERLANDS	7						
PHILIPPINES ¹⁾	1,528				●		
POLAND ¹⁾	2,467	●	●			●	
ROMANIA ¹⁾	10,473	●		●	●	●	●
SOUTH AFRICA ¹⁾	207		●	●			
SOUTH KOREA	464	●	●				●
SPAIN	426		●				●
SWEDEN	563	●				●	●
SWITZERLAND	8						●
THAILAND ¹⁾	4,084		●	●	●	●	
TUNISIA ¹⁾	4,243				●		
TURKEY ¹⁾	2,955		●	●	●	●	●
UNITED KINGDOM	248					●	
USA	4,607	●	●			●	●

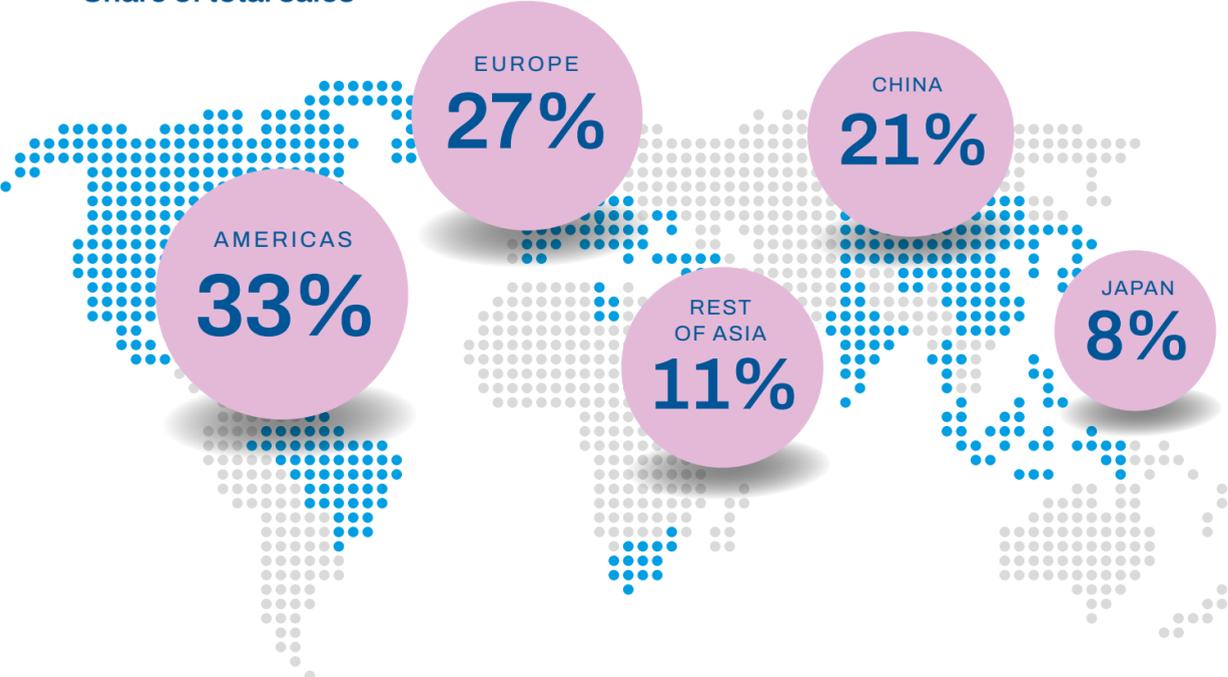
1) Defined as a best-cost country. 2) Includes weaving and sewing of textile cushions and seatbelt webbing, inflators, and components for airbag and seatbelt products. 3) Our operations in Russia are currently suspended.

The World's Largest Automotive Safety Supplier

Autoliv, Inc. (NYSE: ALV; Nasdaq Stockholm: ALIV.sdb) is the worldwide leader in automotive safety systems. At Autoliv, we challenge and redefine the standards of mobility safety to sustainably deliver leading solutions. In 2022, our products saved close to 35,000 lives and reduced more than 450,000 injuries. Autoliv develops, manufactures, and supplies passive safety systems for the automotive industry as well as mobility safety solutions. Passive safety systems are primarily meant to improve safety for occupants in a vehicle, and include modules and

components for frontal-impact airbag protection systems, side-impact airbag protection systems, seatbelts, steering wheels and inflator technologies. To extend into new market areas beyond light vehicles and occupant safety, Autoliv has formed Mobility Safety Solutions (MSS). By combining our core competence and industry experience, MSS develops and manufactures mobility safety solutions such as pedestrian protection, battery cut-off switches, connected safety services and safety solutions for riders of powered two-wheelers.

Share of total sales



Key Figures 2022

\$8.8b net sales	\$713m operating cash flow	22% improvement in Incident Rate
6.8% adjusted* operating margin	14% organic* sales growth	9% renewable energy use
54% cash conversion*	43% market share	98% direct material suppliers sustainability audited

Associates **69,100** worldwide
 Lives Saved **Close to 35,000**
 Operations in **27** countries
 Headquartered in **Stockholm, Sweden**
 Incorporated in **Delaware, United States**
 Tech Center Locations **14**

*) Non-U.S. GAAP Measure. See "Non-U.S. GAAP Performance Measures" section in the 10-k filed with the SEC.



Autoliv people challenge and redefine the standards of mobility safety to sustainably deliver leading solutions. Autoliv's leading safety solutions create the confidence to embrace the new horizons in mobility.

Well-positioned to Manage New Business Conditions



As the market leader, we are well-positioned to sustainably adapt to and manage new business conditions. Our actions have built an even more competitive position for Autoliv, despite a challenging macro environment. Commercial excellence, efficiency, cost control, and a focus on innovation, quality and climate action defined 2022.

Market development

We continued to strengthen our position as the market leader in 2022 through our strong sales growth and the profitability and cash flow performance, especially in the second half of the year.

2022 was marked by direct and indirect effects of the COVID-19 pandemic, particularly related to the lockdowns in China in the early part of the year and the country's reopening towards the end of the year. Component shortages (primarily for semiconductors), unstable supply chains, increased costs for raw materials, and significantly increased inflation all challenged the global economy and our industry.

The direct impact of the tragic war in Ukraine on our business has been relatively limited. Since the war began in February 2022, we suspended both our Russian operations and our presence in Russia. The indirect effects of the war include supply chain disruptions and significant energy price increases in Europe. My sympathies go to all of those affected by the war.

As a result of these challenges, part of the automotive industry continued to operate at, or near, recessionary levels. For example, due to supply constraints, European registrations in 2022 were approximately 30% lower than in 2009 during the financial crisis. The component shortages not only limited the industry output, they also created a situation with unpredictable and volatile light vehicle production (LVP) that substantially affected our operational efficiency.

During the year, we faced the worst cost inflation seen in three decades, which initially significantly impacted our profitability. Through price adjustments, we managed to gradually offset the raw material cost inflation and profitability was restored towards the end of the year.

The continued high level of product launches and relentless cost control were the foundation for our strong performance. Our performance was also supported by price adjustments that compensated for the high raw material cost inflation, which was a result of the extensive discussions we initiated early in the year with our customers.

In 2022 our sales grew organically* by 14%, outperforming LVP growth in all major regions, mainly due to pricing and product launches. Order win rates for new electrical vehicle (EV) platforms were high, both with new EV makers and traditional car manufacturers.

Quality and innovation – At the heart of what we do

Autoliv exists to Save More Lives. Our relentless focus on innovation and quality has made us a preferred partner and established our market-leading position.

While the automotive landscape is constantly changing, quality expectations are only increasing. This requires us to always focus on quality across the value chain, and as part of our product lifecycle management program, we are building a proactive end-to-end approach to achieve zero defects and reduce total non-quality cost.

Our innovation agenda supports our continued evolution to include safety for mobility and society, and our focus on key current industry technology and product development. We continue to develop our products based on real world data to ensure their benefit for our customers and the end user.

Autoliv's Mobility Safety Solutions (MSS) develops products and services for businesses adjacent to Autoliv's core areas of airbags, steering wheels, and seatbelts for light passenger vehicles. Such adjacent products and services include powered two-wheelers, connected safety services, and offerings to customers beyond passenger vehicle manufacturers.

A major focus area for us is new passive safety solutions driven by the evolution of global automotive market trends. Our development teams constantly challenge and redefine the standards of mobility safety to deliver solutions for future development such as autonomous cars and advanced driver-assistance systems.

Creating a positive societal and environmental impact

Sustainability is firmly rooted in our business and, as a market leader in our field, our efforts are aligned with society's broader agenda. We are committed to leading the way and being an active contributor to sustainable mobility and society. Our products save close to 35,000 lives and reduced more than 450,000 injuries every year. We want to do more, and our ambition is to save 100,000 lives per year. Our business contributes to the realization of several UN Sustainable Development Goals (SDGs), and we are a signatory of the UN Global Compact principles.

Autoliv is firmly committed to supporting the United Nations Road Safety Fund (UNRSF) and its mission to increase awareness and availability of life-saving products where they are most needed. Supporting the UNRSF is a way for Autoliv to share our expertise while gaining additional insights into the main road safety challenges facing the world today. Autoliv will contribute knowledge and experience regarding global traffic safety challenges. In 2022, Autoliv joined the UNSRF Advisory Board, whose objective is to provide strategic direction to the Fund.

We have a strong commitment to climate action. Back in June 2021, Autoliv became the first automotive safety supplier, a frontrunner among suppliers to the automotive industry, to commit to become carbon neutral in our own operations by 2030 and aim for net-zero emissions across the supply chain by 2040. In 2022, our detailed and ambitious climate targets were approved by the Science Based Targets initiative (SBTi).

To reach our ambitious science-based climate targets, we need to collaborate across the value chain. Autoliv will reduce its greenhouse gas emissions through the use of renewable electricity in our own and suppliers' operations, improve energy and materials efficiency, adopt low-carbon logistics and low-carbon materials, and develop attractive low-carbon product offerings to support our customers in their transformation to zero-emission vehicles.

We are well-positioned to continue to support our partners and customers in achieving their sustainability goals. Examples of our collaborations include the green steel collaboration with SSAB and our collaborations with Piaggio and POC that push the boundaries of safety to include vulnerable road users. Together, we are researching and developing technology aimed at finding climate-neutral solutions and innovations related to mobility safety.

Outstanding employee efforts

Autoliv employees are actively redefining the standards of mobility safety to sustainably deliver leading solutions. Inspired from the beginning by our vision of Saving More Lives, the 69,100 members of our global team are passionate about creating innovations and collaborations that best meet safety needs in both the current and new mobility.

During a year focused on managing new business conditions, I am proud to have witnessed the resilience of our colleagues and the commitment of our global Autoliv community when it comes to supporting those in need – affected by Typhoon Rai in the Philippines, COVID-19, and the tragic war in Ukraine. Through the strong engagement of our local teams, we maintained direct contact with our colleagues and provided support when it was needed.

We have a strong foundation that we continue to build on. In turbulent times, collaborative learning and sharing best practices allow us to become better and better. Autoliv Production System is our foundation for continuous improvement. I am convinced that we will continue to grow even stronger as we move beyond the challenges of the past few years.

“I am proud of what the Autoliv team has done and continues to achieve in a challenging environment.”

Going forward

We will continue to leverage our market-leading position to build an even more competitive position going forward. Customer focus, innovation, quality, efficiency, and cost control will continue to guide our path as Autoliv succeeds by creating value for our customers, our shareholders, and other stakeholders.

In 2023, Autoliv turns 70 years old. The Autoliv story began in 1953 when two brothers, Lennart and Stig Lindblad, founded a small automotive parts and service company in Vårgårda, Sweden, beginning a long tradition of a relentless focus on innovation, quality, and customer focus.

Autoliv's vision of Saving More Lives guides our work every day. Sustainability is an integral part of our business and a fundamental driver for market differentiation and stakeholder value creation, helping to ensure that our business will continue to thrive and contribute to sustainable development. This is our responsibility – to our shareholders, customers, business partners and employees. We welcome you to join us on our continuing journey.

Mikael Bratt
President and CEO
Stockholm, February 2023

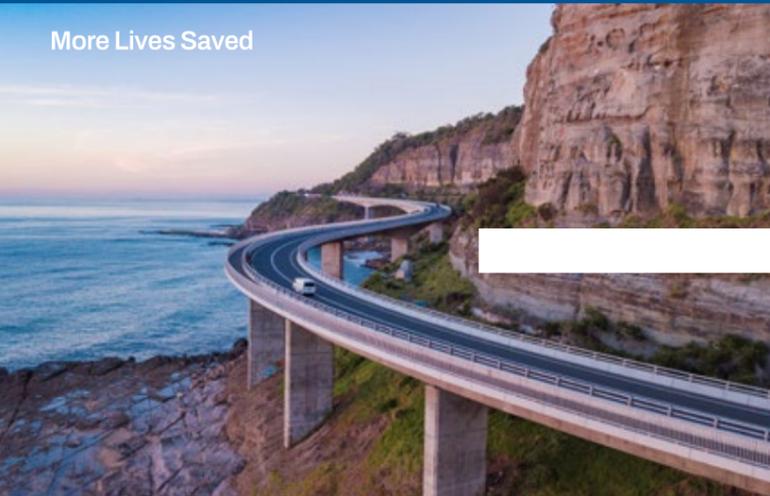
Our Vision

Saving More Lives

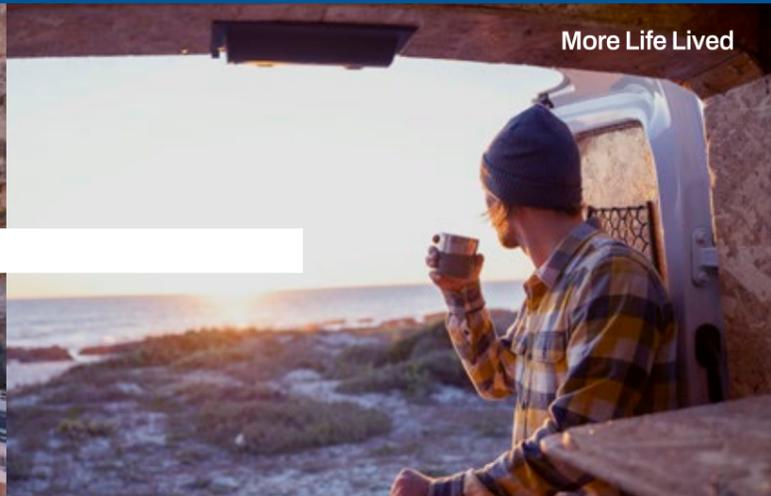
Our Mission

Providing World Class Life-Saving Solutions for Mobility and Society

More Lives Saved



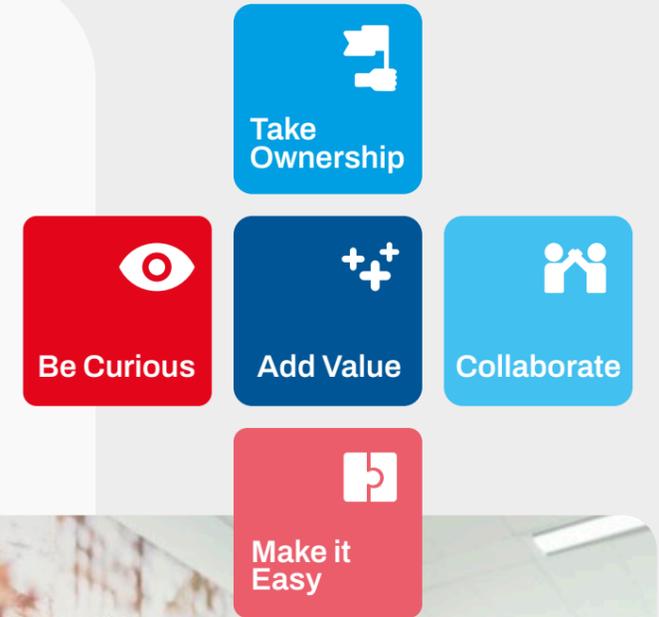
More Life Lived



More Lives Saved – More Life Lived

"More Lives Saved – More Life Lived" is anchored in our fundamental vision that has driven Autoliv's success to date: Saving More Lives. This concept connects all the innovation, technology, and quality standards inside Autoliv's business with what we know is very important to people outside our business: Staying safe when on the move so they have the confidence to live life to the fullest.

Our Key Behaviors



We are the market leader of our industry and what we do matters. This calls for a focused approach on our ways of working. Our Key Behaviors express the essence of our ways of working in a clear and consistent way.

The Autoliv Journey

We are proud that our products save close to 35,000 lives and reduce more than 450,000 injuries every year. As a safety company our products never get a second chance. Therefore, quality is always at the core of what we do.

2023

- Light Vehicle Safety
 - Market Leader
- Mechanical Components
- Functional & Divisional Execution
 - Energy Efficient

2030

- Safety for Mobility & Society
 - Market Transformer
 - System Integration
 - One Team
- Carbon Neutral in Own Operations

2025

- Light & Commercial Vehicle Safety
- Market & Commercial Influencer
- Electronics & Mechatronics Systems
 - End-to-End Ways of Working
 - Low-Carbon Energy User

The journey explained

Guided by our vision, mission and key behaviors, the Autoliv journey from 2022 to 2030 will transition our business from light vehicle safety to safety for mobility and society.

By being more proactive and strategic with our customers and in the market in general, we will evolve from being the market leader, to an influencer and ultimately a market transformer.

In a world where cars are becoming computers on wheels, we must build on our mechanical component competence and grow electronics and mechatronics systems and systems Integration capabilities.

Driving efficiency requires an end-to-end approach where we become one global team executing on our prioritized transformation projects – product lifecycle management, commercial excellence and digitalization. Becoming a low-carbon energy user and reach climate neutrality by 2030, requires a coordinated approach.

This is a journey on a well-paved road to take us to our financial and sustainability targets. We know what to do and how to do it, supporting our vision of Saving More Lives.

Continuous Improvement

Our ability to consistently outperform market growth is rooted in a steady flow of new safety technologies, a strong focus on quality and a superior production and engineering footprint.

Our roadmap to leverage growth into higher profitability

In the medium term, we intend to continue to grow our core business – airbags, seatbelts and steering wheels – through successful execution of the current product launch programs and strong order book. To maintain growth momentum beyond the ongoing step change, we are pursuing an ambitious innovation program which includes targeting several “world firsts”.

Successful organic growth will also rely on driving operational excellence while providing superior quality to our customers in terms of product performance and delivery reliability prior to and after the start of serial production. We are also investing in capabilities beyond the light vehicle markets, which we organize in Mobility Safety Solutions.

Continuous improvement remains a cornerstone of Autoliv's ongoing efforts to leverage growth into higher profitability. The Autoliv Production System enables us to pursue a broad agenda of continuous improvement activities across all functions including sales, operations, supply chain and support functions. To accelerate our margin expansion journey, we invest in automation and digitalization of our core business and support processes and execute end-to-end value chain improvement programs.

Financial and Sustainability Targets

Our strategic roadmap, business priorities and targets are deeply rooted in the growing demand for traffic safety and a strong belief that the need for our products will continue to grow.

To enhance shareholder value, we focus on growth, both near-term and long-term, profitability improvement and over-the-cycle resilience, cash flow generation for shareholder returns, a strong balance sheet and prudent leverage policy.

We have set short- and long-term sustainability targets in the key areas to make sure we maximize our positive impacts and manage our negative impacts.

Autoliv Key Targets: Growth Drivers		Autoliv Key Targets & Ambition: Profitability Drivers			
2022-2024	Average annual organic growth* LVP+~4% excluding price compensations <ul style="list-style-type: none"> Market share gains Content per vehicle 	Medium-Term	Adjusted operating margin ¹ target ~12%	<ul style="list-style-type: none"> Stabilized light vehicle production >85 million Net negative impact from inflation not greater than in 2021 Strategic initiatives 	
Long-Term (beyond 2024)	Average annual organic growth* 4-6% <ul style="list-style-type: none"> Content per Vehicle Mobility Safety Solutions Light Vehicle Production 	Long-Term	Adjusted operating margin ¹ ambition ~13%	<ul style="list-style-type: none"> Strategic initiatives Stability in market conditions 	

Focus Area	Key Targets and Ambitions				
Saving More Lives	100,000 Lives saved per year				
A Safe and Inclusive Workplace	0.35 Incident Rate by 2023	3.8 Severity Rate by 2023	95% of senior and mid-level management trained in unconscious bias by 2023	Year-on-year improvement in Employee experience	22% women in senior management by 2023
Climate Action	Carbon neutrality in own operations by 2030	Net-zero emissions across our supply chain by 2040	12% reduction in energy intensity by 2023	Year-on-year reduction in waste Continuous	
Responsible Business	100% in target group completed anti-corruption training Continuous	100% in target group completed anti-trust training Continuous	100% in target group Code of Conduct certified Continuous	100% direct material suppliers sustainability audited by 2022	100% direct material suppliers respond to conflict minerals survey Continuous

1) Non-US GAAP measure. Excluding costs for capacity alignments.

Strategic Framework

The Strategic Framework is made up of four elements that directly support our financial and sustainability objectives and targets. The implementation of our Strategic Framework is driven by our Policy Deployment program.

PROFITABLE
& CAPITAL
EFFICIENT...



...GROWTH



THE WHO

Customer Focus

- We create value for the customer by creating a fit between the customer need and the product or solution we sell
- Customer Focus at Autoliv is about identifying the customer dimension of the customer-product fit, the customers we need to work with to meet our targets, and their needs



THE WHERE

Efficient Value Delivery

- We align our value chain to ensure value is delivered to our customers at the right time, in the right place, at the right cost and with the right capital intensity



THE WHAT

Competitive Products and Solutions

- We complete the customer-product fit by developing competitive products and solutions to meet the identified customer needs
- We deliver on our product and solution profitability targets along the full product lifecycle by creating efficient processes and actively managing our portfolio



THE HOW

The Autoliv Way

- The Autoliv Way gives us a common view of what great looks like at Autoliv and how we get there. It is about establishing common ways of working to deliver on Autoliv's vision of Saving More Lives
- For the 2023-2025 Strategy Cycle, we have identified a selection of focus areas that require everyone's commitment in order to realize our strategy and meet our targets

2022 Summary



We ended the year with strong profitability and cash flow, after managing to offset significant market challenges, especially industry-wide raw material cost increases and component shortages which lead to a volatile and unpredictable LVP.

The full year 2022 was an important step towards our medium-term targets. We continued to strengthen our position as the market leader through our strong sales growth and the solid profitability and cash flow performance in the second half of the year.

In 2022, we faced the worst cost inflation seen in three decades, which initially significantly impacted our profitability. Through substantial price adjustments, we managed to gradually offset this raw material cost inflation, and profitability was restored towards the end of the year.

Despite continued strong end-consumer demand for new vehicles, global light vehicle production (LVP) did not recover to its pre-pandemic level. This was mainly a result of an industry wide shortage of semi-conductors and a distressed global automotive supply chain. The shortages also resulted in late changes to call-offs with short notice as global car manufacturers (OEMs) managed their output to match availability of components. This negatively impacted our production efficiency and profitability.

Our sales increased organically* by 14%, outperforming global LVP by 6.6 percentage points. This was the fifth consecutive year that we outperformed global LVP by 5 to 7

percentage points, driven by price increases, increased market shares and higher safety content per vehicle. Our adjusted operating margin* improved from 3.2% in the first quarter to 10.0% in the fourth quarter, as a result of successful negotiations regarding cost compensation and our strong focus on continuous improvements throughout the organization. For the full year the adjusted operating margin* was 6.8%. Our cost control measures in 2022 included footprint and capacity alignment in Europe and footprint adjustments in Japan and in South Korea.

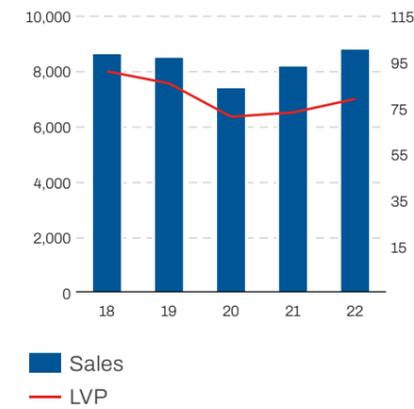
Operating cash flow declined slightly from prior year, to \$713 million, mainly due to inventory inefficiencies as result of the volatile LVP. Free cash flow amounted to \$228 million, down \$72 million from 2021. Capex, net in relation to sales was 5.5%, and cash conversion was around 54%.

In 2022 we paid \$2.58 per share in dividends, an increase of around 37% from 2021, and repurchased and retired 1.44 million shares. Additionally, we retired 10 million of our treasury shares from previous stock repurchase programs.

In 2022, the GHG emissions intensity of our operations improved by 9% compared to 2021, driven largely by a significant increase in the use of renewable energy.

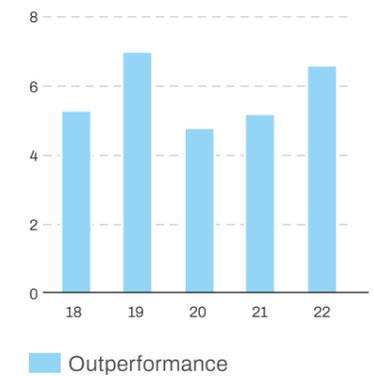
Sales and global LVP

US\$ (Millions) and Units (Millions)



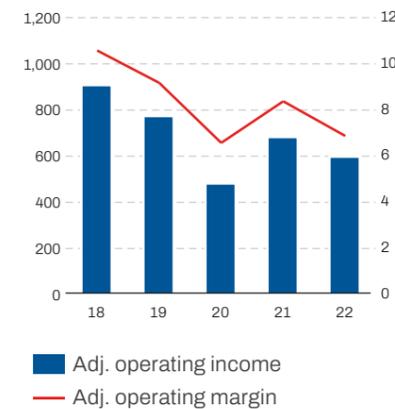
Organic sales vs. LVP change

Percentage Points



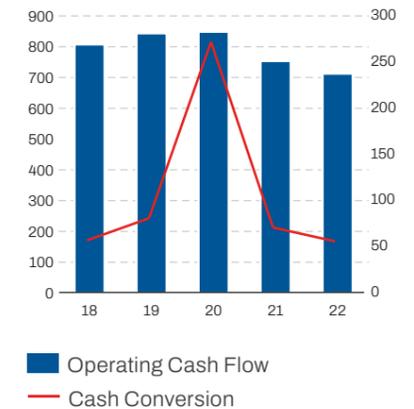
Adjusted operating profit & margin

US\$ (Millions) and in relation to sales %



Operating cash flow & cash conversion¹⁾

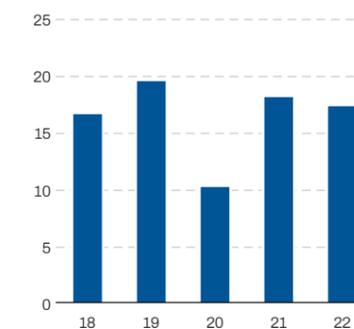
US\$ (Millions) and in %



1) 2018 continuing operations; 2019 adjusted for the EC antitrust payment

Return on capital employed

Percent



Leverage ratio

Net Debt/ EBITDA



Strong Market Position in a Growing Market

Our strategy, business priorities and targets are deeply rooted in the growing global demand for traffic safety. 1.35 million lives are lost annually on the roads, according to the World Health Organization (WHO). Vulnerable road users – pedestrians, cyclists, and motorcyclists – make up about half of these fatalities. Road traffic accidents are a major cause of death among all age groups and the leading cause of death for children and young adults between the ages of 5 and 29. In addition, tens of millions suffer non-fatal traffic-related injuries, causing not only human suffering but also costs corresponding to about 3% of GDP in a majority of countries. This underlines the importance of our commitment to save more lives and reduce the number of injuries on our roads.

Market development

The automotive safety market is driven by two fundamental factors: light vehicle production (LVP) and safety content per vehicle (CPV). In the long-term, new technologies such as autonomous driving and drivetrain electrification are expected to have positive effects on the safety content per vehicle. With advanced protective systems for new flexible seating positions, safety integration in seats, human-machine interface (HMI) in steering wheels, and protection systems outside the vehicle for vulnerable road users, there is an increasing need for innovations in safety systems. In the medium term, content per vehicle is expected to grow mainly due to increased government regulations and test rating requirements in growth markets, as well as from higher installation rates of knee airbags,

front-center airbags, more advanced steering wheels and more advanced seatbelt systems in more mature markets. Commercial customer recoveries compensating for increased raw material costs also added to CPV in 2022.

Market position

Our long-term focus on quality, delivery and cost in everything we do is the foundation for our long-term success. We have been involved in less than 2% of recalls of airbags and seatbelts in the last 10 years, an important indicator that we are delivering on our quality strategy. Since 2017, our market share has increased by 5 percentage points to 43% in 2022. Our market position is strong in all product categories, with 44% in airbags, 45% in seatbelts and 37% in steering wheels. All three product categories have substantially improved their position since 2017. All of our largest regions have increased their market shares since 2017, to 46% in Americas, 45% in Europe, 36% in China and 39% in Japan.

Global light vehicle production

LVP has increased at an average annual growth rate of 1.6% since 1997. However, global LVP has declined from the peak of 92 million in 2017, to 79 million in 2022, mainly as a consequence of component shortages related to semiconductors. We expect that light vehicle production will continue to grow both in the short and long term. The growth is expected to take place in all regions. In the short-term, growth is expected to be driven by strong order books at the OEMs and a rebuilding of new vehicle inventories.

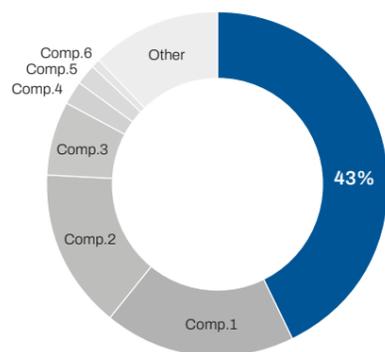
Content per vehicle

A global development towards increased safety standards with stricter regulations and increasingly stringent rating frameworks is a strong driver of safety content in vehicles. Other drivers are the premium vehicle trend and the increasing focus on safety in emerging markets. By continuously researching, developing and introducing new technologies with higher value-added features, Autoliv can influence safety content per vehicle. In 2022, global average CPV increased by more than 6%, excluding currency effects, to around \$255. As a result of the increase, the automotive safety market has outgrown LVP historically and we expect this trend to continue. Since 2017, CPV has increased in all regions, and most prominently in North America, but also in emerging markets like South America and India. In recent years India introduced regulations leading to mandatory frontal airbags for all new models, and proposed that side airbag systems also be made mandatory in the future.

Competitive landscape

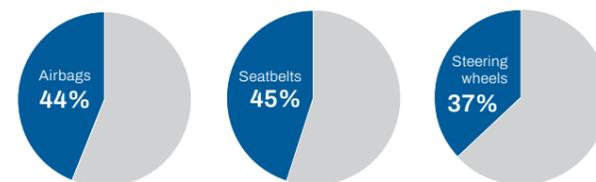
Autoliv is the undisputed leader in automotive safety. We face a variety of competitors in a landscape that is constantly evolving. We consider our key competitors to be ZF and Joyson Safety Systems (JSS), which we regard as global, full-scope competitors. ZF is a broad-based automotive supplier. JSS was formed through the combination of KSS and Takata. JSS is owned by Ningbo Joyson Electronic. In Japan, Brazil, South Korea and China, we also compete with a number of domestic suppliers, often with close ties to domestic vehicle manufacturers. We also face competition from product specialists.

Clear Industry Leader at 43%



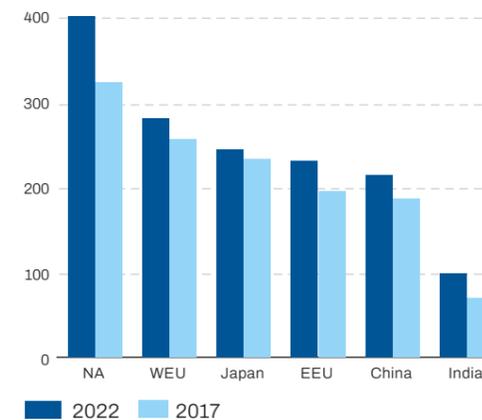
2022 Market share

By product area



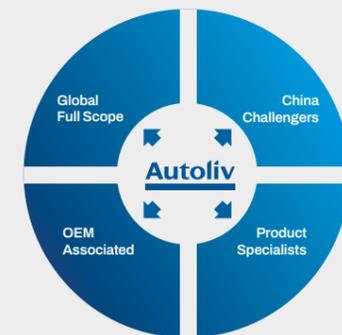
Content per vehicle

US\$ per vehicle



Company estimates. Includes seatbelts, airbags, steering wheels and pedestrian safety.

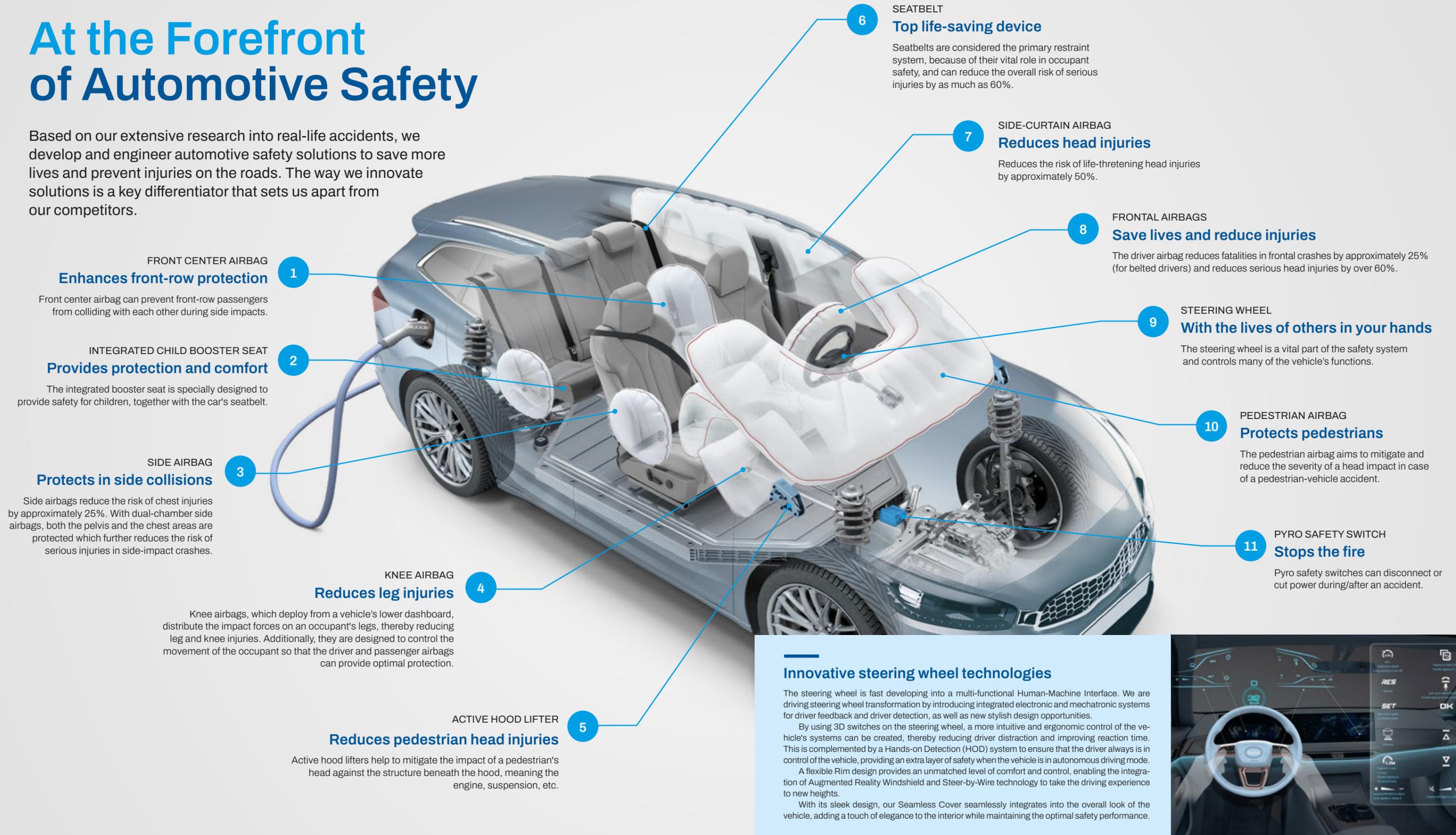
Competitive landscape



Company estimates. Based on Autoliv's passive safety market definition including airbags, seatbelts, steering wheels and pedestrian safety.

At the Forefront of Automotive Safety

Based on our extensive research into real-life accidents, we develop and engineer automotive safety solutions to save more lives and prevent injuries on the roads. The way we innovate solutions is a key differentiator that sets us apart from our competitors.



1 FRONT CENTER AIRBAG
Enhances front-row protection

Front center airbag can prevent front-row passengers from colliding with each other during side impacts.

2 INTEGRATED CHILD BOOSTER SEAT
Provides protection and comfort

The integrated booster seat is specially designed to provide safety for children, together with the car's seatbelt.

3 SIDE AIRBAG
Protects in side collisions

Side airbags reduce the risk of chest injuries by approximately 25%. With dual-chamber side airbags, both the pelvis and the chest areas are protected which further reduces the risk of serious injuries in side-impact crashes.

4 KNEE AIRBAG
Reduces leg injuries

Knee airbags, which deploy from a vehicle's lower dashboard, distribute the impact forces on an occupant's legs, thereby reducing leg and knee injuries. Additionally, they are designed to control the movement of the occupant so that the driver and passenger airbags can provide optimal protection.

5 ACTIVE HOOD LIFTER
Reduces pedestrian head injuries

Active hood lifters help to mitigate the impact of a pedestrian's head against the structure beneath the hood, meaning the engine, suspension, etc.

6 SEATBELT
Top life-saving device

Seatbelts are considered the primary restraint system, because of their vital role in occupant safety, and can reduce the overall risk of serious injuries by as much as 60%.

7 SIDE-CURTAIN AIRBAG
Reduces head injuries

Reduces the risk of life-threatening head injuries by approximately 50%.

8 FRONTAL AIRBAGS
Save lives and reduce injuries

The driver airbag reduces fatalities in frontal crashes by approximately 25% (for belted drivers) and reduces serious head injuries by over 60%.

9 STEERING WHEEL
With the lives of others in your hands

The steering wheel is a vital part of the safety system and controls many of the vehicle's functions.

10 PEDESTRIAN AIRBAG
Protects pedestrians

The pedestrian airbag aims to mitigate and reduce the severity of a head impact in case of a pedestrian-vehicle accident.

11 PYRO SAFETY SWITCH
Stops the fire

Pyro safety switches can disconnect or cut power during/after an accident.

Innovative steering wheel technologies

The steering wheel is fast developing into a multi-functional Human-Machine Interface. We are driving steering wheel transformation by introducing integrated electronic and mechatronic systems for driver feedback and driver detection, as well as new stylish design opportunities.

By using 3D switches on the steering wheel, a more intuitive and ergonomic control of the vehicle's systems can be created, thereby reducing driver distraction and improving reaction time. This is complemented by a Hands-on Detection (HOD) system to ensure that the driver always is in control of the vehicle, providing an extra layer of safety when the vehicle is in autonomous driving mode.

A flexible Rim design provides an unmatched level of comfort and control, enabling the integration of Augmented Reality Windshield and Steer-by-Wire technology to take the driving experience to new heights.

With its sleek design, our Seamless Cover seamlessly integrates into the overall look of the vehicle, adding a touch of elegance to the interior while maintaining the optimal safety performance.



Around the World Deliveries

Autoliv has one of the industry's most diverse customer bases, reflecting a strong sales mix with high-volume global vehicle manufacturers, global premium brands as well new entrants to the automotive industry. Autoliv currently delivers to around 100 vehicle brands around the world and has a leading market position with all but one of the global car manufacturers (OEMs). During 2022, we launched many new products on a number of important Electric Vehicles (EV) and Internal Combustion Engines (ICE), supporting our future growth. A contract typically covers the lifetime of a vehicle model, which is normally between five and seven years depending on customer platform sourcing preferences and strategies.

Sales by customer and vehicle type

In 2022, our top five customers represented 49% of sales and the ten largest represented 80% of sales. This reflects the concentration in the automotive industry. The five largest customers in 2021 accounted for 48% of global Light Vehicle Production (LVP) and the ten largest for 70%. The top ten customer list now includes all major Asian vehicle manufacturers, as well as a pure EV manufacturer.

Asian vehicle producers have steadily become increasingly important, mainly driven by growth with Japanese OEMs. As a group they now represent around 43% of global sales of which Japanese OEMs accounts for 29 percentage points. This is a result of our high order intake with them over the past years, built on our strong local presence in Japan and our global manufacturing footprint. Globally,

European-based brands accounted for 30% of our sales in 2022. U.S.-based brands (including Chrysler and new EV OEMs) account for 25% of our global sales. The fastest growing customer in 2022 was a global EV manufacturer, followed by Stellantis.

The Company estimates that the sales in 2022 to EVs (not including Plug-in-Hybrid vehicles) amounted to more than \$1 billion. The positive sales trend to EVs is expected to continue as around 45% of our total order intake in 2022 was for future EVs.

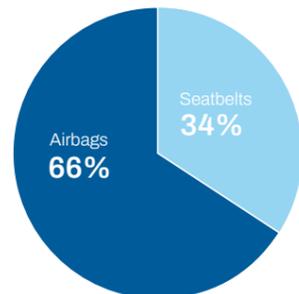
Sales by region

With operations in 27 countries and one of the broadest customer bases of any automotive supplier, Autoliv has the best global footprint in the industry. In 2022, the Asian market accounted for 40% of Autoliv sales. This was slightly lower than in 2021, despite LVP in the region increasing more than the global average. The second largest market was Americas representing 33% of sales. The European market accounted for 27% of sales in 2022, which is roughly ten percentage points less than ten years ago, reflecting a weak LVP as well as our strong market share gains in Asia and North America over the past years.

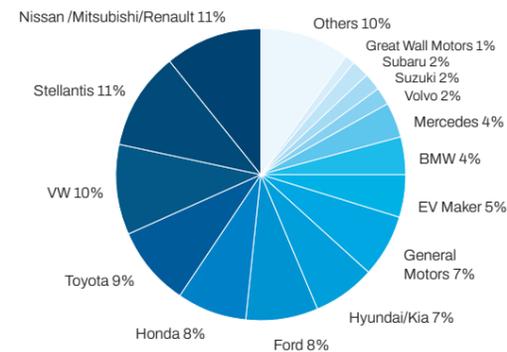
Sales by product

Autoliv is the leading global supplier of airbags, seatbelts and steering wheels. Of our \$8.8 billion sales in 2022, approximately 66% consisted of airbag products (including steering wheels) and approximately 34% consisted of seat-belt products.

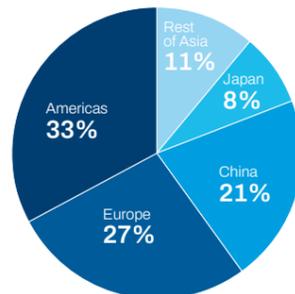
Sales by product



Sales by customer



Sales by region



Important Electric Vehicle Launches in 2022



Nio ET7



Ford Lightning



BMW i7



VW ID.Buzz



Li Xiang L9



Great Wall Ora Ballet Cat



Huyndai IONIQ 6



Xpeng G9



Renault Megane E-Tech

Uniquely Positioned to Save More Lives



As Autoliv has pioneered automotive safety for almost exactly 70 years, including the introduction of many world firsts, we have become the largest supplier of automotive safety systems. We are expanding our focus beyond light vehicle safety to a wider mobility safety arena. Industry trends, such as electrification, autonomous driving, shared mobility, digitalization and connectivity, and more comfortable interiors and cockpits, are giving rise to new safety needs that call for more sophisticated and digital safety products, both inside and outside the car. Our approach to real-life safety to meet emerging safety needs throughout the entire mobility chain, from in-vehicle occupants in different levels of automated vehicles to vulnerable road users such as pedestrians and riders of two-wheelers, together with our methods and processes, puts Autoliv in a unique position.

We support our customers through our technical centers and manufacturing facilities located close to their assembly plants. We employ 5,700 people in research, development and application engineering (RD&E). A large portion of our RD&E resources are focused on application engineering to adapt safety products to new vehicles.

We innovate, develop and customize our airbag, seat-belt, steering wheel and other solutions and systems to improve safety, comfort and usability with the aim of Saving More Lives in road traffic.

Our solutions strive to accommodate any kind of journey in a constantly changing environment where a vehicle occupant or a road user meets a mixed fleet of traditional and new types of vehicles. In addition, we continuously innovate to make things smaller and lighter – such as our driver airbags – or better integrated – such as our advanced seatbelt solutions integrated into seats – as well as applying more decentralized intelligence – such as our small integrated decentralized electronic control units (ECUs) for future steering wheels.

Innovation through collaboration

We are engaged in research activities across multiple disciplines such as biomechanics, human factors and traffic safety analysis as well as computer science and chemistry. Through our research and collaborations, we aim to improve safety for all, meaning that regardless of what type of road or user you are or the type of vehicle used you should have a safe journey.



We also engage in multi-partner government-funded projects. In the area of car occupant safety, the project Proactive Safety Systems and Tools For Constantly Upgrading Road Environment (Safe-Up) will be concluded during 2023, ending our successful collaboration with European partners to enable safe new seating positions in future collision scenarios involving connected and autonomous vehicles. On the same topic, we are continuing our engagement in the Steering Committee for the Research Consortium for Crashworthiness in Automated Driving Systems (RCCADS) in the US.

In the area of vulnerable road users, we are continuing our efforts to create a Motorcycle Rider Model for injury prediction, to further enhance our human body model in predicting injuries sustained by motorcycle riders in crashes. We have also developed a new powered two-wheeler dummy together with Humanetics.

We showed a car-based external airbag for cyclist protection in side impacts at the SAE World Congress in Detroit in 2022, an airbag integration into a bicycle helmet at the Airbag 2022 conference in Germany and a face airbag at the IRCOBI conference in Portugal.

We also engaged with numerous stakeholders in the Motorcyclists Safety Workshop, Riding in a Safe System, organized by International Transport Forum, where eight priority areas were highlighted by the workshop to achieve the integration of powered two-wheelers into the safety system by 2030. As the safety of motorcycle riders is a huge challenge in Southeast Asia, we also entered in an agreement with the Malaysian Institute of Road Safety Research (MIROS) where we collaborate on on-rider and on-bike protection.

Innovations driven by human behavior and accident research

To constantly improve traffic safety, we need to know what is happening on the roads today, how current safety systems perform in real-life traffic, and how to design safety systems for the future. The analysis and predictions from this research serve as the basis for the development of future safety systems

During 2022, we analyzed and published data on crash

characteristics and injury risk in near-side impacts in the US, an analysis of sampling bias and weight factors for in-depth motorcycle crash data in Thailand, characteristics of future crashes on Indian roads using counterfactual simulations of pre-crash vehicle safety technologies, and fatality and injury risks of pedestrians, cyclists, motorcyclists, and car drivers as a function of impact speed and age using German data.

As a contribution to understanding driver state, we published a study in the journal Accident Analysis and Prevention entitled "Detecting driver fatigue using heart rate variability: A systematic review". We also presented the studies "Human-machine interface designs assisting drivers of automated vehicles during transitions: evaluation from an end-user perspective" and "Heart rate variability as an indicator for driver fatigue, different effects of time of day and time-on-task" at Driver Distraction and In attention conference in Sweden. Monitoring driver state using the seatbelt or steering wheel along with two sensors close to the driver/occupant can provide the necessary redundancy for a camera-based monitoring system.



Autoliv and Malaysian Institute of Road Safety Research Collaborate to Save More Lives



Road traffic accidents claim 1.35 million lives every year and are the leading cause of death among children and young adults. More than 90% of road traffic fatalities occur in developing countries. The safety of motorcycle riders is a major challenge in Southeast Asia and motorcycle crashes accounted for 66% of all traffic fatalities in Malaysia in 2021.

In 2021, Autoliv entered a partnership with the Malaysian Institute of Road Safety Research (MIROS), an organization with a progressive approach to road safety in Malaysia and a particular focus on powered two-wheelers. The collaboration directly supports Autoliv's vision of Saving More Lives and UN Sustainable Development Goal 3, which aspires to ensure good health and well-being for all, with one of its targets focused on halving global deaths and injuries from road traffic crashes.

"I am very excited and fully support the development of this motorcycle airbag technology. I am sure that MIROS will support and cooperate with Autoliv in the development of this technology and evaluate its potential to save motorcyclists in our country going forward," says Dr. Wee Ka Siong, Minister of Transport in Malaysia.

"Autoliv is committed to our vision of Saving More Lives and to providing world class life-saving solutions for mobility and society. Autoliv is prioritizing developing products that specifically protect vulnerable road users. The development of these products is an integral part of our sustainability agenda," said Mikael Bratt, CEO and President, Autoliv.

The MIROS collision test laboratory, PC3 Crash Lab, has played an important role in the vehicle safety ecosystem over the past ten years. Industry partners such as Autoliv conduct research and development in collaboration with the test laboratory to improve the level of road and vehicle safety in Southeast Asia and worldwide.

"It was a privilege to be a part of the MIROS tenth anniversary event and be asked to conduct a crash test with new technology that brings us one step closer to saving more lives in Southeast Asia. Autoliv has an important role to play in markets like Malaysia, and I am proud to see Autoliv's airbag for powered two-wheelers generating interest in the country," says Cecilia Sunnevang, Vice President Research at Autoliv.

"I am very excited and fully support the development of this motorcycle airbag technology."

DR. WEE KA SIONG,
MINISTER OF TRANSPORT IN MALAYSIA





Innovating for a Safer Society

Our focus areas for future mobility

Staying at the forefront of safety technology is key in supporting our long-term growth in a rapidly changing technology environment. Vehicles of the future, with increasing levels of electrification and autonomy, are placing new demands and are creating new opportunities for automotive safety systems. Our safety solutions for electric and autonomous vehicles are a natural evolution of our safety products, positioning Autoliv at the forefront of innovation.

We strive to improve existing airbag effectiveness and to develop new types of airbags to meet new challenges with electric and autonomous vehicles. We continuously develop new seatbelt systems for new seating positions and improved comfort to accommodate any kind of journey. Our

research in steering wheel technology has resulted in improved ease of control by integration of mechatronics and additional driver monitoring systems, including solutions for autonomous driving.

Today, vulnerable road users (VRUs) – pedestrians, cyclists and riders of powered two-wheelers – account for nearly half of all road fatalities. Protecting VRUs is a natural progression of our real-life approach to safety.

We have collected adjacent business opportunities, including safety for powered two-wheelers, into Mobility Safety Solutions (MSS). In MSS we investigate opportunities where our core product and product competences can be applied for additional growth.

Safety for Autonomous Driving



Seatbelts for "zero gravity"-style seats

Autoliv is in development for series production of a seatbelts for "Zero Gravity" car seats intended for self-driving vehicles.



Hands-on detection

Autoliv is developing steering wheels with hands-on-detection, for self-driving vehicles, featuring capacitive switches.

Safety for Electric Vehicles



Silent seatbelts

Electric cars are substantially more quiet than traditional cars with combustion engines. Therefore, it is becoming increasingly important to reduce disturbing noise from various products, such as through so-called "silent seatbelts".



Battery cut-off switch

The Battery cut-off switch disconnects and cuts power from the high voltage battery in a crash, preventing battery failures and overcharging due to short circuits, which can lead to thermal events and fires.

Safety for Vulnerable Road Users



Motorized two-wheelers

The airbag systems for powered two-wheelers is mounted on the vehicle frame and will deploy in milliseconds, for greater rider safety.



Vulnerable road users

To protect vulnerable road users, such as pedestrians, cyclists and riders of powered two-wheelers, cars can be equipped with pedestrian airbags or active hood lifters. In the event of frontal collisions, the system protects the occupant by an outside airbag or by raising the rear-end of the hood, using it as a cushion.

Building a Winning Team



Collaboration is core to how we work at Autoliv. No matter where we sit in the organization, it is by working together that we enable people to grow and deliver excellence to our customers and other stakeholders.

In Autoliv, we want each individual to reach their full potential – this is the very foundation for building a high-performing team. Through strategic workforce planning, we identify talent needs and talent gaps, and determine the appropriate mix of strategies to enable people to grow. We take great pride in working together to provide lifesaving solutions for mobility and society – from the earliest stages of product development to sales and design and through the final delivery of the finished product. We strive to be the best employer, where our team members can be themselves, develop and deliver results together.

Employee development

Supporting the development of our employees is essential in a highly competitive and rapidly changing environment. We offer continuous personal development by creating an attractive workplace and by providing a collaborative and positive work environment where we focus on performance, tackle challenges, and achieve great things together. An important cornerstone of each employee's growth is the ongoing personal, transparent communication between the team member and manager, which is summarized during an annual performance and development dialog (PDD). During 2022, 99% of targeted employees conducted a PDD with their managers.

To further support the growth of our employees, we have a multitude of development channels, including facilitated and self-paced development programs, such as technical and specialist career paths and international assignments. We promote continuous on the job development every day, and more than 4,000 employees attended at least one development program in 2022.

Health and safety

Ensuring a safe and inclusive workplace is a top priority for Autoliv. Our health and safety goals are clear. We want zero accidents in the workplace, and we are dedicated to preventing all occupational injuries, be it from lifting heavy objects or working late hours.

The management of Autoliv is strongly committed to providing safe and healthy working conditions for all our people

and contractors. Our ambitious goals require that we all take ownership and proactively care for ourselves and one another. We strive to make health and safety an integrated part of our daily work, on all levels and across functions. In 2022, we initiated a Health and Safety leadership training which is rolled out globally. The purpose is to empower and inspire everyone to work proactively with health and safety issues.

Our continuous work with risk assessments is vital. We continuously work to improve our ability to identify risks and prevent injuries by actively involving teams who are exposed to an area of risk in the assessment process. This enables us to leverage valuable insights from around Autoliv and makes it easier for all of us to take ownership of our safety. Just like our vision, Saving More Lives, ensuring a safe work environment, is a collective achievement.

Diversity and inclusion

The diversity of our people is one of the things that makes Autoliv great. Our workforce reflects the diversity of the countries and cultures in which we operate. The more diverse our organization, the better we will be at anticipating, leveraging, and adapting to future needs and changes.

Inclusive ways of working are an asset and a fundamental part of the Autoliv Key Behaviors that were launched in 2021. Including a multitude of perspectives is an integral part of successful decision-making in all parts of the organization and helps drive innovation and create long-term sustainable shareholder value in a rapidly changing industry. We believe that everyone should be respected and treated fairly, and we are committed to providing an inclusive and diverse workplace where everyone can be themselves, deliver results and bring their authentic selves to work.

Labor rights

We offer fair terms and conditions of employment. Our Key Behaviors, Code of Conduct, talent development strategies and employment policies support the principles in the United Nations Universal Declaration of Human Rights, and the International Labour Organization's Fundamental Principles and Labour Standards.

Quality at The Forefront of Everything We Do



We can never lose sight of our vision of Saving More Lives, and our products never get a second chance. This is why we can never compromise on quality.

In addition to our primary goal of saving lives, quality is key to our financial performance, since quality excellence is critical for winning new orders, preventing recalls and maintaining low scrap rates. For all of these reasons, we are committed to providing customers with products and services that are – and are perceived as – more valuable than those of our competitors. We strive for zero recalls, zero repeat issues and a year-on-year reduction of total non-quality costs.

By embodying our Key Behaviors, we lead by example and contribute to the journey towards zero defects. Our goal is for all functions in Autoliv to think, plan and execute based on a zero-defect mindset, whether working with products or services.

Our zero-defect principle extends beyond Autoliv to the entire supplier base. We work proactively with our suppliers, using audits, Go & See, Lean manufacturing training and other tools to minimize risk and continuously develop our supplier base.

Quality leadership

Quality assurance is a continuously ongoing process along the end-to-end value chain. Increasing our utilization of data is significantly improving our possibilities to monitor and act on anomalies early on.

To achieve this, we establish a digitalized and connected data foundation that we can build on to become smarter in our operations and quality work. This gives us possibilities to carry out more automatic inspections supported by machine learning to improve our capabilities to identify potential quality problems, and to reduce the dependency on human inspection variability.

Our quality culture

We are adapting our ways of working to incorporate quality earlier in the design process and cooperate more closely with suppliers to further improve our zero-defect performance applying our Q5 methodology – quality in all dimensions.

The Q5 program addresses quality in five dimensions: customers, products, employees, processes and suppliers.

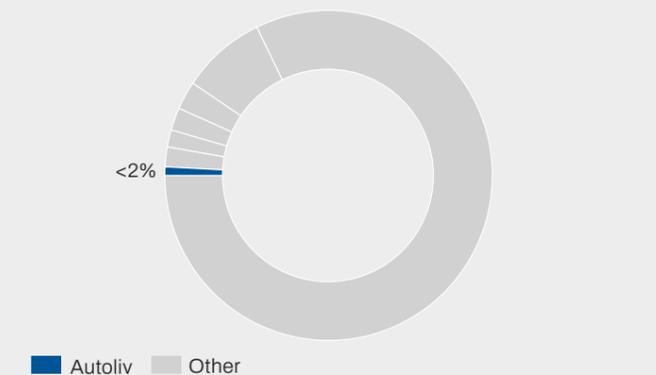
In 2022, the journey towards zero defects continued, and we saw an improvement in the number of zero-defect lines. This was achieved through well-defined cross-functional workshops to eliminate potential defects, and an ongoing drive to empower teams with a proactive mindset. A vital part in this is the culture of Jidoka, where an operator who detects an anomaly can directly stop the line and allow for appropriate actions to be taken.

Our quality performance

We have been involved in less than 2% of recalls of airbags and seatbelts in the last ten years, an important indicator that we are delivering on our quality strategy. Additionally, 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.

Minimal recalls

Share of airbag and seatbelt recalls in vehicles in the past 10 years¹



¹ The share is calculated as a ten year rolling average based on information from national official databases.

A Driving Force in Sustainable Mobility

Guided by our vision of Saving More Lives, our mission is to provide world-class, life-saving solutions for mobility and society. Sustainability is an integral part of our business strategy and a fundamental driver for market differentiation and stakeholder value creation, helping to ensure that our business will continue to thrive and contribute to sustainable development in the long term. To truly be a driving force

in sustainable mobility, we strive to systematically assess and to manage key impacts, risks and opportunities on society and the environment related to our business, operations and supply chain. We also engage with our customers to ensure that we are part of driving the transition to low-carbon and circular mobility, thus realizing new business potential.

Our sustainability approach is based on four focus areas, with broad ambitions and more specific short-term targets

Focus Area	Ambitions	Sustainable Development Goals
Saving More Lives	100,000 lives saved per year	3, 11, 17
A Safe and Inclusive Workplace	<ul style="list-style-type: none"> Zero accidents Embrace inclusive ways of working 	5, 7, 8
Climate Action	<ul style="list-style-type: none"> Carbon neutrality in own operations by 2030 Net zero emissions across our supply chain by 2040 	9, 12, 13
Responsible Business	<ul style="list-style-type: none"> Proactively prevent corruption and other unethical business practices Respect human rights Manage supply chain sustainability risks 	16

defined for each area. These areas represent the strongest links to our business risks and opportunities and the greatest impact on key stakeholder groups, society and the environment. All four areas represent global challenges where we believe that our work can make a positive difference, through our Ways of Working or by inspiring and collaborating with others. We are a signatory of the UN Global Compact and our work and policies, such as our Code of Conduct, are aligned with international frameworks such as the ILO core conventions and the OECD Guidelines.

Our core business and sustainability work contribute to the realization of a number of UN Sustainable Development Goals (SDGs). Our core business directly contributes to reducing the number of road fatalities (SDG 3) and making transportation systems safer for everyone, including vulnerable road users (SDG 11). We actively support research and knowledge sharing that benefit developing markets (SDG 17). Over time, our climate and circularity agenda aims to not only greatly reduce our own negative environmental impact (SDG 9, SDG 13) but also help drive green innovation (SDG 12) among direct material suppliers, vehicle manufacturers and energy providers (SDG 7). By proactively managing health and safety risks and labor rights (SDG 8), promoting diversity and inclusion (SDG 5) and holding all employees to the highest ethical business standards (SDG 16), we lay the foundation for a high-performing organization where every employee has the means to speak up and drive improvement.

For more information about performance data, definitions, etc., see the Sustainability Appendix on p. 61-64.

Autoliv's Multi-year Commitment to Support the United Nations Road Safety Fund



Autoliv is supporting the effort of the United Nations Road Safety Fund, UNRSF, to strengthen insights into road safety challenges and contribute to safer mobility where it is most needed.

By exchanging valuable insights, knowledge, and data, Autoliv and the UNRSF will actively support the Global Plan for the Second Decade of Action 2021-2030, which seeks to prevent at least 50% of road traffic deaths and injuries by 2030.

Road traffic crashes claim 1.35 million lives every year and are the leading cause of death among children and young adults. More than 90% of road traffic fatalities take place in developing countries. Autoliv's support of the UNRSF is an important step to further democratize road safety and increase awareness and availability of life-saving products.

Autoliv's vision of Saving More Lives directly supports UN SDG 3, which aspires to ensure good health and well-being for all, with one of its targets focused on halving global deaths and injuries from road traffic crashes.

"Cross-sector collaboration is key if the world is to advance its positions with respect to the Sustainable Development Goals. Supporting the UNRSF is a way for Autoliv to share our expertise while gaining additional insights into the main road safety challenges facing the world today. Through our core business of

life-saving products, we have an important role to play. Saving More Lives is an integral part of our sustainability agenda," said Mikael Bratt, CEO and President, Autoliv.

"Autoliv directly supports the UNRSF's thinking on high-impact road safety projects"

NNEKA HENRY, HEAD OF THE UNRSF SECRETARIAT

"As a member of the multi-stakeholder UNRSF Platforms of Engagement, Autoliv directly supports the UNRSF's thinking on high-impact road safety projects. With its financial contribution, Autoliv is also directly supporting UNRSF project operations in low- and middle-income countries. It is this type of multi-pronged engagement from the private sector that will leapfrog the global community towards achieving the SDGs related to safe, sustainable and inclusive mobility for all," said Nneka Henry, Head of the UNRSF Secretariat.

Autoliv's commitment to support the UNRSF will directly result in road safety interventions in low- and middle-income countries ranging from better vehicle standards and road infrastructure design to effective systems to improve road user behavior and emergency post-crash response.



Materiality Assessment

The starting point for sustainability management and reporting is understanding our most material topics. Our materiality assessment aims to identify the key sustainability topics in our own operations and our value chain. The process is based on the double materiality principle: both impact materiality (how Autoliv impacts people and the environment) and financial materiality (how various sustainability topics impact Autoliv) are considered.

Materiality assessment is part of the Enterprise Risk Management (ERM) process and is carried out on an annual basis. In 2022, the process was further developed to ensure that we are aligned with current and upcoming legislation on corporate sustainability due diligence and sustainability reporting, in particular the upcoming EU Corporate Sustainability Due Diligence Directive, EU Corporate Sustainability Reporting Directive and SEC regulations. Assessment activities included:

- Review of industry-related reports, etc. regarding impacts, risks and opportunities
- Market research as well as direct dialog to understand our customers' sustainability priorities, challenges and opportunities for collaboration
- Investor-driven sustainability/ESG assessments and face-to-face meetings with key shareholders
- The annual Autoliv Quality Culture employee survey, quarterly Pulse employee surveys and Autoliv's Speak Up channel

For many of the most material topics, we also carry out topic-specific assessments to gain a deeper understanding of both impact and financial materiality. For example, for climate change, we have carried out an extensive value chain GHG footprint assessment, identified emission sources and reduction levers, and identified key transition and physical risks and opportunities that could impact our business. For more climate change-related information, see the TCFD Disclosure, p. 46-47.

- Workshops with internal topic experts as well as representatives from other functions to ensure a broad inside-out understanding of current and future topics

In 2022, key material topics identified included:

Environment	Social	Business ethics
Climate change Circularity	Life-saving products and innovations Product safety Health and safety Inclusion Labor rights	Anti-corruption Anti-trust

Supply chain sustainability impact and performance cut across most of the above topics, in particular regarding climate change, circularity, product safety, health and safety, labor rights and business ethics.

While many of the topics listed above have been considered the most material for several years, some topics such

as inclusion and circularity are growing in importance driven by trends of natural resources scarcity and more complex operating environments. The material topics are covered by our sustainability focus areas, with targets and action plans defined for each of these focus areas to ensure that we make measurable progress.

A HELMET WITH AN INTEGRATED AIRBAG

Autoliv and POC Join Forces to Reduce Cyclist Head Injuries



“Our safety mission drives everything we do, and we always challenge conventional thinking in order to improve protection.”

OSCAR HUSS, CHIEF PRODUCT OFFICER, POC

Autoliv and POC, a global leader in snow sports and cycling protection, have joined forces to study and develop bicycle and e-bike helmets equipped with airbag technology to improve head protection and reduce the consequences of an impact.

Head injuries alone account for half of all deadly cyclist injuries. Although it has been established that helmets are beneficial to head safety, the latest Bicycle Safety Report by Swedish insurance company Folksam makes the case that helmet absorption efficiency could still be greatly improved, especially when collisions occur with a car at speeds above 20 km/h (12 mph).

POC and Autoliv have been working together to assess the potential of using airbag technology in helmets. The airbag would act as the initial energy absorber while the underlying helmet would act as a secondary energy absorber.

After conducting a pre-study, the Autoliv research team concluded that a bicycle helmet with an integrated airbag can significantly improve protection and reduce the consequences of impacts to cyclists. The combination of both absorbing technologies enables a reduction of peak linear head acceleration and significantly reduced

the risk of head injuries in impact tests. The pre-study also showed that these protection improvements could be achieved without critically compromising the design, weight, or comfort of a helmet equipped with integrated airbag technology.

“Autoliv is committed to the vision of Saving More Lives and to providing world-class life-saving solutions for mobility and society. The safety of vulnerable road users, such as cyclists and e-bike riders, is high on our agenda. Therefore, it was natural to collaborate on this initiative with POC, a leader in cyclist safety, to explore how to improve helmet protection in current standard testing and more challenging scenarios, such as higher impact speeds”, said Dr. Cecilia Sunnevang, Vice President Research, Autoliv.

The pre-study showed that the addition of airbag technology on top of the helmet could significantly contribute to enhanced safety performance, especially in linear impacts. It is estimated that the risk for a bicyclist to sustain moderate to fatal head injuries is reduced from 80% to 30% in a 20 km/h (12 mph) impact.

“Our safety mission drives everything we do, and we always challenge conventional thinking in order to improve

protection. Helmets are tested and certified in a laboratory setting and can never fully address all the real-world variables of bike crashes. Together with Autoliv, who are world-renowned and have some of the most advanced testing and research facilities in the field, we have embarked on a development journey with airbag technology, asking ourselves what could be done to excel in current test scenarios and push the envelope towards even more shock absorbing capacity”, said Oscar Huss, Chief Product Officer, POC.

Finding new ways to save lives

Boosted by an increased environmental consciousness and the emergence of e-bike commuting, the number of bicycle riders worldwide is increasing rapidly. This growth needs to be supported by improved helmet protection, especially at higher speeds enabled by e-biking. During the pre-study, Autoliv and POC developed the initial concepts using advanced simulation tools and conducted correlated physical crash tests. The successful outcome of the pre-study will now lead to further testing and refinement, with the objective of developing the concept further and potentially bringing a product to the market.

Sustainability Governance

Autoliv’s sustainability work is managed within a well-defined governance structure, with clearly established ownership and responsibilities at all levels in the organization.

The underlying principle of our governance model is integrating sustainability responsibilities into the ordinary course of business and company processes. This means that the ultimate responsibility for executing sustainability activities and targets lies with the line organization and is regularly monitored through management reporting. According to our Key Behaviors, we expect every employee to take ownership of sustainability topics by proactively contributing improvement ideas as well as by following company policies and standards.

Ultimate oversight of the company’s sustainability activities lies with the Board of Directors. The Board sets the direction for sustainability activities and regularly monitors progress on Autoliv’s sustainability strategy and targets through its Nominating and Corporate Governance Committee (NCGC). The Board reviews and approves the Code of Conduct as well as the Annual and Sustainability Report and the Modern Slavery Act Statement.

Implementation responsibility for sustainability lies with the Executive Management Team (EMT). The EMT has appointed a Sustainability Board charged with providing regular direction and oversight. The Sustainability Board consists of the CEO and other EMT members and meets on a quarterly basis. The Sustainability Board reviews and approves Autoliv’s sustainability strategy, annual and long-term plans, targets and policies for key topics, and monitors implementation and performance.

Integration of sustainability into Autoliv’s business is led by the Group HR & Sustainability function. The Vice President, Sustainability, who reports to the Executive Vice President, HR & Sustainability, coordinates, develops and monitors Autoliv’s sustainability agenda and facilitates the Sustainability Board meetings and other sustainability-related reporting to management. Everyday sustainability topics are managed, as appropriate, by the HR & Sustainability function, divisions and other corporate functions such as supply chain management, research, development and engineering, and legal and compliance. Divisions and

corporate functions have dedicated sustainability resources such as Environment, Health & Safety coordinators, life-cycle assessment (LCA) experts and supplier sustainability auditors.

Risk Management

Autoliv has a global risk management organization and utilizes several different tools, such as an enterprise risk management (ERM) framework which includes annual, divisional, functional and corporate risk mapping activities, monitoring risk trends, implementation of risk improvement plans and follow-up of the effectiveness of risk mitigation measures. Risk reporting is done on a regular basis to the Audit and Risk Committee as well as the Board of Directors. With regard to sustainability-related risks, the ERM framework takes into consideration the double materiality perspective. This means assessing both how Autoliv’s operations impact people and the environment, and how various sustainability topics impact Autoliv’s business. Sustainability risks, such as product safety, climate change, natural resources scarcity, environmental compliance, health and safety and other labor rights, business ethics, business conduct and supply chain sustainability, are included in the ERM framework. We assess how sustainability relates to business risks, such as legal proceedings, regulatory changes, contingent liabilities, supply chain disruptions and operational disruptions. Furthermore, there are relevant corporate standards for topics such as site risk management, loss prevention, emergency procedures, business contingency planning and physical security.

A more detailed description of Autoliv’s material operational, strategic and financial risks, including sustainability-related risks, can be found in the “Risk Factors” and “Risks and Risk Management” sections of the 10-K filed with the SEC. More information on climate-related risks can be found in the TCFD disclosure, p. 46-47.



Ambition:
100,000
 Lives saved per year

2022 Outcome:
 Close to **35,000** lives saved

Road Safety – a Global Challenge

When the UN SDGs were launched, road safety was made a global priority for good reason: 1.35 million people die in traffic every year, a figure likely to increase significantly unless disruptive action is taken.

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 into poverty by the loss of a breadwinner or by the expenses of prolonged medical care. The societal costs are also significant for developed countries: the US National Highway Traffic Safety Administration estimates the total societal cost of US traffic crashes in 2019, which led to 36,500 fatalities and 4.5 million injuries, at a staggering \$340 billion.

In August 2020, the UN General Assembly adopted the resolution "Improving global road safety", proclaiming the Second Decade of Action for Road Safety 2021-2030. The target, represented as SDG 3.6, is to reduce road traffic deaths and injuries by at least 50% by 2030. According to the resolution, vehicle safety is a key component and member states are encouraged to adopt vehicle safety regulations that make seatbelts, airbags and active safety systems standard equipment. In addition to safer vehicles, infrastructure improvements, road user behavior and protective equipment are also key to achieving the target.

Our ambition and approach

Saving More Lives is our core business and our most important contribution to sustainable development and the realization

of SDG 3.6. According to our estimations, our products in use already save close to 35,000 lives and reduce more than 450,000 injuries every year.

Our long-standing ambition is for our products to save 100,000 lives per year. Achieving this ambition is based on:

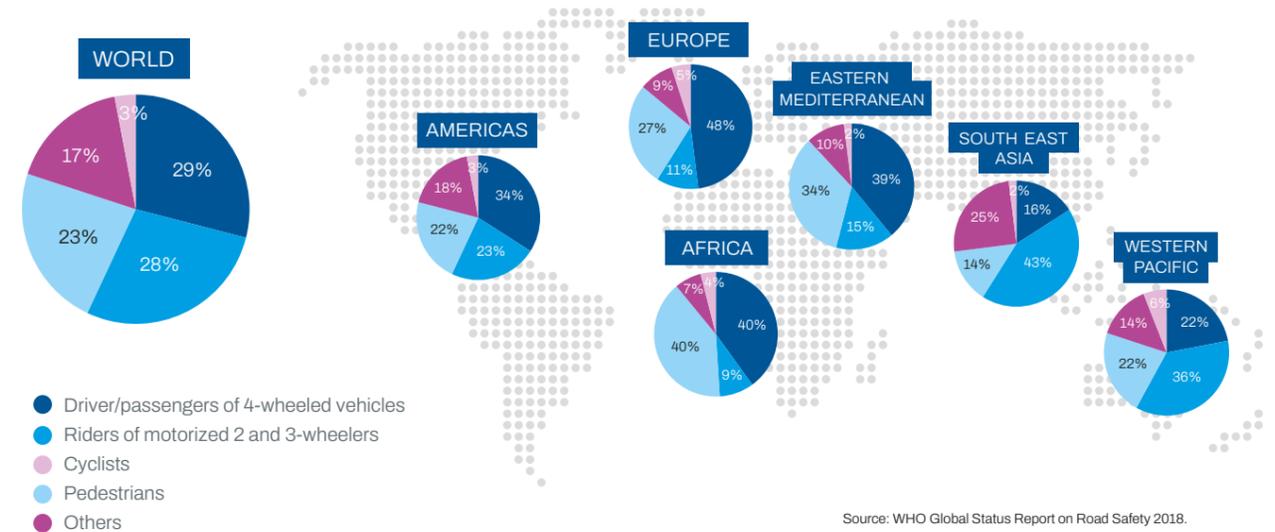
- Retaining our strong market position and continue to grow in our core business, including increasing content per vehicle. This needs to be done while maintaining the highest level of quality – our products never get a second chance.
- Successfully expanding our business in new mobility segments such as motorcyclists, and better protection of vulnerable road users. This includes proactively broadening the scope of research and development to also cover a wider range of parameters regarding height, weight, age and gender.
- Increased multi-stakeholder efforts in education to increase seatbelt use since they are the most effective way of reducing fatalities and serious injuries.

Research and development collaborations

We proactively engage with national and international authorities as well as academia to further our impact. Below are some examples of our collaborations during 2022.

- Together with Piaggio, we are developing a motorcycle airbag. During the year, the airbag concept was demonstrated in Malaysia together with the Malaysian Institute of Road Safety Research (MIROS). In addition to in-vehicle solutions, we are also exploring how to increase the comfort and safety of personal protective equipment, such as helmets with integrated airbags that provide improved protection of the head and face and inflatable vests that improve protecting of the thorax and shoulders.

Distribution of fatalities by road user type



- We remain a Steering Committee member of the Research Consortium for Crashworthiness in Automated Driving Systems (RCCADS), which aims to collaboratively work towards validation methods for automated driving systems. During 2022, we advanced our knowledge in several areas related to impact modelling of automated driving systems.
- Around 15% of the over 8,000 car occupant fatalities in the EU in 2020 occurred in crashes with Heavy Goods Vehicles (HGVs). Together with our partners in the SAFE-UP project, funded by the European Commission, we found crashes involving cars and HGVs to be more severe than the typical frontal impact covered in regulations and ratings. We also found limitations in some restraint systems when it comes to optimally protecting the car occupants. We are currently running analyses and plan to present further related findings in 2023.
- E-scooters have become popular in many cities but pose new traffic safety challenges with increasing numbers of accidents. However, crash and injury causation are poorly understood since riding data preceding crashes is lacking. In 2022, we concluded a project together with mobility company Voi, funded by the Swedish Innovation Agency Vinnova, where we collected naturalistic riding data from shared e-scooters. Subsequently, we are engaging with even more partners to develop models on rider behavior to guide intelligent transport systems and connected automated vehicles in their interaction with e-scooterists.

We also engage and collaborate with a number of universities. At Ohio State University's annual Injury Biomechanics Symposium, Autoliv held several presentations and engaged

with students and graduates to promote further interest in vehicle safety. Autoliv India runs incubators at several Indian technical colleges to engage with students in finding new solutions for safety and mobility as well as to build the perception of Autoliv as an attractive employer. Going forward, we are partnering with Chalmers University of Technology and AB Volvo to design and evaluate a prototype for a safer truck front-end.

Read more about our R&D agenda and research collaborations under Innovating for a Safer Society, p. 28-29.

Community engagement

We regularly engage with both national authorities as well as local communities and stakeholders where we operate to contribute to road safety awareness. As an example, in Japan, close to 60 children and their families were invited to the annual event at Autoliv's tech center in Tsukuba to learn from Autoliv employees about road safety awareness. In Romania, Autoliv and the road safety association E.R.A and emergency services hosted presentations at several high schools on the topic of road safety and vehicle safety systems, and provided first aid training. In China, Autoliv together with Polestar launched a social media campaign aimed at promoting child road safety.

According to research¹, seatbelts alone reduce occupant fatalities by 45%, frontal airbags alone by 14% and both together reduce fatalities by 51%.

¹ Kahane, 2015

A Safe and Inclusive Workplace

Targets:

<p>0.35 Incident Rate by 2023</p> <hr/> <p>2022 Outcome: 0.32</p>	<p>3.8 Severity Rate by 2023</p> <hr/> <p>2022 Outcome: 3.31</p>	<p>95% of senior and mid-level management trained in unconscious bias by 2023</p> <hr/> <p>2022 Outcome: 52%</p>	<p>Year-on-year improvement in Employee experience</p> <hr/> <p>2022 Outcome: Improvement</p>	<p>22% women in senior management by 2023</p> <hr/> <p>2022 Outcome: 18%</p>
---	--	---	---	---

Health and Safety

Our ambition and approach

Autoliv is committed to providing safe and healthy working conditions for our employees and contractors. We believe that work-related injuries and illnesses are preventable and continually strive to eliminate all workplace accidents. The responsibility for health and safety (H&S) starts with senior management. All employees share a responsibility for identifying and eliminating unsafe conditions and behaviors, and speaking up.

Health and safety management

We strive to make H&S an integral part of everyday business by integrating H&S into our production system and at the initial stage of all our projects and processes that may affect the working environment of our employees.

All production sites are required to implement Autoliv's health and safety management system (HSMS), which is aligned with ISO 45001 requirements. The HSMS is supported by

local leadership teams who encourage operators and visitors to engage in and proactively speak up about health and safety concerns and to take responsibility for safety. Implementation of the system is monitored through internal audits and external certification audits.

The cornerstone of our HSMS is the Hazard Identification Risk Assessment. These assessments establish the principles and internal standards by which H&S activities and operations are managed, provide a factual basis for identifying significant hazards and risks, and support in implementing continuous improvement activities to eliminate or mitigate these hazards and risks.

As part of an increasing focus on accident prevention, we are expanding the use of leading H&S indicators. In 2022, we added identified unsafe acts and conditions to our monthly management reporting. On our lagging KPIs we significantly improved our performance compared to 2021.

Ambitions:

Zero accidents

Embrace inclusive ways of working

Autoliv's H&S work principles

Leadership commitment

Leaders at all levels of the organization are actively involved in creating a behavior that supports and promotes strong H&S performance and continuous improvement.

Employee involvement

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

Work safety is a condition for employment

Every employee is responsible for contributing to their own workplace safety.

Recognition and control of risks

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

Continuous improvement

Processes and procedures are implemented to monitor H&S, verify implementation, identify defects and provide opportunities for improvement.

H&S training and awareness building

During 2022, H&S continued to be a key topic at EMT and Divisional Management Team meetings. Leadership safety training continued to be deployed throughout the year, and the plan is for all managers to undergo training during 2023.

All employees working in production are continuously trained in relevant H&S topics, and H&S is included as a mandatory item in daily team meetings. In addition, they are trained in the use of on-site H&S reporting tools and empowered to immediately stop production if an actual or potential serious risk is identified.

Focus on high-risk activities

Despite a positive trend in the number of recordable injuries, serious and even fatal accidents occur in our operations. During the year, we began implementing common standards for high-risk activities such as working at heights. Going forward, these standards will form the foundation of our H&S assessments.

COVID-19 response

During the year, we saw the effects of the pandemic subside across the organization. Our "Smart Start Playbook", which was developed in 2020 to handle the effects of the pandemic, was further developed to also include exit strategies for returning to normal operations.

Inclusion

Our ambition and approach

Inclusive ways of working are an asset and a fundamental part of the Autoliv Key Behaviors that were launched in 2021. Including a multitude of perspectives is an integral part of successful decision-making in all parts of the organization and helps drive innovation and create long-term sustainable shareholder value in a rapidly changing industry. We believe that everyone should be respected and treated fairly, and we are committed to providing an inclusive and diverse workplace where everyone can be themselves, deliver results and bring their authentic selves to work.

Activities during the year

In 2021, we defined our company-wide inclusion approach and set the first inclusion targets. During 2022, we increased our activities and focus to deliver on our targets and action plan, including a focus on increasing the share of women in management. This included steps to create a more diverse candidate base, and the implementation of scientific selection methods to increase objectivity in both internal and external recruitment. The share of women in senior management improved slightly from 2021. We also continued unconscious bias training for senior and mid-management to enhance managers' insight and ability to take diversity into account in everyday work.

Measuring inclusion

The company-wide quarterly employee survey includes statements that measure key aspects of an inclusive work environment: whether employees feel that they can be themselves at work ("Authenticity") and whether they have the same opportunity to advance in the organization ("Perceived fairness"). The scores showed overall consistent results compared with 2021, with a slight improvement in authenticity (82% favorable) and an unchanged score for perceived fairness (73% favorable). There was no significant difference between employee categories. Overall, the results were on a par with or above the external benchmark.

For more information about employee development, see Building a Winning Team on p. 30.

Including a multitude of perspectives is an integral part of successful decision-making in all parts of the organization and helps drive innovation and creates long-term sustainable shareholder value in a rapidly changing industry.

Ambitions:

Carbon neutrality

in own operations **by 2030**

Net-zero emissions

across our supply chain **by 2040**

Climate Action

Targets:

Carbon neutrality
in own operations
by 2030

12%
reduction in energy
intensity **by 2023**

Year-on-year
**reduction
in waste**
Continuous

2022 Outcome:
430 kton CO₂e

2022 Outcome:
5% above 2018 baseline

2022 Outcome:
8% Increase from previous year

Our ambition and approach

We are committed to operating our business in an environmentally sustainable manner, taking into account our environmental impact throughout the life cycle of sourcing, design, production and end of life. Our key environmental impacts are greenhouse gas (GHG) emissions, energy use, waste generation and water use. With particular emphasis on climate action, we actively engage with customers, suppliers and other stakeholders to take on the decarbonization challenge across the value chain and drive sustainable mobility.

Updated climate strategy

In 2021, we launched an updated climate strategy including new long-term climate ambitions:

- **Carbon neutrality in own operations by 2030**
- **Net-zero emissions across our supply chain by 2040**

These industry-leading climate ambitions are aligned with a 1.5°C trajectory and position us as the supplier of choice

for the most progressive customers, helping to ensure our competitiveness now and in the future. In addition to these ambitions, we have adopted Science Based Targets for 2030 covering our own operations (Scope 1+2) as well as our supply chain (Scope 3 upstream). The targets are available on the SBTi website.



Our GHG footprint

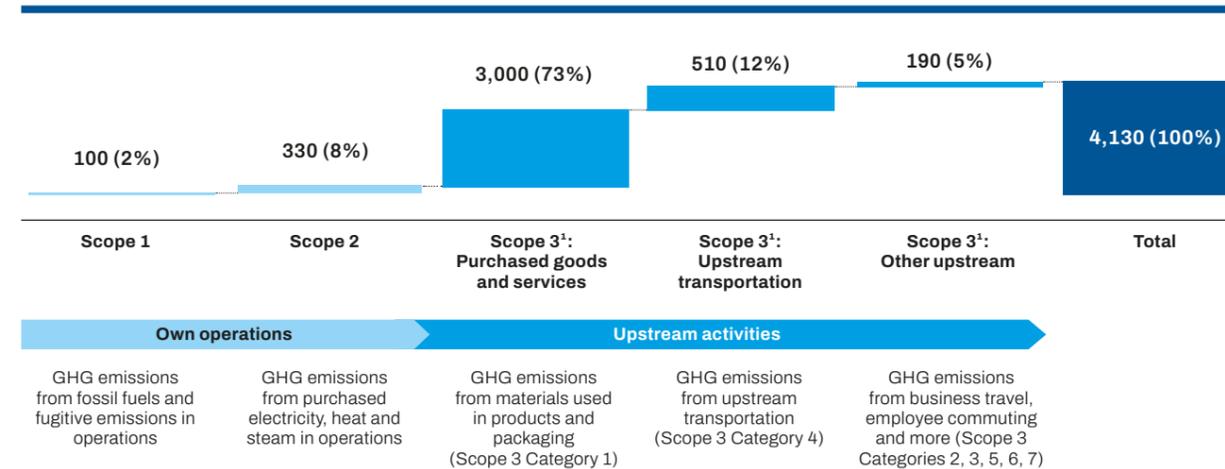
To fully understand our GHG footprint as well as key climate-related risks and opportunities, we carried out an extensive value chain GHG footprint assessment and scenario analysis in 2021. The assessment was carried out in accordance with the GHG Protocol Scope 3 Calculation Guidance. Scope 1 and 2 emissions were calculated based on actual operational data such as energy consumption, while Scope 3 emissions were modelled based on actual and estimated sourcing data and generic emission factors. The assessment showed that for the emissions covered by our long-term ambitions, materials

used in our production (in particular steel, textiles and other plastics, and magnesium) were the largest contributors, followed by emissions from logistics and electricity used in our own operations.

Downstream Scope 3 emissions, in particular use-phase emissions, constituted the largest share of the total GHG

footprint. Since we consider our possibility to reduce downstream Scope 3 emissions to be greatly limited (such reductions are mainly driven by our customers' work on electrification), they are excluded from our long-term ambitions and Science Based Target covering Scope 3.

Autoliv's GHG footprint across own operations and our supply chain¹ 2022 (kton CO₂e)



1) Considering the challenges related to accurately modelling upstream Scope 3 emissions, such as the accuracy of historical data and the availability and applicability of emission factors, actual upstream Scope 3 emissions may differ materially from those modelled. The modelling primarily aims to identify the major sources of Scope 3 emissions across the value chain, which supports Autoliv in developing specific activities for improvement and implementing the relevant measures. Autoliv aims to, over time, increase the accuracy of reported upstream Scope 3 emissions by addressing material uncertainties. The illustration above does not include modelled downstream Scope 3 emissions, which include emissions from the use phase of vehicles where Autoliv's products are installed.

Autoliv's climate program

Based on the results of the GHG footprint assessment, we have designed a climate program organized into a number of operational initiatives focusing on the most important decarbonization levers or value creation and enabling activities. A number of cross-cutting initiatives related to governance,

performance measurement, business strategy integration, risk management and competence development support the operational initiatives. Guided by our 1.5°C aligned long-term ambitions, the climate program represents Autoliv's low-carbon transition plan.

Low-Carbon Supply Chain	Low-Carbon and Efficient Operations	Low-Carbon Product Offering
<ul style="list-style-type: none"> Low-carbon electricity in the supply chain Low-carbon material sourcing Low-carbon logistics 	<ul style="list-style-type: none"> Energy and resource efficiency Phase-down of natural gas equipment Elimination of fugitive emissions Renewable energy for operations 	<ul style="list-style-type: none"> Low-carbon product design Low-carbon sales strategy

Cross-cutting initiatives			
Program governance and performance measurement	Business strategy integration	Risk management	Organization and competence development

The most impactful decarbonization levers identified within our own operations include:

- Transitioning to low-carbon electricity at our facilities using a mix of on-site solar generation, long-term Power Purchase Agreements (PPA), Renewable Energy Certificates (REC) and Energy Attribute Certificates (EAC)
- Continued focus on energy and materials efficiency
- Replacing current fossil-fuel equipment such as natural gas furnaces with electric alternatives
- Phasing out fugitive emissions

Key initiatives that we intend to implement to reach net-zero emissions across our supply chain include:

- Transition to recycled, bio-based and other low-carbon materials in our products
- Requiring our suppliers to use low-carbon electricity in their production
- Reducing the GHG footprint of our logistics through route, capacity and footprint optimization as well as a shift towards low-carbon transportation modes and vehicles

Below is a summary of some of the work and key achievements within the program during the year.

Low-carbon supply chain

During the year, we continued engaging with a broad range of direct material suppliers to systematically review options for increasing the use of bio-based, recycled and low-carbon materials in our products. One example is the partnership between SSAB and Autoliv first launched in 2021 to research and develop fossil-free steel components for automotive safety products. This partnership aims to allow us to become the first automotive safety supplier to produce products using fossil-free steel.

To better understand our direct material suppliers, we carried out a large-scale climate survey. The survey covered areas such as whether suppliers are able to quantify their emissions, whether they are using renewable energy and whether their targets are aligned with Autoliv's net-zero ambition. The results showed that, overall, there is a large spread in suppliers' readiness with larger suppliers generally being better prepared. The outcome of the survey will be reflected in climate-related supplier criteria.

Low-carbon and efficient operations

The renewable energy strategy expanded to cover both short-term and long-term actions for all divisions. With a focus on electricity, we expanded purchasing of renewable electricity instruments and began planning for long-term PPAs in several markets. In 2022, 13% of our total electricity consumption came from renewable instruments, up from 1% in 2021. In addition to renewable electricity instruments, many sites have installed or are in the process of installing on-site solar generation capacity. While still representing less than 1% of our total energy consumption, we are working to grow this share

significantly over the coming years. In total, we estimate that renewable energy helped us reduce our GHG emissions by almost 40 kton compared to if we had used non-renewable sources. Despite an increase in total energy consumption, we reduced our Scope 1+2 emissions compared to 2021.

As part of our Green Factory Program, manufacturing facilities regularly conducted energy audits to find opportunities to improve their energy efficiency. Energy efficiency initiatives during the year targeted areas such as air compressor leaks, waste heat recovery, installing LED lighting and replacing older equipment with new, more efficient equipment. To further best practice sharing, one of our production sites in France carried out an extensive energy monitoring project, to be rolled out to more sites in 2023.

We launched a concrete action plan to phase out the remaining use of SF₆, over the next few years. SF₆, which is used in steering wheel production, is our largest source of fugitive emissions, making up around 8% of Autoliv's own (Scope 1+2) emissions.

Low-carbon product offerings

Our ambition is to develop attractive, low-carbon product offerings to support our customers in their transition to electrified, zero-emission vehicles. We see constantly increasing ambition levels from our customers, and therefore also increasing requirements on us as a supplier.

During the year, all product lines started development on action plans for net-zero aligned product roadmaps and we continued our collaboration with Polestar to create the first climate-neutral car. We continued our work to evaluate our products' overall environmental footprint throughout their life cycle. These life-cycle assessments (LCAs) help prioritize actions in product development such as light-weighting and insourcing of low-carbon materials. The LCAs also allow us to proactively engage with customers, highlighting the carbon footprint of our products and how embedded emissions can be reduced. We already offer our customers specific products that support their carbon footprint reduction strategies, such as products with lower weight and higher content of recycled non-ferrous metals and low-carbon polymers.

Cross-cutting initiatives

During the year, targeted climate training for top management was carried out in all divisions and corporate functions. This training will continue to be rolled out in 2023 to all mid-level management and employees. In addition, certain functions such as supply chain management and sales teams received further in-depth training on relevant topics.

Our CAPEX investment guidelines were updated with specific climate guidance, to ensure our investments are aligned with our long-term climate ambitions. Investments covered include for example installation of solar panels and replacement of fossil fuel equipment with electric alternatives. The guidelines also specify exclusion criteria for investments that could lead to increased GHG emissions.

To strengthen our capacity for accurate GHG accounting and forecasting, we initiated a project to implement a comprehensive GHG accounting solution covering both our

own operations and supply chain activities such as materials and logistics sourcing. We expect to have the solution in place in 2023.

Read more about climate-related governance and risk management in the TCFD disclosure, p. 46-47.

Waste and circularity

We approach waste management through the principle of Reduce-Reuse-Recycle. As part of the EMS and our Q5 quality program, we continuously look for opportunities to reduce the amount of waste generated in production.

In 2022, we launched initiatives such as reusing magnesium scrap from our own operations, thereby greatly increasing the share of recycled magnesium in armatures. Other initiatives for reuse and recycling included recycling scrap airbags and selling the materials, such as metal, fabric and plastic, to local recycling companies. Another example came from the operations in Romania, where webbing, airbag textiles and steering wheel leather were turned into bags available for Autoliv employees to purchase from our internal webshop. Several sites also use reusable packaging.

Our production facilities are continuously researching options to direct their waste away from landfill. The rate of reuse, recycling and energy recovery increased to 90% (89% in 2021) of total waste reported.

In 2023, we will continue to develop and strengthen our approach to circularity.

Environmental management

Autoliv's environmental management system (EMS) emphasizes continuous improvement and is aligned with ISO 14001 requirements. The EMS establishes the requirements for a standardized approach to environmental management, including identification of material environmental aspects, objective setting, competence development, performance follow-up and standardized reporting. At year end, 97% of all manufacturing facilities (89% in 2021) were externally certified in accordance with ISO 14001.

As part of our Green Factory Program, manufacturing facilities regularly carry out assessments covering energy use, GHG emissions, water and waste to assess their performance and identify opportunities for improvement.

Materials management

Materials management is an important part of our product development process, from identifying materials and their composition for new products to reporting on the material composition of our parts supplied to customers. We have clear requirements for reporting the material composition of our purchased and supplied parts and the restrictions to which certain chemical substances will be subject. Autoliv's related standard for chemical substance use restrictions is regularly reviewed and updated to meet the latest legal and customer requirements. We continuously follow up with our suppliers to phase out chemical substances according to the latest legal requirements. This year, special efforts were devoted to phasing out hexavalent chromium in the chrome coating process for plastic and steel parts.

Autoliv Collaborates with Polestar on Groundbreaking Climate-neutral Car

The "Polestar 0" project unites companies across the automotive supply chain to leverage innovation and collaboration to address the climate crisis and change the view of how to manufacture cars in a sustainable way. The collaboration is in line with Autoliv's commitment to be the first automotive safety supplier to become carbon neutral in its own operations by 2030 and aim to achieve net-zero emissions across its supply chain by 2040.

Autoliv and Polestar intend to research and develop technology aimed at finding climate-neutral solutions and innovations related to automotive safety such as pyrotechnics, textiles, and new generations of materials for airbags and seatbelts.

"We are happy and proud to join forces with Polestar. To reach our ambitious climate targets, we need to collaborate across the value chain. We are well-positioned to continue to support our partners and customers in achieving their sustainability goals," says Mikael Bratt, President and CEO of Autoliv.

"It was clear from the start that this is not a solo mission and we are very excited to present such a strong lineup of interested partners, all leaders within their fields, including Autoliv. We are leveraging innovation and collaboration to address the climate crisis," says Thomas Ingenlath, Polestar CEO.

"It was clear from the start that this is not a solo mission and we are very excited to present such a strong lineup of interested partners."

THOMAS INGENLATH,
CEO POLESTAR



TCFD Disclosure

Autoliv sees the management of climate-related risks and opportunities as a key component of ensuring long-term business success. This disclosure, aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, aims to provide an overview of Autoliv’s work.

For more information on GHG emissions, see page 55.

Governance

The Board of Directors is ultimately responsible for the oversight of sustainability-related matters, including climate change, and has delegated certain responsibilities to its committees. The Board of Directors and the Nominating and Corporate Governance Committee (NCGC) receive regular updates on climate-related matters and performance. In 2021, the Board of Directors endorsed Autoliv’s long-term climate ambitions as well as the strategic direction for reaching the ambitions. Throughout 2022, the Board and NCGC received updates on our progress in the climate program as well as our plans for 2023.

The Executive Management Team (EMT) is responsible for implementation of sustainability-related matters, including climate change. The Sustainability Board, which consists of the CEO and several EMT members, has overall operational oversight of Autoliv’s climate program. Other relevant company Boards consisting of members of management, such as the Industrial & Product Board, Innovation Board and Commercial Board, focus on specific climate program initiatives. Performance against climate-related targets is reviewed regularly by the EMT, divisional and other functional management teams and followed up in monthly business reviews. The underlying governance principle of the climate program is close integration into existing governance structures.

Supported by the VP Sustainability, the Executive Vice President HR & Sustainability, is ultimately responsible for the overall program definition and governance, and for ensuring implementation progress.

For more information about sustainability governance, see p. 36-37.

Strategy

Scenario analysis

During 2021, as part of the development of the updated climate strategy, we carried out our first climate scenario analysis. The analysis, which covered both transition and physical risks, was based on a 2°C (equivalent to RCP 4.5) scenario and a 3-4°C (equivalent to RCP 8.5) scenario. Transition risks were assessed on a 2030-2040 timeframe, while physical risks were assessed on a 2050 timeframe.

From a financial impact perspective, the most material transition risks identified were:

- the risk of a global decrease in overall vehicles sales
- increasing prices for raw materials with a large carbon footprint as a result of various carbon pricing mechanisms
- potential revenue loss if Autoliv fails to meet increasingly strict supplier requirements from OEMs who themselves have set strict GHG emissions reduction targets

The most material physical risks identified, generally connected to a 3-4°C scenario, were factors that would lead to production disruptions. These include wildfires, flooding and extreme heat. These risks were seen as particularly high in countries and regions such as the Southwest US, Mexico, India and China. These risks are also expected to impact suppliers and customers in these regions.

The most material opportunities identified pertained to building a strong position among climate-progressive OEMs including EV manufacturers as a supplier of low carbon components as well as realizing opportunities to increase operational energy and materials efficiency.

Strategy and business integration

Climate change is integrated into Autoliv’s business strategy, which is cascaded through established steering mechanisms such as annual business planning and target setting.

To realize the key climate-related business opportunities, we are in the process of developing low-carbon product offerings and forming partnerships with customers to help them reduce the carbon footprint of their products. In addition, efforts to increase the energy and materials efficiency of our operations will support in reducing related OPEX. As part of our climate transition plan, we aim to further develop and use scenarios as a supporting tool in quantifying the financial impacts of climate-related risks and opportunities, including setting a price on carbon and other climate-related financial KPIs.

Autoliv’s strategic plan was updated in 2022, covering the years 2023-2025. Climate is included as one of the focus areas in the strategic plan. During 2022, we also focused on integrating climate considerations into the company’s strategic product planning process and other key processes, such as CAPEX decisions.

Risk management

In 2021, climate-related risks were identified and assessed as part of the scenario analysis. Going forward, they will be

integrated into the Enterprise Risk Management (ERM) process. For more information about ERM and management of sustainability risks, see page 36.

Transition risks are generally considered mitigated through continuous legal and market intelligence reviews, sales forecasting and stakeholder (e.g. customers and investors) engagement. Physical risks are generally considered mitigated through impact assessments before production sites are planned as well as ongoing business continuity management.

Metrics and targets

In addition to Autoliv’s long-term ambitions and Science Based Targets, the climate strategy includes a number of more detailed KPIs and related targets. These cover the most important emissions reduction levers such as sourcing of low-carbon raw materials, low-carbon logistics and a transition towards renewable electricity use.

In 2022, GHG emissions from own operations (Scope 1+2) was added as a performance component to the long-term equity incentive program. The program covers around 300 participants, including the CEO and all EMT members.

Climate risk assessment		
Transition risks	Most material risks	Potential financial impacts
Policy and legal	Carbon pricing mechanisms leading to increasing prices for raw materials with a large carbon footprint	Increased OPEX
Technology	Decrease in overall vehicle sales	Loss of revenue
Market	Higher demand for renewable electricity and low-carbon raw materials	Increased OPEX
Reputational	Increasing stakeholder requirements or expectations on Autoliv to aggressively reduce GHG emissions in its own operations and/or supply chain	Loss of revenue, reduced access to capital
Physical risks		
Acute/short-term	Wildfires Extreme heat Flooding	Loss of revenue related to production disruptions
Chronic/long-term	Extreme heat Water stress	Costs related to the need of relocating production



Responsible Business

Ambitions:

- Proactively prevent corruption and other unethical business practices
- Respect human rights
- Manage supply chain sustainability risks

Targets:

<p>100% in target group completed anti-corruption training Continuous</p> <p>2022 Outcome: >95%</p>	<p>100% in target group completed anti-trust training Continuous</p> <p>2022 Outcome: 99%</p>	<p>100% in target group Code of Conduct certified Continuous</p> <p>2022 Outcome: 99%</p>	<p>100% direct material suppliers sustainability audited by 2022</p> <p>2022 Outcome: 98%</p>	<p>100% direct material suppliers respond to conflict minerals survey Continuous</p> <p>2022 Outcome: 89%</p>
---	--	--	--	--

Our Responsible Business strategy

Responsible business is a fundamental element of Autoliv's sustainability framework. To recruit and retain the best talent and to build enduring relationships with our customers and suppliers, it is essential that Autoliv is known for the quality of its conduct as well as its products and services. Through our approach to responsible business, we work to continually strengthen how we:

- Proactively prevent corruption and other illegal or unethical business practices wherever we operate
- Respect human rights across our value chain
- Manage sustainability risks across our supply chain



Autoliv's Integrity Check

If you answer any of these questions with a "no" or "I'm not sure", pause and seek additional guidance.



Compliance and Corporate Integrity

Saving Lives with Integrity: Our Code of Conduct
Our Code of Conduct is at the core of responsible business, guiding our specific compliance and integrity commitments as well as framing the Key Behaviors that run through everything we do.

The revised Code was launched in January 2022 and rolled out through leader-led discussions throughout the year. Over 600 leaders from different parts of the company conducted these sessions with their teams, allowing the teams to discuss the role of our Code, our Integrity Check, what we should expect from each other, and speaking up. To continue to embed the Code as a tool to both protect and enable Autoliv and our employees, the Code launch sessions were supplemented by team-based discussions focused on different aspects of our Code and responsible business approach. These discussions will continue during 2023 as a complement to our more formal e-learning program available to all employees.

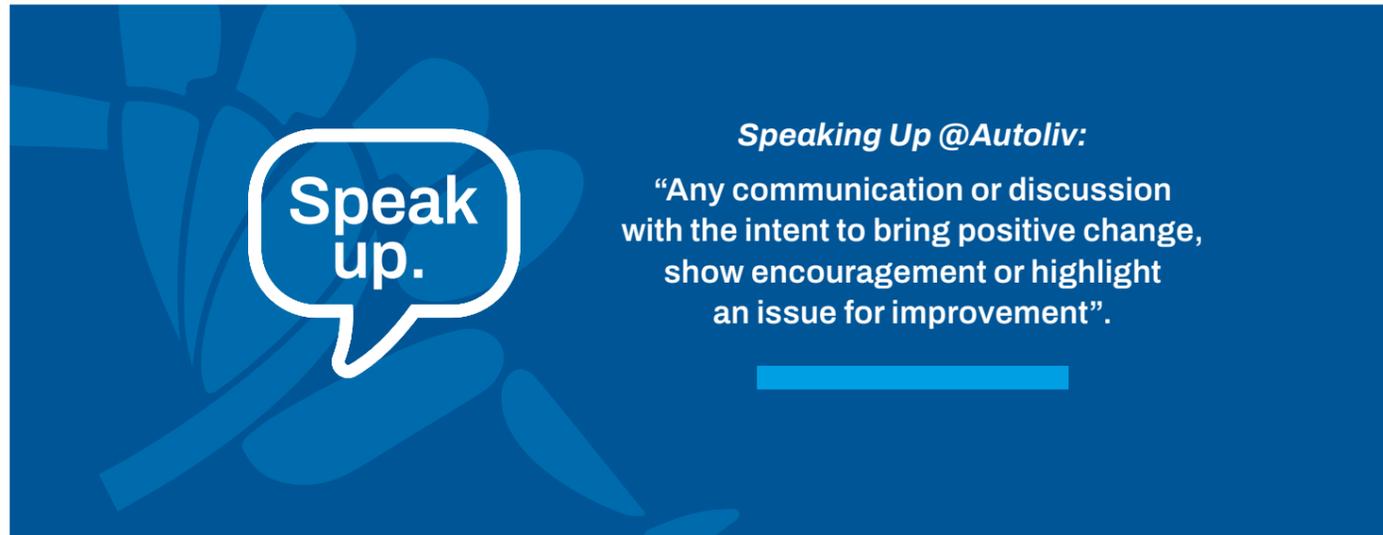
Each year, all Autoliv employees in a leadership role must complete a Code of Conduct certification. The certification requires the disclosure of known violations of the Code and an acknowledgement that the leaders are aware of and promote the Code to their teams. At year end, 99% of target group employees had completed certification.

Anti-corruption

At Autoliv, we compete vigorously and effectively while always complying with applicable anti-corruption laws. We have zero tolerance for any form of corruption in our business dealings and expect the same standards from our business partners. We perform due diligence on all high-risk third-party relationships and apply risk-based controls to support our third parties in applying our anti-corruption commitments. We use a combination of face-to-face workshops and e-learning to maintain employees' anti-corruption awareness and knowledge for certain employees within functions with increased risk exposure. Anti-corruption training is mandatory for selected employees in functions with a high risk exposure. During 2022 we focused on revising our anti-corruption e-learning, which will be launched in 2023. Based on 2021 figures we estimate that over 95% of target group employees have completed anti-corruption training.

Antitrust

We will always thrive best in fair and open markets. Therefore, we rigorously follow all competition and antitrust laws that apply to our operations. We regularly offer training and communication about how we compete fairly. To provide further clarity regarding our Antitrust and Competition Policy, we provide antitrust "Dos and Don'ts" guidelines with practical guidance. In 2022, we developed a new Competition and Antitrust e-learning, to be rolled out to selected employees in functions with a high risk exposure in 2023. In addition to the e-learning, we developed facilitator-led trainings tailored to fit different target groups such as Sales.



Speaking Up

The more colleagues feel safe to speak up within and across teams, the more ideas we will generate and the more problems we will catch early. This is why at Autoliv we have embraced a broad definition for speaking that covers *“any communication or discussion with the intent to bring positive change, show encouragement or highlight an issue for improvement”*.

To help ensure that our broad definition of Speaking Up is consistently referenced and promoted across workstreams and strategic initiatives, implementation of the Speak Up policy is the joint responsibility of several functions: Compliance & Corporate Integrity, Health & Safety, Quality, and HR.

Although we believe this broader definition will benefit our business in all aspects of speaking up, we make it clear that Autoliv employees are responsible for immediately reporting suspected or known violations of the Code of Conduct, the law or Autoliv’s policies. All employees are frequently informed of the multiple channels available for raising such issues. In most cases, this should be to their manager or a member of local management. When this is not possible (for any reason), colleagues in HR, the Legal Department, or Compliance Officers are always available, or the Autoliv Helpline can be used.

Awareness of Speak Up channels and confidence in speaking up without fear of retaliation is measured in the annual and quarterly employee surveys. 84% of employees who participated in the 2022 annual employee survey felt that they can raise or escalate problems without fear of negative consequences, up from 83% in 2021. While many teams report that they feel confident in speaking up, we know this sentiment is not yet universal in all parts of Autoliv. The Code of Conduct and Speak Up policy firmly state that no employee or third party should be adversely affected for reporting in good faith or for refusing to carry out a directive believed to constitute a violation of the Code or other Autoliv policies, laws, or regulations.

Autoliv Helpline

The Autoliv Helpline is a third-party operated reporting service available to all employees as well as third parties. Reports can be made anonymously (where allowed by law) and/or confidentially in the language of any country where Autoliv operates. All reports are investigated to determine whether there is any violation of the law, the Code or other Autoliv policies.

In 2022, a total of 318 reports were received by the Compliance team. Close to 90% were received via the Helpline reporting system (phone or online) and the other reports were raised internally, meaning reported directly to management, HR, Legal or Compliance teams. Of the reports received, 77% were opened for investigation. Of the investigations closed in 2022, 32% of the allegations or cases were substantiated or partially substantiated. Compared to previous years, 2022 saw an increase in the number of reports related to inappropriate behavior, labor issues and conflict of interest.

Data privacy

During 2022, we strengthened our internal communications on the importance of good data privacy habits and the duty of care we all have to protect personal data. Workshop training was carried out with leaders and managers and will continue during 2023. The data privacy team continued implementing the improvements identified through review and benchmarking of the program, as well as applicable legal requirements.

Tax policy

At Autoliv, tax planning is carried out in compliance with all relevant laws, disclosure requirements and regulations, while safeguarding shareholder interests and the Autoliv brand. All tax planning must be in line with Autoliv’s business purpose and no baseless organizational structure is permitted.



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.

Human rights

Human rights are an integral part of Autoliv’s sustainability agenda and cut across all sustainability focus areas. We are committed to respecting the UN Universal Declaration of Human Rights. Key human rights commitments include:

- Our products save lives, and we need to ensure the quality and safety of our products as they never get a second chance
- We are committed to offering a safe and inclusive workplace and respecting all other labor rights
- Our climate agenda contributes to limiting global warming to 1.5°C, thereby mitigating the most severe impacts on societies
- Our supply chain sustainability risk management processes consider human rights risks and impacts

Human rights commitments are included in our Code of Conduct and our Supplier Code. These Codes are supported by topic-specific policies that cover human rights, such as our Health & Safety Policy, Respect in the Workplace Policy and Conflict Minerals Policy. Implementation of our commitments is ensured through management attention, management systems, standards, risk assessments, other tools and training. During 2023, we aim to further develop our human rights due diligence processes.

Human rights are also a cross-cutting theme in our community engagement activities. One such example is our and other large Swedish companies’ long-standing collaboration with the NGO Pratham to ensure effective education for 30,000 children in Assam in India.

Labor rights

Autoliv is committed to offering fair terms and conditions of employment. These commitments extend across our supply chain. Our talent development strategies and employment policies support the International Labour Organization’s Fundamental Principles and Labor Standards. We are committed to:

- Providing fair and equitable wages, working hours, benefits and other conditions of employment in accordance with applicable laws
- Recognizing and respecting employees’ right to freedom of association and collective bargaining
- Providing decent working conditions
- Prohibiting child, forced and bonded labor
- Promoting a safe workplace free from any form of discrimination or harassment

Autoliv is committed to engaging in open and transparent dialog with all employees and where applicable with representatives of organized labor groups and unions. We recognize and respect employees’ rights to freedom of association and collective bargaining. In the majority of the countries where we operate, all or part of 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 Autoliv’s Speak Up channels (including the Autoliv Helpline), an employee suggestion program, local health and safety committees,



and operational committees. The major unions representing Autoliv employees in different regions are disclosed as part of the 10-K filed with the SEC.

Supply Chain Sustainability

Our ambition and approach

Through responsible sourcing practices and supplier collaboration, Autoliv aims to create positive social and environmental value across our supply chain. We expect suppliers and third parties to enact the same standards and processes as we do when it comes to managing key impacts and risks such as greenhouse gas emissions, labor rights, and anti-corruption.

To manage our global supply chain in a responsible manner, we focus on integrating sustainability into relevant supply chain management processes. Suppliers are monitored in a live risk tool covering such factors as natural disasters, financial status, reputation, cybersecurity risks, and responsible sourcing practices. Autoliv's lead buyers are updated regularly with information related to their suppliers, allowing them to take immediate action when necessary.

While our main focus is on direct material suppliers, during 2022 we continued to expand the scope of our supply chain sustainability risk management to indirect suppliers as well as strengthened our third-party compliance due diligence processes. A revised supplier escalation model was integrated including protocols and timing for the appropriate escalation of potential supply chain risks. Our ap-

proach is to work with suppliers, to the extent possible, to resolve issues before determining to potentially phase out the supplier.

Further information related to supply chain risks is available in the 10-K filed with the SEC.

Supplier Code and Supplier Manual

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). In situations where an Autoliv requirement may be in conflict with local laws or regulations, we expect our suppliers to follow the most stringent requirements.

The Supplier Code conveys our expectation that suppliers will uphold our social, ethical and environmental standards in conducting their businesses in areas including human rights and working conditions, environmental protection, and business conduct and ethics. For direct material suppliers, the Supplier Code is included in the Autoliv Supplier Manual (ASM). All direct material 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 suppliers, a reference to the Supplier Code is included in the general terms and conditions attached to purchasing orders. In 2022, the Autoliv Supplier Code was substantially revised with strengthened requirements in particular related to conflict minerals and environmental impacts.

Supplier audits

Autoliv has dedicated teams responsible for the quality management of our supply base, including mandatory steps such as pre-qualification audits for new direct material suppliers. Sustainability criteria are included as a module in these pre-qualification audits and must be met before becoming an Autoliv supplier. 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. If audited suppliers don't meet our requirements, an internal escalation process is in place to ensure that non-conformities are corrected.

At year-end, 98% (81% in 2021) of active direct material suppliers within audit scope had undergone a sustainability audit. Carrying out on-site audits remained a challenge due to COVID-19 restrictions that prevented physical visits at some suppliers. In these cases, remote audits were carried out according to Automotive Industry Action Group (AIAG) guidelines. We continued to develop our supplier sustainability audit criteria, process and capability to follow up, and provided further guidance to our supplier quality auditors who perform sustainability audits.

Conflict minerals

Pursuant to SEC rules, conflict minerals include certain minerals (tin, tantalum, tungsten and/or gold) 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. Our Conflict Minerals Policy provides further clarification regarding conflict minerals, and its principles are incorporated into our Supplier Manual.

We have designed our conflict minerals approach in accordance with the related OECD Due Diligence Guidance, specifically as it relates to our position as a downstream purchaser. In order to comply with the SEC's conflict minerals rules and regulations and to ensure responsible sourcing of components, parts or products containing conflict minerals, we continuously review our supply chain and work with our suppliers to identify and improve the traceability of potential conflict minerals. We support industry initiatives, such as the Responsible Minerals Initiative (RMI), and utilize external expert guidance to validate that the metals used in our products do not contribute to conflicts and come from sustainable sources. In cases where we find potential risks and conflicts with smelters identified within our supply chain, we take immediate action to mitigate the potential risks. In some cases, this means to discontinue sourcing from suppliers that are in violation of our requirements to ensure sourcing from designated RMI Active or conformant suppliers.

To ensure our understanding of the potential use of conflict minerals, we have implemented an annual conflict minerals campaign covering our direct material suppliers. The scope of the annual campaign includes all direct material suppliers that have conducted business with us during the current calendar year and have listed gold, tin, tantalum, or tungsten ("3TG") in their Bill of Materials. This information is extracted from the automotive industry standard reporting platform IMDS. The response rate to the latest completed campaign was 89%. Most non-responding suppliers were customer-directed suppliers. We are working with these customers to mitigate this issue for future conflict minerals campaigns. We publish an annual report on our conflict minerals campaign on our website.

During the year, we also strengthened our processes related to working together with suppliers to better trace cobalt and mica used in components supplied to us.



Creating Shareholder Value

By ensuring customer satisfaction, maintaining tight cost control and developing new products, we generate cash for long-term growth, financial stability and competitive returns to our shareholders.

Autoliv has a strong cash flow and cash generation focus. Our operating cash flow has always exceeded our capital expenditures. On average, our continuing operations excluding antitrust payment in 2019 have generated \$793 million in cash per year over the last five years, while our capital expenditures, net, have averaged \$448 million per year during the same period.

Capital efficiency

Our strong cash flow reflects both Autoliv's earnings performance and our capital efficiency. During 2022, our capital turnover rate, meaning our sales in relation to average capital employed, increased from 2.2 to 2.4 times, slightly better than our 5-year average capital turnover rate of 2.2.

Our cash flow model

When analyzing how best to use each year's cash flows from operations, Autoliv's Executive Management and the Board of Directors use a model for creating shareholder value that considers variables such as the marginal cost of borrowing, the return on marginal investments and the price of Autoliv shares. When evaluating the various uses of cash, the need for flexibility is weighed against acquisitions and other potential uses of cash.

Investing in operations

To create long-term shareholder value, cash flow from operations should only be used to finance investments in operations until the point when the return on investment no longer exceeds the cost of capital. Our historical weighted average cost of capital has been approximately between 10% and 13% in the past ten years. Autoliv's pre-tax return

on capital employed has generally exceeded this level, except during the COVID-19 pandemic in 2020. During the last five years, the return on capital employed has varied between 10% and 20%, i.e. about one to two times the pre-tax cost of capital. In 2022, \$485 million was reinvested in the form of capital expenditures, net. This corresponds to 68% of the year's operating cash flow of \$713 million. Capital expenditure, net, was 34% higher than depreciation and amortization as we invest in footprint optimization, flexible automation and capacity increases to support the organic growth we expect from executing on our strong order book in the coming years.

Acquisitions, divestments and investments in assets

In order to accelerate company growth and create shareholder value over time, we could use some of the cash flow generated for acquisitions and for investments in assets such as joint ventures and intellectual property. These investments are typically made to consolidate our position in the industry, increase our vertical integration or expand into new markets. In the near future, we do not consider acquisitions as a high priority part of our strategy.

Shareholder returns

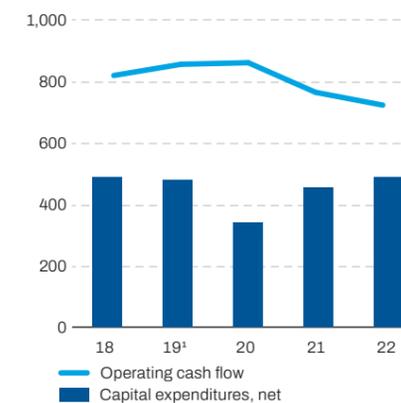
Autoliv has historically used both dividend payments and share repurchases to create shareholder value. Autoliv does not have a set dividend policy. Instead, the Board of Directors regularly analyzes which method is most effective in order to create shareholder value. For the full year 2022, the dividend was increased from \$1.88 to \$2.58 per share. In total, \$224 million was used to pay dividends to shareholders in 2022. Historically, the dividend has usually represented a yield of approximately 2-3% in relation

to Autoliv's average share price, except in 2020, when dividend was only paid for one quarter, as a response to the effects of the COVID-19 pandemic. In 2022, this yield was around 3.2%. Repurchases of shares can create more value for shareholders than dividends, if the share price appreciates over the long-term. This has been the case for Autoliv, as the Company's existing 5.0 million treasury shares have been repurchased at an average cost of \$56.13 per share, while the closing price at the end of 2022 was

\$76.58. In 2022, the Company retired 10 million shares of common stock that had been repurchased under a prior stock repurchase program and since held in treasury. These shares were acquired between 2008 and 2014. During 2022, Autoliv repurchased and retired 1.44 million shares, equal to \$115 million, under the current stock repurchase program authorized by the Board to repurchase up to \$1.5 billion, or 17 million common shares (whichever comes first), between January 2022 and the end of 2024.

Cash flow vs. Capex¹⁾

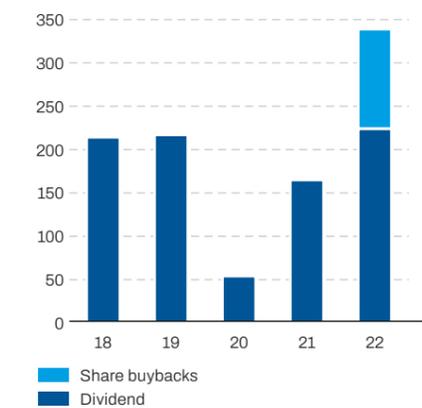
US\$ (Millions)



1) 2018 continuing operations

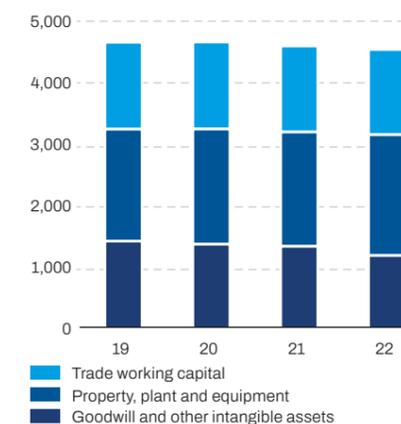
Shareholder returns

US\$ (Millions)



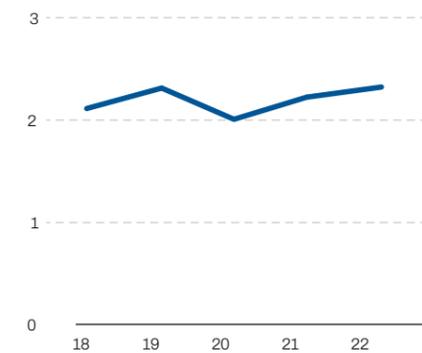
Assets by category

US\$ (Millions)

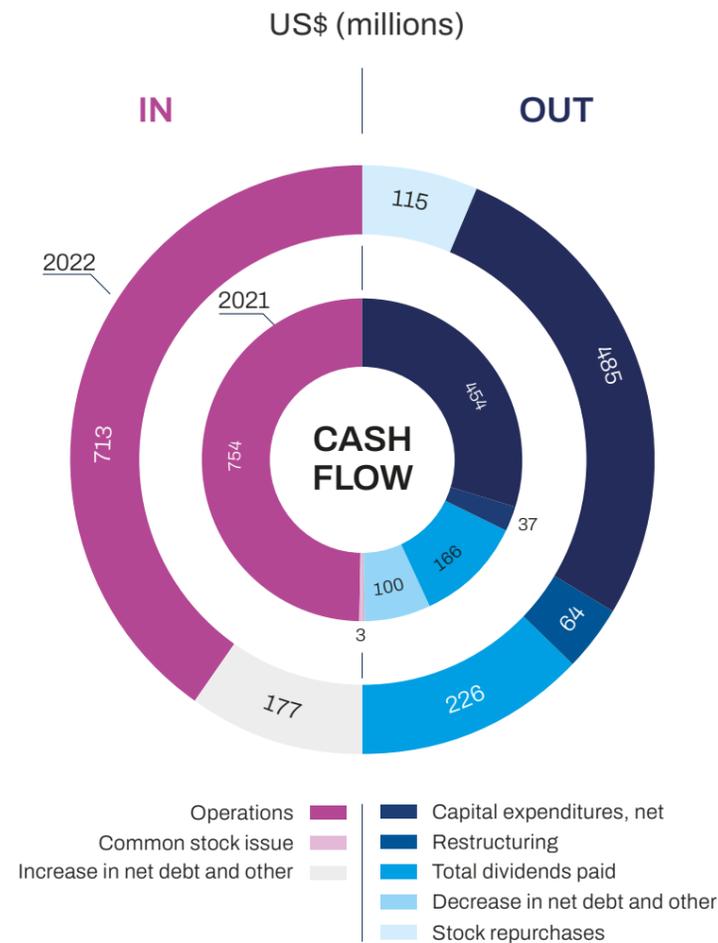


Capital turnover rate

Times, sales in relation to average capital employed



Autoliv's model for creating shareholder value



Capital structure

Our debt limitation policy is to maintain a financial leverage commensurate with a “strong investment grade credit rating”. Our long-term target is to have a leverage ratio (Net Debt, including pension liability, in relation to EBITDA) of around 1 time and to be within the range of 0.5 and 1.5 times. In addition to the above, the objective is to provide the Company with sufficient flexibility to manage the inherent risks and cyclicalities in Autoliv’s business and allow the Company to realize strategic opportunities and fund growth initiatives while creating shareholder value. In 2022, Autoliv remained inside the target range as cash flow remained solid. On December 31, 2022, the leverage ratio was 1.4 times. Autoliv holds a “BBB with stable outlook” long term credit rating from Standard & Poor’s. We aim to maintain a strong investment grade rating as our current capital structure should provide flexibility to generate further shareholder returns and the funding of our capital requirements.

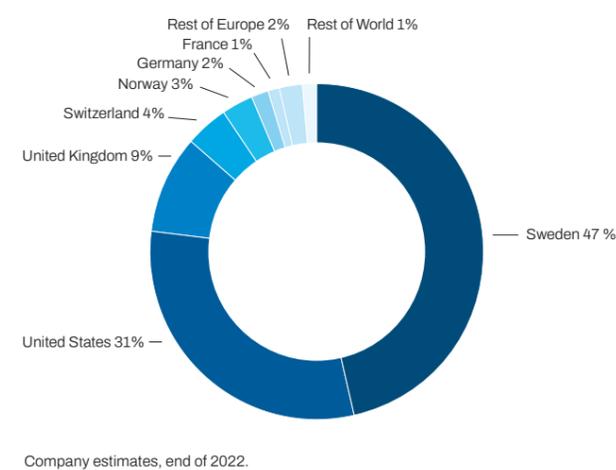
Shareholder information

Autoliv’s common stock is traded on the New York Stock

Exchange (NYSE) while Autoliv’s Swedish depository receipts (SDRs) are traded on NASDAQ Stockholm’s list for large market cap companies. As of December 31, 2022, Autoliv estimates that approximately 49% were SDRs (vs. 58% a year earlier) while 51% were common stock (vs. 42% a year earlier). In 2022, approximately 76% of total volumes was traded on the NYSE. During 2022, the number of shares outstanding decreased by 1.3 million to 86.2 million (excluding dilution and treasury shares). The number of shares outstanding was 86.2 million. Stock options (if exercised) and granted restricted stock units and performance shares could increase the number of shares outstanding by 0.3 million shares in total. Combined, this would add 0.4% to the Autoliv shares outstanding. As of December 31, 2022, Autoliv estimates that of the outstanding shares, around 90% were held by institutional investors and around 5% by retail investors. Of the shares held by institutional investors, Autoliv estimates that around 47% were held by Sweden-based shareholders, around 31% by US-based shareholders and around 9% by UK-based shareholders. Most of the remaining Autoliv shares were held in Switzerland, Norway, Germany and France.



Ownership distribution institutional investors



The largest shareholders, Dec 31, 2022

Holder name	Percentage
1. Cevian Capital AB	10.8%
2. Alecta Pension Insurance Mutual	7.5%
3. AMF Tjänstepension AB	6.3%



Board of Directors

1. Jan Carlson
Chairman since 2014.
Director since 2007.

2. Mikael Bratt
President and CEO of Autoliv
Inc. Director since 2018.

3. Laurie Brlas
Director since 2020. Member of
the Audit and Risk Committee
and the Nominating and
Corporate Governance
Committee.

4. Hasse Johansson
Director since 2018. Member of
the Audit and Risk Committee.

5. Leif Johansson
Director since 2016. Chair of
the Nominating and Corporate
Governance Committee.
Member of the Leadership
Development and
Compensation Committee.

6. Franz-Josef Kortüm
Director since 2014. Member of
the Nominating and Corporate
Governance Committee.

7. Frédéric Lissalde
Director since 2020. Chair of
the Leadership Development
and Compensation Committee.
Member of the Nominating
and Corporate Governance
Committee.

8. Xiaozhi Liu
Director since 2011. Member of
the Leadership Development
and Compensation Committee.

9. Gustav Lundgren
Director since 2022. Member of
the Audit and Risk Committee.

10. Martin Lundstedt
Director since 2021. Member of
the Leadership Development
and Compensation Committee.

11. Thaddeus "Ted" Senko
Director since 2018. Chair of the
Audit Committee.



Executive Management Team

1. Mikael Bratt
President and CEO.
Employed 2016.

2. Per Ericson
Executive Vice President,
Human Resources &
Sustainability.
Employed 2020.

3. Kevin Fox
President, Autoliv Americas.
Employed 1996.

4. Magnus Jarlegren
Executive Vice President,
Operations.
Employed 2019.

5. Jordi Lombarte
Executive Vice President,
Chief Technology Officer.
Employed 1991.

6. Svante Mogefors¹
Executive Vice President,
Quality. Employed 1996.

7. Colin Naughton
President, Autoliv Asia.
Employed 1995.

8. Anthony Nellis
Executive Vice President,
Legal Affairs General Counsel &
Secretary. Employed 2002.

9. Frithjof Oldorff
President, Autoliv Europe.
Employed 2019.

10. Christian Swahn
Executive Vice President,
Supply Chain Management.
Employed 2019.

11. Fredrik Westin
Executive Vice President,
Chief Financial Officer.
Employed 2020.

12. Sng Yih
President, Autoliv China.
Employed 2022.

For more information, refer to the section on
Corporate Governance and the proxy statement
on www.autoliv.com

For more information, refer to the section on
Corporate Governance and the proxy statement
on www.autoliv.com

1) Jonas Jademyr has been appointed Executive Vice President,
Quality & Program Management effective January 15, 2023,
succeeding Svante Mogefors who is retiring.

Contacts and Calendar

AUTOLIV, INC.

Visiting address:
Klarabergsviadukten 70, Section B,
7th Floor, Stockholm, Sweden
Postal address:
P.O. Box 70381, SE-107 24 Stockholm, Sweden
Tel: +46 (0)8 587 20 600
E-mail: info@autoliv.com
www.autoliv.com

CONTACT OUR BOARD

Autoliv, Inc.
P.O. Box 70381, SE-107 24 Stockholm, Sweden
Tel: +46 (0)8 587 20 600
E-mail: legalaffairs@autoliv.com

The Board, individual directors and the committees of the Board can be contacted using the address above. Contact can be made anonymously and communication with individual directors is not screened. The relevant chairman receives all such communication after it has been determined that the content represents a message to such chairman.

STOCK TRANSFER AGENT AND REGISTRAR

www.computershare.com

INVESTOR REQUESTS

Autoliv, Inc.,
P.O. Box 70381, SE-107 24, Stockholm, Sweden
Tel: +46 (0)8 587 20 671
E-mail: ir@autoliv.com

2023 PRELIMINARY FINANCIAL CALENDAR

April 21, Financial Report Q1
May 11, Annual Stockholders Meeting
June 12, Investor Day
July 21, Financial Report Q2
October 20, Financial Report Q3

Concept and Design: PCG

Photos: Lars Trangius, Christian Wyrwa, Dan Kullberg, Jason Loudermilk Photography, Kun Li, Getty Images, Shutterstock, Björn Nilsson Graphics, Spectrum digitale medien GmbH, Jose Lue, Emmy Jonsson

Sustainability Appendix

Pages 32-53 and 61-64 comprise Autoliv's Sustainability Report 2022. 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 (operational control approach). With respect to environmental data from joint ventures, the equity share approach has been applied.

GHG emissions accounting

The GHG Protocol Corporate Accounting and Reporting Standard has been applied to greenhouse gas (GHG) emissions accounting and reporting. Scope 1 emissions have been calculated using EPA (energy fuels) and IPCC (fugitive emissions) emission factors. Autoliv's primary scope 2 GHG accounting approach is market-based. Market-based emissions are generally based on emissions factors provided by electricity providers. Where such factors are not available, location-based factors has been used. All location-based scope 2 emissions are calculated using IEA emission factors. For more information about scope 3 modelling and emission factors, see p. 42-43.

Changes and restatements

In 2022, there were no material changes in reporting scope. Minor corrections to data, scope or definitions may have resulted in small changes to previously reported numbers.

External reporting guidelines

We consider our Sustainability Report aligned with the EU Non-Financial Reporting Directive. The Appendix includes

references to the SASB Auto Parts Sustainability Accounting Standard. In addition, TR-AP-520a 1 is reported under the "Contingent liabilities" footnote to the financial statements contained in Autoliv's periodic reports (10-Q and 10-K) filed with the SEC. We have used the GRI Standards to inform our reporting, and relevant references to these standards are included in the Appendix. This report is not prepared in accordance with the GRI standard. The Sustainability Report is not subject to external assurance.

Autoliv does not consider its economic activities as taxonomy eligible. We participate actively in the work of the European automotive supplier industry association CLEPA to develop a common position regarding taxonomy eligibility and useful taxonomy alignment guidance.

Communication on Progress

In addition, this Sustainability Report serves as Autoliv's Communication on Progress related to the UN Global Compact. The following sections demonstrate our commitment to implementing the Global Compact principles:

- Road Safety - a Global Challenge: Principle 1
- A Safe and Inclusive Workplace: Principle 6
- Climate Action: Principles 7-9
- Responsible Business: Principles 1-6, 10

Saving More Lives

Targets & Metrics	2022	2021	2020	Comments
100,000 lives saved per year	Close to 35,000			We estimate that in addition to lives saved, more than 450,000 injuries are reduced annually.
Share of global recalls (%) ¹	~2%	~2%	~2%	The share is calculated as a ten year rolling average based on information from national official databases.

1) SASB TR-AP-250a 1.

A Safe and Inclusive Workplace

Targets & Metrics	2022	2021	2020	Comments
Health and Safety¹				
0.35 Incident Rate by 2023	0.32	0.41	0.49	Number of reportable injuries, i.e. injuries that require treatment beyond first aid or results in one or more days of lost time, per 200,000 employee hours of exposure.
3.80 Severity Rate by 2023	3.31	5.84	5.16	Total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure.
Work-related fatalities	2	1	0	The fatalities in 2022 were related to an employee involving material handling, and an on-site construction contractor. The incidents were closely investigated, related guidelines were revised and appropriate actions were taken.
Share of production sites ISO 45001 certified (%)	71%	Not available	Not available	Comparable numbers for 2021 and 2020 are not available.

1) GRI 403: Occupational Health and Safety

Inclusion

95% of senior and mid-level management trained in unconscious bias by 2023	52% trained	42% trained	Not applicable	Training started in 2021.
Year-on-year improvement in Employee experience. Continuous				Results from the annual employee survey.
- Authenticity	80	80	77	
- Perceived fairness	73	73	71	
22% women in senior management by 2023	18%	17%	22%	Senior management consists of around 110 employees. The significant decrease in 2021 compared to 2020 was caused by senior management being extended to also include some plant managers, a group that is predominantly male.
Share of women in the workforce (%)	49%	47%	47%	
Share of women in the Executive Management Team (%)	0%	8%	8%	

Climate Action

Targets & Metrics	2022	2021	2020	Comments
Carbon neutrality in own operations by 2030	430 kton CO ₂ e	435 kton CO ₂ e	411 kton CO ₂ e	Includes Scope 1+2 market-based emissions.
12% reduction in energy intensity by 2023	5% above baseline	10% above baseline	11% above baseline	Baseline 2018. Internal measurement based on parts delivered.
Year-on-year reduction in waste Continuous	8% increase	3% increase	9% decrease	
GHG Emissions¹				
GHG emissions intensity	48.6	56.2	57.5	Ton CO ₂ e per million USD sales (FX adjusted).
Direct (scope 1) GHG emissions (kton CO ₂ e)	102	103	98	In 2022, the main source of Scope 1 emissions was natural gas at 51%. 40% of Scope 1 emissions were fugitive emissions.
Indirect (scope 2) GHG emissions (kton CO ₂ e)				In 2022, 95% of Scope 2 market-based emissions came from electricity.
- Market-based	328	331	313	
- Location-based	276	285	268	
Upstream Scope 3 emissions (kton CO ₂ e)				For more information on scope 3 modelling and target scope, see p. 42-43. 2022 emissions are based on 2018 numbers and adjusted for a number of factors such as change in production, estimated recycled content, and logistics volumes and modes. More information is available in our CDP response.
- Purchased goods and services (category 1)	3,000 (2,720 2018)			
- Upstream transportation (category 4)	510 (450 2018)			
- Other upstream (categories 2, 3, 5, 6, 7, 8)	190 (230 2018)			
Total	3,700 (3,400 2018)			

1) GRI 305: Emissions

Energy¹

Energy intensity	111.7	120.6	123.1	MWh per million USD sales (FX adjusted).
Energy use (GWh)				In 2022, around 9% of total energy consumption and 13% of total electricity consumption was renewable.
- Direct	298	290	272	
- Indirect	690	642	608	
Total	988	932	880	

1) SASB TR-AP-130a 1.; GRI 302: Energy

Waste¹

Waste (kton)	100	93	90	
Share of waste by type (%)				
- Non-hazardous	89%	89%	90%	
- Hazardous	11%	11%	10%	
Share of waste by treatment (%)				
- Reuse, recycling, energy recovery	90%	89%	88%	
- Landfill	10%	11%	12%	

1) SASB TR-AP-150a 1.; GRI 306: Energy

Other

Water use (m ³) ¹	2,360,000	2,310,000	2,180,000	
Share of production sites ISO 14001 certified (%)	97%	89%	88%	
Number of significant spills, and related fines	0	0	0	A significant spill is defined as having a financial impact of USD 100,000 or more.

1) GRI 303: Water and Effluents

Responsible Business				
Targets & Metrics	2022	2021	2020	Comments
Business Ethics				
100% in target group completed anti-corruption training Continuous^A	>95%	99%	96%	Target group is based on the risk exposure of certain employee groups. Based on 2021 figures we estimate that over 95% of target group employees have completed anti-corruption training by end of 2022.
100% in target group completed antitrust training Continuous	99%	96%	97%	Target group is based on the risk exposure of certain employee groups.
100% in target group Code of Conduct certified Continuous	99%	99%	99%	Target group is employees in a leadership role.
Supply Chain Sustainability				
100% direct material suppliers sustainability audited Continuous^A	98%	81%	49%	Percentage is based on active direct material suppliers within audit scope who have undergone a sustainability audit.
100% direct material suppliers respond to conflict minerals survey Continuous	89%	99%	100%	
Compliance Speak Up				
Number of Compliance Speak Up reports	318	284	301	Other channels include internal reports directly to management, HR, the Legal or Compliance teams.
– Reported through Autoliv Helpline (%)	89%	88%	85%	
– Reported through other channels (%)	11%	12%	15%	
Compliance Speak Up reports per 100 employees	0.46	0.47	0.44	
Labor Rights				
Share of employees covered by collective bargaining agreements (%) ^C	~50%	~50%	~50%	2020 figure estimated based on 2021 data. Around 80% of the countries where Autoliv has employees have collective bargaining agreements.

A) GRI 205: Anti-corruption

B) GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment

C) GRI 2-30: Collective bargaining agreements

Multi-Year Financial Summary

Continuing Operations unless noted.

(Dollars in millions, unaudited)	2022	2021	2020	2019	2018
Sales and Income					
Net sales	\$8,842	\$8,230	\$7,447	\$8,548	\$8,678
Airbag sales ¹⁾	5,807	5,380	4,824	5,676	5,699
Seatbelt sales	3,035	2,850	2,623	2,871	2,980
Operating income	659	675	382	726	686
Net income attributable to controlling interest	423	435	187	462	376
Earnings per share (US\$) – basic ²⁾	4.86	4.97	2.14	5.29	4.32
Earnings per share (US\$) – assuming dilution ^{2, 3)}	4.85	4.96	2.14	5.29	4.31
Gross margin ⁴⁾	15.8%	18.4%	16.7%	18.5%	19.7%
R,D&E net in relation to sales	(4.4)%	(4.7)%	(5.0)%	(4.7)%	(4.8)%
S,G&A in relation to sales	(4.9)%	(5.3)%	(5.2)%	(4.7)%	(4.5)%
Operating margin ⁵⁾	7.5%	8.2%	5.1%	8.5%	7.9%
Adjusted operating margin ^{6, 7)}	6.8%	8.3%	6.5%	9.1%	10.5%
Balance Sheet					
Trade working capital ⁸⁾	1,183	1,332	1,366	1,417	1,396
Trade working capital in relation to sales ⁹⁾	12.7%	15.7%	13.6%	16.2%	15.9%
Receivables outstanding in relation to sales ¹⁰⁾	20.4%	20.0%	18.1%	18.6%	19.0%
Inventory outstanding in relation to sales ¹¹⁾	10.4%	9.2%	7.9%	8.5%	8.6%
Payables outstanding in relation to sales ¹²⁾	18.1%	13.5%	12.5%	10.8%	11.7%
Total equity	2,626	2,648	2,423	2,122	1,897
Total parent shareholders' equity per share (US\$)	30.30	30.10	27.56	24.19	21.63
Current assets excluding cash	3,119	2,705	3,091	2,557	2,670
Property, plant and equipment, net	1,960	1,855	1,869	1,816	1,690
Intangible assets (primarily goodwill)	1,382	1,395	1,412	1,410	1,423
Capital employed	3,810	3,700	3,637	3,772	3,516
Net debt ⁷⁾	1,184	1,052	1,214	1,650	1,619
Total assets	7,717	7,537	8,157	6,771	6,722
Long-term debt	1,054	1,662	2,110	1,726	1,609
Return on capital employed ^{13, 14)}	17.5%	18.3%	10.0%	20.0%	17.0%
Return on total equity ^{14, 15)}	16.3%	17.1%	9.0%	23.0%	13.0%
Total equity ratio	34%	35%	30%	31%	28%
Cash flow and other data					
Operating Cash flow ¹⁶⁾	713	754	849	641	591
Depreciation and amortization ¹⁶⁾	363	394	371	351	397
Capital expenditures, net ¹⁶⁾	485	454	340	476	555
Capital expenditures, net in relation to sales ¹⁶⁾	5.5%	5.5%	4.6%	5.6%	5.7%
Free Cash flow ^{7, 16, 17)}	228	300	509	165	36
Cash conversion ^{7, 16, 18)}	54%	69%	270%	36%	20%
Direct shareholder return ^{16, 19)}	339	165	54	217	214
Cash dividends paid per share (US\$)	2.58	1.88	0.62	2.48	2.46
Number of shares outstanding (millions) ²⁰⁾	86.2	87.5	87.4	87.2	87.1
Number of employees, December 31	61,700	55,900	61,000	58,900	57,700

1) Including steering wheels, inflators and initiators. 2) Participating share awards with right to receive dividend equivalents are (under the two-class method) excluded from the EPS calculation. 3) Assuming dilution and net of treasury shares. 4) Gross profit relative to sales. 5) Operating income relative to sales. 6) Excluding costs for capacity alignment, antitrust related matters and separation of our business segments. 7) Non-US GAAP measure, for reconciliation see tables above. 8) Outstanding receivables and outstanding inventory less outstanding payables. 9) Outstanding receivables and outstanding inventory less outstanding payables relative to annualized fourth quarter sales. 10) Outstanding receivables relative to annualized fourth quarter sales. 11) Outstanding inventory relative to annualized fourth quarter sales. 12) Outstanding payables relative to annualized fourth quarter sales. 13) Operating income and income from equity method investments, relative to average capital employed. 14) The Company has decided not to recalculate prior periods since the distribution of Veoneer had a significant impact on total equity and capital employed making the comparison less meaningful. 15) Income relative to average total equity. 16) Including Discontinued Operations in 2018. 17) Operating cash flow less Capital expenditures, net. 18) Free cash flow relative to Net income. 19) Dividends paid and Shares repurchased. 20) At year end, excluding dilution and net of treasury shares.



Autoliv is the world's largest automotive safety supplier, with operations in 27 countries and 14 Tech Centers worldwide. We design, develop and manufacture world-leading passive safety systems for the automotive industry, as well as mobility safety solutions. Inspired from the beginning by our vision of Saving More Lives, our 69,100 people are passionate about creating innovations and collaborations which best meet safety needs in both the current and new mobility horizons.



→
Annual Report
Online version

www.autoliv.com

Autoliv