

Sustainability Report 2017

Creating Sustainable Value



Autoliv

Content

03: CEO Statement

04: Clarity of Direction – Autoliv’s Commitment

- Who we are
- Our sustainability commitment
- Our Sustainability program

06: Life-Saving Innovations

- Our priorities
- Life-saving innovations
- Quality – our products never get a second chance
- Materials management

10: Limiting Our Impact on the Environment

- Our priorities
- Our policy and commitment
- Environmental management
- Environmental performance

17: Committing to Our Employees

- Our priorities
- Health and safety
- Diversity and inclusion
- Human and labor rights

20: Acting Ethically and Committing to Society

- Our priorities
- Business ethics and integrity
- Supply chain management
- Community engagement

30: Sustainability Governance and Risk Management

- Governance
- Materiality assessment and risk management
- Stakeholders
- Reporting scope and boundaries

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From our Chairman, President and CEO



“ During 2017, we continued to strengthen our Sustainability Program and deliver on our commitment to saving more lives. ”

Autoliv contributes to society and sustainability through its products, which save over 30,000 lives a year and prevent ten times as many severe injuries. Our vision supports the UN Sustainable Development Goal #3: Good health and well-being, and one of its targets focused on reducing global deaths and injuries from road traffic accidents by 50%.

During 2017, we advanced in several areas of our Sustainability Program. We established a sustainability governance structure, which assigns the ultimate oversight for the Company's sustainability activities to the Board of Directors and responsibility for implementation to the Executive Management Team. We established a global sustainability function to lead the integration of sustainability into Autoliv's business, keeping responsibility and accountability for

execution with the respective line and functional managers.

We continued our research and development of life-saving technologies. We launched a research collaboration with MIT AgeLab in the area of autonomous vehicle systems and we announced our new Life Cell and Dual Lobe airbag technologies, among other developments in this area.

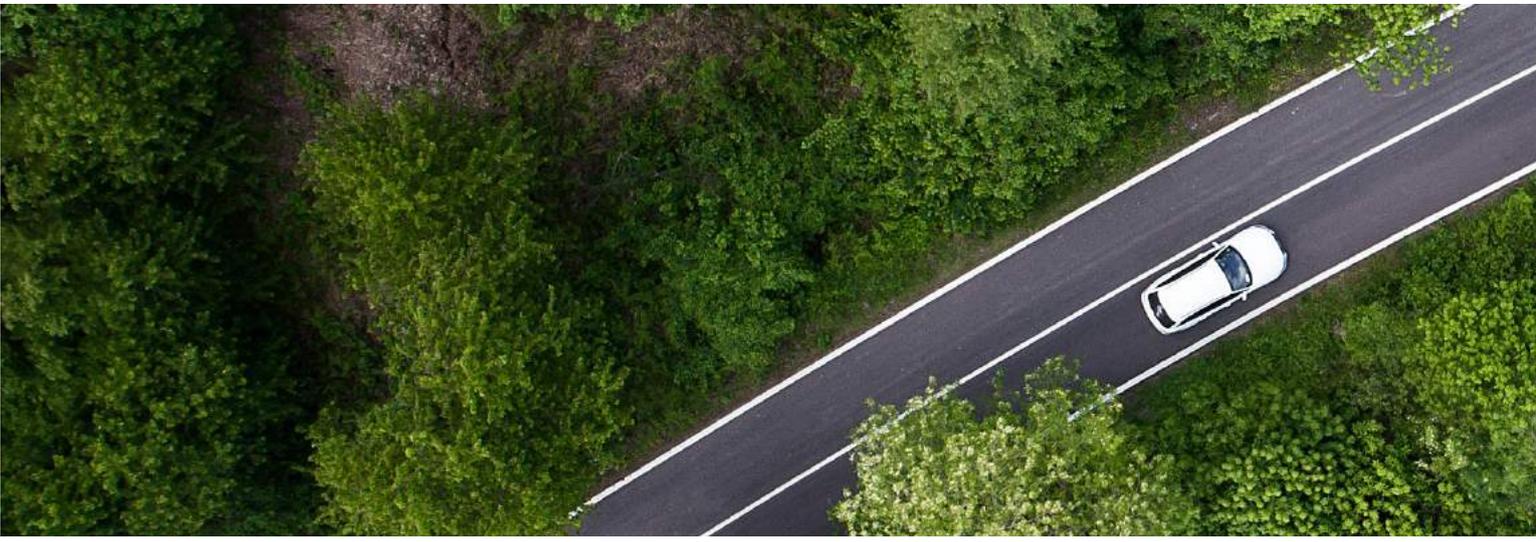
We renewed our global environmental management system to ensure more efficient global environmental objective-setting and performance follow-up as well as to improve resource efficiency and share best practices across Autoliv.

We continued our participation in Stop the Crash, a multi-stakeholder partnership led by Global NCAP campaigning for life-saving crash avoidance technologies. In 2017, Stop the Crash achieved a notable success in China,

when 12 major Chinese car brands (jointly accounting for 85% of the Chinese manufacturer market) announced their commitment to fit all new models with the life-saving anti-skid technology Electronic Stability Control.

The automotive industry is going through a major transformation, influenced by various megatrends, including sustainability. Despite the progress made, we recognize that sustainability is an ongoing journey and we are committed to continuing to strengthen our sustainability work and improve our performance.

Yours sincerely,
Jan Carlson



Clarity of Direction – Autoliv’s Commitment

WHO WE ARE

Autoliv is the world’s largest automotive safety supplier, with sales to all leading car manufacturers in the world. We have more than 72,000 associates in 27 countries. We develop, manufacture and market protective systems such as airbags, seatbelts, steering wheels, passive safety electronics and active safety systems, including brake control

systems, radar, night vision and camera vision systems. Read more about Autoliv [on our website](#).

OUR SUSTAINABILITY COMMITMENT

Autoliv’s business is guided by our vision of Saving More Lives. Our products save over 30,000 lives a year and prevent ten times as many severe injuries. Our goal is to increase the number of lives saved

to 150,000 a year. Our vision directly supports the UN Sustainable Development Goal #3: Good health and well-being, and one of its targets focused on halving global deaths and injuries from road traffic accidents by 2020.

Autoliv’s current commitment is expressed in four categories:

Innovate Life-Saving Products

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

Limit Our Impact on the Environment

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

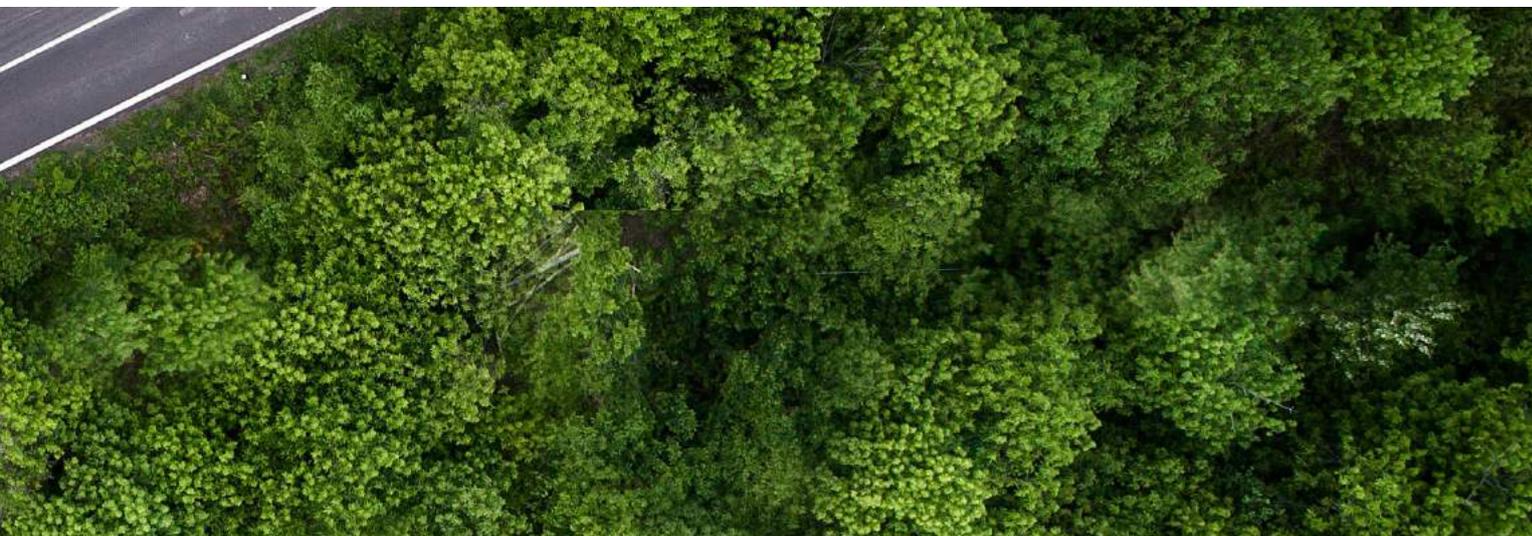


Commit to Our Employees

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

Act Ethically & Commit to Society

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



OUR SUSTAINABILITY PROGRAM

During 2017, Autoliv developed a four-year roadmap for the company's Sustainability Program, which lays

out the overall direction for our sustainability work. Key performance indicators were also identified for our material sustainability topics.

The roadmap identifies actions in five different areas:

Area	Overall aim	Milestones achieved in 2017
Focus and Strategy	Ensure right priorities and direction for sustainability work	<ul style="list-style-type: none"> • Priorities for each sustainability program category identified • Four-year roadmap for each program category established
Systems, Tools and Reporting	Ensure adequate management tools and performance measurement to support day-to-day implementation and performance management	<ul style="list-style-type: none"> • Existing systems and tools assessed and required actions in each category identified • The scope of sustainability reporting expanded
People and Culture	Ensure adequate capabilities and right culture to support day-to-day implementation	<ul style="list-style-type: none"> • Resources and capabilities assessed based on the roadmap priorities • Global sustainability organization established and owners for each category and key topic assigned
Stakeholders	Ensure alignment of sustainability work with stakeholder expectations and needs	<ul style="list-style-type: none"> • Structured assessment of customer and investor priorities in sustainability area started
Governance	Ensure a well-defined governance structure for effective decision-making and execution	<ul style="list-style-type: none"> • Sustainability governance model established with a focus on integrating sustainability into line and functional responsibilities • Category reviews with Sustainability Steering Committees and progress reporting to Board started

Life Saving Innovations



OUR PRIORITIES

Autoliv's most important contribution to society and sustainability are our products that save over

30,000 lives a year and prevent countless more injuries. Long-term research, continuous product development and quality assurance of our products are of paramount importance for us. We also consider various sustainability aspects in our materials management and ensure compliance with different product regulations.

LIFE-SAVING INNOVATIONS RESEARCH

Autoliv is not only developing and engineering technologies to enable more lives to be saved but also providing guidance, through research, on how to accomplish this goal.

Most countries in the world have adopted the UN Sustainable Development Goals (SDGs), including the target of halving the number of global deaths and injuries from road accidents, which is a component of Goal 3, good health and well-being. Today, 1.4 million lives are lost annually on the roads, a figure likely to increase significantly unless disruptive moves are made.

Autoliv is engaged in research activities together with universities in the fields of biomechanics, human factors, robotics and traffic safety analysis.

Based on this research, we believe that the SDG target can be achieved if all cars around the world are equipped with airbags, seatbelts, automatic emergency brakes and stability control as well as the next generation of self-driving technologies while still being able to be driven by humans. We believe that an affordable and convenient user experience (UX) and the use of artificial intelligence (AI) technologies will make this possible. AI will then be used to understand not only the car's surroundings but also the state and intentions of people inside and outside the car.

To support the adoption of airbags, belts, automatic emergency brakes and stability control and democratization of car safety, we are actively involved in the Global NCAP initiative Stop the Crash. Read more on [Stop the Crash](#).

Safety for elderly population

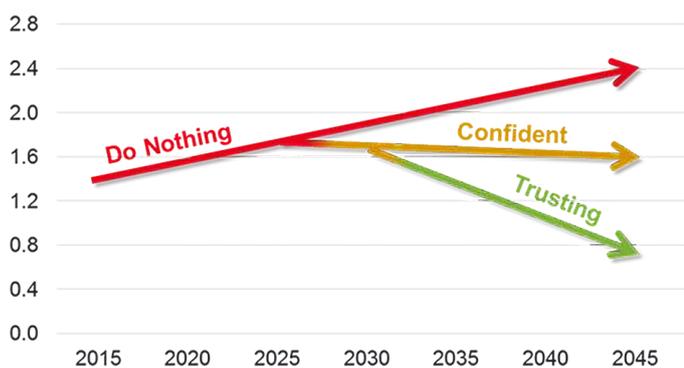
Passive safety requirements continue to develop through research. The targets in current legislation and rating programs (such as Euro NCAP) are male, with only a few exceptions. In 2030, over 20% of all drivers are expected to be older than 65. As the human body ages, bones lose density and connective tissue stiffens. Along with other factors associated with aging, this can result in an anthropometry that has a different interaction with the seatbelt and frontal airbag.

In conjunction with the European H2020 SENIORS project, Autoliv is evaluating a new elderly female dummy. The dummy, developed by Humanetics Innovative Solutions, represents a 70-year-old female. Based on real-life data regarding mobility and accident data, the SENIORS project will provide tools and evaluation methods for enhancing protection for elderly occupants, pedestrians and cyclists. Autoliv is one of the partners in the project.

Safety for automated driving

Once vehicles have the capability to be computer-driven, passengers will demand far more flexibility from a vehicle's interior space than before, resulting in alternative seating positions to relax, work and socialize. At the same time, completely new safety and comfort challenges will arise as opportunities for future mobility grow. Looking beyond traditional forward-facing seats, Autoliv has entered into a development agreement with Adient to create optimal integrated products and solutions to address these challenges. The cooperation between Autoliv and Adient will initially focus on optimal integration of Autoliv's safety components into the non-traditional seating arrangements of the future car and on enhancing existing seat-mounted airbag systems and new far-side systems for Euro NCAP.

Global Traffic Fatalities (millions)



Driver Confidence

- Today's safety technology in all new vehicles
- Consumers willingness to buy and use
- Confidence in the vehicles' perception

Occupant Trust

- Driver co-pilot and shared control
- The driver considers the vehicle intelligent
- Eventually full trust in the vehicle to drive

Source: Autoliv Research

As part of our efforts to develop the next generation of self-driving technologies, we are actively involved in the Wallenberg Autonomous System and Software Program, and launched a major research collaboration with MIT AgeLab this year with the aim of developing a semi-autonomous vehicle prototype that demonstrates the future of human-centered artificial intelligence in the automotive space. At the core of the research effort is the development and real-world evaluation of deep learning algorithms that enable effective communication and transfer of control between human and machine, to create safe, reliable vehicles that drivers can learn to trust.

In 2017, we opened MobilityXlab at Lindholmen Science Park in collaboration with Ericsson, Volvo Cars, the Volvo Group and Zenuity. The companies involved want to strengthen their

positions at the forefront of a changing automotive industry, with the aim of collaborating with start-ups to develop and demonstrate safer and more efficient transportation for tomorrow's world.

PRODUCT DEVELOPMENT

Passive technology for protection, ranging from seatbelts and airbags to passive electronics, is our heritage and the foundation for Autoliv's strong position in real-life vehicle safety. We have pioneered innovation in passive safety since the 1950s and incrementally innovate our passive portfolio to improve protection, such as active seatbelts and complementary airbag solutions.

Active technologies for the prevention and prediction of accidents are key enablers of real-life safety. No single technology – radar, vision, infrared, lidar or ultrasonic – is able to cover all sensing requirements. Leveraging our

strong base of radar and vision technologies, we continuously expand our know-how by adding new building blocks of autonomous driving, such as braking and GPS features.

In addition to long-term research, Autoliv continues to develop future life-saving and injury-reducing products. This year, we announced the Life Cell and Dual Lobe airbag technologies. The Dual Lobe airbag reduces brain injuries during oblique frontal crashes. Life Cell is a new airbag system that protects the occupant from lateral impacts regardless of seat angle or position. We are also continuing our work on products for rear seat occupants that provide improved protection for both frontal and side crashes.

Driven by the global megatrends of climate change and natural resource scarcity, there is a significant market need to continuously develop products

Life-Saving Technologies

PEDESTRIAN AIRBAGS AND HOOD LIFTERS Protect Pedestrians

When pedestrians are involved in traffic accidents, severe or fatal injuries are often the result. An active hood-lifter and/or an outside pedestrian protection airbag aims to reduce the severity of pedestrian head injuries in case of a pedestrian-vehicle accident.

PYRO SWITCH Stop the Fire

Autoliv has developed two devices to stop potential fires from developing: an automatic bolt-release that can cut the power connection during a crash, and a pyro safety switch that can disconnect or cut the power after an accident.

AIRBAGS Reduce Injuries

In frontal crashes, driver airbags reduce driver fatalities by 29%, driver airbag and seatbelt together reduce fatalities by 61%. Furthermore, driver airbags reduce severe injuries by 32%. Autoliv offers frontal, knee, side, curtain and front center airbags.

STEERING WHEELS With the Lives of Others in Your Hands

Autoliv is a leader in steering wheels. Some have an integrated functionality to alert the driver of dangerous situations.

SEATBELTS Top Life-Saving Device

The seatbelt is the top life-saving device. It reduces fatalities in passenger cars for all types of crashes by 45%. Seatbelts also reduce moderate and severe injuries by 45%.

CHILD SEATS Protect Children

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

SIDE-CURTAIN AIRBAGS Reduce Head Injuries

In near-side crashes, curtain and torso airbags together reduce fatalities by 31% for vehicle occupants on the side of impact.

● Passive Safety ○ Electronics

that are lower weight and come in smaller packages while maintaining the same function and similar costs. This has been a focus for us across all product areas. Small and lightweight products are key when it comes to the passive safety products and more flexible interior concepts currently being developed, and we have introduced smaller, lighter inflators for our curtain and side airbags. Our next-generation electron-

ics products are up to 20% lighter and smaller. They use fewer components and are more energy efficient.

The new ANBS electrical braking system is a one-box solution for brake actuation and modulation. The benefits of the system include zero-vacuum requirement and full regenerative braking capability. It contributes to the reduction of vehicle CO₂ emissions by supporting low-emission or electric ve-

hicles and regenerative braking blending at all levels of deceleration targeted by our customers. The level of CO₂ reduction created by the product will be determined by each customer on a platform-by-platform basis.

Technologies to Prevent Accidents



● Passive Safety ○ Electronics



QUALITY – our products never get a second chance

Quality is a top priority for Autoliv. Our life-saving products never get a second chance and this is why we can never compromise on quality. Quality is also a key to our financial performance, since excellence in quality is critical for winning new orders, preventing recalls and maintaining low scrap rates. Therefore, we are fully committed to providing quality products

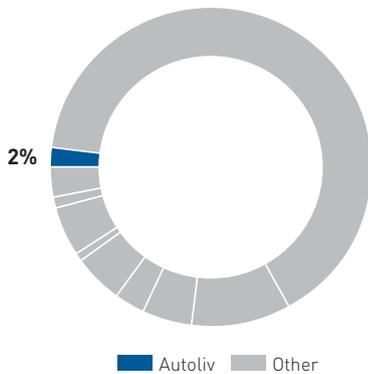
and services to all our customers.

Autoliv implements its quality strategy through the Q5 program, which shapes a proactive quality culture of zero defects. Q5 addresses quality in five dimensions: customers, products, suppliers, growth and behavior. This pursuit of excellence, of zero defects, is a continuous improvement process across all our processes, from product development to supply base manage-

ment, production and mistake proofing. Employee involvement is a critical part of our quality approach. Autoliv’s company purpose, Saving More Lives, promotes a high level of employee engagement. We also challenge our people to crowdsource ideas for improvements. Our products are thoroughly tested from a safety performance and durability point of view to assure Government and customer specification compliance.

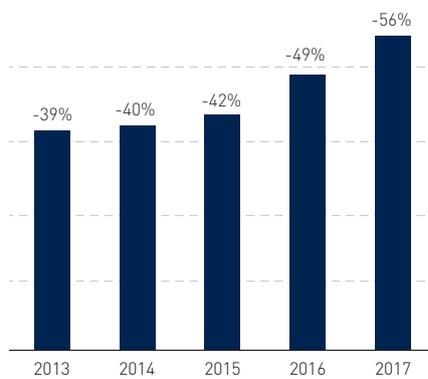
RECALLS

~ 180 M recalled since 2010



QUALITY IMPROVEMENT

Reduction of non-conforming events, reference year 2011



MATERIALS MANAGEMENT

Autoliv Global materials management aims to ensure an optimized material catalogue and supply base within Autoliv that meets our global requirements for all functions and all products. Efficient materials management supports Autoliv’s 1P1P strategy, which aims to reduce cost and complexity. Our Materials Management team is responsible for defining preferred materials and their approved suppliers. As part of our work related to materials management, we have standards that define

requirements for reporting the material composition of our supplied parts and the restrictions to which certain substances will be subject. The definitions of declarable, restricted and forbidden substances are based on customer specifications and subject to governmental regulations, including European Union ELV (end-of-life vehicles) and REACH regulations, and the US Securities and Exchange Commission (“SEC”) disclosure rules related to Conflict Minerals. The work is supported by an internal material data system.

Autoliv has well-defined product development processes from early project planning and concept definition to product launch. Materials management overlaps with the product development process in several areas, from identifying materials and their composition for new products to requesting quotes from suppliers and reporting on the material composition of our supplied parts to customers. During 2017, we focused on further enhancing materials management within Autoliv through more automated solutions.

Limiting Our Impact on the Environment



OUR PRIORITIES

Climate change and resource scarcity are global megatrends driving significant environmental, social, political, and economic changes, bringing both risks and opportunities for businesses. These topics are also significant for us and we are committed to doing our part to increase resource efficiency, address CO₂ emissions and ensure environmental compliance within our operations.

Resource efficiency: energy, water and materials

Autoliv is dedicated to deriving the greatest possible value from the materials we use and to reducing resource extraction. As we continue to grow, we require more energy and resources for our operations. Effective resource management strategies are necessary to create business resiliency, help us meet financial targets and reduce our environmental footprint.

Emissions

Climate change can cause significant deviations in worldwide ecosystems which can harm business continuity and society. We are taking a closer look at fuel sources and energy use habits in an effort to understand the most effective way for us to reduce CO₂ emissions generated from the production of our products.

Waste

Eliminating waste and sound waste management practices are core elements of environmental sustainability. Autoliv's quality management approach aims to eliminate waste (Muda), meaning all activities that do not add value to what we deliver. We continuously work to identify the best ways to reduce waste and scrap and to create efficient waste management tactics for our facilities.

Environmental compliance

Ensuring environmental compliance is a basis for our environmental work. Autoliv uses objective methodologies and comprehensive auditing, while staying informed about regulatory issues that aid us in ensuring compliance.

OUR POLICY AND COMMITMENT

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

ENVIRONMENTAL MANAGEMENT

In 2017, Autoliv renewed its global environmental management system (EMS). The objectives of the work were to ensure more efficient global environmental objective-setting, program definition and performance follow-up, as well as to improve resource efficiency, drive cost savings and share best practices across Autoliv. Our EMS standard was also updated to reflect the ISO 14001:2015 requirements. The management system applies to all our manufacturing sites, offices, logistic centers and technical centers.

Autoliv's EMS establishes the core requirements necessary for a standardized global approach to environmental sustainability, including identification of material environmental aspects, objective-setting, competence development and performance follow-up. New procedures were developed for self-assessments and auditing which provide a feedback loop for intervention, gap identification and continuous improvement.

The new EMS also establishes standardized reporting of energy, water, waste and compliance-related topics, including spills and fines. We have developed an internal database to capture environmental inputs and to assist us in creating an annual environmental inventory. The environmental inventory is intended to provide a snapshot of our global operations at any given time in order to help us make decisions, inform our policies and identify our

best opportunities to reduce our environmental impact. We have also established a global environmental team responsible for managing the centralized data, calculating and reporting global emissions, and auditing the environmental program to ensure accountability, transparency, validity, and completeness of the data.

Our environmental management system emphasizes continuous improvement and learning. The system is supported throughout the organization by dedicated leadership teams who are committed to pursuing efficiency and creativity while conserving natural resources and reducing our environmental impact. This commitment creates the cornerstone of the Autoliv environmental management system and promotes innovation while reducing business risk and cost.

Our environmental management is supported by number of other strategies and management systems. Our quality strategy (Q5) aims to achieve zero defects and eliminate waste from

Key Program Elements



“ We are committed to operating our business in an environmentally sustainable manner and to developing and producing products in an energy-efficient way while preventing pollution and limiting our environmental impact. ”





our processes. Our One Product One Process (1P1P) strategy focuses on product and process standardization and reducing cost and complexity. Autoliv production system (APS) is based on lean manufacturing methodology which aims to continuously increase output with less resources.

During 2018, we will focus on training all facility environmental coordinators in the new environmental management system requirements, implementing the system at the facility level and rolling out a systematic self-assessment program. We will also focus on defining global environmental targets.

Certifications

87% of our facilities (up from 83% in 2016) are externally certified in accordance with ISO 14001 and 10% (15% in 2016) follow the principles of our internal EMS standard.

ENVIRONMENTAL PERFORMANCE

In 2017, we selected six environmental key performance indicators (KPIs) that will enable us to determine our environmental objectives and direction for 2018 and beyond. Water and waste were added as new KPIs to be followed at the group level. In energy and emissions, we focused on tracking the direct (Scope 1) and indirect (Scope 2) energy use and related greenhouse gas emissions from our facilities. During 2017, we emphasized especially the training of employees responsible for environmental data and we also implemented procedures for annual

self-assessments and controlled auditing processes.

ENERGY

Total annual energy use of our facilities in 2017 was 1,275.34 GWh. Of this total energy use, 52% is purchased electricity and the remaining comprises of different fuels used for heating, cooling and power production. Natural gas is the main fuel source used, followed by diesel.

During the year many of our facilities continued efforts to retrofit and upgrade the facilities with LED lighting, automatic power and light controls, and air conditioning temperature and time controls.

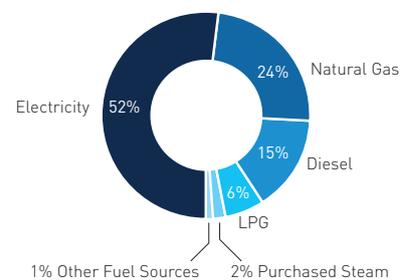
In 2017, we conducted organizational and operational boundary audits of all 118 Autoliv facilities. 106 of these facilities report actual energy use data, while the remaining 12 facilities report energy use data based on calculations using the time series consistency guidelines from the IPCC Guidelines for National Greenhouse Gas Inventories. Data from reporting facilities is converted, using standardized generic conversion factors, into metric units of measure where needed. Each facility maintains a current record of reported data, including billing documents for self-assessment and auditing purposes.

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

new environmental KPIs, procedures and processes, the historical data for energy usage prior to 2017 is not fully comparable with the 2017 figures. We will use 2017 figures as the baseline for setting global targets for years to come.

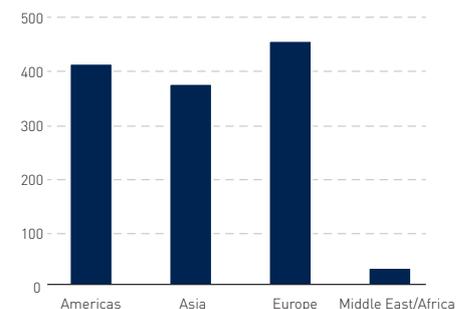
SHARE OF ENERGY USE

By source



ENERGY USE

By region in GWh





Key performance indicators:

Energy	Water	Emissions	Effluent and Waste	Compliance
Energy consumption within the organization	Total water withdrawal	Direct greenhouse gas (GHG) emissions (Scope 1) Indirect greenhouse gas (GHG) emissions (Scope 2)	Total weight of waste by type and disposal method Total number and volume of significant spills	Monetary value and number of significant fines relating to compliance

WATER

At Autoliv's production facilities, water is used for production and for non-industrial uses. Our total water use in 2017 was 2,187.25 mega liters, municipal water being the main water source. Autoliv acts to ensure water is managed sustainably by reducing the amount of water used in our production processes, capturing waste water to invest productively back into the facilities and harvesting rainwater.

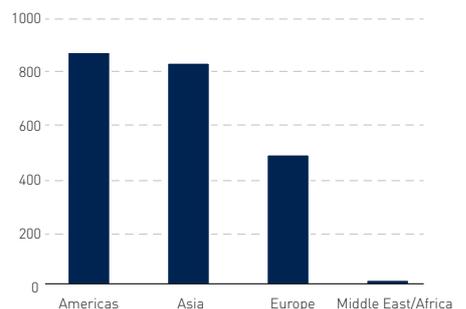
In 2017, Autoliv started an evaluation of the water scarcity situation in the regions where our facilities are located. In many of the regions identified as having water stress, Autoliv has processes in place to reduce the amount of water withdrawn from municipal sources. In India alone, facilities harvest nearly 6.5 million liters of rainwater annually and treat over 58 million liters of waste water for reuse. In our Queretaro Mexico facility all rain water is harvested. Several of our fa-

cilities are retrofitting their facilities with automated water control systems to minimize water use and waste water, and educating employees about the importance of water conservation.

Sources of reported water data at Autoliv comes from three areas: municipal water supplies and/or public utilities, rainwater harvesting or wells. All water use data reported is based on actual usage. Water is reported in total liters used. Where needed, standardized generic conversion factors are used to convert water use from US gallons or UK gallons into liters. The 2017 data listed below represents water reported from 94% of all Autoliv facilities, and 96% of all the production facilities, which are the main contributors to Autoliv's water use. As this is the first year we collect water use data globally, we will continue to refine our process next year.

WATER USE

by region in Megaliters





GREENHOUSE GAS EMISSIONS

Scope 1 and Scope 2 CO₂e emissions from Autoliv operations in 2017 totaled 378,161.31 metric tons, of which most (73%) were scope 2 emissions from purchased electricity.

Scope 1 emissions for Autoliv consist of three fuel sources for heating and cooling, three fuel sources for power production processes and vehicles, and fugitive emissions. Fuel sources include fuel oil, natural gas, propane, diesel and gasoline. Fugitive emissions include emissions from CO₂, nitrous oxide and a very limited number of refrigerants.

Autoliv determines organization boundaries based on the operational control approach. 90% of all energy use data is reported as actual use and GHG emissions are calculated at the global level (centralized approach), using the IPCC-prepared GHG calculation templates.

All data and graphs are reported in metric tons and include Scope 1 and Scope 2 emissions from all Autoliv facilities, including plants, offices, technical centers, and logistics centers. With the implementation of new environmental KPIs, procedures and processes, the historical data for energy usage and CO₂ emissions prior to 2017 is not fully comparable with the 2017 figures. We will use 2017 figures as the baseline for setting global targets for years to come.

WASTE AND SCRAP REDUCTION

In 2017 Autoliv's activities generated in total of 103,966.33 metric tons of waste. The main types of waste from Autoliv's operations include; recyclable waste including e-waste, metals, office waste and packaging; landfill waste; and hazardous waste, the ma-

majority of which is incinerated. We continuously search for recycling opportunities for all waste before considering landfill as a final option. Additionally, we have implemented reusable packaging for products in many facilities, thereby reducing the amount of cardboard, Styrofoam and plastic waste generated. Autoliv complies with global regulations on hazardous or toxic waste and, where conflicting policies exist, our practice is to follow the stricter of the regulations.

All data and graphs are reported in metric tons. Where needed, standardized generic conversions factors are used to convert the data. The 2017 data represents waste reported from 93% of Autoliv production facilities and 76% of all facilities. As this is the first year we collected waste data globally, we will continue to refine our process next year.

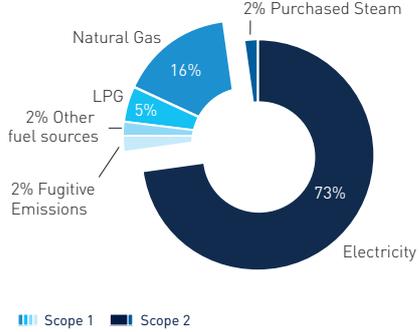
SIGNIFICANT SPILLS AND FINES

In 2017, Autoliv had no significant environmental spills. A 'significant' environmental event is defined by Autoliv as an event that cannot be handled safely without the assistance of external response personnel or has a cleanup cost greater than \$5000.

Autoliv has not received any significant environmental non-compliance fines from any government or organization in 2017. A 'significant' environmental non-compliance fine is defined by Autoliv as any fine \$10,000 or greater.

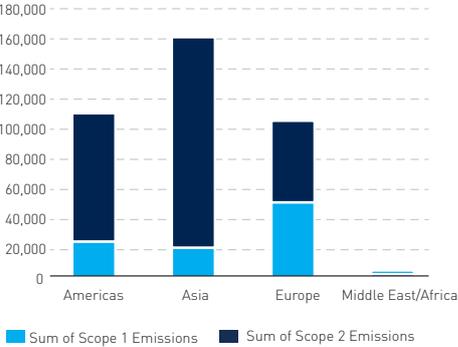
SHARE OF CO₂e EMISSIONS

From Autoliv activities by scope and energy source



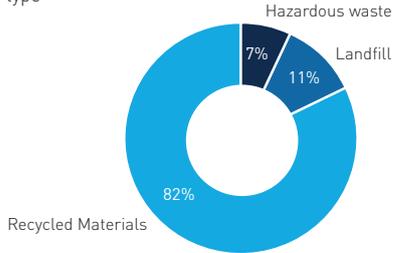
CO₂e EMISSIONS

By Scope and Region in metric tons



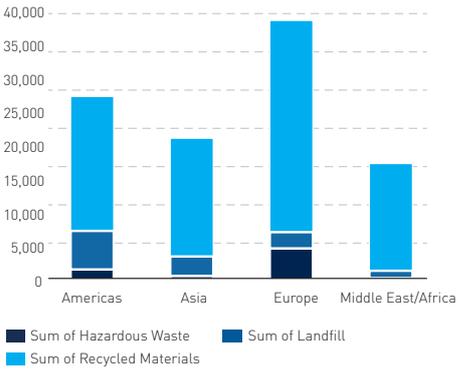
SHARE OF WASTE

By type



WASTE BY TYPE AND REGION

In metric tons





“ We continuously search for recycling opportunities for all waste before considering landfill as a final option. ”

Committing to Our **Employees**



OUR PRIORITIES

As a leading producer of automotive safety components and a global organization with more than 72,000 employees in 27 countries, Autoliv has prioritized employee health and safety, diversity and respect for core human and labor rights in our employee-related sustainability agenda.

Read more about Employee Development [on our website](#).

HEALTH & SAFETY

OUR POLICY AND COMMITMENT

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

safety record reduces risk costs and enhances productivity.

As a leading producer of automotive safety components, Autoliv is committed to the development and manufacturing of safety systems that ensure maximum safety for automotive occupants. In both the marketplace and workplace, health and safety is more than an element of our business – it is our business.

As an organization, we want to continue to develop a high-performance, zero-loss organizational culture where employees are actively engaged in health and safety improvement activities. We will adhere to the required standards for the safe operation of facilities and the protection of our employees, our customers and the people of the communities in which we do business. Our people are our most

important resource and we will work diligently to reduce and eliminate occupational injuries and/or illnesses.

HEALTH AND SAFETY MANAGEMENT

Each Autoliv facility is required to implement Autoliv's health and safety management system (HSMS). System requirements are defined in Autoliv's internal health and safety management system standard, which is aligned with the OHSAS 18001 requirements. The HSMS is supported throughout the organization by leadership teams who encourage operators and visitors to speak up about health and safety concerns and take responsibility for their actions. The implementation of the system is monitored through internal and external audits. Internal audits are performed by divisional, product line and facility cross-functional teams. In

Autoliv's **Health & Safety** Work Principles:

Employee involvement

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

Continuous improvement

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

Leadership commitment

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

Recognition and control of risks

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

Working safely is a condition of employment

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



addition, all our sites are covered by external health and safety audits. The external health and safety audits are performed either as part of the site risk management audits or as OHSAS 18001 certification audits. Currently 13% of Autoliv facilities are externally certified in accordance with OHSAS 18001.

The cornerstone of our health and safety management system is the Hazard Risk Assessment (HRA) program. HRAs provide the factual basis for identifying significant hazards/risks and implementing continuous improvement activities to eliminate or mitigate hazards/risks. HRAs create the primary principles and standards by which the global health and safety activities and operations are managed. The effectiveness of the HRA program is reliant upon individuals at each facility ensuring that all relevant health and safety issues are identified through the HRA program, managed appropriately and communicated globally.

Autoliv's health and safety performance management is guided by the

safety environmental reporting (SER) system, a globally deployed, unified system and repository for all health, safety and environmental events. The consolidated system allows us to set, achieve and report on established targets and objectives in order to demonstrate continual performance improvement. The system also helps us to review the health and safety implications of our activities and operations and to identify, assess and manage hazards and risk within our daily activities. A core part of our approach is to utilize global resources and deploy individuals who have a working knowledge and understanding of specific health and safety issues and to share lessons learned from our experience and the experiences of others.

HEALTH AND SAFETY PERFORMANCE

We closed the year with an incident rate of 0.81, a severity rate of 9.67 and a health and safety management system implementation status of 96%, meeting our 2017 objectives. We were also able

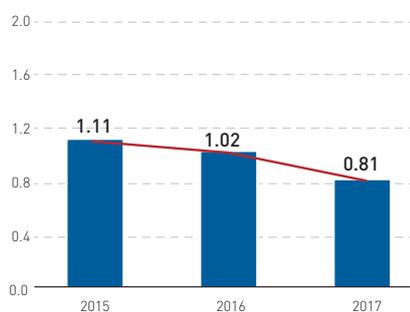
to increase the number of facilities with zero injuries to 26 (from 24 in 2016).

In 2017, a fatal accident involving a contracted company employee occurred inside the property of our Pont de Buis facility in France. All accidents are unacceptable for Autoliv and, as with this incident, the causes of accidents will always be investigated and necessary measures taken, in collaboration with authorities.

While we continue to face challenges, the health and safety management system (HSMS) has been instrumental in improving the health, safety and well-being of our employees while creating a standard approach for striving to achieve the ultimate goal of zero incidents. We are committed to continuously improving health and safety performance at all locations and at all levels, and we strive to ensure safe production. We continue to invest in health and safety training, promoting hazard/risk assessments and engaging employees at all levels of the organization.

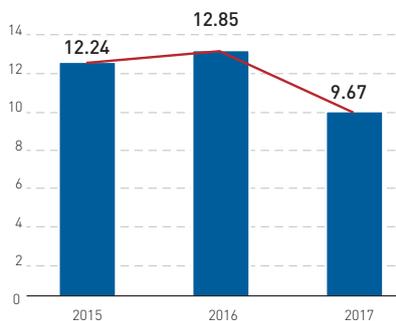
INCIDENT RATE

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



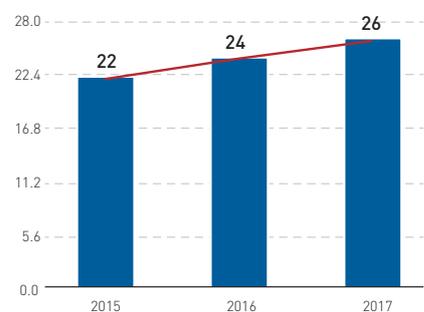
SEVERITY RATE

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



NUMBER OF FACILITIES

With zero injuries



DIVERSITY AND INCLUSION

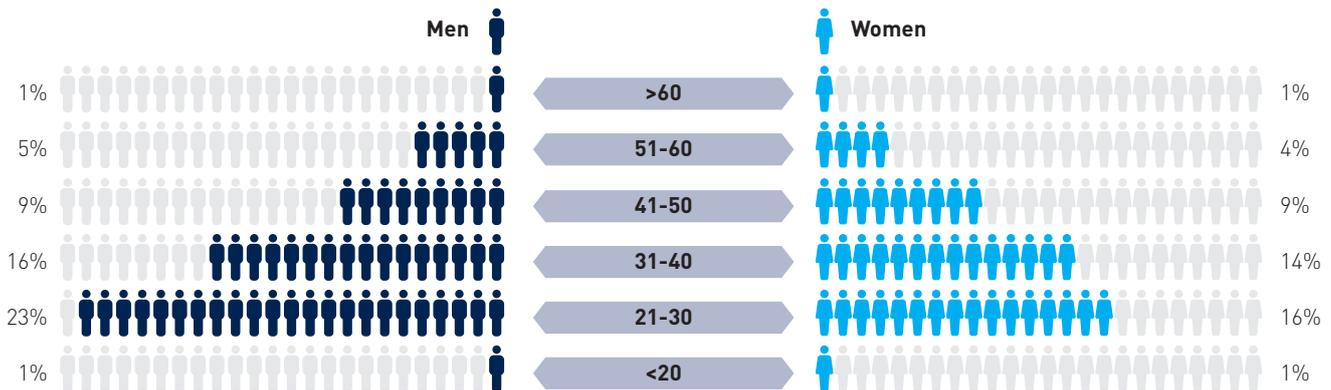
We are committed to diversity and acknowledgment, accept and value differences among our people and the contributions they make. Our workforce reflects the

diversity of the countries and cultures in which we operate. At the end of 2017, 44% (44% in 2016) of our workforce and 15% (13% in 2016) of our senior management positions were filled by women.

We have operations in 27 different countries and 30% of our workforce is in Asia, 27% in Americas and 43% in Europe (including Africa, Russia and Turkey).

WELL BALANCED WORKFORCE

By age, group, and gender in %



HUMAN AND LABOR RIGHTS

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

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

Our Human and Labour rights commitments are part of Autoliv Standards of Business Conduct and Ethics (the "Code of Conduct"). Annually, all manager level and higher employees submit Code of Conduct certifications electronically in our Compliance system. The certification requires disclosure of known violations of the Code of Conduct

as well as other matters that may present actual or apparent compliance concerns. Code of Conduct related training supports employees in understanding company expectations and policies. [Read more on our Code of conduct](#)

Autoliv has a third-party operated helpline where all our employees can confidentially, in all of the languages where Autoliv operates, report on any suspected case of misconduct or breaches of our Code of Conduct and other standards and policies. The Autoliv Helpline has been available to all employees since 2011. [Read more on our helpline](#)

One of the Code of conduct related areas in our internal communications during the year was workplace harassment. In August, we launched an EthiTip (Autoliv Tips on Ethics) on workplace harassment, including a video demonstrating unacceptable behavior and empowering our employees to speak up if they face these situations in the workplace. In addition to this most recent initiative, we also have a Respect in the Workplace policy and an eLearning program that specifically teaches all employees about what constitutes harassment and informs them that sexual harassment and all other forms of harassment and discrimination are prohibited. We have zero tolerance for harassment. Therefore, whenever an employee reports an issue through our

confidential helpline or other channels, we investigate the issue and take relevant disciplinary actions, including termination of employment, in accordance with the law.

During 2017 Autoliv conducted a global working conditions survey. All country organizations were asked to assess their current status in the areas of minimum wages, working hours, eligibility for time-off, freedom of association and collective bargaining, child and forced labour and diversity and inclusion. No risks were identified for child nor forced labour. No cases were identified where Autoliv would not set standard work hours and minimum wages in line with local legislation and/or applicable collective agreements in place. There are systems and processes available that enables the company to monitor attendance hours of employees as well as wages paid. A more thorough analysis of overtime and collective bargaining practices per country will be conducted in 2018 and need for improvement actions assessed.

“ At the end of 2017, **44%** of our workforce and **15%** of our senior management positions were filled by women. ”



Acting **Ethically** and **Committing** to Society



OUR PRIORITIES

How we do business is as important as the business we do. Acting ethically in business and toward society, and engaging with the community in various ways is a key priority and a responsibility that is also expected of our business partners and suppliers.

BUSINESS ETHICS AND INTEGRITY OUR CODE OF CONDUCT

Our ethical culture starts at the top of our organization with our Code of Conduct, supporting policies and procedures, continual ethics and compliance training, and transparent grievance mechanisms. At Autoliv, the Code of Conduct is the foundation for business ethics and integrity. The Code of Conduct supplements sound judgment and assists us in performing our work in an ethical and lawful manner. Through guidance and practical examples, the Code helps our people to make the best possible decisions, particularly in complex or challenging business situations. We publish the Code of Conduct in 19 languages and make it available to all employees, consultants and contractors.

The Code of Conduct covers relevant topics to provide a principles-based approach to compliance and making ethical decisions: for example, Speaking

Up; Non-Retaliation Policy, Respect in the Workplace: Diversity, Discrimination and Harassment; Safety in the Workplace; Conflicts of Interest; Competing Fairly; Anti-Corruption and Anti-Bribery; and Export Controls.

Promoting ethical behavior

Autoliv's Board of Directors, in particular the Risk and Compliance Committee, has the ultimate responsibility for overseeing the Compliance Program, which has been formalized and in place for six years. In consultation with management, the Board reviews compliance reports periodically, and business conduct and ethics is a standing agenda item at annual Board meetings and each quarter at meetings of the Risk and Compliance Committee.

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

Compliance with the Code of Conduct and related company policies is the responsibility of every Autoliv employee. Our objective is about embed-

ding a culture of compliance and ethics into our day-to-day work and decisions, and living our culture of "It starts with me." Each employee is responsible for acquiring a sufficient understanding of the Code of Conduct and related company policies in order to recognize situations which may not comply with the Code of Conduct and related company policies. Annual goals and actions are identified to continuously enhance and advance the program.

Annually, all employees at the managerial level and higher submit Code of Conduct certifications electronically in our compliance system. The certification requires the disclosure of known violations of the Standards of Business Conduct and Ethics as well as other matters that may present actual or apparent compliance concerns. We also require a conflict of interest disclosure to be submitted by targeted individuals and anyone with an actual, potential or apparent conflict of interest, so that each case can be assessed to determine if mitigation or remediation is necessary.

A critical aspect of our Compliance Program is education, which supports employees in understanding company expectations and policies related to the Code of Conduct, and related company policies. The goal of our business conduct and ethics education is to provide a

Autoliv **Code of Conduct**

Code of Conduct covers relevant topics to provide a principles-based approach to compliance and making ethical decisions for example:

Speaking Up; Non-Retaliation Policy, Respect in the Workplace: Diversity, Discrimination and Harassment; Safety in the Workplace; Conflicts of Interest; Competing Fairly; Anti-Corruption and Anti-Bribery; and Export Controls.



“ Our objective is about embedding a culture of compliance and ethics into our day-to-day work and decisions, and living our culture of “It starts with me. ”



continuing communication channel for compliance matters, to deliver compliance messages to employees, to train and educate employees of their compliance responsibilities, and to support the Code of Conduct and our Compliance Program.

We have implemented eLearning programs in the following areas: Code of Conduct; Non-Retaliation; Competing Fairly; Anti-Corruption and Anti-Bribery; Respect in the Workplace; Diversity, Discrimination and Harassment; Conflicts of Interest; and Information Security and Fraud Awareness.

Our performance

We track and report the number and percentage completion of each active course. We also use a learning man-

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

We closed the year with 100% submission rate of the required Code of Conduct certifications and reached 100% completion of the Code of Conduct training for all the 29,717 employees which were in the target group this year.

Code of Conduct Certifications

	2013	2014	2015	2016	2017
Certifications submitted	336	2,164	2,514	3,457	3,256
% submitted of the target group	100%	100%	100%	100%	100%

Code of Conduct training

	2013	2014	2015	2016	2017
Number of employees trained	19,115	34,898	39,257	42,795	29,717
% completed of the target group	100%	98%	100%	100%	100%

AUTOLIV HELPLINE

The effectiveness of our ethics culture at Autoliv relies on our employees being empowered to speak up and report any concerns they may have. We promote and encourage all employees to "Raise Your Hand for Integrity" through different channels.

Autoliv employees are responsible for reporting suspected or known violations of the Code of Conduct, the law or Autoliv policies immediately to

their manager or a member of management, Human Resources, the Legal Department, a Compliance Officer, or through the Autoliv Helpline. The Autoliv Helpline is an ethics and compliance whistleblower hotline that has been available to all employees since 2011. The Autoliv Helpline is a multilingual, third-party operated service where reports can be made confidentially, without fear of retaliation, 24 hours a day, seven days a week,

by phone or online. This can be done anonymously where allowed by law and/or confidentially in the language of any country where Autoliv operates.

We have an anti-retaliation policy to alleviate employees' fears of retaliation for reporting misconduct. The Autoliv Anti-Retaliation Policy states that no employee will be adversely affected for reporting in good faith or for refusing to carry out a directive believed to constitute fraud or a violation of the

Code of Conduct, laws or regulations. At Autoliv, we are committed to protecting individuals who make a report or participate in an investigation in good faith.

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

Our performance

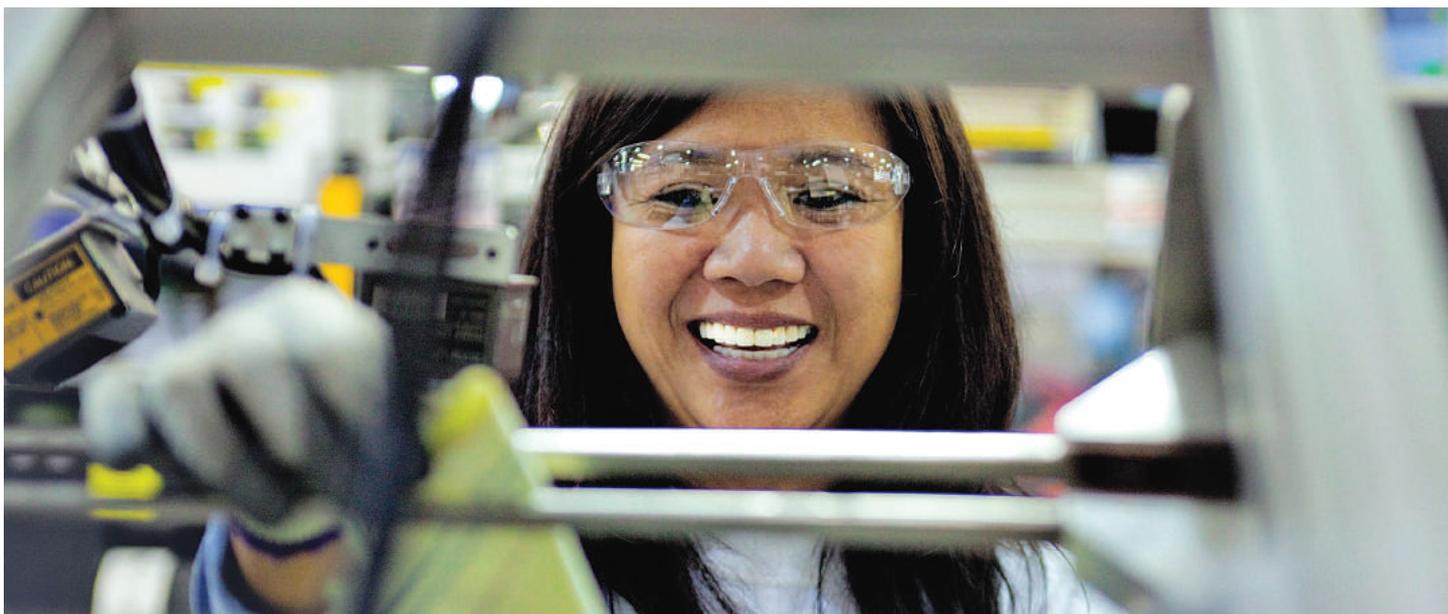
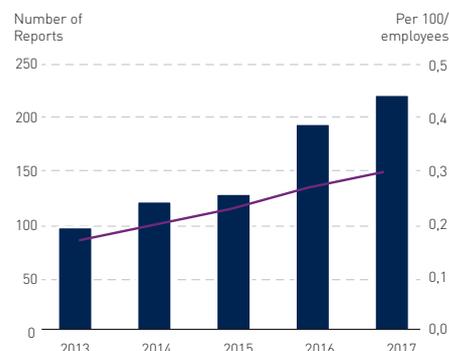
The Autoliv Helpline provides reports that are reviewed regularly by man-

agement. The Navex IntegriLink™ case management system collects incidents reported through the Autoliv Helpline and allows for direct input of internally reported issues. The Autoliv Helpline receives 68% of all incoming reports, while 32% of the reports in 2017 were submitted internally. The system can generate internal daily reports on reported ethics issues, their status, timing and resolution. The system also provides trending data that helps manage issues in near real-time.

In total of 219 helpline reports were received in 2017. The reporting volume per 100 employees in 2017 amounted to 0.30, which is an increase from 0.27 in 2016. Since the implementation of the Autoliv Helpline, the number of reports has steadily increased, which we attribute to increasing awareness

and confidence in the reporting tool, as well as to the increase in the number of employees in the company.

AUTOLIV HELPLINE REPORTS



ANTI-CORRUPTION

Corruption poses a significant legal and financial risk for corporations doing business around the world, particularly in developing and transitioning countries. As a company with worldwide business activities, Autoliv is determined to adhere to all applicable anti-corruption laws where we operate as well as to implement high standards of integrity in all business transactions. Any conduct that violates

anti-corruption laws is detrimental to the societies where it occurs and to the best interests of Autoliv.

Our policy

We strictly prohibit the acceptance or offering of any form of bribery. It is our policy to compete vigorously and effectively while always complying with the applicable anti-corruption laws in all countries in which we operate. We have defined clear expectations to prevent

corruption in our Code of Conduct and the supporting Anti-Corruption and Anti-Bribery Policy. The policy includes guidance to ensure all employees are aware of what is acceptable and not acceptable relating to gifts given/received, hospitality and entertainment, with strong emphasis on government officials.

A third party who acts on Autoliv's behalf must behave at all times in accordance with Autoliv's Code of Conduct

and the Anti-Corruption and Anti-Bribery Policy. The term "third party" refers to any outside party acting on behalf of Autoliv, including but not limited to agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners. Management is responsible for evaluating each third-party relationship and assessing the risk involved.

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

Similarly, we do not provide or accept kickbacks or facilitation payments. Kickbacks are the return of a sum received (or due to be received) as part of

an agreement to foster or arrange business. Facilitation payments are small payments used to facilitate government actions, such as processing an operating license. Although these facilitation payments may be allowed in some countries, we do not allow facilitation payments at Autoliv.

Training and education

Annually, all employees at the managerial level and higher submit Code of Conduct certifications electronically in our compliance system, which include an acknowledgement of our Anti-Corruption and Anti-Bribery Policy and disclosure of known violations of the Anti-Corruption and Anti-Bribery Policy.

Biennially, we enroll all employees in targeted groups, such as management, sales and purchasing, into a

Business Conduct and Ethics Education eLearning Course on Anti-Corruption and Anti-Bribery. Periodically, we also conduct face-to-face training to enhance the employees' understanding of compliance with our policy.

Our performance

In 2017 we trained a total of 5,982 employees on anti-corruption matters, achieving 100% completion rate of the course.

Anti-corruption training

	2013	2014	2015	2016	2017
Number of employees trained	7,014	9,742	3,347	8,602	5,982
% completed of the target group	99%	98%	97%	87%	100%

ANTI-COMPETITIVE BEHAVIOR

Antitrust and competition laws are important laws affecting business. Their purpose is to preserve and continue fair and honest competition and protect society from anticompetitive practices. A common theme in antitrust and competition laws is that competition is to benefit consumers by providing the best products at the lowest prices, and that society's productive resources are allocated most effectively when companies are subject to the rigors of the competitive market. Any conduct that violates antitrust laws is detrimental to the best interests of the market and to our company.

Our policy

It is our policy to compete vigorously and effectively while always complying with the applicable competition laws and regulations in all countries in which we operate. As a company with

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

Training and education

Annually, all employees at the managerial level and higher submit Code of Conduct certifications electronically in our compliance system, which include and acknowledgement of our Antitrust

and Competition Policy. The certification requires disclosure of known violations of the Antitrust and Competition Policy as well as other matters that may present actual or apparent compliance concerns.

Biennially, we enroll all employees in targeted groups, such as management, sales and purchasing, into a Business Conduct and Ethics Education eLearning course on Antitrust and Competition. Periodically, we also conduct face-to-face training to enhance the employees' understanding of compliance with our policy.

To provide further clarity regarding the Antitrust and Competition Policy, we continually promote awareness of our Antitrust and Competition Policy and provide a "Dos and Don'ts" Guideline, which gives employees practical guidance on complying with antitrust and competition regulations.



“ In 2017 we trained all together **5,820** employees on anti-trust matters, achieving **100%** completion rate of the course. ”



Our performance

In 2017 we trained a total of 5,820 employees on anti-trust matters, achieving 100% completion rate of the course.

Since 2011, Autoliv has been subject to antitrust investigations and inquiries in various jurisdictions, including the U.S., Brazil, South Africa and the European Union. For more information

on the status or conclusions of these matters please refer to the "Contingent Liabilities" footnote to the financial statements contained in the Autoliv's periodic reports on Form 10-Q and Form 10-K, as filed with the SEC.

Antitrust training

	2013	2014	2015	2016	2017
Number of employees trained	7,030	8,083	3,674	8,874	5,820
% completed of the target group	99%	97%	95%	87%	100%

SUPPLY CHAIN MANAGEMENT OUR POLICY

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

SUPPLY CHAIN AUDITS

Suppliers play a major role in our quality approach. Autoliv has a global team to work with the quality management of our supply base. Our Supplier Quality Department and Purchasing Department work closely together, including such mandatory steps as the qualification of a new supplier or new supplier site and pre-qualification audits. Once a supplier has been approved, we have a three-year audit cycle for the process audit and we conduct approximately 600 audits per year. These audits ensure that our suppliers are adhering 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.

In 2017 we started to use a separate, expanded social responsibility audit module. The new audit module is mandatory and was applied to new supplier qualification processes during the year. The new social responsibility audit module will be included in the three-year audit cycle for existing suppliers from 2018 and onwards.

CONFLICT MINERALS

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

As part of our supply chain processes, we work with our suppliers to improve traceability of minerals and ensure responsible sourcing of components, parts, or products containing

tin, tantalum, tungsten, and/or gold. In order to comply with the rules and regulations regarding conflict minerals as promulgated by the SEC, we review our sourcing supply chain to identify any minerals that may qualify as "conflict minerals". We have incorporated the principles of this policy into the requirements of our contractually binding Supplier Manual and we work with our suppliers to increase transparency in the supply chain. Autoliv supports industry initiatives, such as the Conflict Free Smelter Program (CFS), to validate that the metals used in our products are not contributing to conflict and come from sustainable sources. Autoliv publishes an annual report on this Conflict Minerals process on its [website](#).

COMMUNITY ENGAGEMENT OUR POLICY

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



Photo: Global NCAP

ROAD SAFETY AWARENESS

Autoliv participates in road safety awareness education in our local communities. We do so through larger global associations such as Stop the Crash, country-wide initiatives such as the Annual China Road Safety Roadshow and local, community-initiated events.

Stop the Crash is a multi-stakeholder partnership led by Global NCAP campaigning for life-saving crash avoidance technologies. This partnership supports the UN Global Sustainable Development Goals, and road safety is specifically included in two goals for health and cities: Goal #3 Good health and well-being, which states: By 2020, halve the number of global deaths and injuries from road traffic accidents; and Goal #11 Make cities and human settlements inclusive, safe, resilient and sustainable, which states: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Autoliv is proud to collaborate with Stop the Crash. We are united in our shared commitment to promote advanced vehicle safety technologies in support of the UN Global Goals and the Decade of Action for Road Safety. We work with Stop the Crash to educate people worldwide on the benefits

of adopting and mandating minimum global automotive safety standards. Our research team leads the collaboration, with participation in 2017 at large events in China and Thailand as well as long-term collaborations with local authorities, vehicle regulation authorities and car manufacturers. Autoliv researchers and engineers held seminars and demonstrations of active and integrated safety technology. Stop the Crash achieved a notable success at Stop the Crash China in 2017 when 12 major Chinese car brands (jointly accounting for 85% of the Chinese manufacturer market) announced their commitment to fit all new models with the life-saving anti-skid technology Electronic Stability Control (ESC) from January 2018 and onwards. ESC, an anti-skid technology that can help prevent loss of control crashes, is widely considered to be the most important car safety development since the seatbelt. ESC has been mandatory in both the EU and the US since 2012, saving thousands of lives.

The Annual China Auto Safety Exhibition Roadshow, held as part of the UN Decades of Action and organized by the China Automotive Technology and Research Center, educates the public in auto safety, including new technologies and functions, aiming to increase safety awareness in China. 2017 marked Autoliv's sixth consecutive year participating and leading road shows. The road show visited 22 cities in eight provinces, including the first-ever visit to Anyang

in China's Henan Province. These activities were also mirrored close to home. Autoliv's facilities in China invited the families and friends of their employees to attend road safety education courses and posted road safety information and correct usage of safety systems on the social media platform WeChat in an effort to reach as many people as possible.

Autoliv was a key sponsor of the Safe Roads India Summit 2017, a two-day initiative held in New Delhi, India, aimed at improving road safety in India. Government officials discussed plans for transportation and safety while school-age and university students spent time with Autoliv researchers and engineers, who showcased real-life safety capabilities. We were pleased that this year's road safety education day attracted approximately three hundred school children between the ages of eight and 12.

Local community education outreach programs are commonplace in Autoliv communities. A notable example is Autoliv Poland. Three of our facilities in Poland collaborated on community outreach programs concerning road safety education in 2017. They were able to educate 3,500 children in their communities between the ages of five and 12 on road safety. An external training company that used interactive crash test dummies to make the learning experience more interesting showed how airbags work, how seatbelts work and why you should fasten them. As

part of the day, Autoliv engineers spent time with the children in a workshop where they talked about safety system designs and inspired them to adopt an engineering mindset.

SUPPORT FOR EDUCATION

In addition to road safety education, several Autoliv facilities host and participate in various education programs for employees and the community.

Several Autoliv locations have developed or sponsored programs with the aim of introducing local children to technology by inviting students into facilities to peak their interest in pursuing studies in math & science and inspire them to one day pursue a career in a technical field. For example, Autoliv Romania held several coding camps for high school students in 2017, as there is a clear sign of increased opportunities for coding talents and Autoliv would like to promote this opportunity to diverse groups who otherwise may not be exposed to this type of education. In Sweden, we do so by sponsoring Hello World, where school-age children have meet ups and learn to code.

We recognize that not all peo-

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

Vocational training in communities where we operate enables Autoliv to train future employees for our operations and allows local people to acquire new skills. Vocational training in sewing and leather wrapping is commonplace in many countries. In Brasov, Romania, we are active in the local educational system. This year, three classes of pupils will graduate with textile certifi-

cates. They benefit from a scholarship and when they graduate they will be able to work at Autoliv as a qualified employee. In order to ensure they have the practical abilities required, we set up a dual schooling workshop, where our colleagues teach the pupils.

Collaborations with institutions of higher education are very important for Autoliv. In Germany alone, Autoliv in Dachau hired 20 students on a permanent basis in 2017 and the Elmshorn site has taken on 16 student trainees as new staff members. In the US, notable collaborations with universities on the future of autonomous driving included sponsoring and acting as judges and mentors for a robotics competition known as the Annual Intelligent Ground Vehicle Competition (IGVC) at Oakland University in Detroit and sponsoring the development of a research autonomous taxi vehicle in partnership with Lawrence Technology University. We maintain close connections with top universities and safety professionals and consider education to be an important area for our community development efforts.



The students in the picture show sentences they have learnt to write in Pratham's Learning Camps. (Picture from Pratham Sweden)

Sustainability Governance and Risk Management

GOVERNANCE

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

At Autoliv, the ultimate oversight for the Company’s sustainability activities lies with the Board of Directors. The Board sets the direction for the sustainability activities and monitors progress through its Nominating and Corporate Governance Committee. The Board also annually approves the Sustainability Report disclosures.

Implementation responsibility for sustainability lies with the Executive Management Team. The Executive Management Team has appointed a Sustainability Steering Committee charged with providing direction and oversight. The Sustainability Committee reviews and approves the annual and long-term plans for key categories and subcategories and monitors the implementation. They also involve in-

dividual Executive Management Team members as required for new projects and initiatives.

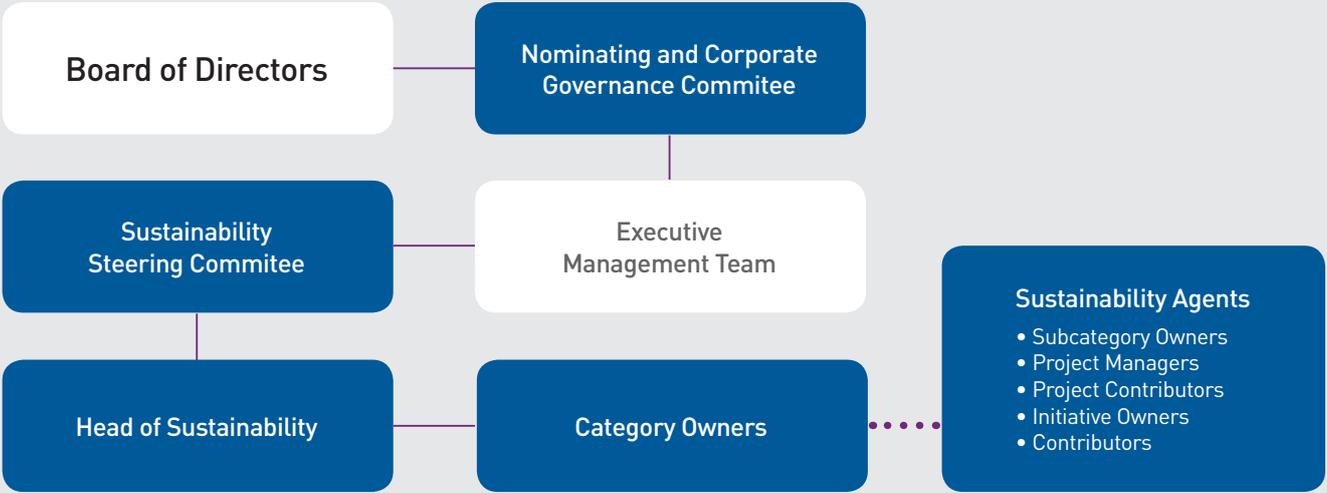
Day-to-day sustainability work and integration of sustainability into Autoliv’s business is led by the Vice President Sustainability, who reports to the Group Vice President HR. The Vice President Sustainability coordinates, develops and monitors Autoliv’s sustainability agenda and acts as a secretary for the Sustainability Steering Committee. Everyday sustainability topics are managed, as appropriate, by the Group sustainability function, category owners, business segments, other group functions and topic experts. Ultimate responsibility for the execution lies with the respective line and functional managers.

MATERIALITY ASSESSMENT AND RISK MANAGEMENT

Autoliv performed its first materiality assessment for sustainability in 2016. The assessment was conducted by internal expert teams who considered known perspectives of our customers,

shareholders, employees and communities. The assessment resulted in the first definition of material topics, including opportunities and risks, in each category. These topics are described at the beginning of each category section in this report. The next materiality assessment will be conducted in 2018.

Risk management is an inherent part of our sustainability and overall work. Autoliv has a global risk management organization and utilizes number of different tools, such as enterprise risk management (ERM) framework, divisional risk mapping activities, and standards for site risk management, business contingency planning and physical security. More information on Autoliv’s material operational, strategic and financial risks, including sustainability-related topics, can be found in the Risk Factors and Risks and Risk Management sections of the [Annual Report](#) on [Form 10-K](#) filed with SEC.



Creating More Value – Saving More Lives



STAKEHOLDERS

We aim to create value for our main stakeholders: customers, owners and creditors, business partners, employees as well as family and society. Healthy, balanced and sustainable relationships are fundamental for business success and produce long term value.

Stakeholder relationships are core part of Autoliv's Q5 program, which addresses quality in five dimensions: customers, products, suppliers, growth and behavior. Basis of every relationship is behavior. We need to have good relationships with customers, as they are the reason we are here and we need to ensure their satisfaction. Good partnership with our suppliers is essential for future and for creating value together. Furthermore we can't deliver valued products nor innovation without relationships.

We aim to ensure that we understand the perspectives of our key stakeholders both through structured and daily business interactions. We survey our customers', employees' and owners' views. We collaborate with our customers, suppliers and research community in innovation projects, and we have had an external [Research Advisory Board](#) from 1984.

Our research findings contribute to the development of global Automotive safety standards and we participate to traffic safety education and other activities in our local communities.

REPORTING SCOPE AND BOUNDARIES

In Autoliv's 2017 Sustainability report, we outline why sustainability is relevant to our business, our priorities and approach to managing each of them and ways we are measuring our progress.

The information in this report covers the financial year 2017, unless otherwise stated. Information about our business and financial performance is provided in our 2017 Annual Report on [Form 10-K](#).

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

- Quality data: non-conforming events data covers only sites 100% owned or controlled by Autoliv.
- Environmental data: data from joint ventures, where Autoliv owns more than 50% of the voting rights, is reported by assessing the percent of operations that is equal to the economic substance of the relationship with company, or operational control approach

CHANGES IN SCOPE AND METHODOLOGIES

In 2017 there were no major divestments or acquisitions affecting Autoliv's reporting scope.

During 2017 Autoliv expanded and further developed its environmental reporting. With the implementation of new environmental KPIs, procedures and processes, the historical data for energy usage and CO₂ emissions prior to 2017 is not fully comparable with the 2017 figures and there are some exceptions in the coverage of water and waste data. For detailed information, please see "[Limiting our Impact on the Environment](#)" section and notes concerning the performance data.

EXTERNAL REPORTING GUIDELINES

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

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

EXTERNAL ASSURANCE

The sustainability report has not been assured by third-party assurance provider.



Innovate Life-Saving Products
Commit to Our Employees
Limit Our Impact on the Environment
Act Ethically and Commit to Society