

Related Person Transaction Reporting and Approval Policy

Related Person Transactions

Autoliv recognizes that Related Person Transactions can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interest of the Company and its stockholders. Accordingly, as a general matter, Autoliv prefers to avoid Related Person Transactions.

Autoliv recognizes, however, that certain situations may arise whereby Related Person Transactions may not be inconsistent with the interests of the Company or its stockholders. Autoliv's policy is that all Related Person Transactions shall be reviewed and approved by the Audit Committee of the Board of Directors (the "Committee") prior to entering into any Related Person Transaction.

For the purposes of this policy, consistent with the rules of the New York Stock Exchange, a "Related Person Transaction" refers to transactions required to be disclosed pursuant to Item 404 of Regulation S-K under the Exchange Act of 1934, as amended and the related rules and regulations (the "Exchange Act"). This includes a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which Autoliv (including any of its subsidiaries) was, is or will be a participant and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a "Related Person" means:

- any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
- any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
- any immediate family member of any of the foregoing persons, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a beneficial ownership interest.

Review and Approval Procedures

Related Person Transactions that are identified as such must be reviewed and approved by the Committee prior to the consummation thereof or amendment thereto and shall be consummated or amended only once the following steps have been completed:

1. Prior to entering into a proposed Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the business unit or function/department leader responsible for the potential Related Person Transaction shall provide notice to the General Counsel of the Company regarding the facts and circumstances of the proposed Related Person Transaction. Such description shall include: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally; and (vi) any other information regarding the Related Person Transaction or the Related Person that may be material. In the event the notice is provided to the General Counsel by someone other than the business unit or function/department leader responsible for the potential Related Person Transaction, a member of the legal department shall meet with the relevant business unit or function/department leader to confirm and supplement the information provided in the original notice. The General Counsel will preliminarily assess whether the proposed transaction is a Related Person Transaction for purposes of this policy (including whether the Related Person may have a direct or indirect material interest).
2. If the General Counsel determines (a) that the proposed transaction may be a Related Person Transaction or (b) that it would be beneficial for the Committee to further review the

proposed transaction under this policy, then the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next Committee meeting.

3. The Committee shall consider all of the relevant facts and circumstances available to the Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; if there was a competitive bidding process and the results thereof; the availability of other sources for comparable products or services; the terms of the transaction; the importance of the interest to the Related Person and the extent that they are involved; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee shall approve only those Related Person Transactions that are in, or are not inconsistent with, the interest of the Company and its stockholders, as the Committee determines in good faith. The Committee shall prohibit a Related Person Transaction if the Committee determines it to be inconsistent with the interests of the Company and its stockholders. The Committee shall convey the decision to the General Counsel who shall convey the decision to the appropriate persons within the Company.

No immediate family member of a director or executive officer shall be hired as an employee of the Company unless the employment arrangement is approved by the Committee at the next Committee meeting. In the event a person becomes a director or executive officer of the Company and an immediate family member of such person is already an employee of the Company, no material change in the terms of employment, including compensation, may be made without the prior approval of the Committee (except, if the immediate family member is himself or herself an executive officer of the Company, any proposed change in the terms of employment shall be reviewed and approved in the same manner as other executive officer compensatory arrangements). All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933, as amended and the related rules and regulations, and the Exchange Act, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.

Certain Transactions are Not Related Person Transactions

The following types of transactions are not considered Related Person Transactions for purposes of this policy and do not need to be approved by the Committee, unless specifically determined otherwise by the Committee. In connection with each regularly scheduled meeting of the Committee, a summary of each new transaction deemed pre-approved pursuant to this paragraph shall be provided to the Committee for its review.

1. Any employment by the Company of an executive officer of the Company if (a) the related compensation is reported in the Company's proxy statement under Item 402 of Regulation S-K or (b) the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be publicly reported pursuant to SEC rules and the Compensation Committee of the Board of Directors approved (or recommended that the Board approve) such compensation.
2. Any compensation paid to a director if the compensation will be publicly reported pursuant to SEC rules.
3. Any transaction with another company at which a Related Person's only relationship is as (i) a director, (ii) a beneficial owner of less than 10%, together with his or her immediate family members, of that company's outstanding equity, or (iii) in the case of a partnership, a limited partner, if the limited partner, together with his or her immediate family members, has an interest of less than 10% and the limited partner does not hold another position in the partnership.
4. Any transaction where the rates or charges involved in the transaction are determined by competitive bids.
5. Any transaction that involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

6. Any transaction involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
7. Any transaction where the Related Person's interest arises solely from the ownership of a class of equity securities of the Company and all holders of such class of equity securities received the same benefit on a pro rata basis.