



Autoliv Green Bond Allocation Report

Related to €500 million 5-year Green
Bond issued March 15, 2023

March 2024

Autoliv

> Introduction

“The issuance of Autoliv’s inaugural green bond shows our strong commitment to climate action, and is an important milestone in supporting the industry and our customers in achieving their sustainability ambitions. The green bond allows us to address new investors and at the same time help finance advancement on our climate targets”



Fredrik Westin
Chief Financial Officer, Autoliv Inc.

1. Our Sustainability Strategy

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 manage key impacts, risks and opportunities to 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 for us and our customers.

Our sustainability approach is based on four focus areas with broad ambitions and more specific short-term targets 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 our goal of realization of several UN Sustainable Development Goals (SDGs). Our core business contributes to reducing the number of road fatalities (SDG 3) and making transportation systems safer for everyone, including vulnerable road users (SDG 11). We support research and knowledge sharing that benefit developing markets (SDG 17). Over time, our climate and circularity agenda aim to not only 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.

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

2. Autoliv Sustainable Financing Framework

Autoliv published its Sustainable Financing Framework in November 2021. The Framework can be found [here](#). This Framework has been developed in alignment with the ICMA Green Bond Principles, 2021 and Social Bond Principles, 2021. A Second Party Opinion on the Framework has been provided by Vigeo Eiris.

In March 2023, Autoliv issued its inaugural green bond. An amount equivalent to the net proceeds from the green bond will be allocated, in whole or in part, to new or existing projects that meet at least one of the Eligibility Criteria set forth in the Sustainable Financing Framework. For allocation to existing projects, projects financed up to 24 months prior to the date of the bond issuance will be eligible.

Eligible Categories

The eligible categories for the March 2023 green bond are:

- Clean Transportation
- Renewable Energy
- Energy Efficiency
- De-carbonization of Operations and Products


Process for Project Evaluation and Selection

Autoliv has set up a Sustainable Financing Committee (the “Committee”) which will meet at least twice per year. The Committee is chaired by the CFO and consists of representatives from:

- Sustainability
- RD&E (Research, Development & Engineering)
- Finance

The Committee is responsible for:

- Evaluating the compliance of proposed projects based on the eligibility criteria throughout the life of the Bond(s);
- Monitoring and ensuring that the portfolio of Eligible Projects is aligned with the eligibility criteria throughout the life of the Bond(s);
- Removing from the portfolio of projects any that no longer meet the eligibility criteria, and replacing them with new projects as soon as feasible;
- Approving impact reporting, and
- Monitoring related ESG controversies, if any, throughout the life of the Bond.



On site solar park, Tremonton

3. Inaugural Green bond issuance summary

In March 2023, Autoliv successfully priced and issued its inaugural green bond with a 5 year maturity under its EMTN program.

Issue	Autoliv Inc.
Issue Ratings	BBB (Stable) by S&P
Amount	€ 500,000,000
ISIN	XS2759982577
Maturity	March 15, 2028
Coupon	4.25%
Use of proceeds	Eligible green projects in line with Autoliv's Sustainable Financing framework
Active bookrunners	Mizuho, Morgan Stanley, SEB

4. Allocation and impact reporting

A silver electric car is parked on a bridge with a city skyline in the background. The bridge has a large steel truss structure. The city skyline includes several tall buildings and a prominent tower with a spherical top. The sky is blue with some clouds, and the sun is low on the horizon, creating a warm glow.

4.1 Allocation of the proceeds

Autoliv issued its inaugural green bond in March 2023 raising €500 million. The Committee has chosen to allocate the proceeds of the bond fully to Clean Transportation (Investments and expenditures (including research and development) related to the manufacturing of products dedicated to electric vehicles).

Autoliv manufactures products dedicated to electrical vehicles. The expenditures related to the production of the products dedicated to electrical vehicles for the period April 2021 to and including September 2022 amounted to €504 million. The full €500 million that was issued have been allocated towards these products.

4.2 Impact reporting

The Impact Reporting Metric the Committee has resolved to disclose is the number of electric vehicles estimated produced attributable the allocation of the proceeds.

The number of electrical vehicles the Company estimates was produced with products supplied by Autoliv for the allocated proceed was around 3.8 million.

5. Auditor's limited assurance report on Autoliv, Inc.'s use of proceeds for the eligible category 'Clean Transportation'

This is the translation of the auditor's report in Swedish.
To Autoliv, Inc., corp id: 556036198

Introduction

We have been engaged by Autoliv, Inc. ("Autoliv") to undertake a limited assurance engagement over how the allocation of proceeds from the issuance of the green bonds has been used to finance green expenditures and the related impact metrics included in Autoliv's Sustainable Financing Framework, as presented in Autoliv, Inc.'s Green Bond Allocation Report (the "Report").

The Report covers the allocation of proceeds from the €500 million 5-year green bond issued on March 15, 2023, in accordance with Autoliv's Sustainable Financing Framework. Autoliv has chosen to allocate the proceeds of the bond fully to Clean Transportation (investments and expenditures (including research and development) related to the manufacturing of products dedicated to electric vehicles) and has selected to report on the number of electrical vehicles the Company estimates were produced with products supplied by Autoliv made using the allocated proceed as the impact metric for their reporting (the "Subject Matter"). The reporting criteria against which this information was assessed are the relevant parts of Autoliv's Sustainable Financing Framework, available on Autoliv's website, including the criterion to allocate the net proceeds from the green bond in whole or in part to new or existing projects that meet at least one of the Eligibility Criteria set forth in the Sustainable Financing Framework.

Our assurance does not extend to any other information in the Report. We have not reviewed and do not provide any assurance over any individual project information reported, including where applicable estimates of impact.

Responsibilities of the Board and Executive Management

The Board and Executive Management are responsible for the use and management of the proceeds, the preparation of the Report in accordance with the applicable criteria, as well as evaluating, selecting, and monitoring Eligible Projects. This responsibility also includes the internal controls relevant to the preparation of the Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Report based on the limited assurance procedures we have performed. Thus, our responsibility is to comment on the information stated in the Report and the use of the issued amount according to the framework based on our limited review.

We conducted our limited assurance procedures in accordance with the ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Report and applying analytical and other limited assurance procedures. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

The audit firm applies ISQM 1 (International Standard on Quality Management), which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Autoliv, Inc. in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

Our procedures are based on the criteria defined by the Board and Executive Management as described above. We consider these criteria suitable for the preparation of the Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures performed on the information stated in Autoliv's Green Bond Allocation Report, nothing has come to our attention that causes us to believe that the allocation of proceeds related to Clean Transportation and the electrical vehicle impact metric have not, in all material aspects, been prepared in accordance with the specified criteria.

Stockholm, March 12, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Outi Alestalo
Specialist member in FAR

Each year, Autoliv's products save 35,000 lives.

