

Autoliv Green Financing Framework

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1. Introduction: Autoliv at a Glance

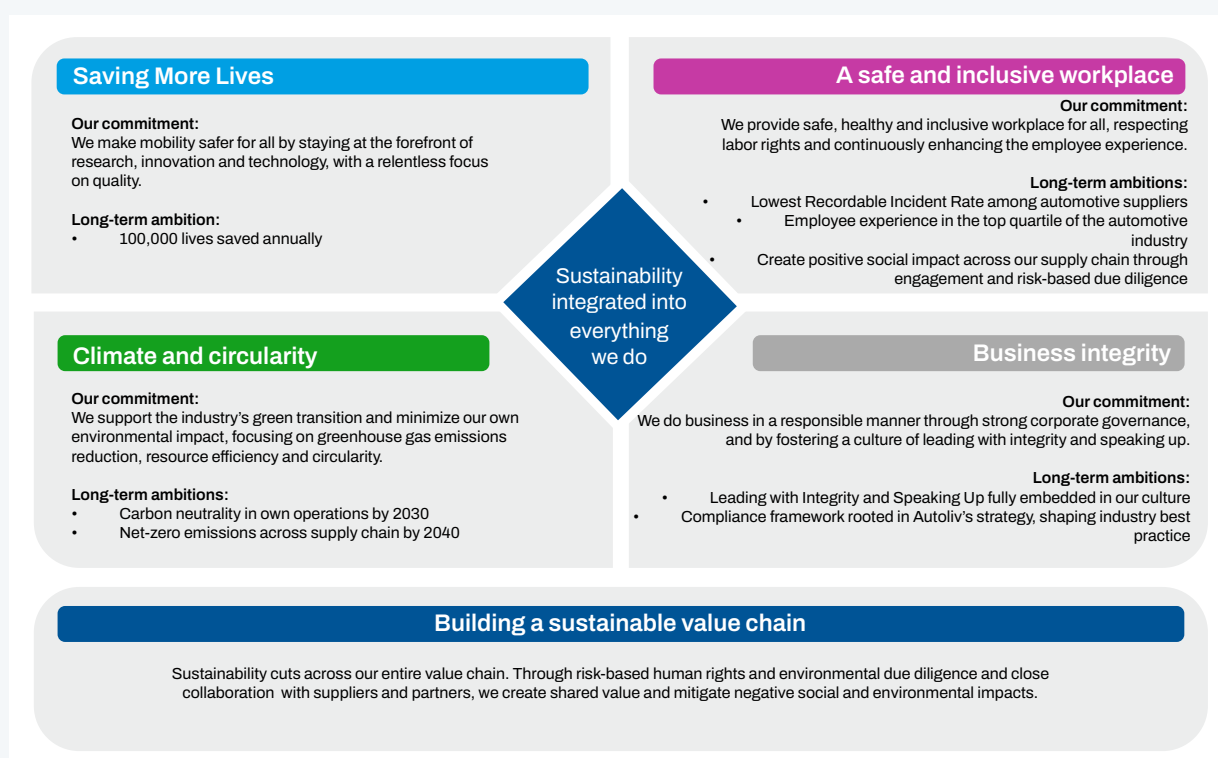
Autoliv, Inc. and its consolidated subsidiaries (“**Autoliv**” or the “**Company**” or “**we**”) is a leading developer, manufacturer, and supplier of passive safety systems to the automotive industry, including airbag protection systems, pedestrian protection systems, steering wheels, inflator technologies, battery cut-off switches, and seatbelts. Each year, Autoliv’s products save approximately 40,000 lives and we aspire to save over 100,000 lives per year.

2. Sustainability at Autoliv

Guided by our vision of Saving More Lives, our mission is to provide world-class, life-saving solutions for mobility and society. Sustainability is integrated into everything we do and is 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. We 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.

Global megatrends such as climate change, circular economy and urbanization are shaping the automotive industry and future transport systems. These megatrends influence policy and regulations, technological developments, our key stakeholders’ priorities and create both opportunities and risks for Autoliv. Our sustainability framework addresses some of these global megatrends in order to create long-term stakeholder value by focusing on the most material sustainability topics supported by long-term ambitions and concrete targets.

Our sustainability framework is based on four focus areas with broad ambitions and more specific near-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. Supply chain and value chain-related risk and impact management as well as targets cut across all focus areas.



Autoliv has been a signatory of the UN Global Compact since 2019. Our policies, such as the Code of Conduct, environmental policy and human rights policy, are aligned with several international and automotive industry frameworks including:

- The United Nations Universal Declaration of Human Rights;
- The International Labour Organization's Declaration on Fundamental Principles & Rights at Work;
- The OECD Guidelines for Multinational Enterprises; and
- Drive Sustainability Global Automotive Sustainability Guiding Principles.

Our work contributes to a number of UN Sustainable Development Goals (UN 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 countries (SDG 17).



Over time, our climate and circularity agenda aims to not only reduce our own negative environmental impact (SDG 7, SDG 12, SDG 13) but also help drive green innovation (SDG 9, SDG 13) among suppliers, vehicle manufacturers and energy providers (SDG 7). We proactively manage health and safety risks and labor rights (SDG 8), promoting equality and inclusion (SDG 5) and hold all employees to the highest ethical business standards (SDG 16).

Saving More Lives

Our long-term ambition is for our products to save 100,000 lives per year. Achieving this ambition is based on retaining our strong market position and continuing to grow in our core business, including increasing content per vehicle, while maintaining the highest level of quality as our products never get a second chance.

Autoliv is also leading the way in advancing equity in vehicle safety through the development of adaptive safety solutions and improved testing methods. To achieve the same safety for all occupants, Autoliv is actively developing tools and methods that represent today's diverse population in a broad range of collision scenarios.

Climate and Circularity

Autoliv is committed to operating its business in an environmentally sustainable manner, taking into account our environmental impact throughout the lifecycle of sourcing, design, production and end of life. With particular emphasis on climate and circularity, we actively engage with customers, suppliers and other stakeholders to take on the environmental sustainability challenge across the value chain.

In 2021, Autoliv launched a climate strategy including new long-term climate ambitions: carbon neutrality in own operations by 2030, and net-zero emissions across our supply chain by 2040. These climate ambitions are aligned with a 1.5°C trajectory and are expected to position Autoliv as the supplier of choice for the most climate-focused customers, helping to ensure the Company's competitiveness now and in the future. In addition to these ambitions, we have adopted Science Based Targets (SBTs) for 2030 covering our own operations as well as the supply chain. Autoliv's climate and circularity program is organized into a number of operational initiatives focusing on the most impactful decarbonization levers and value creation activities.

In circularity, our operational initiatives cut across supply chain, own operations and product design and focus especially on material recirculation (including closed-loop and open-loop recycling of our raw materials as well as recycled content in raw materials) and material efficiency.

Supporting the operational initiatives are a number of cross-cutting initiatives related to governance, performance tracking, business strategy integration, risk management and competence development.

Autoliv's climate & circularity program

Low-carbon¹⁾ & circular supply chain

- Low-carbon electricity in the supply chain
- Low carbon and circular materials sourcing
- Low-carbon logistics (transport and packaging)

Low-carbon & efficient operations

- Renewable energy for operations
- Energy and resource efficiency
- Phase-down of natural gas usage
- Phase-down of fugitive emissions

Low-carbon & circular product offering

- Low carbon and circular product design
- Low carbon and circular products sales strategy

Cross-cutting initiatives

- Program governance and performance tracking
- Business strategy integration
- Risk management
- Organization and competence development

¹⁾ Low-carbon is generally understood as referring to actions/solutions that reduce carbon emissions aligned with limiting global warming to 1.5°C.

A Safe and Inclusive Workplace

Autoliv is committed to providing a safe and healthy workplace. We start with the principle that work-related injuries and illnesses are preventable and seek to operate our business to avoid causing injury or ill health to employees, contractors and other stakeholders.

Inclusive ways of working are an asset and a fundamental part of the [Autoliv Key Behaviors](#). Including a multitude of perspectives is an integral aspect of successful decision-making in all parts of the organization and helps drive innovation and create long-term sustainable shareholder value in a rapidly changing industry. We believe that everyone should be respected and treated fairly, and we are committed to providing an inclusive workplace where everyone can contribute, deliver results and bring their authentic selves to work. Autoliv is committed to fair and lawful employment practices for all employees, regardless of employment type or location. These practices extend across our supply chain and include third-party employees at our sites.

Business Integrity

Business integrity is a fundamental pillar of Autoliv's sustainability framework and reflects our collective commitment to conducting business in a responsible manner - with integrity, transparency, and accountability. Acting with integrity is essential for remaining an employer and partner of choice and to build the strong governance needed for long-term success.

We work continuously to strengthen how we prevent corruption and other illegal or unethical business practices wherever we operate, while fostering an environment where speaking up and responsible decision-making are encouraged and supported.

Responsible Sourcing

Through sustainable sourcing practices and supplier collaboration, Autoliv aims to create positive social and environmental value across our supply chain. We expect suppliers and third parties to enact the same standards and processes as we do when it comes to proactively managing key sustainability impacts and risks such as GHG emissions, labor rights, and anti-corruption. We expect our suppliers to comply with the laws and regulations in the areas where they operate and to follow Autoliv's policies and procedures, including our Standards of Business Conduct and Ethics for Suppliers (Supplier Code of Conduct).

Sustainability Governance

Autoliv's sustainability work is managed within a well-defined governance structure, with clearly established ownership and responsibilities at all levels in the organization. The underlying principle of our governance model is integrating sustainability-related responsibilities into the ordinary course of business and company processes. This means that the ultimate responsibility for executing sustainability activities and targets lies with the line organization and is monitored through management reporting.



Sustainability Due Diligence Framework

Autoliv has established a sustainability due diligence framework aimed at ensuring a comprehensive approach to identifying, assessing, managing and communicating about human rights and environmental risks and impacts in its own operations and the value chain. It is aligned with UN guidance, the OECD Guidelines and the EU Corporate Sustainability Due Diligence Directive (CSDDD).

The framework is implemented at all levels of relevant processes at Autoliv.

Sustainability Due Diligence Framework

Sustainability Due Diligence: Process to identify, prioritize and manage potential and actual adverse human rights and environmental impacts in Autoliv's own operations and value chain.

- 1. Embed Sustainability Due Diligence** into Autoliv governance, policies, processes and management systems.
- 2. Identify, assess & prioritize** adverse human rights and environmental impacts (actual and potential).
- 3. Prevent, mitigate and bring to an end** adverse impacts (including remedy when needed).
- 4. Track** implementation effectiveness and outcome.
- 5. Communicate** how human rights and environmental impacts are managed and addressed.
- 6. Engage stakeholders** in the due diligence process and provide a complaint mechanism.

For further information about our commitments, targets and strategy, see Autoliv's [Sustainability Report](#).

3. Autoliv Green Financing Framework

Autoliv's Green Financing Framework (the "**Framework**") has been updated to incorporate the latest market practices and standards and to support the long-term commitment of the Company to integrate sustainability across the entire organization.

The Framework has been developed in accordance with the 2025 International Capital Market Association's Green Bond Principles (the "**GBP**") and the 2025 Green Loan Principles (the "**GLP**"), jointly published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association.

In alignment with the GBP and GLP, the Framework is presented through the following core components:

- **Use of Proceeds**
- **Process for Project Evaluation and Selection**
- **Management of Proceeds**
- **Reporting**
- **External Review**

Under this Framework, Autoliv may issue green financing instruments ("**Green Instruments**") including, but not limited to, bonds, loans, and project finance.

The Framework may be further updated or expanded from time to time to reflect future updates to the market practices and standards or developments in Autoliv's strategy.

3.1 Use of Proceeds

An amount at least equivalent to the net proceeds from the issuance of Green Instruments will be allocated, in whole or in part, to new or existing projects that meet at least one of the Eligibility Criteria set forth below (the "**Eligible Projects**").

For allocation to existing projects, eligible investments and expenditures will qualify with a maximum two-year look-back period from the issuance year.

In addition, each category has been identified as aligned with the applicable UN SDG and EU environmental objective.

Eligibility Criteria

Eligible Categories	Eligibility Criteria and Example Projects	EU Environmental Objective	SDG Targets
Clean Transportation	Investments and expenditures (including research and development) related to the manufacturing of components to be installed in electric vehicles	Climate Change Mitigation	9.4 Greater adoption of green or environmentally sound technologies
Renewable Energy	Investments and expenditures related to the acquisition, development, construction and/or installation of electricity generation facilities or procurement of projects that produce electricity from: • Wind power • Photovoltaic technology	Climate Change Mitigation	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Exclusionary Criteria

Autoliv has defined exclusionary criteria to be applied to the allocation of the net proceeds from the issuance of any Green Instrument. In this regard, Autoliv commits to not knowingly allocate such proceeds to projects that meet one of the following exclusionary criteria:

1. Investments or expenditures in fossil fuel-related projects.
2. Investments or expenditures which are inconsistent or in contravention of Autoliv's policies and Sustainability Due Diligence Framework.

3.2 Process Evaluation and Selection

Autoliv has set up a Green Financing Committee (the "**Committee**") to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section and with Autoliv's sustainability strategy.

The Committee is chaired by the CFO who has final authority over project selection and approval and furthermore composed of representatives from each of Autoliv's Sustainability, Finance, and RD&E (Research, Development, Engineering) teams.

The Committee will meet twice per year. Meeting minutes of the Committee are kept ensuring traceability. The Committee is responsible for:

- Evaluating the compliance of proposed projects based on the eligibility and exclusionary criteria outlined above throughout the life of the Green Instrument(s);
- Monitoring and ensuring that the portfolio of Eligible Projects (the “**Eligible Portfolio**”) is aligned with the eligibility criteria throughout the life of the Green Instrument(s);
- Removing from the Eligible Portfolio projects any that no longer meet the eligibility criteria, and replacing them with new projects as soon as feasible; and
- Approving impact reporting.

3.3 Management of Proceeds

The Eligible Portfolio is tracked internally in a register. The Finance Team tracks and monitors that an amount at least equivalent to the net proceeds from the issuance of any Green Instrument is allocated to the Eligible Portfolio.

If for any reason the aggregate amount in the Eligible Portfolio is less than the total outstanding amount of Green Instrument(s) issued, Autoliv will hold the net amount in cash, cash equivalents, and/or short-term investments, or use it to repay short-term borrowings until the amount can be allocated towards Eligible Projects. The exclusion criteria outlined above would also apply to any short-term investments which proceeds from any Green Instrument are temporarily allocated towards.

In case a project is cancelled or postponed or ceases to meet the eligibility criteria proceeds will be reallocated to projects that are compliant with the Framework.

It is the intention of Autoliv to fully allocate the net proceeds of each Green Instrument within two years of its issuance. If a project is cancelled or divested, Autoliv will, on a best-efforts basis, seek to reallocate the intended proceeds to another Eligible Project within two years from the point at which the project has been cancelled or divested.

Payment of principal and/or interest on the Green Instruments will be made from Autoliv's general funds.

3.4 Reporting

Within one year from issuance of any Green Instrument and annually at least until full allocation, Autoliv will prepare and make readily available information on the allocation of net proceeds to the Eligible Projects and associated impact metrics. The information will be made available on Autoliv's corporate website.

Allocation Reporting

To the extent practicable, the Issuer will provide information such as:

- The total amount of proceeds allocated;
- The share of financing vs refinancing;
- The allocation to each eligible category; and
- The balance of unallocated proceeds.

Impact Reporting

To the extent possible, Autoliv will report on the annual and aggregate environmental impact for each eligible category, together with the aforementioned allocation status in future green annual reports. Examples of possible environmental impact metrics could include:

- **Clean Transportation:**
 - Number of electric vehicles the Company estimates are produced with products supplied by Autoliv for the allocated proceeds.
- **Renewable Energy:**
 - Total installed capacity (MW); and
 - Annual renewable electricity generated or procured (MWh).

In addition, Autoliv may provide qualitative information on the outcomes and impacts of selected Eligible Projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied.

3.5 External Review

Second Party Opinion

Autoliv has obtained an independent Second Party Opinion report (“**SPO**”) on this Framework. The SPO is publicly available on Autoliv’s website.

Verification

An independent external party will verify the internal tracking method and allocation of funds, confirming that an amount at least equivalent to the net proceeds of the Green Instrument(s) have been allocated in compliance with all material respects of the eligibility criteria set forth in the Framework. The impact metrics will also be verified by an external party.

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