

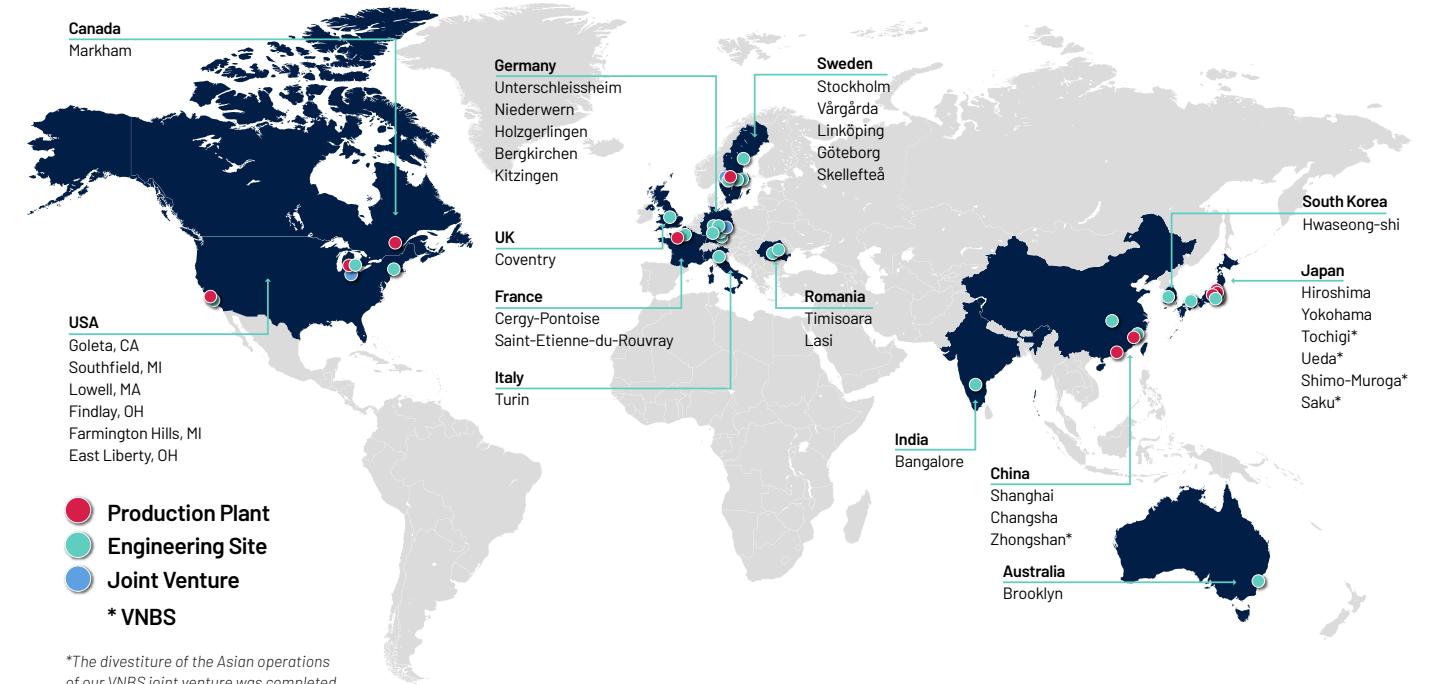
# Sustainability Report

2019



**veoneer**

# Creating Trust in Mobility

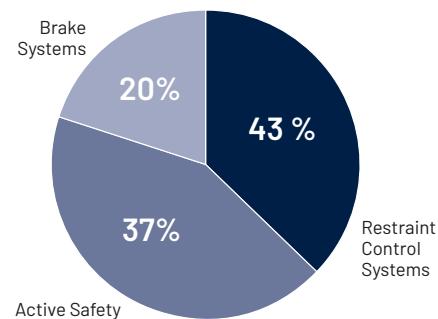


**8,874**  
ASSOCIATES

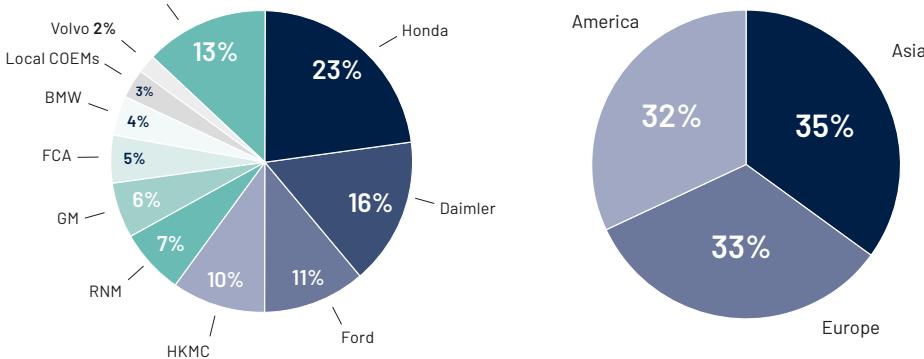
**13**  
COUNTRIES

**\$1.9 Bn**  
NET SALES

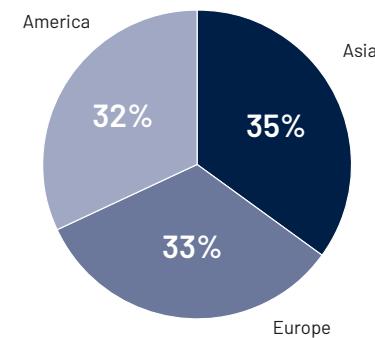
## Sales by Product



## Sales by Customer



## Sales by Region



Veoneer, Inc. is a worldwide leader in automotive technology. Our purpose is to create trust in mobility. We design, manufacture and sell state-of-the-art software, hardware and systems for occupant protection, advanced driving assistance systems, and collaborative and automated driving to OEMs globally. Veoneer became an independent, publicly traded company in 2018, when we separated from Autoliv.



## Our Commitment

**The World Health Organization estimates that every year 1.4 million people are killed in traffic globally. The automotive industry is responding to this challenge by developing new technologies developed to completely avoid accidents. This strong trend, supported by the industry, regulators and rating institutes worldwide, will add new levels of safety, adding to existing technologies that are focused on mitigating the effects of collisions.**

At Veoneer, we are focused on developing human-centric innovations which enables us to deliver products and solutions that bring safety and convenience to consumers and society at large. Veoneer is committed to supporting the UN Sustainable Development Goal #3 - Good health and well-being, by reducing global deaths and injuries from road traffic accidents by 50%. This goal fits well with our purpose of creating trust in mobility.

### Trends in the Automotive Industry

The automotive industry is in the early phase of a fundamental change, driven by electrification, automation and new mobility. This development will ultimately lead to safer and cleaner cars, but is in the short term driving challenging investments for automakers and suppliers alike.

### Veoneer's Sustainability Focus

Our business is focused on improving traffic safety and we are equally committed to respecting and growing our people and doing business by the highest ethical standards, while limiting our environmental footprint. 2019 was the first full year for Veoneer as a stand-alone company, and the sustainability framework we brought with us when being spun-off from Autoliv has been adapted to our situation. The Board of Directors' Nominating and Corporate Governance Committee is taking oversight of sustainability,

and we have continued to integrate sustainability into our business processes. In order to strengthen our efforts in appointed areas, a sustainability program that will allow us to improve further is being developed. The program is based on our initial analyses of where we can make significant impact and external input from customers and other stakeholders. For 2019-2020, the program has the following focus areas:

- Our Customers. The key priorities here are around product quality and safety. Producing the highest quality products with safety as our first priority will allow our customers to produce better and safer cars, ultimately supporting the overarching goal of improved road safety.
- Our Own People. As a leading automotive technology company, the development and well-being of our employees is a key component for success. We focus on people growth, fairness as an employer, employment terms, values, ethics and conduct, and most importantly the health and safety of our employees.
- Our Business Partners. Veoneer has a large number of suppliers and we focus on tracking and developing the supply chain sustainability according to the same standards we apply to ourselves. Additionally, we focus on ethical business behavior in all business interactions.
- The Environment. Our program focuses on two key aspects, environmental thinking in material selection and product design as well as the environmental performance of our own operations.

Our ambition is to continue embedding sustainability into our business. Our focus will be to continue bringing new technologies to the market that improve traffic safety further and to further develop our sustainability program.

Yours sincerely,

Jan Carlson  
Chairman, President & CEO  
Stockholm, Sweden  
February 21, 2020

# Focus on What's Important – Making an Impact on Society

**This year, the World Health Organization estimates that 1.4 million lives will be lost globally on the roads, over half of which will be pedestrians, cyclists, and motorcyclists, another 50 million people will be injured.**

According to the US National Highway Traffic Administration 94% of serious crashes are the result of human error. Some people think the solution is fully autonomous cars. However, forecasts project that only a fraction of cars on the road in 2030 will be fully autonomous, while advanced driver support technologies will be installed in a majority of all cars.

At CES 2020, Veoneer demonstrated a new type of driver support on the public roads of Las Vegas. The drivers pushed a button while driving, took their hands off the steering wheel and let the car safely handle parts of the commute. The drivers were expected to keep their eyes on the road and still be engaged. We believe this kind of collaboration between the vehicle and the driver - collaborative driving - is key to improve safety on the roads.

At Veoneer, we see that the development challenge for the next

decade is not only to reach the goal of collaborative driving, but to democratize driver-assist safety technologies for the greatest societal impact along the way. We believe the solution is to use a scalable architecture, where the lower levels of vehicle systems are modular and easily upgraded.

Now is the time to accelerate technologies that augment driver capabilities and thereby increase safety and enhance comfort, and to do so for the most vehicles regardless of make, model, brand, geography, or price tag.

## Membership of Associations

Veoneer is member of a number of associations, among them the Autonomous Vehicle Computing Consortium, CLEPA - the European association of automotive suppliers, the Automotive Safety Council, SAFER Vehicle and Traffic Safety Centre, Wallenberg AI, Autonomous Systems and Software Program, and MobilityXlab.

As a leader in the autotech industry, we are working on world-leading technologies – often in partnerships with other companies – and we encourage our specialists to share knowledge with other researchers and the public to benefit society.



**Veoneers** purpose is built around UN's Sustainable Development Goal #3, Good health and well-being, reducing global deaths and injuries from road traffic accidents by 50%. The UN Sustainable Development Goals (SDGs) are a 17-goal plan for ending extreme poverty, fighting inequality and injustice and protecting our planet up to 2030. SDG requires significant efforts across all levels of society, not in least business.

Veoneer contributes to several of these goals. We bring significant value by contributing to the local economy through our business operations, providing both direct and indirect employment. We strive to offer stimulating, safe and healthy work environment as well as competitive employment terms and other benefits. We also pay customs duties as well as property and energy taxes.



**W**hen summarizing 2019, we can look back at a decade of fast-paced change, especially in our own industry. The automotive industry is in the middle of a fundamental transition. Society is facing several challenges, also called global mega trends, like climate change, urbanization, congestion, pollution, resource scarcity and an aging population – and mobility is playing a critical role in addressing several of these. Technological innovations are evolving to help overcome these challenges.

Globally, there is a rising demand for safety in general. When it comes to improving traffic safety, the automotive industry is bringing new technologies, making use of artificial intelligence and machine learning to improve traffic safety further. At Veoneer, we are firmly focused on developing human-centric innovations that are state-of-the-art in order to deliver products and solutions that bring safety and convenience to the consumer and society.

## Risk Management

Veoneer is continuously preparing for the changing business landscape and mitigating potential risks. Understanding and managing the sustainability-related risks, non-financial risks and opportunities, is an integral part of managing our business and important for the success of our business plan. In this report, you will also find how natural hazards may affect our sites.

Risk management is a critical discipline to our business model. Veoneer has a global risk management organization and utilizes a number of different tools, such as an enterprise risk management (ERM) framework, different risk mapping activities, IT risk management, and standards for site risk management, business contingency planning, and physical security. Sustainability-related areas like product safety, environment, labor, business ethics and supply chain, are included in our overall risk management framework. We manage sustainability-related risks through company management systems and programs. Functions in most parts of the company are involved in identifying and managing non-financial risks in their area of responsibility.

A more detailed description of Veoneer'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 our Annual Report on Form 10-K filed with SEC.

## Embedding Sustainability in Our Business

The year 2019 was the first full operational year for Veoneer. When spun-off from Autoliv, a world-wide leader in traffic safety, we brought with us guidelines and policies, processes, measurement tools and sustainability KPIs. To improve our business in a sustainable way, we have put additional focus on embedding sustainability into our business processes and formed a sustainability governance structure. Based on a review of global trends, competitor analyses, input from customers and other external and internal stakeholders certain topics emerged as most important to our stakeholders, and we have identified gaps and baseline metrics to move our priorities further.

For 2019-2020, we have developed a sustainability program, built around our customers and other stakeholder priorities, and included global priorities, targets in some areas, and tactics. The 2021 and beyond program will build on this foundation, make continuous improvements within the agreed focus areas, as well as revising and including additional targets and KPI's in order to integrate sustainability deeper into the business.

## Veoneer Sustainability Program Focus Areas 2019-2020

### Customers

- Innovation
- Product safety

### People

- Recruitment & engaged workforce
- Health & Wellbeing
- Labor rights

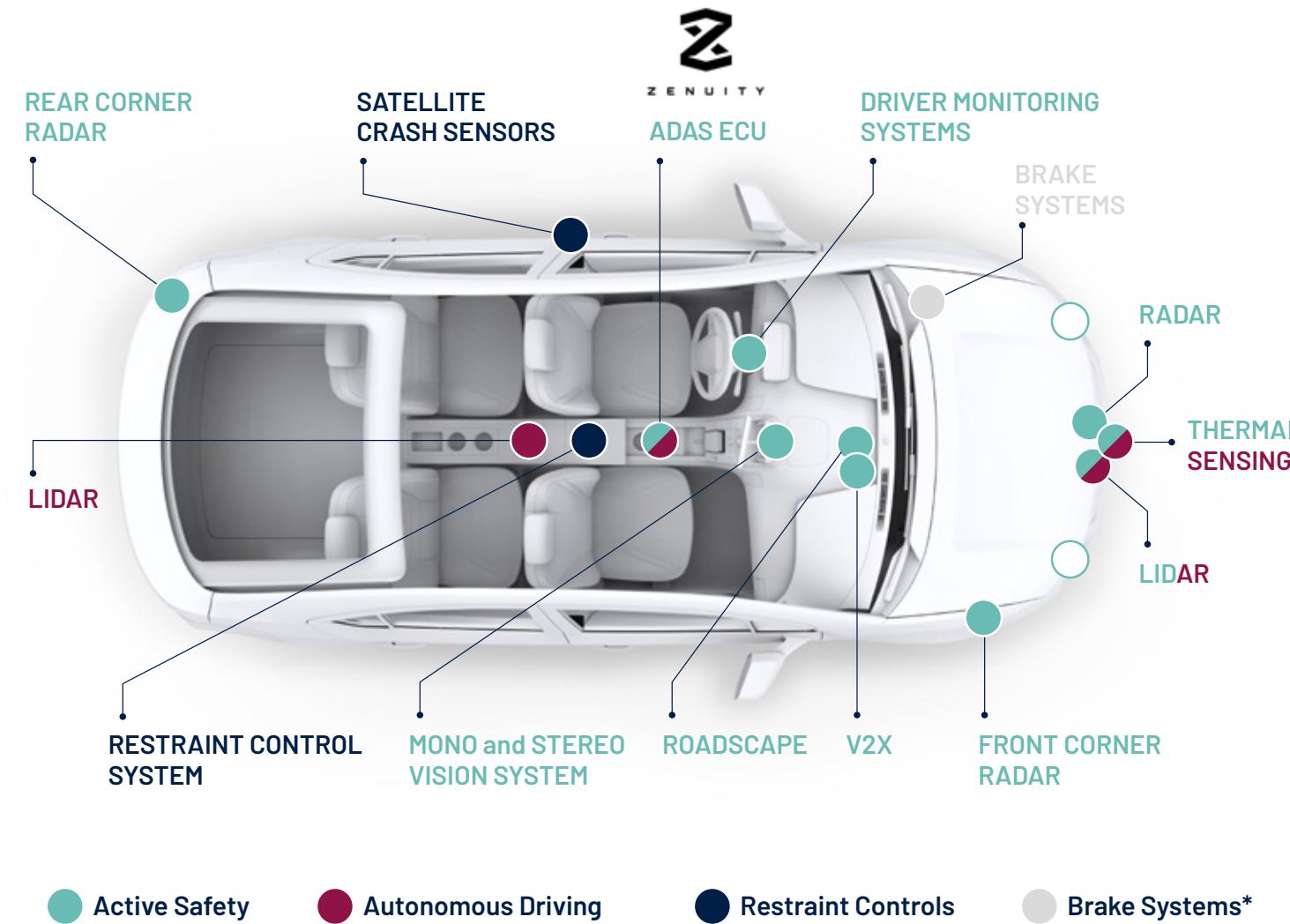
### Business Partners

- Supply chain sustainability
- Sustainability due diligence in acquisitions & partnerships
- Ethical behavior in business interactions

### Environment

- Materials & product design
- Environmental performance of Veoneer operations

# Creating Trust in Mobility



\*The divestiture of the Asian operations of our VNBS joint venture was completed on February 3, 2020.

Veoneer is driven by creating products and solutions that prevent injuries, save lives, deliver convenience and ultimately deliver on our purpose to create trust in mobility. A thorough understanding of our customers' priorities and challenges is vital and we work closely with certain car manufacturers to co-develop new generations of products. The close cooperation with car manufacturers also ensures that Veoneer has a better view of the application

from the car manufacturers' perspective.

Over the last decade, we have delivered 6.5 million cameras, more than 38 million radars along with more than 830 million electric control units and crash sensors to car manufacturers globally.\*\*

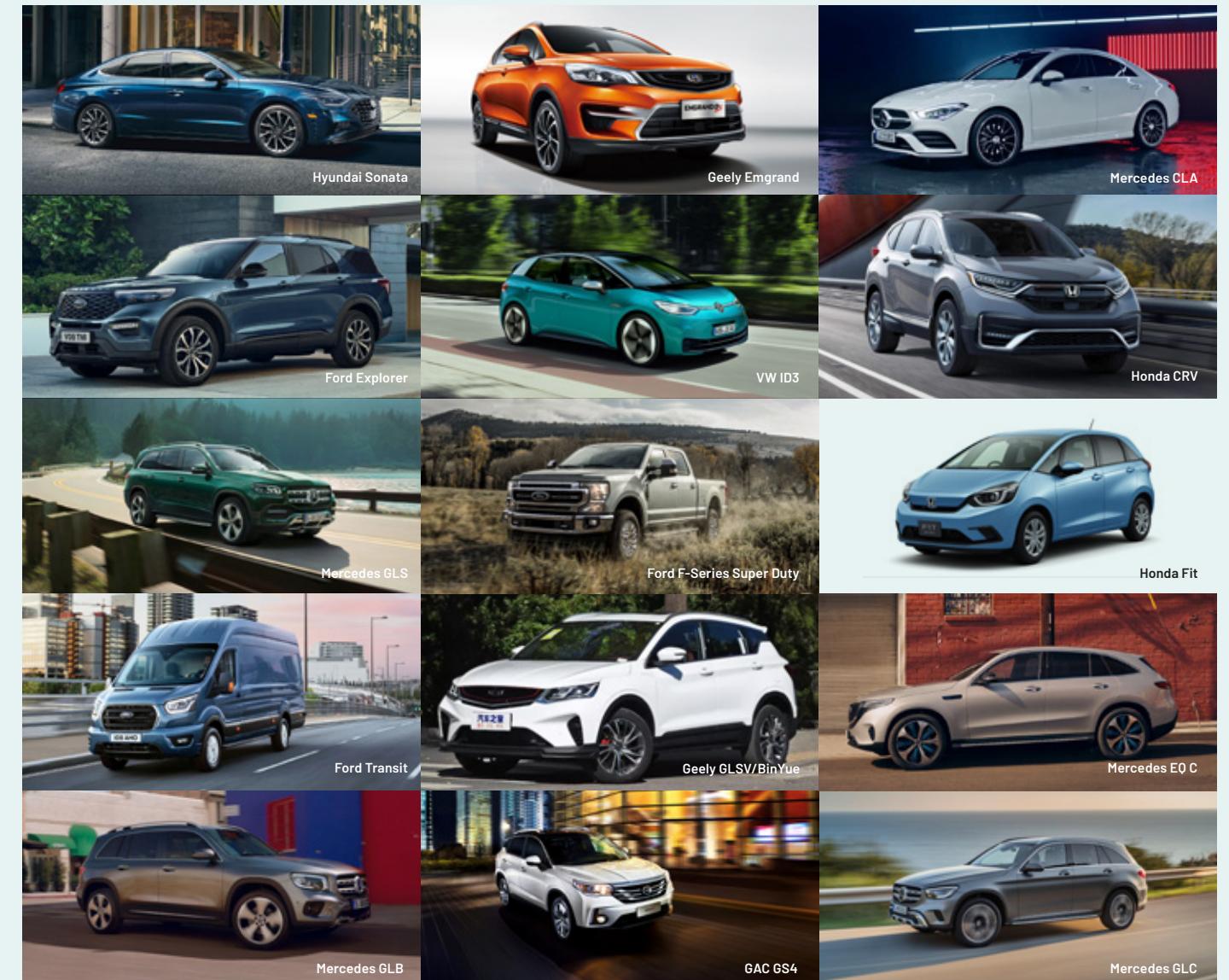
The general lead time is between two to four years to develop an order before it goes into production.

\*\* as Veoneer and as part of Autoliv

## Key Launches 2019

Our technologies are available in several car models. We are proud supplier to the following 2019 key launches and mid-cycle model facelifts:

When Euro NCAP (the European car safety performance assessment program) announced its ratings, Mercedes received 5-star ratings for seven car models. Veoneer is proud supplier of the camera systems that are a key contributor to AEB, Lane Keeping and Speed Assistance used in Mercedes. To us, Euro NCAP's recognition is an important proof-point of the high quality our inhouse developed vision systems possess.



### Life-cycle perspective

We continually improve our environmental sustainability by developing and producing products that minimize our environmental footprint throughout the entire value chain, from sourcing the best materials and components to optimizing production processes to the positive impacts of our products and solutions

in the automotive applications. We support our customers in developing products that will provide future fuel/energy savings and we work jointly with our suppliers and our customers to optimize the supply chain.

# Product Quality and Safety

**A**s a leading autotech company, our core strategy is to deliver innovative solutions that car manufacturers and drivers can trust with their lives if necessary. Veoneer continues to build on its track record of delivering high quality products to car manufacturers globally. Veoneer and its employees deliver products and services at a world class quality performance level to satisfy stakeholder requirements for timeliness, in the correct quantity, and to the correct destination.

Priority focus is placed on preventing quality defects from impacting both Veoneer's customers as well as the consumer. Monthly, all Veoneer facilities (manufacturing plants, technical centers, and logistics centers) record their performance against key quality targets and these results are reviewed by senior managers monthly.

A key metric in this assessment is the number of Non-Conforming Events recorded for serial production, prototype delivery and logistics management. Additionally, each Veoneer plant tracks the number of Zero-Defect lines with follow-up of the action plans to increase the number of consecutive days at zero.

Quality is also a core pillar of the Veoneer Product development system. The Quality team is embedded into the Project teams to ensure flawless delivery for each of the milestones along the development journey of Veoneer products. A specific focus has been put on software development for which compliance to industry standards such as Automotive SPICE is assessed. This quality assurance work is extended to cover all aspects of the product development process. As an outcome, every month a quality dashboard is shared with senior management to visualize the level of compliance of projects to the development process as well as the quality of the delivered work products. Non compliances are measured and the month over month trend is monitored.

## Cyber Security Challenges

- High risk exposure of active safety products
- Requirement to protect IP and active safety products **end-to-end**

## Product Life Cycle



Each site conducts periodic management reviews per the automotive IATF16949:2016 standard to ensure suitability, adequacy, effectiveness and consistency of Veoneer's Quality Management System.

Veoneer employees are passionate about continuous improvement activity leading to zero defects during the life of the product. This quest for flawless delivery is the responsibility and commitment of all our employees.

## End-to-End Security

To address the increasing cyber security risk, Veoneer has established an end-to-end cyber security protection program from the first day of operations to ensure the integrity of any delivered software code, protecting company assets and is fully committed to protect personal data with a dedicated data privacy program.

To protect the company's intellectual property, as well as customer or supplier data, Veoneer has invested in strong protection and monitoring mechanisms. A dedicated team of internal and external experts are monitoring Veoneer's network 24/7 to find anomalies and increase data and privacy protection. There is no 100% guarantee of cyber security, but the team is constantly increasing its knowledge, investing in new technologies and constantly informing all employees and contractors of Veoneer with latest security trainings on a monthly basis.

One key area for Veoneer is to deliver software in our products that our customers can trust. To minimize the risk of delivering software code that is tested and not compromised, Veoneer has developed and patented a block chain based technology to ensure software integrity of our products. Encryption of software on delivered ECUs has become standard.



**"A specific focus has been put on software development for which compliance to industry standards such as [Automotive SPICE](#) is assessed."**



## Safety Benefits From Connectivity

At CES, the annual Consumer Electronics Show in Las Vegas, Veoneer showcased technologies, solutions and research that will support the evolution of cars well into the 2030s. Safety is an area that benefits from new connected solutions where vehicles are connected to each other and to infrastructure. At CES 2019 and CES 2020, Veoneer's partnership with Ericsson has enabled us to showcase how cutting-edge 5G technology let drivers, and vehicles, interact with their surroundings, with other cars, roadside assistance, and direct engagement with people working along the road.

# The Architects of Our Success

**Veoneer is a global leader in the autotech industry, with curious and purpose-driven people inspired by developing and delivering products and solutions our customers and end-users can trust.**

Veoneer has some of the strongest leaders and experts in the autotech industry and our teams are dedicated to fostering a culture where every employee is empowered to be the architect of our success. Veoneer offers a positive working environment with challenging projects, often in close collaboration with our customers. Knowledge is regularly shared, creating a learning organization.

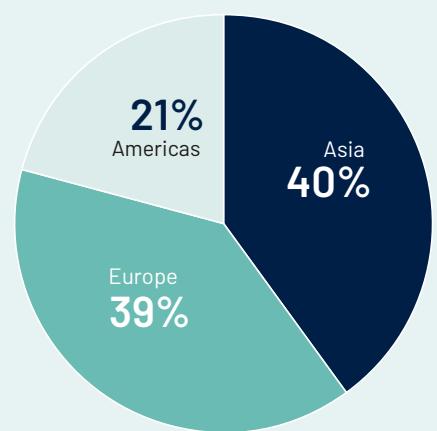
At year-end 2019, Veoneer had 8,874 associates in 13 countries, joint-ventures with more than 50% ownership included. More than 4,900 people were working within RD&E. Voluntary turnover for direct labor was 8.7% and for indirect labor 8.3%.

## Grow our People

Our future growth is closely related to how we succeed in being a good employer that is, how good we are in attracting, developing, and keeping qualified and motivated people. An important cornerstone of each employee's growth is the ongoing personal, transparent communication between the team member and manager, in the working group and with the manager. These dialogues are summarized in the annual performance and development process. In 2019, we had a close to 100% annual performance dialog completion rate.

During 2019, Veoneer established an Engineering Career Progression Program, one of the most important instruments to recognize and grow our engineering experts. The program allows outstanding engineers to have the same career progression in terms of title and rewards parallel to the Management Career Path.

## Associates



## A Fair Employer

We promote a workplace free of discrimination and harassment due to individual characteristics such as gender, age, physical, psychological, religious, disability, sexual orientation or ethnic origin and physical, psychological, religious, sexual or verbal harassment is not accepted.

To deliver results, people need to feel they can be who they are and that they are recognized for their unique strengths. Inclusion is fundamental to our culture and we believe that everyone should be respected and treated fairly.

Veoneer is a global organization with operations in 13 countries and our workforce reflects the diversity of the countries and cultures in which we operate. Approximately 40% of our workforce is located in Asia, 21% in the Americas and 39% in Europe. In terms of gender, the share of females across our company is 28%.

## Wages and Benefits

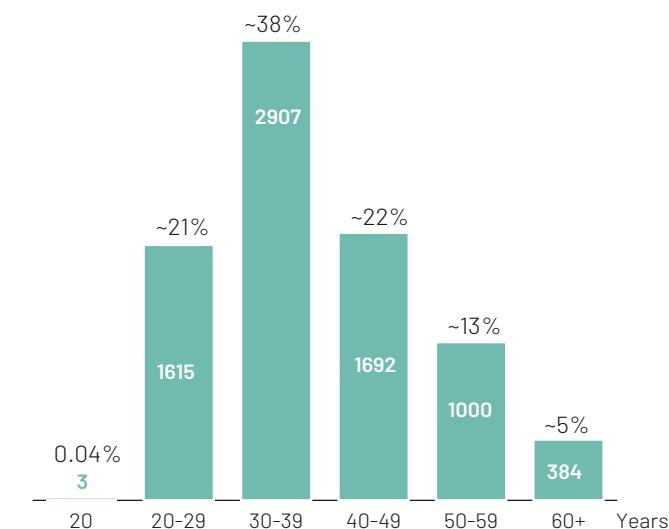
Veoneer is committed to fair employment terms and conditions in accordance with applicable laws. Our values, code of ethics, talent development strategies and employment policies support the principles in the United Nations Universal Declaration of Human Rights, and the International Labor Organization's Fundamental Principles and Labor Standards. Work-life balance is of importance to us and working hours is one of the areas we are monitoring closely. As outlined in the Code of Ethics, all employees are free to exercise the right to form, join or refrain from joining unions or similar organizations, as well as to bargain collectively or individually. In countries where no independent labor unions exist, such as the U.S. and China, several forums for employer-employee relations have been established, such as work councils, consultations and environment and safety committees.

## Health and Safety

At Veoneer, we genuinely care for one another's safety and well-being. We recognize the connection between a safe and healthy workplace and the sustainable success of our company. We believe in healthy work-life balance, emphasizing employee engagement, working together, and having clear expectations. We have implemented a comprehensive Health and Safety Management System which engages all employees and it guides us in our everyday actions. We require and empower our people to work in compliance with applicable laws, Veoneer standards, and our Code of Ethics.

Our incident rate, measured as number of reportable injuries per 200,000 employee hours of exposure, turned out to be 1.81, target is lower than 2.0. Our severity rate is measured as total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure. This year, our severity rate turned out to be 22.8, slightly above our target of below 20.0. Our focus for 2020 is to improve and again be below the target.

## Age distribution



Based on Employees Central data, Dec 2019. Internal workforce included in permanent and temporary employees.

## Anti-Discrimination Program

During 2019, an anti-discrimination program with a special focus on sexual harassment, called #MeToo, was developed and run at Veoneer Vårgårda in Sweden. The first workshop was held by management, then the team members ran workshops with their teams, who carried the workshop program forward to make sure all employees were covered. The program is included in the onboarding program and is an important aspect when recruiting managers and hiring temporary staff.



# Sustainable Supply Chain Management

Veoneer has a strong commitment to customers and consumers, society, employee development, and shareholders, while limiting our negative impacts on the environment. Key to our performance in these areas is an equally strong commitment to doing business ethically and with integrity. Legal compliance forms the basis for everything we do, and is accompanied with our Code of Ethics. We expect the same standards along the value chain and believe that is key to operating our business in a socially, ethically and environmentally responsible way.

## Ecosystem of Strategic Partnerships

Veoneer has developed an ecosystem of strategic partnerships to complement its own capabilities. This enables us to be a system integrator and to capitalize on cutting-edge technologies without investing in everything ourselves.

Zenuity is our software joint venture for world-class driver assistance and autonomous driving technologies. Veoneer is commercializing an automotive grade surround view lidar system using Velodyne's scalable lidar reference design and core 3D firmware technology, and we partner with Seeing Machines for Driver Monitoring Systems, which tracks head, face, eyelid, and precision eye gaze in real time.

We are partners of MobilityXlab, which offers young companies with pioneering ideas the opportunity to accelerate through strategic partnerships with us and five more global players within mobility and connectivity.

During fall 2019, Veoneer joined the Autonomous Vehicle Computing Consortium (AVCC) to speed up autonomous driving vehicle development. Other members are Arm, Bosch, Continental, DENSO, GM, NVIDIA, NXP, Renesas and Toyota.

## Supply Chain

As a global supplier to the world's automotive industry, Veoneer must achieve zero defects in its products and services. To achieve this, our products have to be developed, assembled and manufactured with controlled processes to assure quality. It is equally important that our suppliers' business and manufacturing processes continuously deliver products and services with the same level of quality. Solid supplier and business partnerships are essential and we strive to have long-term relationships with our suppliers.

In 2019, Veoneer launched a renewed Partner Portal (VPP), which is the secure entry point for third-party suppliers and potential partners to access Veoneer web-based applications and shared documents as well as to enable self-service administration of supplier master data. The VPP also compiles information on Veoneer requirements, Supplier Code of Conduct and a training program in business conduct and ethics for suppliers.

## Audits

Supplier evaluations are integrated into our sourcing organizations' main processes and are critical for minimizing risks related to the supply chain. Prior to enrolling new suppliers, *pre-qualification audits* are made to assess and release potential new suppliers or new supplier locations. We expect the same standards along the value chain and the *Social Responsibilities Audits* assess that suppliers comply with and commit to upholding the same social, ethical, and environmental principles as Veoneer does. For new suppliers, or new supplier locations, the social responsibility audit is mandatory to perform as a part of the pre-qualification process.

*Project Management Audits* assess supplier's ability on project management, product and process development/validation including prototype, personnel capabilities and resources, advance quality planning. *Process Audits* are used to verify the application and effectiveness of supplier's quality-, manufacturing- and management systems to support Veoneer's zero defect strategy.

Current suppliers are audited according to a three-year rolling plan. During 2019, 30 direct materials suppliers were audited. An audit cycle starts with the initial audit and may be followed by one or more follow-up audits. It ends when the audit result meets the requirements defined in the standard.

In the event of a major non-compliance that would result in a probable shipment of a non-conforming product, the auditor must ensure that the supplier implement containment actions immediately. Containment shall stay in the process until corrective actions are implemented and verified.

Suppliers are impartially evaluated on parameters including price, quality and reliability as well as key environmental, social and ethical concerns such as safety, health, the environment, business ethics and human rights. Evaluations of potential new suppliers or new supplier locations and current suppliers are primarily conducted by audits and self-assessment tools.

Veoneer's requirements are based on customer requirements and current quality system standards, in particular International Standard Series ISO 9001, IATF 16949, ISO 14001, VDA 6.3 Process Audit as well as on requirements in the Veoneer Standards and Veoneer Supplier Manual (VSM).

## Conflict Minerals

Veoneer's Policy on Conflict Minerals 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.

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. 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. Veoneer supports industry initiatives, such as the Responsible Minerals Assurance Process (RMAP) to validate that the metals used in our products are not contributing to conflict and come from sustainable sources. Annually, Veoneer publishes a report on its conflict minerals process on the website. The response rate to the 2019 direct material supplier conflict minerals survey was 100%. The 2019 Conflict Minerals Report will be published on the web site in May 2020.



Polestar 2 revealed; Zenuity's ADAS software stack and Veoneer's sensor, ADAS ECU, front radar, and monovision cameras

# We Live by the Highest Ethical Standards

## Code of Ethics

Our ethical culture starts with our Code of Ethics and its supporting policies and procedures, continuous ethics and compliance communication and education, combined with a transparent grievance mechanism.

Veoneer's Code of Ethics defines the principles and standards that guide our day-to-day decisions to ensure we act with the highest ethics. It points to laws and regulations that impact our business around the world. The Company is committed to maintaining, and fostering a culture of fairness and equity, where all of us act with the highest ethics and integrity, where unethical conduct is not tolerated, and where everyone feels empowered to speak up and raise concerns.

We publish the Code of Ethics in 8 languages and make it available to all employees, consultants and contractors.

The Board of Directors has the ultimate responsibility of overseeing Veoneer's Compliance Program through annual reviews of compliance reports.

Yearly, 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, including our anti-corruption, anti-bribery, and antitrust and competition policy, as well as other matters that may give rise to actual or apparent compliance concerns. During 2019, 100% of the targeted employees sent in their certification. 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. We achieved a 92% submission rate for the Conflict of Interest disclosure.

## Our targets

**100%**

Annual Code of Ethics Certification\*

**Continuous**

Our achievement

**100%**

**100%**

Anti-Corruption Training\*

**Continuous**

Our achievement

**100%**

**100%**

Anti-Trust Training\*

**Continuous**

Our achievement

**100%**

**100%**

Conflict of Interest Disclosure\*

**Continuous**

Our achievement

**92%**

**100%**

Compliance Training Performance\*

**Continuous**

Our achievement

**100%**

An important part of our Compliance Program is communication and education, to support employees in understanding company expectations and policies related to the Code of Ethics and other related company policies. Our ambition is to provide a continuing communication channel for compliance matters, to deliver compliance messages to employees, to train and educate employees in their compliance responsibilities, and to support the Code of Ethics and our Compliance Program. We have established a Business Conduct and Ethics Education Plan, which includes both classroom trainings and e-learning. Examples of areas covered include Code of Conduct training, conflicts of interest, whistleblowing, and records retention. We reached 100% completion of Code of Conduct and Compliance trainings for all employees in this year's target group.

	Number of employees trained 2019	% completed of the target group
<b>Code of Conduct eLearning</b>	2,475	100%
<b>Whistleblowing</b>	2,316	100%
<b>Conflict of Interest</b>	4,048	100%
<b>Records Retention</b>	4,134	100%

## Anti-Corruption and Competitive Behavior

At Veoneer, we gain trust and respect of our customers by creating world-class ecosystem and partnerships, being open and committed to acting honestly and in compliance with antitrust and fair competition laws and regulations. We have implemented high standards in all business transactions. It is our responsibility as a company, and as individuals representing the Company, to prevent corruption in all its forms. Our Company values ethical business practices and the law and we do not accept or offer any form of bribery.

Every other year, we enroll all employees in targeted groups, such as management and sales and purchasing, in a business conduct and ethics education e-learning courses on anti-corruption and antitrust. Periodically, we also conduct face-to-face trainings to enhance the employees' understanding of compliance with our policy.

	Number of employees trained 2019	% completed of the target group
<b>Anti-corruption</b>	3,253	100%
<b>Antitrust</b>	3,150	100%

\*Completion rate measured from the annual target group

## Helpline

We build trust through our choices and decisions, always taken with the highest level of ethics, by doing the right thing, acting with honesty and integrity at all times, and empowering employees to speak up when suspecting unethical behavior. Veoneer employees are responsible for immediately reporting suspected or known violations of the Code of Ethics, the law or Veoneer policies to their manager or a member of management, HR, the Legal and Compliance Department, or through the Veoneer Helpline. The Veoneer Helpline is an ethics and compliance reporting line available to all employees since day 1 of the company. The Veoneer 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 Veoneer operates.

We believe that reports, investigations, and constructive feedback play an important role in making our Company a great

place to work. At Veoneer, we are committed to protecting individuals who make a report or participate in an investigation in good faith. "Good faith" means that when making a report or participating in an investigation, all the information is provided with honesty.

Retaliation, harassment, and reprisals of any kind are not tolerated at Veoneer. In addition, no employee will be adversely affected because they refused to carry out a directive they believe constitutes fraud or a violation of laws, regulations, or the Code of Ethics or any other Veoneer Standard.

The Veoneer Helpline received 57% of all incoming reports, that result in an investigation, while 43% of the reviewed cases in 2019 were submitted internally, for example reported to Management, HR, or to the Legal and Compliance Department. A total of 72 Helpline reports were received in 2019, 40 Helpline more reports than in 2018. The reporting volume per 100 employees in 2019 amounted to 0.79, which is an increase from 0.32 in 2018. This significant increase is attributable to growing awareness and confidence in the reporting tool.



# Limiting Our Environmental Footprint

During 2019, Veoneer had 10 manufacturing facilities in six countries. After the divestiture of the Asian part of the joint-venture VNBS in February 2020, the number of manufacturing facilities are six, located in Canada, China, France, Sweden and the U.S. Our global scale enables us to engineer globally and manufacture locally to serve our global and local customers.

## Environmental Policy

Veoneer is committed to operate its business in an environmentally sustainable manner. Our environmental policy states that we achieve this commitment by committing to fulfil compliance obligations and customer requirements, continually improving our environmental sustainability performance by developing and producing products that minimize our environmental footprint, including prevention of pollution, as well as committing to continuous improvement of our environmental management system to fulfill our compliance obligations and enhance our environmental performance. Our employees are encouraged to continuously improve our environmental performance in their daily work. Some facilities have undergone sustainability trainings based upon the SDG goals and what can be done locally.

## Environmental Management System

Veoneer's global environmental management system (EMS) applies to all manufacturing sites and is aligned with the ISO 14001 requirements. The EMS establishes the core requirements for a standardized global approach to environmental management, including identification of material environmental aspects, objective-setting, competence development and performance follow-up.

All of Veoneer's manufacturing facilities and 66% of the joint venture facilities are externally ISO 14001 certified. The Environmental Management System establishes standardized reporting of energy, water, waste and compliance-related topics, including spills and fines. Veoneer's manufacturing facilities are mainly focused on assembly, and water is not considered material. As 2019 is our first full operational year, it will be the baseline when it comes to measuring our environmental data.

We measure our CO<sub>2</sub> equivalent emissions and continually improve energy efficiency of our operations.

Energy use data is 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.

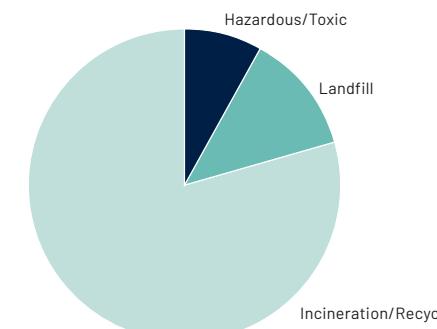
**Environmental table**

	Veoneer incl VNBS	Veoneer excl VNBS Asian part
<b>CO<sub>2</sub>e GHG emissions in metric tons</b>	<b>48 911.74</b>	<b>28 295.26</b>
Stationary (scope 1)	7 515.04	2 447.28
Mobile (scope 1)	80.30	80.33
Electricity (scope 2)	41 316.38	25 767.64
<b>Energy use</b>		
Natural gas MWh	37 790.10	13 066.29
Electricity MWh	86 691	61 393
Energy GWh*	125.1	102.1
<b>Waste total, tons</b>	<b>5 009.0</b>	<b>3 968.6</b>
Hazardous/Toxic	412.8	347.0
Landfill	624.8	353.2
Incineration/Recycled	3 972.0	3 268.2
<b>Significant spills and fines</b>	<b>0</b>	<b>0</b>

\*GWh, included Natural Gas, Electricity, Diesel, Fuel Oil, Gasoline, LPG. Mobile and Stationary Combustion + Electricity (Scope 1+2) One facility in the US has extrapolated data.

Data and graphs of energy use are reported in GWh global = 125.1 GWh, included Natural Gas, Electricity, Diesel, Fuel Oil, Gasoline, LPG. Mobile and Stationary Combustion + Electricity (Scope 1+2) One facility in the US has extrapolated data and include Scope 1 and Scope 2 energy use from manufacturing facilities and warehouses that are included in the plants.

## Waste



## Natural Hazard Exposures

Veoneer is aware of climate risks and our locations are assessed on a regular basis by risk engineering expertise from the insurer. The risk assessments include the natural hazard exposures; flood, wind and earth quake.

### Flood

There are five locations of Veoneer in a 100-year flood zone and regarded as high flood exposure. For these locations specific flood measurements have been identified and flood emergency response plan being implemented. The Merrimack River is the flood hazard for the location Lowell, Massachusetts, US and for the location Shanghai, China the 100-year Storm Water is the flood hazard.

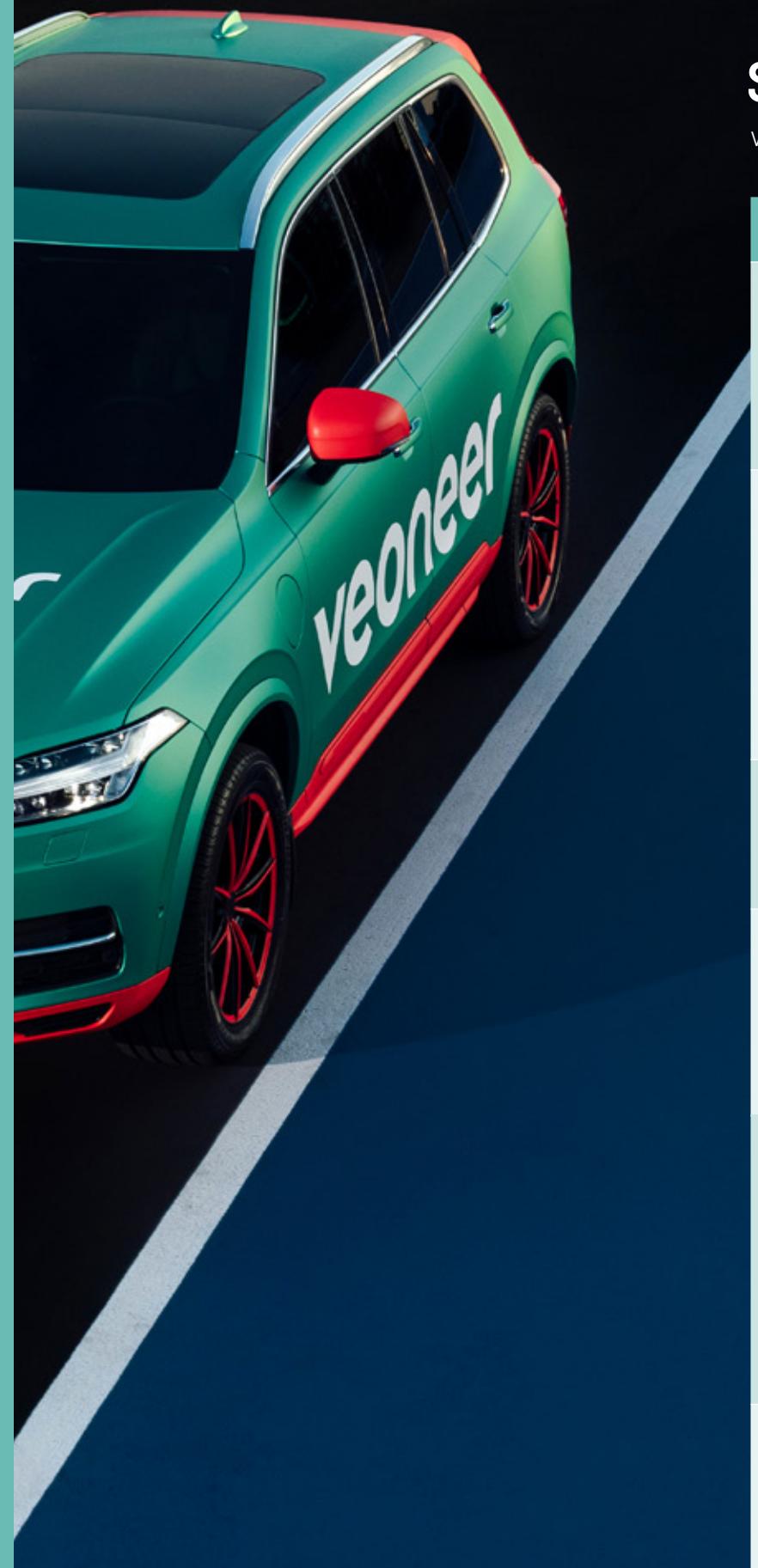
### Wind

One of the Veoneer locations have been identified as highly exposed to wind and it is Shanghai, China. Wind speed of 51m/s has been reported in this area. Adequate measurements to protect from potential wind damages are being implemented.

### Earth Quake

For the 50- and 100-year earth quake zones, Veoneer locations in California (Goleta) in US, Japan and in Romania, Europe have been identified. Adequate protections and response plans are being implemented.

Veoneer's supply chain is widely exposed to natural hazards. Our transport (over air, land and sea) of cargo is global as well as our suppliers who could suffer a disruption from natural hazards. For this purpose, we include natural hazard analysis in our Supplier Risk Management initiative.



## Sustainability Governance

The Board of Directors' Nominating and Corporate Governance Committee has the ultimate oversight for sustainability and the Executive Management Team is responsible for coordination and implementation. EVP Human Resources has been responsible for establishing the sustainability program and leverage our sustainability efforts. Sustainability is an integrated part of the business, which means that line and functional managers are ultimately responsible for the execution. To leverage our sustainability efforts, focus area owners have been appointed for the 2019-2020 sustainability program.

## External Reporting Guidelines

The 2019 sustainability report outlines why sustainability is relevant to Veoneer's business, our priorities and our approach to managing them. This is Veoneer's first sustainability report and the information covers the calendar year 2019. Information about our business and financial performance is provided in our 2019 Annual Report on Form 10-K. The sustainability report is published in February 2020, the same day as the Annual Report and the Form 10-K is filed with the SEC.

The Sustainability report covers Veoneer, including majority-owned joint ventures, where Veoneer owns 51 percent or more of the capital. On February 3, 2020, the divestiture of VNBS Japanese and Chinese operations was completed. In this report, both Veoneer's and VNBS manufacturing facilities are included.

**Environmental data** is collected for production facilities. Administration and technology centers are excluded due to limitations in the reporting system. Social data, including health and wellness reflect all employees working in the production facilities, employees in technology centers and most supporting operations.

The next sustainability report is expected to be published in February 2021. We use the Global Reporting Initiative (GRI) guidelines to inform our reporting, though we do not report in accordance with GRI. Our reporting has been aligned with the Directive 2014/95/EU requirements.

## External assurance

The Sustainability Report has not been assured by a third-party assurance provider.

## For more information, contact:

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# Stakeholder Dialogues

Veoneer has continuous dialogue with its stakeholders. Some of them are included below.

Stakeholder group	How we engage	Key interest
<b>Customers</b>	<ul style="list-style-type: none"> <li>● Daily interactions</li> <li>● Ride&amp;Drive events</li> <li>● Joint initiatives</li> <li>● Surveys</li> <li>● Awards</li> <li>● Press releases</li> </ul>	<ul style="list-style-type: none"> <li>● Product features</li> <li>● Product safety</li> <li>● Business ethics and integrity</li> <li>● Customer success</li> <li>● At the forefront of technology</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>● Performance and development dialogue (ePDD)</li> <li>● Team meetings</li> <li>● Skype meetings</li> <li>● Townhall meetings</li> <li>● Intranet</li> <li>● Videos</li> </ul>	<ul style="list-style-type: none"> <li>● Fair compensation</li> <li>● Development</li> <li>● Career opportunities</li> <li>● Talent attraction and retention</li> <li>● Business ethics and integrity</li> <li>● Diversity and inclusion</li> <li>● Safety and well-being</li> <li>● Human rights</li> </ul>
<b>Potential employees</b>	<ul style="list-style-type: none"> <li>● Career fairs and events at selected universities</li> <li>● Internships</li> <li>● Social media</li> <li>● Press releases</li> </ul>	<ul style="list-style-type: none"> <li>● Career opportunities</li> <li>● Safety and well-being</li> </ul>
<b>Investors and analysts</b>	<ul style="list-style-type: none"> <li>● Regular investor meetings and dialogues</li> <li>● Ride&amp;Drive events</li> <li>● Annual Meeting of stockholders</li> <li>● Quarterly earnings calls</li> <li>● 10K and Annual report</li> <li>● Press releases</li> </ul>	<ul style="list-style-type: none"> <li>● Business ethics and integrity</li> <li>● Technologies and Products</li> <li>● Financial progress</li> <li>● Human rights</li> <li>● Legal compliance</li> </ul>
<b>Business partners and suppliers</b>	<ul style="list-style-type: none"> <li>● Joint initiatives</li> <li>● Industry organization memberships</li> <li>● Research programs</li> <li>● Partner portal</li> <li>● Training sessions</li> <li>● Assessments</li> <li>● Audits</li> <li>● Press releases</li> </ul>	<ul style="list-style-type: none"> <li>● Industry leadership and partnership</li> <li>● Business ethics and integrity</li> <li>● Human rights</li> <li>● Legal compliance</li> </ul>
<b>Society, including NGOs and local community</b>	<ul style="list-style-type: none"> <li>● Research programs</li> <li>● Training programs</li> <li>● Societal engagement programs</li> <li>● Press releases</li> </ul>	<ul style="list-style-type: none"> <li>● Industry leadership</li> <li>● Business ethics and integrity</li> <li>● Human rights</li> <li>● Legal compliance</li> <li>● Societal engagement</li> <li>● Operational impact</li> </ul>

# Creating Trust in Mobility

## OUR STRATEGY

**Deliver Innovative Solutions You Can Trust**

## OUR CORE PILLARS

**Flawless Delivery**

**Customer-Centric Collaboration**

**Human-Centric Innovation**

## OUR BELIEFS

**Burning Curiosity**

**Passion for Excellence**

**Bold Honesty**