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Modern Slavery Statement
2021

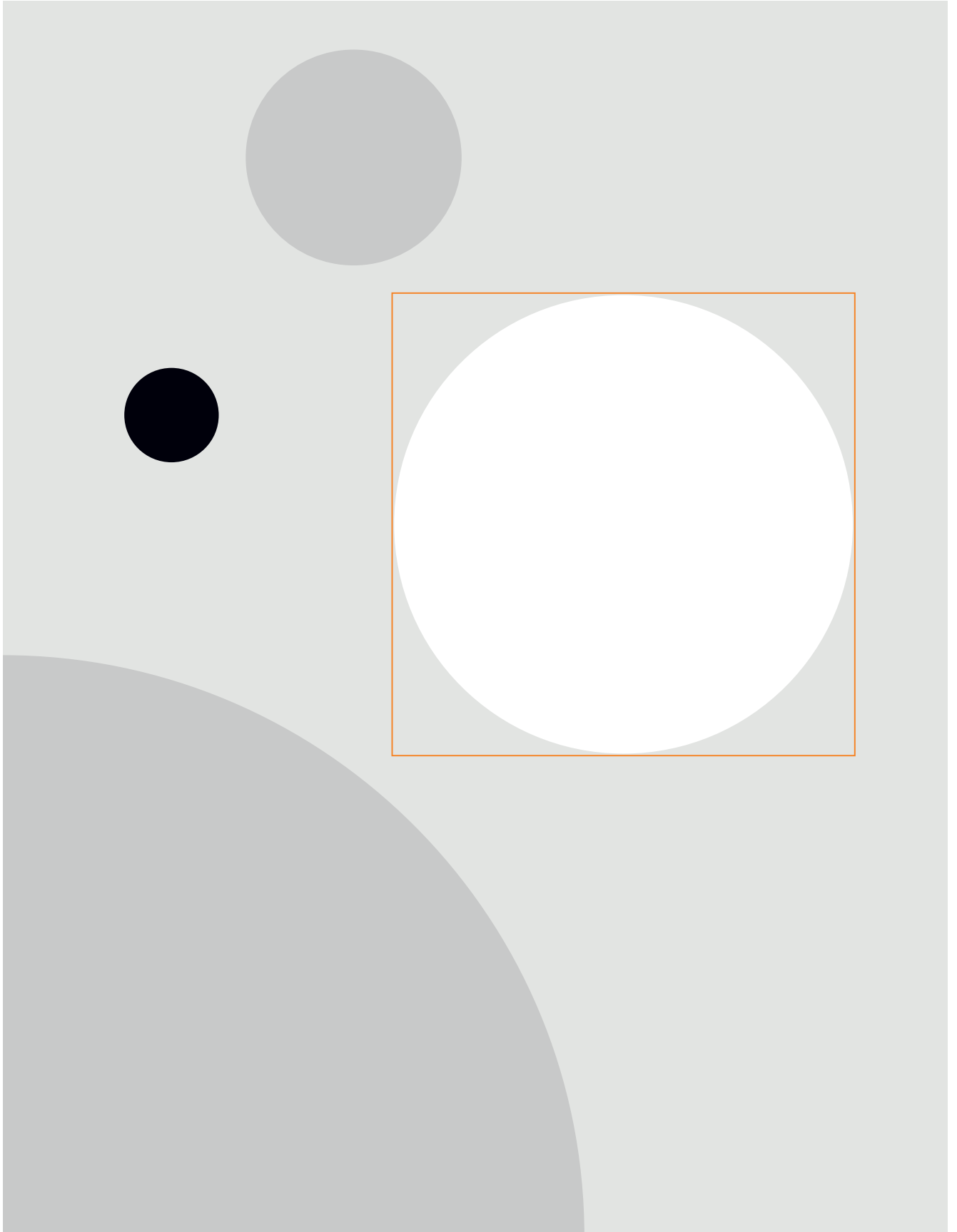


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This statement sets out the steps that Polestar takes to address modern slavery in its supply chains.

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Our operations

About Polestar

Polestar is the independent Swedish premium electric performance car brand founded by Volvo Cars and Geely Holding. Established in 2017, Polestar enjoys specific technological and engineering synergies with Volvo Cars and benefits from significant economies of scale as a result. The company is headquartered in Gothenburg, Sweden, and retails its vehicles in 10 global markets across Europe, North America, and in China. Cars can be configured and ordered on our website. Customers are also invited to get a closer look at Polestar's cars in Polestar Spaces, located in our sales markets. Some are operated by Polestar, but most are operated by franchise holders.

Polestar produces two performance cars. The Polestar 1 is a low-volume electric performance hybrid GT with a carbon fibre body, 609 hp, 1,000 Nm and an electric-only range of 124 km (WLTP) – the longest of any hybrid car in the world. The Polestar 2 electric performance fastback is the company's first fully electric, high volume car. Polestar 2 launched in 2020 with an all-wheel drive electric powertrain that produces 300 kW and 660 Nm, with a maximum range of 470 km (WLTP). Polestar 1 is manufactured at the Polestar Production Centre in Chengdu, China. Polestar 2 is manufactured in Luqiao, China, at a production centre owned by Geely Holding and operated by Volvo Car Group.

In the future, the Polestar 3 electric performance SUV will join the portfolio, as well as the Precept – a design study vehicle released in 2020 that is slated for future production. Precept showcases the brand's future vision in terms of sustainability, digital technology and design.

About Polestar Automotive UK Ltd.

Polestar Automotive UK Ltd. is a subsidiary to Polestar and comprises our operations in the United Kingdom. Our offices in Coventry, West Midlands, hosts a dedicated research and development team as well a commercial team. At the end of 2020, we had 230 employees.

Our approach to sustainability

Sustainability lies at the heart of what Polestar is. We are a performance brand, determined to improve the society we live in by accelerating the transition to sustainable mobility. During 2020, we developed a sustainability strategy to support this vision. Our aim is to embed sustainable thinking and processes in Polestar operations and to implement this approach across our governance structure.

For the sourcing of vehicle parts and components for Polestar 1 and Polestar 2, we entered a partnership with Volvo Car Group. By using its procurement capabilities, we got a head start in sourcing from a high-quality supplier base and having established supplier assessments and due diligence procedures.

Our policies

Code of Conduct and policies

All decisions made at Polestar are guided by our values: Pure, Progressive, Performance. Our corporate policy landscape comprises the Polestar Code of Conduct, corporate policies adopted by the Board of Directors, directives adopted by the Management Team, and guidelines, instructions and process documents adopted by specialist departments.

Policy owners are responsible for the content of their policy, training and communication, and safeguarding the implementation of the policy throughout the Group. They are also responsible for answering questions about their policy. The Legal department approves new policies and updates. The department also ensures that the policy is in the right format and that it is made available internally.

Through our policies, directives and processes, we adhere to the International Labour Organization's eight core conventions, the Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, and the precautionary principle.

Polestar has implemented 11 corporate policies which reflect our strong commitment to conduct business in a responsible manner. The policies are all described in our Code of Conduct, which contains the minimum requirements that apply to all Polestar subsidiaries and employees.

All employees are expected to read and understand the Code, and act with integrity and in line with its commitments and principles. To further guide our employees, the Code contains an ethics checklist which provides employees with hands-on advice in assessing if a decision is in line with the Code of Conduct. Further guidance is also available for managers.

In line with our commitment to respect and promote human rights, the Code states that:

- Our employees have the right to form and join unions (or other associations) of their own choice and negotiate labour agreements collectively, as well as the right to not do so.
- We do not engage in child labour and forced labour and we do not knowingly engage with anyone involved in child labour, forced labour or other unfair and illegal practices.

Expectations on our business partners

We work to address human rights and labour rights in the supply chain through key strategies and processes such as our sustainability strategy, sourcing strategy, procurement process and product development process. We expect our business partners to follow the same or similar principles as we do. Our Code of Conduct for Business Partners sets strict requirements on our suppliers to uphold human rights. All Polestar suppliers, including those managed by Volvo Car Group, must adhere to the Code. Breaches of the Code may result in the termination of the relationship.

Principles in the Code of Conduct for Business Partners include:

- Preventing child labour
- No forced labour
- Terms of employment
- Wages and benefits
- Working hours
- Freedom of association and collective bargaining
- Health and safety
- Non-discrimination and equal opportunities

All business partners are required to provide labour conditions in line with internationally recognised labour standards such as the eight core conventions of the International Labour Organization. They must also respect and promote internationally proclaimed principles for human rights, including children's rights.

Combatting modern slavery in our supply chain

A global supply chain

Polestar works with a broad range of suppliers, located across the globe. In total, around 180 suppliers manufacture components and materials used in Polestar's cars. Most of the direct suppliers are in China, particularly in the regions surrounding the production plants in Chengdu and Luqiao, whereas some components are sourced globally.

Supply chain risks

Some of the automotive industry's greatest sustainability risks occur in the supply chain and many of these relate to human rights issues such as child labour, forced labour and hazardous working conditions. Children and indigenous peoples are often disproportionately exposed to these risks, and the conditions surrounding the extraction and refining of minerals are particularly precarious.

In our cars we use materials, for example minerals such as cobalt, with high risks of human rights violations and negative environmental impacts in the supply chain. Cobalt is primarily mined in the Democratic Republic of Congo, where it has been linked to child labour in the artisanal and small-scale mining sector. Historically, it has been very difficult to trace the origin of minerals such as cobalt because of its complex supply chain and lack of reliable chain of custody methods. Materials traceability is a key enabler of supply chain transparency and can work as a tool to create a greater sustainability impact if coupled with programmes for responsible sourcing.

Traceability and transparency

We are committed to the responsible sourcing of metals and minerals used in the manufacture of our products. During 2020, we primarily used recycled cobalt in Polestar 2. Recycled cobalt is successfully recovered from waste batteries and upcycled to the materials and components needed for new batteries. From 2021 and onwards, as we scale up production of Polestar 2, cobalt from virgin sources will also need to be used, due to the shortage of recycled cobalt. Promoting increased recycling of risk materials such as cobalt, together with traceability and responsible sourcing programmes, will play a key role in combatting negative human rights impacts.

We also require our battery suppliers to implement responsible sourcing practices to mitigate the risk of human rights violations. But we know that without traceability we have little chance of knowing for sure if those requirements have the intended impact. We have partnered up with Circular, a traceability-as-a-service provider, to use blockchain technology to trace the origins of the cobalt used in Polestar 2 throughout our supply chain. A blockchain is a digital register of records which are linked to one another via cryptography. It creates transaction records within a supply chain which cannot be altered, recording the same set of data (in the case of cobalt, it records the origin, weight, size, chain of custody, and information showing the participants' adherence to OECD guidelines on responsible sourcing of minerals) in each transaction. It also guarantees that the information contained in these records cannot be changed without detection.

Traceability initiatives are led by Polestar's Procurement department, and with the support of Polestar's Sustainability Team. Through our collaboration with Volvo Car Group, Responsible Mining Initiative's tools and resources are implemented in our supply chain.

Over the coming years, we are looking to expand the traceability process, develop our partnership with Circular and integrate traceability as a part of Polestar's procurement processes.

Supplier assessments

All suppliers are required to comply with Polestar's Code of Conduct for Business Partners, relevant legislation and other supplier requirements. The procurement process includes a presentation of these supplier requirements, and a screening of sustainability performance and compliance due diligence covering corruption and trade sanctions, money laundering and violations of human rights. Suppliers must meet the requirements and implement systematic management of all areas, including ensuring that employees and sub-suppliers respect the principles. They

are also required to have a reporting channel, to which workers can report any grievances.

The suppliers are analysed using a risk assessment tool developed by Responsible Business Alliance, an industry coalition dedicated to corporate social responsibility in global supply chains.

To manage compliance with our requirements and to identify areas for improvement, suppliers are requested to fill out a Sustainability Self-Assessment Questionnaire (SAQ) that has been developed by the Drive Sustainability Initiative. The SAQ covers sustainability areas such as business ethics, human rights, environmental management and responsible sourcing. For suppliers carrying a high risk score, sustainability audits are carried out by a third-party auditor or in-house specialists from Volvo Car Group. Suppliers are required to take corrective action to address and prevent similar occurrences in the future if any deviations are identified.

As of year-end 2020, 71% of Polestar's suppliers were included in Volvo Car Group's risk assessment tool and 89% had completed the sustainability self-assessment questionnaire. One high-risk supplier was audited in 2020 and follow-up corrective actions were implemented to promote the suppliers' performance towards Polestar's Code of Conduct for Business Partners.

Engaging employees

Training

To raise awareness of sustainability risks, and our Code of Conduct and policies, we engage our employees in sustainability training regularly. For instance, new employees are offered training in the Code of Conduct as part of the onboarding programme, and every year we arrange four days where all Polestar employees take time out from their day-to-day work to learn more about and work on our sustainability strategy areas: Climate neutrality, Circularity, Transparency and Inclusion.

Volvo Car Group's procurement staff are following specialised programmes to ensure that they have the right competencies. This includes procurement introduction training which covers sustainability and social responsibility. Those involved in supplier evaluations also receive specific training on the subject, including the risks of modern slavery and human trafficking.

Our training programmes and progress are reviewed regularly to ensure that they meet our expectations and remain relevant in addressing our risks.

A speak-up culture

Polestar encourages a speak-up culture that allows us to ask questions and raise concerns without fear of retaliation. We encourage employees and other stakeholders to report any suspected breach of laws or regulations as well as any conduct that is not consistent with our Code of Conduct, corporate policies and directives.

Incidents that cannot be reported to local management or HR representatives can be reported through the global whistleblower e-mail, which is managed by the Compliance & Ethics function. Incidents can also be directly reported to the legal department.

Polestar did not receive any reports of incidents of human rights violations, including modern slavery, in 2020.

In 2021, Polestar will develop internal controls and audit mechanisms to support the evaluation of the effectiveness of Polestar's compliance programme. Additionally, Polestar is launching a new global whistleblowing system with full anonymity, and a new IT platform for Business Partner Due Diligence.

Signature

This statement has been adopted and approved by the Polestar Automotive UK Limited Board of Directors on 30 June 2021, for the period 1 January 2020 to 31 December 2020, and in accordance with the Modern Slavery Act 2015.

A handwritten signature in black ink, appearing to read 'Jonathan Goodman', with a horizontal line underneath and a period at the end.

Jonathan Goodman, Managing Director
Polestar Automotive UK Limited