

—
Modern Slavery Statement 2022
United Kingdom

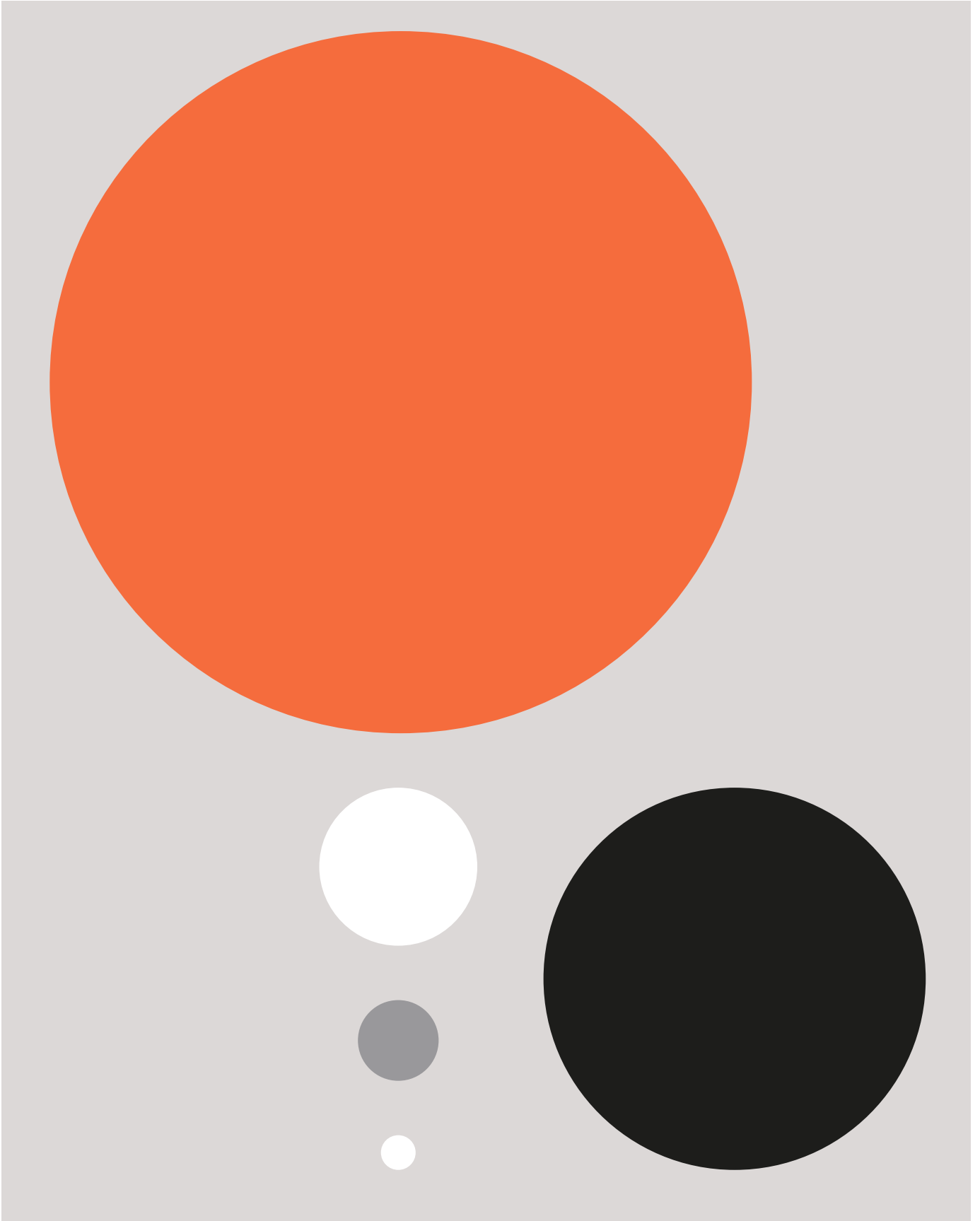


Table of contents

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

Our operations	2
Our policies	3
Combatting modern slavery in our supply chain	5
Combatting modern slavery within our operations	8
Reporting grievances	9
Signature	9

Our operations

About Polestar

Polestar is a pure play, premium electric performance car brand headquartered in Sweden, designing products that are engineered to excite consumers and drive change. Polestar was established as a premium electric car brand and joint venture between Volvo Cars and Geely Holdings in 2017. We benefit from the technological, engineering and manufacturing capabilities of these established global car manufacturers. We have an asset-light, highly scalable business model with immediate operating leverage. In 2021, Polestar offered two performance car models: the electric performance hybrid Grand Tourer (GT) Polestar 1, and the fully electric performance fastback Polestar 2.

At the end of 2021, our cars were on the road in 14 markets across Europe, North America and China. We intend to continue our rapid market expansion with the aim that our cars will be available in a total of 30 markets by the end of 2023. We also plan to introduce three new electric vehicles by the end of 2024: Polestar 3, an aerodynamically optimised Sport Utility Vehicle, or SUV; Polestar 4, a sporty SUV coupe; and Polestar 5, a luxury 4 door GT. Our target is a production volume of around 290,000 vehicles per year by the end of 2025.

Our cars are currently manufactured in two state-of-the-art facilities in China, our own Chengdu plant, and the Taizhou plant (previously called Luqiao) that is owned by Volvo Cars. In 2021, we sold approximately 29,000 cars.

We use a digital-first, direct-to-consumer approach that enables our customers to browse our products, configure their preferred vehicle and place their order online. Alternatively, our Polestar Locations are where customers can see, feel and test-drive our vehicles before making an online purchase. We believe this combination of digital and physical retail presence delivers a seamless experience for our customers. This customer experience is further enhanced by our comprehensive service network that leverages the existing Volvo Cars service centre network. At the end of 2021, we had 103 Polestar Locations. In addition, the Volvo Cars service centre network provides access to over 800 customer service points worldwide in support of our international expansion.

In September 2021, Polestar announced the intention to list on the New York Stock Exchange (NYSE) through a business combination with the special purpose acquisition company Gores Guggenheim Inc. The listing is expected to take place in the first half of 2022.

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 as a commercial team. At the end of 2021, we had 301 (2020: 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. Sustainability forms one of our strategic pillars, along with innovation and design. Our sustainability strategy, established in 2020, outlines our priorities to meet our vision of improving society through our business, as well as being a guiding star for sustainability. The strategy comprises four focus areas: Climate Neutrality, Circularity, Transparency and Inclusion. Each focus area has a set of strategic initiatives and targets, guiding strategic decisions as well as our day-to-day work.

Our aim is to embed sustainable thinking and processes in Polestar operations, and to implement this approach across our governance structure. Subject-matter experts such as our sustainability leads and lifecycle assessment specialists guide the organisation in implementing our strategy. Our aim is to foster a culture of sustainability at Polestar.

Sustainability risks are identified, assessed and managed throughout the organisation, by individual departments and by the Sustainability team. 2021 saw the establishment of a dedicated Internal Controls & Risk Management team at Polestar. The department, and our internal auditors, continuously assess risks to the business. In the longer term, we will integrate our sustainability risk management processes into our ERM process.

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 corporate policies adopted by the Board of Directors, such as the Polestar Code of Conduct and the Polestar Code of Conduct for Business Partners, directives adopted by the Management Team, and guidelines, instructions and process documents adopted by specialist departments. Grievances can be reported to Polestar's whistleblower channel SpeakUp, read more on page 9.

Through our policies, directives and processes, we adhere to the International Labor 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 Companies, the United Nations' Guiding Principles on Business and Human Rights, and the precautionary principle.

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 reviews new policies and updates. The department also ensures that the policy is in the right format and that it is made accessible internally.

Updated Polestar Code of Conduct

With the purpose of strengthening our corporate values, core behaviours and sustainability strategy, we launched an updated Code of Conduct in December 2021, approved by the Board of Directors. At the same time, a number of policies were updated, including the Speak Up Policy. Additionally, the messaging relating to human rights was further developed. Employees are expected to respect human rights, and especially to consider the direct and indirect impacts of their activities on human rights around the world and comply with set criteria relating to the impact on human rights in projects. For training on the updated Code of Conduct, see page 8.

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 or similar principles.

Polestar's Code of Conduct for Business Partners is also included in all contracts with Polestar Locations operators and handover centres, as well as production material suppliers, and is also communicated to all potential production material suppliers requested to provide a quote to Polestar. For indirect material suppliers, Polestar's Code of Conduct for Business Partners is referenced in Polestar's purchasing terms and conditions. In 2022, we are looking to invite business partners to voluntary training on our Code of Conduct for Business Partners.

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.

Breaches of the Code may result in the termination of the relationship and having to take necessary remedies, including to pay damages and implementing appropriate corrective actions within a reasonable time, so as to remedy the violation and to prevent similar occurrences in the future.

The Code of Conduct for Business Partners is available at legal.polestar.com/uk/ethics/.

Combatting modern slavery in our supply chain

A global supply chain

In total, around 500 suppliers manufacture components and materials used in Polestar 1 and 2. Most of the direct suppliers are in China, particularly in the regions surrounding the production plants in Chengdu and Taizhou, whereas some components are sourced globally. Volvo Cars have contracted these suppliers.

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, including child labour, forced labour and hazardous working conditions. Migrant workers, including domestic migrant workers, are of particular concern. The conditions surrounding the extraction and refining of minerals are particularly precarious, and children and indigenous peoples are often disproportionately exposed to these risks. In some countries with raw mineral extraction there are high-intensity conflicts funded by mining.

The automotive industry's supply chains comprise multiple tiers of suppliers and sub-suppliers, ranging from direct suppliers such as component manufacturers to raw material producers such as mining companies located far upstream in the supply chain. The number of tiers in the supply chain, along with its complexity, complicate the assessment as well as management of indirect impacts and risks. This includes risks related to modern slavery. We acknowledge these risks, particularly relating to the sourcing of metals and minerals for battery cells.

Neither Polestar, nor Volvo Cars, directly source conflict minerals or other minerals of concern such as tin, tantalum, tungsten, gold or cobalt. These minerals often sourced from countries where modern slavery is prevalent. However, the minerals are part of our global supply chain and are used in some materials and components.

Polestar is using a combination of tools to prioritise the management and mitigation of the supply chain risks. These includes supplier assessments and audits, collaborations with multi-stakeholder initiatives and initiatives to increase the traceability of materials and minerals, not least relating to the procurement of battery cells. The traceability initiatives cover activities such as supply chain mapping and due diligence processes for conflict minerals, which are important to mitigate human rights-related risks in our supply chain, including, but not limited to, modern slavery related risks. To gain a further understanding of our impacts and risks, we are also engaging in direct dialogues with suppliers and factor in feedback from industry groups.

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. Polestar's whistleblower system SpeakUp is also available to suppliers, read more on page 9.

Procurement for Polestar 1 and 2

For the sourcing of vehicle parts and components for Polestar 1 and Polestar 2, we entered a partnership with Volvo Cars. 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.

Volvo Cars analyses suppliers using a Risk Assessment Tool developed by Responsible Business Alliance. Suppliers are also 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. At year-end 2021, 71 (2020: 71) percent of Polestar's suppliers were included in the Volvo Cars risk assessment tool and 63 (2020: 89) percent had completed the sustainability self-assessment questionnaire.

Procurement for Polestar 3 and 4

In 2021, Polestar 3 and 4 had not yet gone into production, but sourcing and nomination of suppliers for Polestar 3 started in 2021. Volvo Cars and Geely have contracted these suppliers. Prospective suppliers are assessed using a wide array of tools such as Risk Assessment Tool developed by Responsible Business Alliance and the Sustainability Self-Assessment Questionnaire (SAQ) by Drive Sustainability Initiative, as well as sustainability audits carried out by third-party auditors.

At year-end 2021, 79 percent of Polestar's suppliers were included in the risk assessment tool and 73 percent had completed the sustainability self-assessment questionnaire.

Procurement for Polestar 5

In 2021, Polestar built inhouse procurement capability and developed procurement processes ahead of the production of Polestar 5, which is expected to be launched in 2024. The nomination process of suppliers to Polestar 5 started in the first half of 2021, and the selection of new suppliers is expected to close in the first half of 2022.

We have developed a sustainability assessment programme to promote Polestar's values and sustainability goals in the supply chain. It consists of three main elements: a sustainability Self-Assessment Questionnaire (SAQ), the Polestar Supplier Sustainability Index and our Code of Conduct for Business Partners. The industry-wide SAQ, aligned with the Global Automotive Sustainability Guiding Principles, is used to assess social and environmental sustainability, business conduct and compliance, and supplier management. The SAQ is completed and submitted by the supplier.

Prospective suppliers are assessed using a wide array of tools and shortlisted based on parameters such as quality, engineering, sustainability supplier assessment score, and price. Direct material suppliers that qualify for the submission of quotes are also assessed via Polestar's newly developed Supplier Sustainability Index (SSI) which measures suppliers' maturity in relation to our four sustainability pillars: climate neutrality, circularity, transparency and inclusion. Prospective suppliers are required to commit to our sustainability approach, track their progress and implement initiatives related to the focus areas in their business and supply chains. The SSI is filled out and submitted by the supplier and analysed and assigned a score by Polestar's Global Sustainability Procurement Lead. This year's score will provide a baseline for future improvements among selected suppliers and will be a part of all contracts signed with suppliers. The methodology of including required continuous improvements related to sustainability in contractual agreements is a completely new approach in the automotive industry.

As the sustainability performance of the final product always starts with the design and product specifications of a new product, we are also looking to include findings from the supply chain assessments into our product development and factor in human rights and inclusion considerations into the materials selection and design processes. Further developments relating to supply chain transparency, that are currently in the pipeline, include continuing development of our due diligence process, audit scheme and indirect material procurement process.

Mandatory audits

Traditionally, the automotive industry has relied heavily on supplier self-assessment questionnaires. In 2021, Polestar and Volvo Cars jointly introduced the requirement that all new suppliers located in select regions, based on a sustainability risk assessment, must have a third-party audit. The audits cover suppliers in tier 1 and direct material suppliers in tier 2. Most commonly, corrective action plans are implemented but if the risks cannot be mitigated, collaboration with the supplier is halted. Due to the Covid-19 pandemic, the opportunities to conduct audits have been restricted. In total 12 (2020: 1) audits of high-risk suppliers were carried out in 2021. Audit findings include excessive working hours and weaknesses in health and safety management systems. Follow-up corrective actions were implemented to promote the suppliers' performance towards Polestar's Code of Conduct for Business Partners.

Collaborations through multi-stakeholder initiatives

The complexity of the supply chain, along with the high-risk materials required to make electric vehicles, makes it necessary to collaborate within and outside of our industry. In 2021, we looked to join the Responsible Business Alliance (RBA) and Drive Sustainability, and became members of these organisations in early 2022. The RBA membership also gives us access to its initiatives Responsible Minerals Initiative and Responsible Labor Initiative. These multi-stakeholder initiatives are important as we build our own procurement processes and they will provide us with greater insight into our supply chain and give us a platform to further develop our supplier assessments.

Materials traceability and transparency

Historically, it has been very difficult to trace the origin of battery minerals, because of its complex supply chain and lack of reliable chain of custody methods.

We collaborate with Circular, a traceability-as-a-service provider, to employ blockchain¹ technology to trace the origins of the cobalt used in Polestar 2 batteries, throughout our supply chain. We are constantly working to add more critical minerals, and in 2021, we started tracing mica which is used in the thermal barriers of Polestar 2's batteries. The traceability service tracks origin, weight, size, chain of custody, and information showing the participants' adherence to OECD Guidelines on Responsible Sourcing of Minerals.

All new Polestar models have traceability targets to ensure that we are pushing ourselves and making a lasting impact. We are looking to expand these efforts to further mitigate the risks related to materials. This includes additional assessments of critical risk materials and a materials strategy. We are also looking to enhance our supplier due diligence processes through international benchmarks and new digital systems. This will allow us to improve business partner due diligence and provide us with better insight into the sub-suppliers further up the supply chain.

Through our collaboration with Volvo Cars, Responsible Mining Initiative's tools and resources are implemented in our supply chain. Our ambition is to only source components with tin, tantalum, tungsten and gold, so called '3TGs' or 'conflict minerals', from validated conflict-free smelters. 3TG suppliers need to disclose the smelters in their supply chain in a Conflicts Minerals Reporting Template (CMRT) provided by Responsible Minerals Initiative (RMI). By tracing minerals in the supply chain and promoting smelters validated to conform with the Responsible Minerals

1) 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 each transaction. It also guarantees that the information contained in these records cannot be changed without detection. Circular's traceability service is based on a permission-based blockchain platform. It does not use the energy intense proof-of-work blockchain technology.

Assurance Program (RMAP), RMI's third-party verification of smelter and refiner management systems as well as sourcing practices is carried out in line with global standards.

Volvo Cars conducts regular supply chain investigations to identify, assess, and mitigate risks and to improve supply chain performance. Volvo Cars has investigated the smelters' conformance to RMI's requirements since 2017. 147 suppliers participated in this year's conflict minerals survey. Volvo Cars follow a due diligence process for conflict minerals to identify potential discrepancies, select suppliers for independent OECD-aligned audits and follow up on risk mitigation action plans to address adverse impact. The current level of conflict-free smelters is 82 percent, as concluded by Volvo Cars based on its aggregated evaluation of disclosed supplier data.

Combatting modern slavery within our operations

With a commitment to provide a sustainable working environment with fair terms of employment, the human resources department at Polestar drives the People agenda and is responsible for Polestar's People Policy. The policy is complemented by other specific directives and guidelines addressing Polestar's role as a responsible employer. We are constantly growing our teams and all our recruitment processes comply with the relevant local regulations and standards. We adopt a fair and equitable approach when scouting for talent and wages are compliant with local laws and regulations. Polestar advocates freedom of employment, which means all work should be done voluntarily, employees may terminate their employment by giving any required contractual or statutory notice. Child labour and the employment of children below the applicable minimum legal age is strictly forbidden. All employees must follow our Code of Conduct, read more on page 3.

Engaging employees

To raise awareness of sustainability risks, and our Code of Conduct and policies, we engage our employees in sustainability training regularly. 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.

In conjunction with the launch of the updated Code of Conduct, group-wide training was rolled out within Polestar. All employees and consultants with company computers were invited to an e-learning. At the Chengdu plant, employees were invited to face-to-face training. By the end of 2021, just three weeks after the launch, 40 percent of our employees had undertaken Code of Conduct training, with the aim to have all relevant employees covered during 2022. The Code of Conduct and compliance also constitutes part of the mandatory onboarding training for new employees, and a similar introduction to compliance is provided to all new Board members on appointment to Polestar's Board of Directors.

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.

Reporting grievances

Polestar encourages a speak-up culture where our employees ask questions and raise concerns without fear of retaliation. We encourage employees and other stakeholders to report, via several channels, 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.

Suspicions of severe violations can be reported through the global whistleblower system SpeakUp, which was launched in summer 2021. The whistleblower system guarantees full anonymity and complies with the European Union's Whistleblower Directive (Directive (EU) 2019/1937). Before the launch of SpeakUp, whistleblower cases were reported to Polestar's Human Resources or Legal team.

Polestar did not receive any reports of incidents of human rights violations, including modern slavery, in 2021.

Signature

This statement has been adopted and approved by the Polestar Automotive UK Limited Board of Directors on 27 June 2022, for the period 1 January 2021 to 31 December 2021, 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 the name.

Jonathan Goodman, Managing Director
Polestar Automotive UK Limited