POLESTAR POSITION ON CONFLICT MINERALS

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Polestar Position on Conflict Minerals

The overall intention of Polestars position papers is to provide clarity to stakeholders on areas of high relevance and therefor also be in light of our ambitions and long-term strategies.

Minerals and metals play an important role in modern economies and especially in the transition to a low carbon and circular economy This paper addresses the challenges linked to conflict minerals and describes how Polestar works to manage related risks within our global supply chains.

Background
We acknowledge that some of the automotive industry’s greatest sustainability risks occur in the supply chain. Material extraction, processing, trade, and transportation may cause or contribute to adverse impacts for people and planet. Risks are especially prevalent for minerals. Minerals are crucial in cars and other battery components to boost battery life, energy density, isolation properties etc. As per today a typical electric car requires more mineral inputs compared to a conventional car.

Minerals from conflict-affected and high-risk areas (CAHRAs) are minerals mined in conditions where armed conflict and human rights abuses occur. The term conflict minerals is often used to refer to four minerals (tungsten, tantalum, tin and gold also known as 3TG) that are mined in the eastern region of the Democratic Republic of the Congo (DRC).

The OECD has developed the OECD Due Diligence Guidance to promote company compliance with human rights and to prevent direct or indirect contribution to conflicts through mineral sourcing practices. Due diligence is a process during which companies can identify, prevent, mitigate, and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems.

Our Position
Supply chain due diligence on conflict minerals is necessary to ensure responsible sourcing and in line with Polestar’s commitment to respect human rights across our value chain and be a leader in responsible business. We continuously monitor and assess risks to verify that business operations and products do not induce human rights abuses, unethical business conduct, environmental harm, or provide funding to conflicts and armed groups.

Polestar is committed to respecting and complying with international principles and frameworks including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex II risks, as well as the United
Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the ILO core conventions, and the OECD Guidelines for Multinational Enterprises. We develop and implement procurement practices in line with global standards and require our suppliers to also establish policies, management systems, and due diligence measures to adequately address risks.

Our suppliers, their employees and subcontractors through all tiers must comply with our Code of Conduct for Business Partners or similar principles, with all applicable laws and regulations, and with their contractual obligations to Polestar. Lack of cooperation or violation may result in a reduction in business and ultimately termination of the business relationship. Polestar acknowledges that supply chain due diligence is an ongoing, proactive, and reactive process, and that information and risk monitoring systems will progressively be improved over time as a result from constructive engagement with suppliers and other stakeholders.

Our actions, supplier integration and commitments
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.

As a premium electric performance car company, Polestar has a unique opportunity to act as a catalyst for good within the supply chain. Polestar have adopted a procedure on sourcing components and materials from companies that share our values regarding respect for human rights, integrity and environmental responsibility. Our business partners are critical to help Polestar reach its sustainability targets.

We continuously review and improve our management systems, processes, and tools to implement best practice and promote sustainability in our value chains. Examples of activities to secure responsible sourcing:

- As a downstream actor Polestar is several tiers away from the extraction of the 3TGs and relevant smelters or refiners. Our sustainability requirements form an important part of the sourcing process, and we evaluate new and existing suppliers’ performance. Through working with our suppliers to improve their sustainability performance we can help drive positive change across multiple industries and sectors.

- Polestar has identified some high risk raw-materials associated with considerable ESG risks, including critical minerals, metals, and bio-based materials. For these high risk, materials traceability is a key enabler of supply chain transparency and a tool to create a greater sustainability impact when coupled with programs for responsible sourcing such as onsite audits followed by corrective action plans. Polestar together with Volvo Cars, were the first OEMs to apply blockchain technology to boost transparency and traceability throughout the Cobalt supply chain for EV batteries. We are constantly working to trace more critical minerals
using blockchain and responsible sourcing programs together with our business partner, as for example Mica, Lithium, Nickel.

- 3TGs are tin, tantalum, tungsten, and gold. Polestar expects manufacturers and suppliers to share our goal and implement steps to create a conflict-free supply chain. The 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 Assurance Process (RMAP), RMI´s third-party verification of smelter and refiner management systems, sourcing practices is carried out in line with global standards.

- Polestar actively participates in initiatives aiming to reduce negative ESG impacts, increase raw material traceability, and improve working and living conditions in local communities. For these purposes, we collaborate with actors both within and outside of the automotive industry for example through the Responsible Business Alliance, Responsible Minerals Initiative and Drive Sustainability.

- Polestar offer training and other capacity building efforts for suppliers and employees to enhance engagement and awareness of the importance of sustainability and responsible sourcing

- As well as own assessments and audits, we commission independent onsite audits for more in-depth evaluations of suppliers’ sustainability performance. These support continuous improvement, ensure that workers are treated with respect and dignity, and that business operations are environmentally and ethically sound.

- Standards and certifications: To promote responsible business behavior across our supply chains we adopt relevant internationally recognized standards and certification schemes whenever possible. This allows us to benchmark suppliers’ environmental and social performance and promote a sustainable development.

- Grievance mechanism: The Polestar SpeakUp tool can be utilized for raising compliance, including supply chain, concerns. It is operated by an unaffiliated third party, enables reporting in different languages, and is available 24/7, 365 days per year. All reports will be treated as confidential, and all concerns are taken seriously. Appropriate actions will be taken on each report.

- Communication: Polestar publicly discloses information regarding its approach to responsible sourcing and sustainable supply chain management on the company homepage and in the annual sustainability report.