

Polestar

Statement

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Climate

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(Polestar Automotive Holding UK PLC and all subsidiaries)

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1 Introduction and Purpose

This Statement describes how Polestar implements its Sustainability Policy as it relates to climate. It outlines Polestar’s commitments, principles, and approach to identifying and assessing climate impacts and opportunities; taking action to cease, prevent, mitigate, and remediate those impacts; tracking and monitoring the effectiveness of actions; and communicating and reporting on progress.

All employees are required to understand and adhere to this Climate Statement. Our approach to due diligence on Climate as described in chapter 3 must be implemented within the organisation.

1.1 Climate related terms and definitions

Sustainable Development is defined in the Brundtland report of 1987¹ as “meeting our needs in the present, without compromising the ability of future generations to meet theirs”. The current climate crises are putting the ability for future generations to thrive at risk and addressing it is an absolute must to achieve sustainable development.

Climate-neutrality is defined as a state in which human activities result in no net effect on the climate system. Achieving such a state would require balancing of residual emissions with emission removal as well as accounting for regional or local bio-geophysical effects of human activities that, for example, affect surface albedo or local climate.²

Net Zero emissions (also referred to as Net Zero greenhouse gas emissions) are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gases are involved, the quantification of Net Zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon)³.

Due Diligence is the process through which enterprises can identify, assess, prevent, mitigate and account for how they address actual and potential adverse impacts in their own operations, supply chains, and business relationships.^{4 5}

Scope 1 emissions are direct GHG emissions from sources owned or controlled by Polestar.

¹ [Our common Future \(1987\)](#)

² [IPCC - Annex I: Glossary \(2022\)](#)

³ [IPCC - Annex I: Glossary \(2022\)](#)

⁴ [OECD - A glossary of technical terms related to due diligence \(2018\)](#)

⁵ [OECD - Due diligence guidance for responsible business conduct \(2022\)](#)

Scope 2 emissions are indirect GHG emissions from purchased electricity, heating, cooling, and steam.

Scope 3 emissions are all other indirect GHG emissions occurring in the value chain, including upstream and downstream activities.

Fossil-free electricity is electricity generated without fossil fuels (e.g. coal, oil, natural gas), and includes renewable (e.g. wind, hydro, solar) and nuclear energy.

Climate Change Mitigation includes actions to reduce or prevent GHG emissions.

Climate Change Adaptation includes actions to adjust systems to actual or expected climate impacts.

Climate Roadmap refers to Polestars plan that translates the Company's climate commitments and science-based targets into long-term goals, interim targets, and concrete initiatives for climate mitigation and adaptation, guiding implementation and reporting across the value chain.

2 Acknowledgements and commitments

Polestar is committed to mitigating and adapting to climate change. Polestar acts responsibly, compete fairly, and comply with applicable laws and regulations as it relates to climate. The following acknowledgements and commitments shall foster a climate action culture that permeates all operations.

2.1 Recognising the science

We take a scientific approach on climate change, basing our strategies, targets and actions on facts recognised by the scientific community, such as the Intergovernmental Panel on Climate Change (IPCC). We acknowledge that the world faces a climate crisis, a change in climate and warming of the planet caused by human activities emitting greenhouse gases. We also acknowledge that climate change, if not addressed with mitigation and adaptation measures, will have catastrophic consequences for human life, society, and the global economy. We acknowledge that the global average temperature most likely will exceed 1.5°C within the next decade, but remaining below 1.5°C by 2100 is still possible with drastic emission cuts and the use of carbon removals. Such a pathway would require halving global greenhouse gas emissions by around 2035 reaching Net Zero CO₂ by 2050 and reaching Net Zero GHGs around 2060⁶.

2.2 Taking leadership and grasping opportunities

It is our conviction that climate change can be mitigated with corporate leadership and advanced technology, in combination with an ambitious international policy framework and behavioural changes.

We recognise the role and opportunity Polestar has in providing electric cars, an alternative to petrol and diesel cars, contributing to the mitigation of climate change through the phase out of fossil fuel vehicles. Additionally, electric vehicles have the potential to contribute to a more resilient, low-carbon energy system by enabling grid flexibility and short-term energy storage using vehicle-to-grid technology. We are fully committed to only develop and sell battery electric vehicles, and to not invest in expansion of fossil-fuel technologies.

While electric mobility is critical for the transition to a Climate-neutral society, we acknowledge that the lifecycle of our products still contributes significantly to climate change through greenhouse gas emissions from supply chains, manufacturing, logistics, use phase, and end-of-life processes. That is why we also recognise the need to mitigate greenhouse gas emissions across our entire value chain, and to secure adaptation measures to stay resilient in the face of climate change.

⁶ [The road \(back\) to Paris \(2025\)](#)

We recognise the responsibility we have as a company towards shareholders, employees, customers and other stakeholders to take climate action in a way that helps them mitigate climate-related risks and impacts.

It is clear to us that a rapid transition to Net Zero emissions is essential. Managed correctly and with the right opportunities seized, this transformation will not only address climate challenges but also provide a strong competitive advantage. We design and produce cars that meet the needs of the world as we build more sustainable societies, spearheading a movement on climate transparency as we progress.

2.3 Our climate objectives and targets

We continuously work to align our Climate Roadmap with international frameworks that steer businesses to deliver on the 1.5°C pathway, most notably UN Race to Zero,⁷ the Carbon Law,⁸ and the SBTi Corporate Net Zero Standard.⁹ We commit to the following targets:

Target	KPI
Net Zero emissions by 2040	Scope 1, 2 and 3 GHG emissions (tCO ₂ e)
Halve carbon intensity by 2030	Scope 1, 2 and 3 GHG emissions (tCO ₂ e) per sold car
Reduction of Scope 1 and 2 emissions by 80% by 2035	Scope 1 and 2 (market-based) GHG emissions (tCO ₂ e)
100% renewable electricity in manufacturing	Share of renewable electricity in manufacturing (%)
All parts and components suppliers use 100% fossil-free electricity by 2025	Share of parts and components suppliers using 100% fossil-free electricity (%)
Create a climate-neutral car by 2035	Cradle-to-gate GHG emissions (tCO ₂ e)

2.4 Polestar's position on carbon removals and carbon offsets

To combat climate change, we acknowledge that rapidly reducing greenhouse gas emissions is the highest priority. However, science shows this will not be sufficient on its own, as global emissions cannot decline quickly enough to stabilize warming below 1.5°C.

⁷ [GCAP UNFCCC - Race to Zero \(2025\)](#)

⁸ [A roadmap for rapid decarbonization \(2017\)](#)

⁹ [The Corporate Net-Zero Standard - Science Based Targets Initiative \(2025\)](#)

According to the IPCC, reaching Net Zero GHG emissions will require removing and storing carbon already in the atmosphere to neutralize hard-to-abate residual emissions.

Carbon-removal technologies are a type of carbon offsetting which involves the physical capture of carbon from the atmosphere and storing it without exposure to the atmosphere. These technologies are developing rapidly, with new companies entering the market alongside growing efforts from NGOs and policymakers to establish standards, certification, and legislation. Marketplaces for carbon-removal certificates are emerging, but the availability of durable, long-term storage solutions remains limited.

At the same time, the voluntary carbon-offset market is under increasing scrutiny, particularly considering stronger greenwashing regulations. Its effectiveness and impact on real emission reductions are being questioned. Polestar therefore defines carbon offsetting strictly as scientifically verified, durable (> 1000 years) removal of greenhouse gases from the atmosphere or exhaust sources. Some off-setting measures with uncertain permanence, such as tree planting, and schemes that do not directly reduce greenhouse gases in the atmosphere are not considered valid offsets. At Polestar Power Purchasing Agreements and Renewable Energy Certificates are tools for reducing operational and supply-chain emissions, not offsets.

We emphasize reducing emissions before using carbon removals and encourage suppliers to take the same approach. In line with the SBTi Corporate Net-Zero Standard, most companies must reduce emissions by at least 90% before addressing unavoidable residuals with carbon removals. Polestar's approach remains to actually reduce greenhouse gas emissions throughout the value chain and will use carbon removals only to neutralise unavoidable emissions on our path to Net Zero by 2040.

To ensure sufficient availability of high-quality removals by 2040, early action is required. Demand from early movers is critical to reduce costs and support the rapid scaling of technology and infrastructure. Polestar will continue exploring how we, as an automotive manufacturer, can help accelerate the scale-up of durable carbon-removal capacity.

2.5 Polestar's position on renewable and fossil-free energy

We acknowledge the phase out of all fossil fuels as one of the most important actions to reach our climate goals. We commit to measuring energy use, improving energy efficiency and shift from fossil fuel-based energy to energy from renewable sources.

We recognise that nuclear power, as reflected in the IPCC's mitigation scenarios for achieving Net Zero emissions¹⁰, can contribute as a low-emission electricity source in the short to medium term during the transition to a Climate-neutral energy system, even with the risks connected to its value chain and operations, given the severe climate crisis we are now in. The use of nuclear power anywhere in our supply chains should never be chosen

¹⁰ [IPCC Climate Change - Mitigation of Climate Change \(2022\)](#)

as energy source over renewable energy. We approve of suppliers to use nuclear energy only when sourcing of renewable energy is not possible.

2.6 Polestar’s position on use-phase energy consumption and GHG emissions

Polestar exclusively designs and sells Battery Electric Vehicles (“BEVs”). During the use phase, Polestar vehicles generate no direct exhaust emissions, corresponding to 0g CO₂e per kilometer at the point of use. However, we acknowledge that energy consumption during the use phase of our products leads to indirect greenhouse gas emissions associated with upstream electricity generation. These emissions depend on external factors such as regional electricity grid mixes, customer charging behavior, and the share of renewable or nuclear electricity used, but also depend on the energy efficiency of our products. Polestar seeks to mitigate indirect energy-related emissions associated with product use, and commit to:

- assess product use impacts within a lifecycle framework, including upstream electricity-related emissions;
- design vehicles for high energy efficiency, thereby reducing electricity demand per kilometer driven;
- encourage customers to choose renewable electricity for home and public vehicle charging.

2.7 Polestar’s position on climate change adaptation

We acknowledge that climate change is and will increasingly affect our operations, product attributes, supply chains, and supporting infrastructure. Through risk assessments, such as the double materiality assessment, Polestar identifies that acute physical climate risks such as flooding, heatwaves and wildfires as well as chronic physical climate risks such as rising average temperatures, sea level rise and water stress can cause supply chain disruption which can impact our operations, logistics, suppliers and customers. We recognise the responsibility of Polestar in addressing these risks with clear adaptation measures, alongside the mitigation actions in our Climate Roadmap.

2.8 Polestar’s position on climate advocacy and lobbying

True climate action requires responsible external engagement alongside internal ambition. Polestar’s climate advocacy and lobbying activities are guided by scientific integrity, dedication to transparency, and ambition to show leadership and accountability. Polestar strives to drive advocacy that reinforces its climate ambitions and drives systemic change beyond just Polestar’s operations.

Polestar does not support any lobbying, communication, or membership activity that weaken or delay climate policy, climate science, or the transition to a Climate-neutral society. Polestar does not fund organisations opposing robust climate regulation or denying the science behind climate change.

Polestar engages proactively with policymakers, industry peers, and stakeholders to advance ambitious, science-based climate policy, prioritising those that accelerate

renewable energy and innovation for Climate Neutral materials and technologies, strengthen supply chain transparency, and support Climate Neutral mobility.

3 Polestar's approach to Due Diligence

Polestar's commitments and acknowledgements are operationalised through the process of social and environmental Due Diligence.

3.1 Embedding responsible business conduct on climate

We make climate change and climate action a part of decisions throughout our business, embedding it into the governance and management system of our company through:

- the Sustainability Policy, which acknowledges climate change as a material risk and opportunity to Polestar, and defines the guiding principles for how we steer our efforts on climate;
- The formal oversight by the Board of Directors and Executive Committee of climate-related physical and transitional risks, as well as climate adaptation and mitigation measures;
- assigning ownership, monitoring and coordination of the Climate Roadmap to Global Function Sustainability;
- ensuring that organisational roles, resources and budgets are in place at relevant Global Functions to implement our strategic climate initiatives;
- embedding climate targets into incentive programmes and bonus schemes
- the Code of Conduct for Business Partners and Procurement Policy, which requires our Business Partners, including suppliers and subcontractors, to identify and manage climate-related physical risks and deploy adaptation and mitigation measures in their own operations and in their supply chain;
- supporting all coworkers at Polestar to grow in their profession through climate action, providing training and education as well as guidance and tools.

3.2 Identifying and assessing climate impact

To create a Climate Roadmap that captures all material climate risks and potentials, both for mitigation and adaptation, and drives positive impact, we recognise the principle of materiality and the importance of continuously using data and insights to identify and assess climate impacts and how material they are. We do these assessments from two perspectives: how Polestar's business impacts the climate, and how climate change in turn impacts Polestar's business. These assessment are used to develop our Climate Roadmap and our climate reporting to external stakeholders, detailed in the sub-sections below.

3.2.1 Double materiality Assessment

The foundation of Polestar's sustainability strategy rests on several continuous assessments of risks and opportunities, which are aggregated and captured in our annual Double Materiality Assessment (DMA). Through it, we identify the materiality of climate change mitigation, climate change adaptation and energy from a social, environmental and financial perspective. The result of the DMA is not only included in our process to develop our Climate Roadmap, but also included in our Enterprise Risk Management process, which means that these climate-related risks are governed by our Executive Committee with a clear action plan.

3.2.2 Life cycle assessment

Polestar employs Life Cycle Assessment (LCA) as a strategic methodology to quantify the carbon footprint of its vehicles across their lifecycle, from raw material extraction to end-of-life treatment. This approach replicates international standards such as ISO 14040, ISO 14044, and ISO 14067. The insights derived from LCAs inform Polestar's Climate Roadmap enable us to identify high-impact areas and set data-based targets for carbon footprint reduction across our vehicle programmes. They also help us monitor and verify reductions in GHG emissions over time.

Our LCAs are subject to critical review by a third party to ensure methodological accuracy and compliance with the ISO 14067 standards. This reinforces the credibility of Polestar's environmental reporting.

3.2.3 Assessing financial risks relating to climate

We conduct assessments on financial risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), providing a more in-depth analysis of climate-related risks and opportunities. Through it we monitor climate-related physical risks, covering short-, medium-, and long-term horizons, and stay updated as scientific knowledge, regulatory expectations, and operational circumstances evolve.

3.2.4 Environmental impact assessment

Polestar uses Environmental Impact Assessments (EIAs) as an important part of the Due Diligence process. Each year, we assess the environmental impacts from the facilities and locations we operate including workshops, offices and retail locations. These assessments help us identify actual and potential climate-related risks, ensure legal compliance, and understand where improvements are needed. When EIAs reveal that Polestar has caused or contributed to adverse impacts, they also guide our remediation efforts.

3.2.5 Annual climate accounting

While LCAs inform us about the climate impact of our products and help us identify the hot spots in our products' value chain, we also assess our company's total Scope 1-3 climate impact through the annual climate accounting. We collect data on GHG emissions and energy use throughout our value chain to calculate the absolute and relative GHG emissions stemming from our company's different activities, for example direct and indirect purchased goods and services, product use, business travels, retail, events, employee commuting etc. This enables us to identify all areas to include in our climate mitigation efforts and assess how we are progressing towards our climate targets. Our annual climate calculation is based on the principles defined in the Greenhouse Gas Protocol and reported in our Annual Sustainability Report, for which it is also third party assured.

3.2.6 Risk material assessment

To identify which raw materials we need to prioritise from a climate impact perspective, our risk material assessment is essential. We define a risk raw material as "a critical material

for the EV industry where significant ESG risks, such as human rights issues, environmental impacts and governance weaknesses, are present". The assessment combines insights from recognised studies and research, relevant current and upcoming legislation, and forward-looking evaluations of future material needs and vehicle programmes. Each material is assessed for its climate impact and business criticality, enabling us to identify materials where climate-related risks are highest and where we need to focus.

3.3 Taking action on climate

Based on our guiding policies and objectives on climate, as well as insights from our assessment of risks and opportunities, we have created a Climate Roadmap. The Roadmap is our transition plan to a net-zero company, defining sub-targets, strategic priorities and initiatives needed for us to reach our climate targets. Sub-targets and action plans for climate change mitigation and adaptation are implemented through a set of cross-functional strategic initiatives:

- Climate-neutral materials
- Climate-neutral manufacturing
- Renewable energy in the supply chain
- Climate-neutral logistics
- Fossil-free charging solutions
- Climate-neutral digital operations
- Climate-neutral Spaces
- Climate-neutral business travel
- Climate-neutral events
- Climate-neutral offices and premises

3.3.1 Internal Carbon Pricing

Since 2022, Polestar has applied an internal shadow price on carbon. This represents a hypothetical cost per ton of CO₂e and enables us to compare and evaluate materials, technologies and other measures that can reduce GHG emissions based on their reduction potential relative to its cost. The internal carbon price is used for decision-support purposes only and does not constitute an internal fee or transfer of funds. The specific price level is not publicly disclosed, as disclosure could adversely affect sourcing and procurement processes. Polestar sets its shadow price based on forward-looking assumptions regarding the long-term monetary cost of greenhouse gas emissions, including expected developments in decarbonization technologies, carbon management solutions and regulatory frameworks. The assumptions and application of the internal carbon price are reviewed periodically by Polestar's internal climate experts to ensure continued alignment with Polestar's climate targets and external developments.

3.3.2 Collective climate action through collaboration

To address system-level and supply chain challenges, Polestar actively works to take climate action not only internally but across the broader mobility ecosystem together with business partners and industry peers. By working together to secure and scale low-carbon solutions across our group and the wider industry, these measures can be implemented more broadly, resulting in significantly greater GHG emission reductions. Some examples of our collaborative approach include our vehicle programmes, where we closely collaborate with our turnkey suppliers to decrease emissions; the Mission 0 House, where we have created a world-unique collaborative research hub on Climate-neutral materials; or through our engagement with several NGOs to collaborate with industry peers and other stakeholders regarding climate.

3.4 Tracking and monitoring our results on climate

We track the efficiency and results of our climate action plans through monitoring activities and retrieving data and insights from all parts of our value chain. While much is still lacking, we work to continuously improve the availability of validated and trustful data that enables us to measure progress. We:

- set up digital capabilities to extract and analyze climate data covering all needed KPIs from all parts of our value chain
- define validation methods for climate data, opting for recognised standards and certifications if existing, and working to develop validation methods where needed
- set up traceability schemes for risk materials to validate supply chains and work to extract data to track progress
- follow up on contractual climate agreements with suppliers and business partners through reports, visits and audits. We try to harmonize our work to the greatest extent with recognised audit schemes to drive larger impact and transparency throughout our and other industries
- calculating the climate impact of our products and company through standardized methodologies, for example through LCAs and annual climate calculation, and working to develop methods where needed.

3.5 Reporting and communicating on climate

Transparency and advocacy on climate are essential cornerstones for Polestar. Polestar has a responsibility as a company to inform stakeholders about its climate impact and how it works to mitigate and adapt to climate change. Polestar is committed to making use of its platform and channels to inform and inspire our key stakeholders regarding climate. Our reporting and communication also give us the opportunity to get feedback on our climate agenda from internal and external stakeholders, enabling us to continuously develop our work in line with their expectations. We communicate and report on progress through:

- continuously reporting the development and outcome of our Climate Roadmap, its targets, strategic initiatives, and action plans, to Polestar's Executive Committee and Board of Directors
- annually publicly reporting the development and outcome of our Climate Roadmap, its targets, strategic initiatives, and action plans in our annual third party assured

Sustainability Report, aligning with recognised standards and frameworks for reporting

- sharing information and data with our customers describing the climate impact of all car models, helping them expand their knowledge and make conscious choices
- continuously informing on the development and outcome of our Climate Roadmap, its targets, strategic initiatives, and action plans, through our internal communication channels to enable coworkers to follow progress and provide feedback
- engaging in important multilateral climate platforms to transparently share our challenges and progress and promote collective action on joint challenges, for example the annual Conference of the Parties on Climate Change
- engaging with stakeholders in a continuous dialogue enabling us to provide them with the information they require and get their continuous input and feedback, e.g. customer surveys
- using certifications and ratings where applicable to enable a third-party assured sustainability work.

3.6 Remediating adverse climate impacts

We recognise the importance of remediating adverse climate impacts that may have arisen from our business activities. In our work with identifying and assessing climate impacts, if we find that Polestar has caused or contributed to actual adverse impacts, we take action to provide for or cooperate in remediation efforts. We:

- use our process for identifying and addressing grievances to continuously capture potential adverse climate impacts that may have arisen in our value chain
- engage in harmonized remediation efforts led by multilateral initiatives where possible and relevant, as these are often key to driving impactful and sustainable change