

Policy

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Sustainability

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Corporate Policy

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Global
(Polestar Automotive Holding UK PLC and all subsidiaries)

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1 Introduction and purpose

The purpose of this policy is to provide clarity for Polestar's stakeholders, especially employees and business partners, on our commitments, principles, activities and expectations as it relates to sustainability. With it we aim to ensure that our actions, operations, and the development and sourcing of our products, do not contribute to human rights violations or degradation of nature and environment, but instead help usher in a new era of sustainability for cars and their value chains.

2 Commitments and expectations

We acknowledge the opportunities and responsibilities sustainable development poses to our company. We impact people and ecosystems worldwide. We influence individuals and communities along our entire value chain, from mines around the world to the cityscape of Gothenburg and wherever our cars are driven. Through our actions, we disseminate and reinforce values and sentiments. We consider ourselves to be a responsible citizen of society and aim to make a positive contribution through accelerating the transition to sustainable, electric mobility. We know that our electric cars deliver a powerful climate solution in the time of a climate crisis. However, we also recognize that electrification is just the beginning and that our products and operations risk having negative impacts. In a world where human rights are breached, natural resources depleted, air, soil and water polluted, we aspire to be a counterforce through our actions.

2.1 Our vision

Sustainability is a fundamental part of our purpose, and we cultivate sustainability as a core pillar alongside design and technology as expressed in our vision statement:

We are Polestar.
We are determined to build
the best electric performance cars.

Our focus is on uncompromised design and
innovation, with the ambition to accelerate the
change towards a sustainable, electric future.

We are Scandinavian.
Our passion is design, and creating
desirable cars for people seeking
pure, progressive, performance.

2.2 Our definition of sustainability

It is critical that all of us who work at Polestar and our business partners have a common understanding of what environmental and social topics that is to be addressed in our sustainability work. This to ensure that we don't let biases or limited knowledge steer us but instead recognize and utilize the full breadth of sustainable development and the many interdependencies and synergies the different topics bring.

We recognize sustainability as defined by the 1987 UN Brundtland Commission: “Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs”.

We acknowledge that sustainable development must embrace a holistic approach and encompass environmental, social as well economic development.

We recognize the scope of sustainability to include topics defined in several external, multilateral frameworks we choose to adopt (see 2.3 “Frameworks we follow”). They are¹:

- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy
- Working conditions
- Equal treatment and opportunities for all
- Other work-related topics (e.g. child labour, forced labour)
- Affected communities
- Consumers and end-users
- Business conduct

We recognize the importance of including all these topics when we assess and identify Polestar’s potential negative and positive impacts and expect everyone at Polestar and our business partners to align with this definition of sustainability.

2.3 Committing to external charters, standards and frameworks

We recognize the need for multilateral collaborations and harmonized collective action to enable true sustainable development. As a business we both have a right and responsibility to enable and be supported by initiatives that can speed up and strengthen sustainable development throughout industries, sectors and in our global society. We commit to adhere to external charters, standards and frameworks that are applicable and relevant to our company to the greatest extent possible. In our external reporting we will make clear to our stakeholders the charters, initiatives and standards they can expect Polestar to follow. Please refer to our latest Sustainability Report for the full list.

2.4 The principles that guide us

Our sustainability work recognizes and integrates a set of principles which we see are key components of sustainable development and should be pursued by all businesses to promote harmonized and impactful actions.

2.4.1 Positive contribution

We aim to adhere to the principle of positive contribution that states that companies should conduct their business in a way that creates better conditions for people and improves the environment, as opposed to only minimizing negative impact.

¹ As defined by the European Sustainability Reporting Standard (ESRS)

2.4.2 Precautionary principle

We aim to adhere to the precautionary principle through being proactive when it comes to environmental and social risks, even if there is still scientific uncertainty as to whether they in fact lead to adverse impacts.

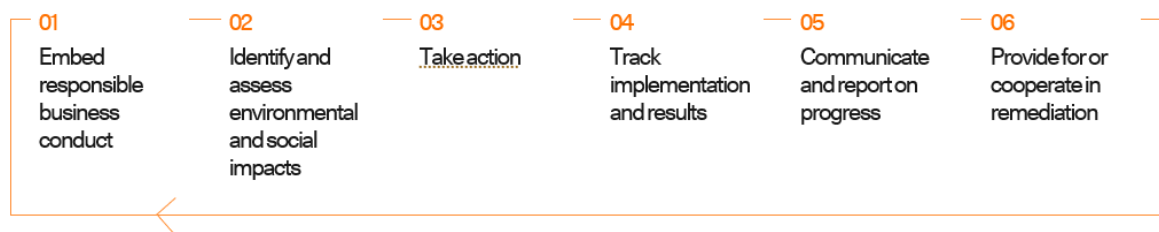
2.4.3 Continual improvement

We commit to continually improve the suitability, adequacy and effectiveness of our sustainability work and the system by which we manage it to enhance our performance.

2.5 How we steer sustainability

We recognize that managing sustainability as a business means to continuously develop and uphold a structured process of due diligence in order to cease, prevent and mitigate risks relating to human rights, environment and business governance and to take action on opportunities to promote sustainable development.

We align our sustainability work with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and deploy its framework for due diligence throughout our business through the following process:



This process for steering sustainability serves as a basis for all coworkers and teams at Polestar, and its activities are disseminated throughout our company and its operations.

2.5.1 Embedding responsible business conduct

To place sustainability and responsible business practices on top of the agenda for everyone working at Polestar and integrate it into our everyday work and decision making, we recognize that it needs to be embedded at the core of our culture, business model and management system. In practice we:

- assign responsibility for sustainability in line with our governance structure, to the board of directors, CEO, management team, as well as relevant decision fora
- adopt Codes of Conduct for employees and business partners, and policies and directives on material sustainability topics, making clear our principles and standards
- assign responsibility to all Global Functions for ensuring legal compliance on sustainability issues as well as aligning their work with our policies and overall company objectives
- ensure that organizational resources and budgets are in place to realize our policies and strategies on sustainability
- embed sustainability into incentive programs and bonus schemes

- base business partnerships on a mutual ambition on sustainability, including conditions and expectations on sustainability and responsible business practices into agreements and contracts (read more in [Our commitment to responsible sourcing](#))
- support all coworkers at Polestar to grow in their profession through sustainability, providing training and education as well as guidance and tools
- provide complaint procedures, such as whistleblowing channels, for Polestar's workforce and workers in our value chain to raise issues or complaints related to sustainability, and processes to react appropriately if negative impacts occur

2.5.2 Identifying and assessing environmental and social impacts

To create a sustainability strategy that captures all material environmental and social risks and potentials and drives positive impact, we recognize the principle of materiality and the importance of continuously using data and insights to identify and assess environmental and social impacts and how material they are. We do these assessments from two perspectives - how Polestar's business impacts sustainability, and how our business is impacted from different sustainability issues, for example climate change. The result is used both in developing our sustainability strategy as well as our reporting to external stakeholders. We identify and assess sustainability impacts by:

- conducting an annual Double Materiality Assessment which identifies the sustainability topics material to Polestar's business, both those who are impacted by our business and those who impact our business. The assessment includes input from internal and external stakeholders and considers impact and risk assessments from both external and internal sources. We aim to include all stakeholders that are directly impacted by, or impacts, Polestar's business.
- use standardized approaches to assess social and environmental impacts of our products and company, for example calculating the environmental impact of Polestar's products through Life-Cycle Assessments to identify potential adverse environmental impacts and annually calculate the greenhouse gases (GHGs) stemming from Polestar's business across our value chain, identifying quantities and GHG-emission sources
- continuously assess the risks connected to critical raw materials and components we use based on applicable frameworks, methods and research, and integrate these findings into our design and product development processes
- assess the risks connected to potential new sales markets based on applicable frameworks, methods and research
- integrating sustainability risk assessment into Polestar's sourcing process, considering information about potential suppliers based on self-assessments, questionnaires and audits
- continuously assess the environmental and social risks and impacts connected to our operations, covering our workshops, manufacturing plants, offices, Spaces and sales network

2.5.3 Taking action

Based on the identified material risks and impacts we develop strategies, procedures and processes that enable us to take action to cease, prevent or mitigate potential negative impacts and enhance positive impacts. We guide and set clear expectations on Polestar's management and organisation to take action through the following activities:

- implementing a long-term sustainability strategy defining clear commitments and objectives for our company, and communicating it to all stakeholders
- deploying the sustainability strategy through strategic initiatives throughout our organization, car programs and operations. The action plans define needed activities to cease, prevent or mitigate potential impact and enhance positive contributions
- integrating sustainability into Polestar's Enterprise Risk Management, where Global Function Sustainability and all other departments systematically assess risks to our business and management responsibility is assigned to mitigate those risks through decided action plans
- creating conditional requirements for suppliers and business partners to take action in line with Polestar's strategy
- partnering up with organizations and business partners to take collective action and help scale and harmonize actions
- advocating for collective action from policymakers, consumers and the automotive industry that helps to enable and amplify Polestar's actions
- consulting with civil society organizations representing the perspectives of nature and people to prioritize actions that has the most positive outcome for them

2.5.4 Tracking implementation and results

We monitor the efficiency and results of our sustainability activities through monitoring activities and retrieving data and insights from all parts of our value chain. We do this in order to assess if our actions are having the positive impact on sustainability that we intended. Sharing of data and transparency in automotive supply chain is challenged by corruption, anti-competitive rules as well as a well-rooted scepticism among suppliers due to issues such as intellectual property, laws restricting transfer of information etc. Polestar is taking action in various ways to get past these hinders and secure the validated and trustful data that enables us to measure progress:

- setting up digital capabilities to extract and analyse data covering all needed sustainability KPIs from all parts of our value chain
- defining validation methods for data, opting for recognized standards and certifications if existing. Work to develop validation methods where needed.
- setting up traceability schemes for risk materials to validate supply chains and extract data to track progress
- following up on contractual agreements with suppliers and business partners through continuous reports, visits and audits
- calculate environmental and social impacts of our products and company through standardized methodologies, for example through Life-Cycle Assessment. Work to develop methods where needed.

- Harmonize our work to the greatest extent with recognized audit schemes which drive true impact and transparency

2.5.5 Communicating and reporting on progress

Transparency and advocacy are essential cornerstones for Polestar. We recognize the responsibility we have as a company to inform our stakeholders about our environmental and social risks and impacts and how we work to cease, prevent and mitigate the negatives and enhance the positives. We are committed to making use of our platform and channels to inform and inspire our key stakeholders regarding sustainability. Our reporting and communication also give us the possibility to live up to reporting requirements and to get feedback on our sustainability work, enabling us to continuously develop our agenda in line with our stakeholders' expectations. We communicate and report on progress through:

- annually publishing a Sustainability Report with the ambition to continuously progress on transparency and meet stakeholder expectations, incl. legal requirements
- publishing additional in depth-reports on material topics, e.g. modern slavery, chemicals and conflict minerals, in line with legal requirements and stakeholder expectations
- sharing information and data with our customers describing the sustainability performance for all Polestar's car models, detailing the car's performance on climate, circularity, transparency, and inclusion for them to expand their knowledge and make conscious choices
- integrating sustainability into our internal communication channels to enable coworkers to follow progress and provide feedback
- engaging in important communication 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
- use certifications and ratings to enable a third-party assured sustainability work

2.5.6 Remediating adverse impacts

We recognize the importance of remediating adverse impacts that may have arisen from our business activities. In our work with identifying and assessing 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 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 drive impactful and sustainable change

2.5.7 Our commitment to responsible sourcing

Upstream to Polestar, in our supply chain, is where we face some of our most material social and environmental challenges. Extraction, processing, trade, and transportation of

materials needed to produce an electric car and its components, e.g. batteries and motors, may cause or contribute to adverse social and environmental impacts, for example child labour, forced labour, corruption, pollution, resource depletion. Lack of transparency and corruption in supply chains and their connection to conflict-affected and high-risk areas further heighten the risk of adverse impacts. We acknowledge the responsibility and opportunity we have in acting with due diligence for the sourcing of components, materials and services to our cars and operations. We also recognize that responsible sourcing and supply chain due diligence is an ongoing process in a dynamic, ever-changing environment. Continuous improvement will only be achieved over time as a result from us taking both proactive and reactive measures and building capacity through engaging with our suppliers and multistakeholder initiatives.

2.5.7.1 Identifying and assessing the risk of adverse impacts in the supply chain

We develop and implement responsible practices using a risk-based approach. For the materials we identify as high-risk, targeted due diligence efforts are implemented to cease, prevent and mitigate adverse impacts. Polestar continuously identifies and assesses risks and potential adverse impacts connected to materials through our Risk Material Process. This assessment is informed by insights and data from sources like the Raw Material Outlook, spearheaded by Drive Sustainability, and Material Insights, a collaboration between The Dragonfly Initiative Sustainability and the Responsible Minerals Initiative. Each material is evaluated based on 27 different criteria across four categories: Human Rights, Supply Chain Resilience, Governance, and Environment. This process also aligns with risks listed in:

- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas Annex II
- Annex X.1, X.2 and X.3 of the EU Batteries Regulation 2023 (EU-Batt-R)

Several minerals, metals and bio-based materials used in vehicle components and parts such as battery, motor, interiors and exteriors have been identified as high-risk. Please reference Polestar's latest Sustainability Report to read the full risk.

In addition to this, thorough risk assessments are conducted to evaluate potential suppliers and business partners, ensuring they uphold the same high standards of integrity, transparency, and responsible business practices as Polestar. We have established a Business Partner Due Diligence process to ensure that suppliers and business partners are evaluated and selected in alignment with our standards.

Identified suppliers and business partners are screened against sanctions lists before contract signing and are continuously monitored throughout the business relationship.

We employ a risk-based approach to ascertain the level of due diligence required for potential business partners, considering factors such as the category of partners and country of operation, using the Corruption Perception Index by Transparency International. For business partners identified as higher risk, more thorough investigations are conducted to ensure that adequate policies and processes are in place to prevent corrupt practices and ensure compliance with laws and regulations in practice.

We use several tools to assess our suppliers' sustainability commitment and maturity. These include supplier evaluation tools such as Drive Sustainability's Sustainability Assessment Questionnaire SAQ, supplier commitments and audits). Through them we assess suppliers' maturity on sustainability. Prospective suppliers must commit to our sustainability approach, track their progress, and implement initiatives related to these focus areas within their business and supply chains. Suppliers complete and submit information to us, which is then analysed and verified.

2.5.7.2 Contractual agreement with business partners and suppliers

Our Code of Conduct for Business Partners sets the standards on sustainability which all our partners and suppliers must follow. It makes clear Polestar's requirements and expectations when it comes to protecting working conditions and human rights, caring for the environment and doing business with integrity. Our Business Partners shall implement the standards and principles set out in our Code of Conduct for Business Partners, including all applicable laws and regulations.

In our sourcing we are committed to respecting and complying with international instruments, and our Code of Conduct for Business Partners therefor incorporates principles and frameworks such as the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights including the Universal Declaration of Human Rights, the ILO core conventions, the OECD Due Diligence Guidance for Responsible Business Conduct, and the OECD Guidelines for Multinational Enterprises.

Our Code of Conduct for Business Partners is complemented with sustainability requirements into our business partner agreements, further detailing standards, principles and activities suppliers need to implement to cease, prevent or mitigate potential adverse impacts. We also expect suppliers to extend these throughout their organisation and supply chain, ensuring that its employees, subcontractors and other relevant third parties comply with said standards and principles.

Violation of our Code of Conduct for Business Partners, or lack of cooperation, failure to address violations or take timely actions may lead to claims, a loss of business and ultimately to the end of the business relationship with Polestar.

2.5.7.3 Mechanisms for grievance

Polestar's Speak Up Policy details the process of speaking up, the various methods available, and the principles that apply when reporting suspected or confirmed misconduct. Business partners are also encouraged to utilize the appropriate reporting channels outlined in the policy. As part of our memberships in Responsible Business Alliance (RBA), Responsible Minerals Initiative (RMI), and Initiative for Responsible Mining Assurance (IRMA), we also support their grievance mechanisms that aims to improve supply chain grievance processes. These grievance channels are made available to workers during onsite audits.

2.5.7.4 Taking action on risks in supply chain

A key component of our supply chain due diligence effort to cease, prevent or mitigate adverse impact is focused on traceability. We systematically work to enhance awareness and transparency across our supply chain through our initiatives for Materials Traceability and Supply Chain Visibility. While the definition of traceability can vary, at Polestar, we

employ diverse methods to ensure the traceability of raw materials, certification, blockchains and chain-of-custody documentation.

The majority of impact on the environment, nature and biodiversity stems from pollution, waste generation, water use, chemical use, greenhouse gas emissions etc that originate from the extraction and processing of various risk materials. Our supply chain due diligence efforts to cease, prevent or mitigate these potential adverse impacts focuses on implementing existing solutions as well as advocating for emerging solutions and actively addressing what is currently considered unsolvable. Examples of existing solutions we focus on range from purchasing materials produced using renewable energy, increasing bio-based or recycled materials, opting for renewable electricity in production, increasing material utilization, requiring environmental management systems, animal welfare standards for leather and wool, and restricting substances of concern.

We are committed to conflict-free sourcing, and to responsible sourcing of tin, tantalum, tungsten, and gold (3TG), which have been identified as potential conflict minerals. We require our suppliers to conduct supply chain due diligence so that the 3TG minerals used in the products they supply are sourced from conflict-free origins, and do neither directly nor indirectly finance or benefit armed groups in conflict-affected and high-risk areas as defined by international standards, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Recognising the potential for greater impact through inspiration and collaboration with others to drive change is essential. Fundamentally altering ingrained inequalities in society and addressing human rights violations require multilateral collective action. Therefore, joint efforts are sought with peers, business partners, governments, and non-governmental organisations:

- Drive Sustainability aims to enhance sustainability across the automotive supply chain by promoting a common approach within the industry and integrating sustainability into the overall procurement process. The goal is twofold: to ensure that all individuals involved in manufacturing vehicles or components, or providing services, are treated with dignity and respect at work, while minimising the environmental impact of the industry.
- Responsible Business Alliance (RBA) works to create sustainable value for workers, the environment, and business across the global supply chain. Collaboration with members, suppliers, and stakeholders aims to improve working and environmental conditions through leading standards and practices. We are committed to aligning our own operations with the provisions of the RBA Code of Conduct, and we encourage tier-one suppliers to do the same.
- Responsible Minerals Initiative (RMI) works for responsible sourcing of minerals. By providing companies with the necessary tools and resources to enhance compliance, RMI envisions mineral supply chains contributing positively to socio-economic development globally. The Initiative acts as an umbrella organisation for the voice of progressive industry, supporting best practices in mineral sourcing and convening stakeholders to continually shape dialogue.
- Responsible Labour Initiative (RLI) - Collaboration with this RBA initiative focuses on ensuring that the rights of workers vulnerable to forced labour in global supply chains are consistently respected and promoted. To accelerate change, due

diligence must be harmonised across multiple industries that share recruitment supply chains, driving labour market transformation through collective action.

- Initiative for Responsible Mining Assurance (IRMA) supports a practical vision for the mining industry that upholds human rights and respects the aspirations of affected communities. Through independent, third-party audits of mines worldwide, using its Standard for Responsible Mining, IRMA promotes safe, healthy workplaces, minimises environmental harm, and leaves positive legacies. Rigorous IRMA audits require publicly announced on-site visits and broad stakeholder engagement, including affected communities. Investors and buyers who encourage mining companies to engage in IRMA's independent third-party assessment and transparent sharing of results support responsible sourcing in mining.
- Assent assists in tracing high-risk conflict minerals, such as 3TG, which are used in small volumes by many suppliers. This enables an assessment of how many smelters conform to the Responsible Minerals Assurance Process (RMAP) and helps to stem trade with potential links to armed conflict or human rights abuses.
- Better Mining works on ASM, Artisanal and small-scale mining, sites to directly improve conditions. Embedding safer and more equitable conditions across this complex segment of the global mining sector is crucial. Initiatives like Better Mining, which involve diverse stakeholders to identify risks and implement mitigation actions, are highly valued. These sites are not directly linked to Polestar's supply chain.
- SteelZero Initiative aims to increase demand for fossil-free steel and accelerate a transition to carbon neutrality in the global steel industry. By signing up to SteelZero, Polestar commits itself to stringent CO₂-based steel sourcing requirements by 2030. By 2050, all the steel we source should be net-zero steel.
- ChemSec (the International Chemical Secretariat) is an independent non-profit organisation that advocates for substitution of toxic chemicals to safer alternatives. Polestar has joined the ChemSec Business Group, which gathers multinational corporations to collaborate with front runners to achieve concrete progress on toxic use reduction.
- Polestar supports the World Wide Fund for Nature (WWF) initiative on the moratorium of deep-sea mining, joining other leading companies in promoting environmental stewardship in the sourcing of minerals.

Polestar suppliers and business partners are invited to join forces in these global initiatives and utilise their tools to help drive change within their value chains.

2.5.7.5 Systems of control and transparency

Through our due diligence processes and management systems, we work to track results and actions throughout our supply chain. We are constantly working to develop and improve a system of control and transparency regarding our business partners and suppliers, and especially when it comes to the supply chain of high-risk materials.

As part of our contractual agreement, suppliers and business partners are accountable for continuously reporting sustainability data to Polestar, and to supply validating information and documents to ensure adherence to our contractual agreement.

Independent audits for in-depth evaluations of suppliers' sustainability performance are performed to identify potential and actual impacts. These support continuous improvement and aim to ensure that workers are treated with respect and dignity, and that business

operations are environmentally and ethically sound. If non-conformance is identified during the audit, the supplier must analyse the root causes and agree on a remediation plan. The corrective action plan (CAP) must be shared with and agreed upon by the auditor and the audited facility. Polestar should verify and support the implementation of CAPs. The primary value of an on-site compliance audit lies not in identifying issues at a facility but in correcting them. However, if CAPs are not remediated, this may ultimately lead to the termination of the relationship.

2.5.7.6 Disclosure of supply chain due diligence efforts

Polestar publicly discloses information regarding its approach to responsible sourcing and supply chain due diligence on our homepage and in various reports such as our annual Sustainability Report, Modern Slavery Statement or Conflict-Minerals Report.

3 Definitions

Term	Definition
Corporate Policy	A policy document adopted by Polestar's global Board of Directors, binding for all Employees globally.
Employee	All Polestar employees, regardless of function, position or location, whether working full-time or part-time, under a permanent contract or on a temporary basis, including consultants and agency personnel who work at any Polestar premises or under the direction of Polestar (and who usually have a PDFID or a @polestar.com e-mail address), and the members of Polestar's Board of Directors.
Polestar	Polestar Automotive Holding UK PLC and its subsidiaries (i.e. all persons and entities directly or indirectly controlled by Polestar Automotive Holding UK PLC, where control may be by management authority, equity interest or otherwise.)