

POLESTAR AUTOMOTIVE HOLDING UK PLC

CORPORATE GOVERNANCE GUIDELINES

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These guidelines were adopted by the Polestar Automotive Holding UK PLC Board of Directors on 23 June 2022.

These guidelines will be reviewed every other year or as needed.
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1 Purpose

Polestar Automotive Holding UK PLC (also referred to as “the Company”) and its direct and indirect subsidiaries are in this document referred to collectively as “Polestar”.

The purpose of this document is to define and be a basic guiding document for Polestar's corporate governance structure.

Once the document has been approved, its principles will be embedded into Polestar's business systems and delegated authorities.

This document will be reviewed every other year or as needed.

2 Corporate governance structure

Polestar has a corporate governance structure that follows a three-tier hierarchical approach: (i) the shareholders of Polestar (the “Shareholders”), (ii) the Board and (iii) Polestar's CEO and CFO.

In addition to what is set out herein, the CEO and CFO are entrusted with powers according to the Companies Act 2006, the Companies Act 1985, and where the context requires, every other statute from time to time in force concerning companies and affecting the Company.

This governance structure has been established to support the running of Polestar as a publicly listed company, to enhance the Polestar brand in key markets and to follow the requirements as applicable under English and Swedish law, as well as any applicable listing requirements of Nasdaq New York Stock Exchange.

3 The Shareholders

3.1 Terms of reference

The following matters shall be subject to the decision by the Shareholders:

- variation or abrogation of rights attached to any class of shares with the consent in writing of the holders of not less than three-quarters in nominal value of the issued share of that class (excluding any shares of that class held as treasury shares) or with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a class meeting.
- number of directors that may be appointed to the Board;
- appointment and removal of directors (which is separate from and in addition to the appointment and removal rights held by the Board);
- directors' fees (upon recommendations of the Board);
- declaration of dividend (which must not exceed the dividend amount recommended by the Board);
- changes to the articles of association of the Company (the “Articles of Association”);
- winding up of the Company;
- matters put to vote at an annual general meeting or a general meeting of the Shareholders, provided that:

- that person is able to vote, during the meeting (or, in the case of a poll, within the time period specified by the chair of the meeting) on resolutions put to the vote at the meeting; and
- that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

4 The Board of Directors and its Committees

4.1 The Board of Directors (“the Board”)

4.1.1 Terms of reference

These terms of reference set out the composition, duties and procedure of the Board.

a. Purpose

The Board is responsible for the organisation of Polestar and the management of its business worldwide.

b. Organising General Meetings of the Shareholders

The Board is responsible for organising an Annual General Meeting of the Shareholders once a year, at such time (consistent with the terms of the Companies Acts) and place, including partly (but not wholly) by means of electronic facility or facilities, as may be determined by the Board.

In connection with an Annual General Meeting, the Board shall:

- determine the time, place and format (e.g. virtual) of the meeting (must be held by June 30 of each year);
- set the record date;
- approve the meeting notice with the business to be transacted and the resolutions to be considered by the meeting (including, the receipt of the annual accounts and reports for the fiscal year ended, declaration of final dividends (if any), appointment of directors, appointment of auditors, fixing the remuneration of the auditors, approval of changes to the Articles of Association);
- consider the notice period for the Annual General Meeting of at least 21 days;
- prepare and approve the annual accounts and reports to be presented to the general meeting (including the annual accounts, the strategic report, the directors’ report, the directors’ remuneration report, the auditor's report on those accounts and on the auditable part of the directors’ remuneration report); and
- the Chair of the Board, who will preside over general meeting, shall review General Meeting support materials (script with opening/closing statements, agenda, procedure for taking questions from shareholders, briefing for expected difficult questions, summary of key provisions of the Articles of Association on how voting is conducted).

Additionally, the Board may, whenever it thinks fit, and shall on requisition in accordance with the Companies Acts, proceed to convene a General Meeting.

c. Meetings

The Board can decide when and where to have meetings and how they will be conducted. They may also adjourn meetings. A Board meeting can be called by any director, and the secretary must call a Board meeting if asked to do so by a director.

The Chair may, with the consent of a meeting at which a quorum is present, or shall, if so directed by the meeting, change the time, location and electronic facilities for attendance, of any meeting.

The Chair may also, without the need for the consent of the meeting, before or after it has started and irrespective of whether a quorum is present, interrupt or adjourn any meeting to change the time location or electronic facility, if they are of the opinion that it has become necessary to do so in order:

- to secure the proper and orderly conduct of the meeting; or
- to give all persons entitled to do so a reasonable opportunity of attending, speaking and voting at the meeting; or
- to ensure that the business of the meeting is properly disposed of.

d. Notice of meetings

Notice of each Board meeting shall be given to all Board members with at least one weeks' notice. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given to all members other than those who are not entitled to receive such notices from the Company. The Company may give such notice by any means or combination of means permitted by the Companies Acts.

Notice of a Board meeting shall be deemed to be duly given to a director if it is given to the director personally or by word of mouth or given in writing or by electronic means to the director at their last known address or any other address given by them to Polestar for that purpose.

A director may waive the requirement that notice be given to them of any Board meeting, either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

e. Minutes

Minutes shall be kept at all Board meetings and meetings of committees of the Board. The minutes must include the names of the directors present.

Any such minutes, if purporting to be signed by the chair of the meeting at which the proceedings were held or by the chair of the next meeting or the secretary, shall be evidence of the matters stated in such minutes without any further proof.

f. Size and composition

The size and composition of the Board shall be determined in accordance with Polestar's Articles of Association.

g. Board Chair

The Board may appoint one of its member as Chair of its meetings and may determine the period for which they are to hold office and may at any time remove them from office.

If no such Chair is elected, or if at any meeting the Chair is not present within ten minutes of the time appointed, the Directors present shall choose one of them to be Chair of such meeting.

The Board Chairs will take responsibility for:

- Leadership of the Board, ensuring its effectiveness on all aspects of its role and the agenda it sets;
- Ensuring that Board members receive accurate, timely and clear information;
- Ensuring effective communication and relationship with the Shareholders; and
- Introducing, developing and acting on Board performance evaluation.

h. Voting

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chair of that meeting shall have a second or casting vote (unless he or she is not entitled to vote on the resolution in question).

4.1.2 Schedule of matters

Subject to the Companies Act of 2006, Polestar's Articles of Association and to any directions given by special resolution of the Shareholders¹, the business of Polestar will be managed by the Board, which may exercise all the powers of Polestar, whether relating to the management of the business or not.

4.1.3 Reports

At ordinary Board meetings, the following matters, amongst others, shall be dealt with:

- The CEO's report;
- The CFO's report
- Information matters
- Decision items

4.1.4 Roles and responsibilities

a. Board Chair

The Board Chair shall ensure that the work of the Board is conducted efficiently and that the Board fulfils its obligations to the Shareholders.

The Board Chairs' responsibilities include:

Regarding meetings

- With the support of the Secretary:
 - Ensuring that the Board works in accordance with Polestar's Articles of Association and these Corporate Governance Guidelines.
 - Giving notice of each Board meeting and confirming the agenda of such meeting as far in advance as possible.
 - Ensuring that Board meeting pre-read material is distributed prior to the meeting.
- Chairing the Board and ensuring that there is a clear structure for the effective operation of the Board.

¹ As defined by [Section 283 of the U.K.'s Companies Act 2006](#) (available [here](#))

- Setting the agenda, style and tone of the Board's discussions to ensure effective decision-making.
- Ensuring that there is appropriate delegation of authority from the Board to Board committees and Polestar management.

Regarding Board members

- Facilitating the effective contribution of the Board members and encouraging active engagement by all Board members both inside and outside the boardroom.

Regarding induction, development and performance evaluation

- Ensuring that new Board members receive introduction materials and orientation when elected.
- Ensuring that the information needs of Board members are identified and met. The Board members should be able to continually update their knowledge of Polestar in order to fulfil their role on the Board.
- Ensuring that the Board members continuously receive sufficient information to enable them to follow the financial situation, the position and development of Polestar.
- Ensuring the performance of the Board and individual Board members is evaluated at least once a year.
- Working closely with the CEO to provide support and advice, whilst respecting the CEO's responsibility for the day-to-day management of Polestar's business.

b. Board members

The Board members will perform the following responsibilities:

- Taking an active role in all Board decisions.
- Constructively challenging proposals on strategy.
- Scrutinising the performance of Polestar's Management in relation to agreed goals and objectives and monitor the reporting of performance.
- Defining and approving necessary guidelines to govern Polestar's ethical conduct;

Each Member of the Board is obliged to:

- Maintain independence and report any directorships or interests to the entire Board.
- Form an independent opinion on each matter considered by the Board and to request whatever information they believe necessary for the Board to make well founded decisions.
- Acquire the knowledge of Polestar's business operations, organisation and markets, etc., required for the assignment.
- After due consultation with members of Polestar's management and agreed with the Board, seek independent advice at Polestar's expense, in respect of specific matters and to the extent required or deemed appropriate.

c. Conflicts of interest

If a member of the Board finds themselves with a conflict of interest, they shall immediately disclose this to the Board in accordance with Polestar's Articles of Association.

4.2 The Audit Committee

4.2.1 Terms of reference

a. Purpose and duties

The purpose of the Audit Committee is to oversee Polestar's accounting and financial reporting processes and the audits of Polestar's financial statements, as well as to identify, oversee and report on relevant issues to the Board within the Audit Committee's areas of responsibility as outlined in these Terms of reference and the Audit Committee Charter such as Compliance and Ethics, Internal Controls and Related-Party transactions. The Audit Committee Reports to the Board.

b. Meetings

Notice of meetings

Notice of each meeting to confirm the venue, timing and agenda should be given at least three days prior to the meeting.

Any member of the Audit Committee may request additional meetings of the Audit Committee.

Meetings and voting

The Audit Committee will meet at least four times a year and at other times as deemed necessary by the Audit Committee Chairman.

Voting will be on the basis of a simple majority. In the event of a deadlock, the Audit Committee Chairman will have the casting vote.

The Audit Committee will meet the Independent Auditor at least once a year without the CEO, CFO or any other members of the Polestar management team present.

The Audit Committee Secretary is responsible for ensuring that meeting minutes are recorded and that all formal communications are circulated to all participants. The records shall be kept by the head of the Internal Audit function at Polestar Headquarters.

Size, Composition and attendance

The Audit Committee shall consist of at least three Board members, at least one of whom should have recent and relevant financial experience.

Each member of the Audit Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the Nasdaq. No member of the Audit Committee can have participated in the preparation of Polestar's or any of its subsidiaries' financial statements at any time during the past three years.

The General Counsel (or their delegate) shall act as Audit Committee Secretary.

Membership will be for a period of one year and will be subject to re-election on an annual basis.

The CEO shall not be a member of the Audit Committee but the CEO shall always be invited to the Audit Committee meetings and may attend when appropriate. The Audit

Committee Chairman may invite other individuals (e.g. Heads of functional departments, representatives from Internal Control and external representatives from the Independent Auditor, etc.) to Audit Committee meetings as required.

The Audit Committee shall have the authority, in its sole discretion, to retain and terminate an Independent Auditor, outside legal counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under the Audit Committee Charter.

c. Schedule of matters

The Audit Committee has the duties and responsibilities assigned to it pursuant to Polestar's Audit Committee Charter.

4.3 The Nominating and Governance Committee

4.3.1 Terms of reference

These terms of reference set out the composition, duties and the procedures of Polestar's Nominating and Governance Committee (the "Nominating and Governance Committee").

a. Purpose and duties

The purpose of the Nominating and Governance Committee is to assist the Board with oversight of the director nominations process and Polestar's corporate governance.

b. Meetings

The Nominating and Governance Committee shall meet at least quarterly.

The agenda and materials for Nominating and Governance Committee meetings will be prepared by the Nominating and Governance Committee chairperson in consultation with the other Nominating and Governance Committee members.

The Nominating and Governance Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board.

The Nominating and Governance Committee shall keep minutes of its proceedings and report regularly to the Board regarding its discussions and actions and shall make recommendations to the Board as appropriate.

c. Size and composition

The Nominating and Governance Committee shall consist of three or more members of the Board.

d. Schedule of matters

The Nominating and Governance Committee has the duties and responsibilities assigned to it pursuant to Polestar's Nominating and Governance Committee Charter.

4.4 The Compensation Committee

4.4.1 Terms of reference

These terms of reference set out the composition, duties and the procedures of Polestar's Compensation Committee (the "Compensation Committee").

a. Purpose and duties

The purpose of the Compensation Committee is to assist the Board with oversight of executive compensation, and incentives/equity plans and employee benefit plans.

b. Meetings

The Compensation Committee shall meet at least quarterly.

The agenda and materials for Compensation Committee meetings will be prepared by the Compensation Committee chairperson in consultation with the other Compensation Committee members.

The Compensation Committee shall keep minutes of its proceedings and report regularly to the Board regarding its discussions and actions and shall make recommendations to the Board as appropriate.

The Compensation Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

c. Size and composition

The Compensation Committee shall consist of two or more members of the Board.

The Compensation Committee has the duties and responsibilities assigned to it pursuant to Polestar's Compensation Committee Charter.

d. Schedule of matters

The Compensation Committee has the duties and responsibilities assigned to it pursuant to Polestar's Compensation Committee Charter.

5 Management of Polestar

5.1 Delegated Authorities for the CEO, CFO and other first-line managers

The CEO shall be responsible for the day-to-day management of Polestar.

The Board has delegated responsibility to the CEO, CFO and other first-line managers, including responsibility:

- For the day-to-day management of Polestar.
- To prepare and submit the matters as per section 4.1.3 for consideration by the Board.
- For the implementation of the Board's resolutions.
- For the overall responsibility for relations with the Shareholders and the Board.
- For such overall or particular issues entrusted to the CEO by the Board.

Should any matter which is outside of the CEO's delegated authorities require to be made immediately (where Polestar's business may suffer significant financial or operational loss as a result of non-action), the CEO may take necessary steps if the Board cannot meet in a timely enough manner.

In these instances, the CEO, with support from CFO, should immediately alert and obtain consent from the Chair

The CEO, with support from CFO, must inform and explain these actions to the Board and obtain the ratification as soon as practically possible.

5.2 CEO

5.2.1 Terms of reference

The CEO reports to the Board and is responsible for the day-to-day running of Polestar. In this respect, the CEO is the Chairman of the Management Team (MT) and is responsible for regular reporting to the Board on the financial and operational status.

Particularly, the CEO is responsible for the following matters:

MT Meetings

- Chairing the MT to ensure that there is a clear structure for its effective operation;
- Ensuring that the MT meet regularly, in accordance with the agreed terms of reference;
- Circulating notice of each MT meeting and confirming agenda and documentation prior to the meeting;
- Setting the agenda, style and tone of the MT discussions to effective decision-making; and
- Monitoring operational and financial performance.

Strategy and performance management

- Developing Polestar's objectives and strategy taking into account responsibilities to customers, employees and other stakeholders; and
- Recommending an annual financial frame and a five years' business plan to the Board.

Investment and financing

- Examining all acquisitions and disposals of assets and providing recommendations to the Board; and
- Identifying and executing new business opportunities outside the current core activities subject to Board approval.

Internal control and compliance

- Managing Polestar's risk profile including the Health, Safety and Environmental performance of the business, in line with the extent and categories of risk identified as acceptable by the Board;
- Managing the relationship with Volvo Cars, Geely and other related parties, and ensuring appropriate related-party agreements are in place.
- Ensuring an appropriate system of internal control, including internal controls over financial reporting, is in place for Polestar;

- Ensuring compliance throughout Polestar;
- Approving the HR policies that affect the terms and conditions of all Polestar employees;
- Ensuring that the Board undertakes a career management review, to make sure that key employees are deployed and retained for Polestar's benefit;
- Ensuring Polestar's risks and issues are identified and that mitigation plans are developed and implemented appropriately;
- Ensuring that people and talent management risks, issues of acquisitions and divestment activities are appropriately reviewed and managed;
- Leading the MT in the day-to-day running of Polestar's business;
- Regularly reviewing Polestar's legal structure;
- Formalising the roles and responsibilities of the MT, including clear delegations of authorities and ensuring succession planning;
- Providing leadership of Polestar including representing Polestar to customers, suppliers, government, financial institutions, employees, the media, the community and the public; and
- Keeping the Chairman and Board informed of all important matters.

5.3 Management Team

5.3.1 Terms of reference

The MT members will be appointed by the CEO subject to Board's review and approval.

The MT is responsible for carrying out the operation of Polestar under the leadership of the CEO.

a. Purpose and duties

The purpose of the MT is to assist the CEO in the operation of Polestar, including:

- Management of the day-to-day activities of Polestar;
- The development and implementation of strategy, operational plans, policies, procedures and budgets set by the Board;
- The monitoring of operating and financial performance; and
- The prioritisation and allocation of resources;

The MT will appoint sub-committees of the MT to assist in carrying out their decisions and actions, but the CEO will retain responsibility for the actions of the sub-committees of the MT.

The terms of reference, schedule of matters and roles and responsibilities for the sub-committees of the MT are covered in a separate document.

b. Notice of meetings

The MT will meet weekly or as decided from time to time by the CEO. Notice of each meeting shall confirm the venue, timing and agenda should be circulated at least one week prior to the meeting.

5.3.2 Schedule of matters

The MT is responsible for the following matters:

- Management and regular review of operational and financial performance of Polestar.
- Approval of objectives and budgets, and ensuring they fall within agreed targets.
- Achievement of financial and operational plans.
- Preparation and implementation of sales plans worldwide.
- Ensuring that the legal structure is optimal to support the operation of the business.
- Ownership for the management of risk across Polestar.
- Management of the internal controls environment.
- Development of Polestar's policies and guidelines, including the Code of Conduct.
- Compliance with laws and regulations.
- Ensuring the integrity of management information and financial reporting systems.
- Optimisation and allocation of Polestar resources.
- Monitor and develop staff to maximise potential.
- Coordination and cooperation between business units.
- Review of acquisitions and disposal of assets and making recommendations to the Board.
- Identification and management of key risks.
 - Ensuring succession management for each of the business units.

5.4 Disclosure Committee

5.4.1 Terms of reference

These terms of reference set out the composition, duties and the procedures of Polestar's Disclosure Committee (the "Disclosure Committee").

a. Purpose and duties

The purpose of the Disclosure Committee is to assist the CEO and the CFO, and the Board, in fulfilling their responsibility to identify and disclose material information about Polestar and to oversee the accuracy, completeness and timeliness of public disclosure made by Polestar.

The Disclosure Committee shall ensure that Polestar follows the requirements under the Listing Rules of the Nasdaq New York Stock Exchange and U.S. federal, U.S. state and foreign securities laws. The Disclosure Committee shall also oversee Polestar's adherence to Polestar's Related Party Directive and approve certain related party transactions and disclosure of the same.

b. Meetings

The Disclosure Committee will have scheduled quarterly meetings.

The Disclosure Committee will also have separate ad-hoc meetings when deemed necessary and shall meet at the request of any Disclosure Committee member as frequently as necessary to review and ensure the accuracy and completeness of Polestar's Disclosure Statements and to evaluate Polestar's Disclosure Controls and Procedures.

c. Size and composition

The membership of the Disclosure Committee shall consist of the CFO, Head of Communications & PR, Head of Investor Relations, General Counsel, Head of Accounting and Group Reporting, and Chief Operations Officer.

Such members may be replaced, or new members added, at any time and from time to time by the CEO and CFO.