

POLESTAR AUTOMOTIVE HOLDING UK PLC

CORPORATE GOVERNANCE GUIDELINES

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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” or “the Group”.

The purpose of this document is to define and serve as a basic guiding document for Polestar’s corporate governance structure.

The principles of these guidelines are to 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’s corporate governance structure follows a three-tier hierarchical approach: (i) the shareholders of Polestar (the “Shareholders”), (ii) the Board of Directors (the “Board”) and (iii) Polestar’s Chief Executive Officer (the “CEO”).

In addition to what is set out herein, the CEO is entrusted with powers according to the Companies Act 2006, 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 the 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;
- 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; and
- such other matters as required to be approved by the Shareholders by applicable law.

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 Act) 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 in accordance with the Company’s articles of association (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, approval of Directors’ remuneration report 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 clear calendar 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 the General Meeting, shall review the General Meeting support material (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 Act, and the Company’s articles of association,

proceed to convene a General Meeting for any matter to be agreed by the Shareholders which may not wait until the next scheduled Annual General Meeting.

c. Meetings

The Board can decide when and where to have meetings and how these 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 week's 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 Act.

Notice of a Board meeting shall be deemed to have been 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 the Company 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 and kept in accordance with the UK Companies Act.

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 the Company's Articles of Association. The Company's Articles of Association and Nominating and Governance Committee Charter take diversity requirements into consideration as criteria for Board composition.

g. Board Chair

The Board may appoint one of its members 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.

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

4.1.3 Matters reserved

The Board has delegated wide powers for the day-to-day management of the Company to the CEO. It has also delegated to Committees of the Board the power to make decisions on behalf of the Board or to provide recommendations to the Board as detailed below and in the respective Committee Charter. The below sets out the list of matters which are to be decided by the Board of Directors as a whole.

a. Strategy and Management

- Approval and oversight of execution and delivery of the Group's strategy, culture and values.
- Review of performance in the light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Approval of cessation of material operations.

b. Structure and Capital

- Approval of alterations to the capital structure of the Group and, in particular, the issue or allotment of shares in the Company, reductions of capital and share buy backs.
- Changes to corporate structure.
- Approval of changes to the Company's listing.

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

c. *Financial Reporting*

- Approval of the annual Form 20-F and Annual Report and Accounts, any narrative reporting contained therein and any other formal documents that are made publicly available and which contain financial statements, such as Forms 6-K.

d. *Contracts and legal matters*

- Approves major investments, acquisitions, disposals, in excess of the amounts delegated to Polestar Management, and any transactions outside of the ordinary course of business.
- Approves related party transactions in accordance with the Related Party policy.
- Approves the initiation, defence or settlement of any material litigation, in excess of the amounts delegated to Polestar Management. Materiality is assessed by the General Counsel on the basis of the different materiality threshold applicable to the Company under bilateral (or multilateral) covenants and regulatory disclosure obligations.

e. *Communication with shareholders*

- Approves material to be presented to the shareholders at the Annual General Meeting.
- Approves prospectuses and registration statements filed by the Company.

f. *Remuneration*

- Upon recommendation of the Compensation Committee, determining the remuneration policy and remuneration for the CEO and the executive management team.

g. *Delegation of Authority*

- Approves of the division of responsibilities between the CEO and the Chair.
- Approves of the delegated levels of authority to the CEO and other Polestar Management.
- Approves the terms of reference of Board committees through Committee Charters.

h. *Corporate Governance*

- Proposes any changes to the Company's Articles of Association.
- Reviews annually the performance of the Board and its Committees and Chair.
- Determines and ongoingly assesses the independence of non-executive directors.
- Considers and balances the interests of the Company's stakeholders.
- Authorises any actual or potential conflicts of interest notified by a Director and annual review of the register of Directors' conflicts of interest, subject to the Company's Articles of Association and Companies Act 2006.

i. Policies

- Approves Corporate Policies and other strategic and important regulating documents.

j. Other

- Approves any decision reasonably likely to have a material impact on the Company or the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- Approves this list of Matters reserved.

4.1.4 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

4.1.5 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 the Company'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.
- 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

- 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.
- Facilitating the effective contribution of the Board members and encouraging active engagement by all Board members both inside and outside the boardroom.
- Ensuring effective communication and relationship with the Shareholders.

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.
- Introducing, developing and acting on Board performance evaluation.
- Ensuring the performance of the Board and individual Board members is evaluated at least once a year.

Regarding the Polestar CEO

- Working closely with the CEO to provide support and advise, 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 to fulfil their role.

The Board has the right to seek independent advise at the Company's expense in respect to 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 the Company's Articles of Association.

4.2 The Audit Committee

The purpose of the Audit Committee is to oversee the Group'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 the Audit Committee Charter. The Audit Committee shall also oversee Polestar's adherence to the Group's Related Party Directive and review and approve certain related party transactions and disclosure of the same.

The Audit Committee shall consist of at least three Board members, at least one of whom should have recent and relevant financial experience. The Audit Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and stock exchange requirements as to their independence. The composition, duties and procedures of the Audit Committee are outlined in the Audit Committee Charter adopted by the Board.

4.3 The Nominating and Governance Committee

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 and sustainability matters.

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

The composition, duties and procedures of the Nominating and Governance Committee are outlined in the Nominating and Governance Committee Charter adopted by the Board.

4.4 The Compensation Committee

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

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

The composition, duties and procedures of the Compensation Committee are outlined in the Compensation Committee Charter adopted by the Board.

5 Management of Polestar

5.1 Delegated Authorities for the CEO

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

The Board has delegated responsibility to the CEO, 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 should immediately alert and obtain consent from the Chair.

The CEO 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 management of the Group. In this respect, the CEO is the Chair of the Executive Committee (“ExCom”) and the Group Management Team (“GMT”) and is responsible for regular reporting to the Board on the financial and operational status.

Particularly, the CEO is responsible for the following matters:

ExCom and GMT Meetings

- Chairing the ExCom and GMT to ensure that there is a clear structure for its effective operation;
- Ensuring that the ExCom and GMT meet regularly, in accordance with the agreed terms of reference;
- Circulating notice of each ExCom and GMT meeting and confirming agenda and documentation prior to the meeting;
- Setting the agenda, style and tone of the ExCom and GMT 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 ExCom and GMT in the day-to-day management of Polestar's business;
- Regularly reviewing Polestar's legal structure;
- Formalising the roles and responsibilities of the ExCom and GMT, 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 Executive Committee (ExCom)

5.3.1 Terms of reference

The ExCom members will be appointed by the CEO subject to Board's review.

The ExCom is responsible for overseeing Polestar's strategic direction and overall management under the leadership of the CEO.

a. Purpose and duties

The purpose of the ExCom is to assist the CEO in the management 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 ExCom is the highest decision-making body below the CEO and the Board.

b. Notice of meetings

The ExCom 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 working day prior to the meeting. Pre-read material is prepared as requested by the CEO.

All ExCom decisions are recorded and archived. The decisions are communicated with the rest of the Polestar organisation on a need basis by the ExCom members.

c. Schedule of matters

The ExCom 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 Group Management Team (GMT)

5.4.1 Terms of reference

These terms of reference set out the composition, duties and the procedures of Polestar's Group Management Team (the "GMT").

a. Purpose and duties

The GMT is responsible for carrying out the operation of Polestar under the leadership of the CEO, including ensuring efficient operations, effective information sharing, and alignment on critical business issues.

The GMT may appoint subject-specific decision-making forums of the GMT to assist in carrying out their decisions and actions, including oversee the strategic direction, monitor performance and take decisions on key business topics within their subject-matter area.

The CEO will retain responsibility for the actions of the forums and of the GMT.

b. Meetings

The GMT will meet monthly 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 working day prior to the meeting. Pre-read material is prepared as requested by the CEO.

c. Size and composition

The membership of GMT shall consist of the ExCom members and all Polestar Global Function Heads.

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

5.5 Disclosure Committee

5.5.1 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 Chief Financial Officer, 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 and applicable U.S. state and foreign securities laws.

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 Chief Financial Officer, the Chief Communications Officer, the Chief Operating Officer, the Chief Commercial Officer, Head of Investor Relations, General Counsel and Head of Group Accounting.

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