Breakthrough

2022 Sustainability Progress Report

Polarium

Breakthrough 2030

This report shows 2022 progress on Breakthrough 2030, our plan for integration and impact (p. 5 and 33). It shows how:

- Our mission to unlock endless energy goes to the heart of our contribution to society and what we are doing to deliver it

- Sustainability is helping us build a more resilient company

- We put the UN Global Compact's ten principles into practice

- We provide lasting value for society, customers, employees, owners, and other stakeholders.

This report is a sister document to the Polarium Annual Report 2022. It is written in accordance with the Global Reporting Initiative's (GRI) sustainability reporting framework 2021 and a third party has conducted a limited assurance of the report.

Thanks for reading! Please let us know what you think. Contact us at sustainability@polarium.com

Unlocking endless energy

Our vision is to become a leading, sustainable, fully integrated energy solutions provider. Our mission is to unlock endless energy.

Storing renewable energy so that it can be used not only when produced, but when it is needed, is one of the greatest barriers to the clean energy transition. Energy storage is the missing link in the sustainable energy system.

Polarium's storage solutions maximize the potential of solar and wind installations, by turning renewable energy into a dispatchable asset and ultimately becoming more energy efficient. We support customers ranging from telecom operators with tower sites to large-scale manufacturing plants or the local supermarket, all with one common challenge: unconditional energy stability, at a reduced energy cost and reduced climate impact.

Polarium was founded in 2015 with the conviction that safe, smart and more sustainable energy storage solutions will be key to empowering the transition to a truly sustainable energy future.

Key highlights

Net sales 2022, SEK million:

2,223

Gross margin, 2022:

28%

Gross profit 2022, SEK million:

618

Compounded annual growth rate 2018–2022:

75%

No. of people:

620+

No. of factories:

3

Installed batteries:

440,000+

Countries with installations:

70+

Breaking barriers

Breakthrough is our plan for integration and impact. Polarium has a bold mission. Breakthrough encapsulates the what, why, how and who of delivering on it.

Our plan for integration & impact

Our Breakthrough plan is shaped to drive change and build trust. It calls for a shared commitment and a sustainability mindset for doing business at all levels of Polarium.

Big Breakthrough targets to 2030, which will be announced in 2023, are designed to drive progress. They bring opportunities to support the shift to a low-carbon energy mix, to pioneer ways to deliver greater value to customers through circular solutions, and to inspire and engage our employees, customers and business partners to scale our efforts.

Breakthrough 2030

Unlocking endless energy

Accelerate the transition to net zero along our value chain
Big Breakthrough target: Net zero in operations by 2026.
To be announced in 2023

Climate Action

Circular Solutions

Drive innovation and partnerships for circular solutions.
Big Breakthrough target: To be announced in 2023

Equip our people to take charge of our journey
Big Breakthrough target: 50% of managerial positions held by women by 2026.
To be announced in 2023

Empowering People

Raise the bar on fair practices together with our business partners
Big Breakthrough target: To be announced in 2023

Redefining Responsibility

An integration plan in three phases

2023 – 2025
Understand impacts, set intention and scale processes and engagement

**2026 – 2027**
Accelerate and scale impact

2028 – 2030
Calibrate plan to deliver on targets

Perspectives on Breakthrough

In conversation, Board Chairman Carl-Erik Lagercrantz, CEO Stefan Jansson and EVP Sustainability, Karin Askelöf share perspectives on the future of the energy sector and why they are driven by urgency.

WE SUPPORT

UN GLOBAL COMPACT
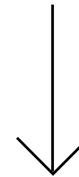
On... the need for energy independence

C-EL: The war in Ukraine increased the tailwind for decarbonization and next-gen energy solutions. It awakened the need for energy independence. Globally, we have to build a more distributed and resilient electricity system, for which energy storage for renewables is crucial. 2022 catalyzed the move to renewables, and we see huge opportunities to make a difference here.

SJ: With 2022 behind us, the time is ripe to accelerate. This transition to more sustainable energy will require better, larger-scale energy-storage solutions. Polarium and energy storage is the missing link. Our Breakthrough plan reflects our role in accelerating the transition to net zero in electrification. We feel the urgency. We know the technology is available to achieve it. And, customers will help us get there.

KA: That's why it is important to emphasize both integration and impact. The Breakthrough plan to 2030 is shaped to drive change and build trust. To succeed, we need to instill a sustainability mindset for doing business at all levels of Polarium and have a customer-focused approach. In 2023, we're finalizing our Big Breakthrough targets.

SJ: Breakthrough also conveys speed. What happens in Polarium in one year happens in other companies in 10 years. There isn't a blueprint for how to develop or scale products like ours. It's a challenge, but it's exciting.

On... scaling green cell demand

KA: Part of our forward move is to only use 100% green cells in our products - which are cells solely produced with renewable electricity. We're currently cell agnostic and need to educate customers so that more sustainable solutions are their default choice. Some cell suppliers use mixed energy sources or still use 100% coal power. One of our greatest challenges is influencing suppliers to produce every cell for Polarium as fossil-free and more circular. We'll set a timeframe for our ambitions on this.

SJ: 'Green' cells are the linchpin for achieving net zero across our value chain and closing the loop. The absolute majority of our CO_2 impact comes from energy consumed to produce batteries.

On... a road map for a Science-Based Target

C-EL: This is also high on the board agenda. A low CO_2 footprint is one of our points of difference, and to be able to count the total cost of impacts in our product – from sourcing to avoided emissions to end of life. This will be an added value asset to our customers, too. I want to see Polarium define Science-based targets in the near future.

KA: We must set a road map to achieve bold targets. We need to be able to walk the talk and be seen as a leader in next-gen decarbonization technology. As a first step in 2022, we began charting Scope 3 impacts: emissions that occur upstream and downstream of our operations.

C-EL: And, as a next step - and to demonstrate how we walk the talk - we need to measure how many tons of CO_2 emissions our customers avoid by using our solutions to shift to renewables every year.

On... what we're proudest of in 2022

KA: In sustainability performance, we've made headway in establishing critical processes for all four Breakthrough areas. I'm also proud of the impact of our business in Africa and how much diesel consumption we're reducing there. The latest figures show that we're saving around 8 or 9 million liters of diesel per month, thanks to our solutions.

C-EL: The Polarium Way, our revised Code of Conduct was approved by the Board and I'm looking forward to its roll out in 2023. It's fundamental to integrating sustainability across Polarium and to ensuring that we live up to our commitment to the UN Global Compact's ten principles.

SJ: It's a step forward that we officially set our intentions for circularity this year. And I continue to be immensely proud of our teams and how deeply dedicated they are to delivering on our purpose.

A fast-evolving energy landscape

Climate change is one of the most crucial concerns of our time. Energy storage solutions that are stable, sustainable, and ethical have a vital role to play in the transition to renewable energy and to an energy landscape that keeps global warming below 1.5℃.

We have identified the trends shaping the energy landscape and accelerating the demand for energy storage solutions to 2030 and beyond.

A low-carbon future

Energy production and consumption contribute significantly to air and water pollution and climate change. In the next 30 years, the world needs to move from 80% dependency on fossil-fuel to 90% renewables. Emissions have come down thanks to policy and technology changes ignited by the Paris Agreement in 2015. Still, we have a long way to go to cap global warming at 1.5℃. With the expansion in energy storage options and multi-lateral government policies to support the transition to renewables, we hope to see a future where everyone is empowered to live in a low-carbon society.

90%

Needed share of renewables by 2050

Demand for energy storage

As demand for renewable energy increases and energy poverty reduces, our need for renewable electricity storage will grow. Substantial investment and development of grid-scale technologies and energy storage are taking place. The battery industry is expected to grow in the next decade, creating around 10 million jobs, with more than half of these in developing countries. Large-scale renewable energy storage solutions are the linchpin in the green electricity transition. They could support the reduction of GHG emissions in the transport and power sectors, which are responsible for roughly 40% of global emissions.

20x

Growth in demand for energy storage in 10 years

*1.

Ending energy poverty

The shift to renewable energy must leave no one behind. Many communities are disproportionately harmed by the effects of sourcing raw materials and energy projects. With improving living standards, power consumption is estimated to triple by the year 2050. Renewable energy and energy storage in the context of off-grid solutions have the potential to end energy poverty, increase resilience to climate change and enhance economic development. We must ensure the shift is collective, ethical and empowers everyone, from affordability to improved access.

800m

People around the world without electricity

*2. 3.

Enhanced efficiency

Progress in efficiency over the last six years has meant that growth in new and more efficient energy sources has more than halved, despite increasing global demand for energy. Rapid deployment of efficiency measures in industrial applications and buildings reduces energy consumption. It lessens the need for reliance on Russian gas in Europe. The most significant energy efficiency opportunities are emerging in Brazil, China, India, Indonesia, Mexico, and South Africa; these also have the potential to reduce energy poverty in these regions.

4%

Efficiency gains every year are needed to reach net zero by 2050

*3.

Growing investments

Record growth in electric vehicle sales means investment in global efficiency technologies is up 16% compared to 2021. This growth is consumer-led and is igniting an increase in energy efficiency-related funding. Investments in clean energy are on track to increase by over 50% compared to today. Although economic conditions may set back these predictions, worldwide funding for renewable energy looks set for exponential growth.

$2 trillion

Yearly estimated investments in clean energy by 2030

*2. 3.

Powering progress

The world faces different challenges on our shared trajectory to zero-carbon.

Share of renewables in the energy mix*

Europe

Emerging horizons
Rise in energy storage potential, significant focus on renewables. Leader in decarbonization

Barriers to break:
Secure energy independence. Limited lithium-ion battery recycling, but growing.

37%

Southeast Asia

Emerging horizons
Rise in investments in renewables, resources availability for transition.

Barriers to break:
increased reliance on fossil fuels, outdated grid.

15%

United States

Emerging horizons
Rise in demand for renewable energy, development of grid-scale technologies for energy storage.

Barriers to break:
High levels of GHG emissions, insufficient take-back systems.

17%

Africa

Emerging horizons
Untapped potential for solar and hydro-electricity production.

Barriers to break:
Least access to energy globally, energy security challenges.

18%

Australia

Emerging horizons
Expertise in natural resource management, abundant renewable sources.

Barriers to break:
Dependency on fossil fuels.

29%

# Polarium's potential for positive impact

Contribute to energy transformation: Energy storage increases capabilities for renewable energy on and off the grid

Facilitate alternatives to diesel generators and more efficient use of electricity from the grid

Greater circularity through take-back systems and replacing lead batteries

Improving our efficiency and carbon footprint
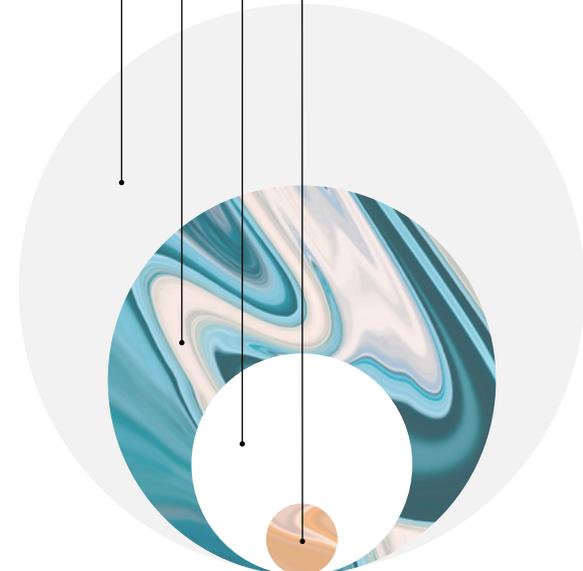
Performing on our plan

We focus on understanding our impacts and leveraging our processes to address the areas where we can make the most significant difference. And this is in climate action, circular solutions, redefining responsibility, and empowering people. This year, we moved the needle across our Big Breakthrough ambitions.

In their own words...

How we are driving innovation and partnerships for climate-smart solutions.

Installing a mini solar plant for Koncar

"We produced a solution combining renewable production with energy storage. This gave a remote island access to 24/7 energy obtained from solar energy. This is the future of global energy."

Wilhelm Leissner, Head of Business Development

Towards our first carbon neutral plant

"The vision for our factory in South Africa is to be the first carbon neutral energy storage assembly plant. We're active recyclers and have installed water-saving devices, LED lights, efficient insulation and sustainable A/C units. We're excited for the next steps, which include solar panels, EV delivery vehicles and working with the council to reduce load shedding to our factory."

Etienne Gerber, Regional Head, South Africa

Working with ATC for energy optimization

"Together, Polarium and ATC offer energy storage and optimization solutions to reduce reliance of diesel at tower sites. ATC is driving the agenda for sustainability within the telecom industry."

Sara Radu, Vice President, Africa

Climate action

Storing renewable energy is one of the biggest barriers to transitioning to zero-carbon electricity. We are here to break those barriers.

Our solutions are built on lithium-ion batteries, which store energy at a smaller carbon footprint than their lead-acid-based counterparts. But making these batteries still creates a material negative environmental impact.

Customers at the heart of Breakthrough

Polarium's powerful contribution to tackling climate change is to provide solutions to help customers eliminate emissions. We catalyze their shift to renewables and away from diesel generators or a dependency on the electricity grid; some customers already use our solutions in this way today. We intend to grow within this market.

Charting impacts across Scopes

We charted impacts across three scopes to better understand where our focus should lie. Today, the majority of our total GHG emissions occur in Scope 3, where three categories are the most significant, and where our most substantial emissions derive from. The three categories are logistics, purchased goods, and the use phase. The footprint of our battery cells is the linchpin here — this is responsible for almost all of our emissions within the Purchased Goods & Services category. Although the use phase represents a significant impact, the ways in which customers use our products can vary.

Big Breakthrough Target

Achieve net zero in operations by 2026
2030: To be announced in 2023
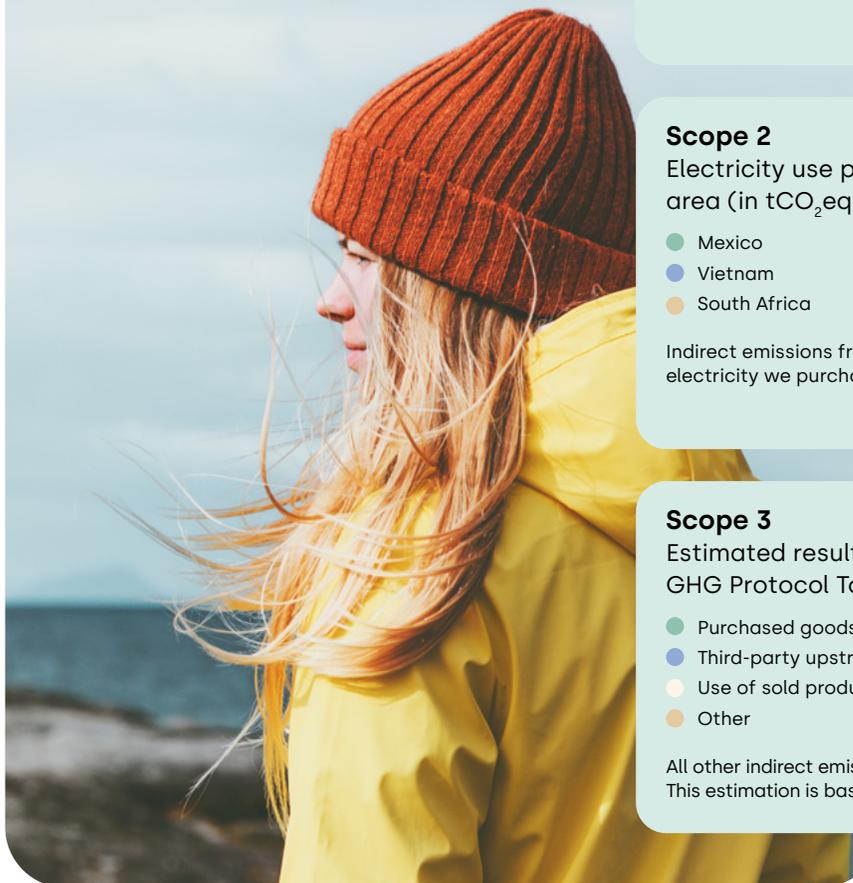
Scope 1
Emissions by source
(in tCO$_2$eq.)

- Refrigerants
- Company Vehicles
- Diesel Generators

Emissions from sources we own or control.

25%
22%
53%
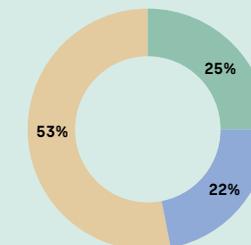
Scope 2
Electricity use per geographical area (in tCO$_2$eq.)

- Mexico
- Vietnam
- South Africa

Indirect emissions from generating electricity we purchase.

13%
29%
58%
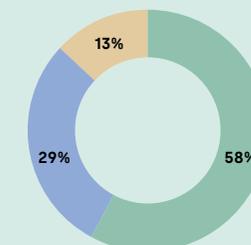
Scope 3
Estimated results from GHG Protocol Tool

- Purchased goods and services
- Third-party upstream transportation
- Use of sold product
- Other

All other indirect emissions in the value chain. This estimation is based on spend data.

2% 2%
6%
90%
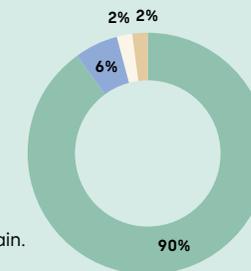
Customers are our heartbeat

Customer insights help us stay at the forefront of innovation.

We maximize the value we create for customers through cutting-edge technology and a three-fold product offering: battery modules, battery energy storage systems and energy optimization systems as well as associated services.

Although these product lines deliver value to customers in different ways, all our customers share the same need for energy stability and to reduce their energy costs and climate impact. The linchpin to Breakthrough is to grow demand within:

- Telecom tower sites equipped with solar or wind power
- Commercial buildings and industries seeking improved economics and energy independence
- Geographical markets that incentivize renewable electricity and energy security

Polarium is among a handful of players driving new use cases for energy storage.

To monitor growth and understand our markets better, as of 2023, we will track how our energy storage is applied. This is the first step to learning and tailoring our approach to different regions and customer segments and measuring our products' impact in the use phase.

Scaling our positive impact

For customers wishing to produce their own renewable electricity, our solutions help secure reliability and predict-ability when access to renewables is in short supply. We also enable them to sell electricity back to the grid.

This calls for smart systems, a higher voltage, and a larger system equipped with inverters, rectifiers, and grid connections governed by software. We developed the Polarium Battery Energy Storage System to fit that purpose. It is a scalable, digitalized product solution. Our Fleet Management enables customers to monitor, update and configure the BESS remotely. In this way, Polarium is evolving into a service company.

We aim to be the preferred supplier for telecom customers in Europe, North America, and Africa. Although some customers still depend on diesel generators, our systems can help decrease their dependency. For one African customer, this led to a 50% monthly savings in diesel consumption. More and more, telecom customers apply off-grid solutions like solar and wind to supply their power.

Lithium-ion solutions

Our reliance on lithium-ion batteries has other benefits: lower total cost of ownership thanks to an extended lifetime, and improved energy density compared to alternatives such as diesel generators or lead-acid batteries.
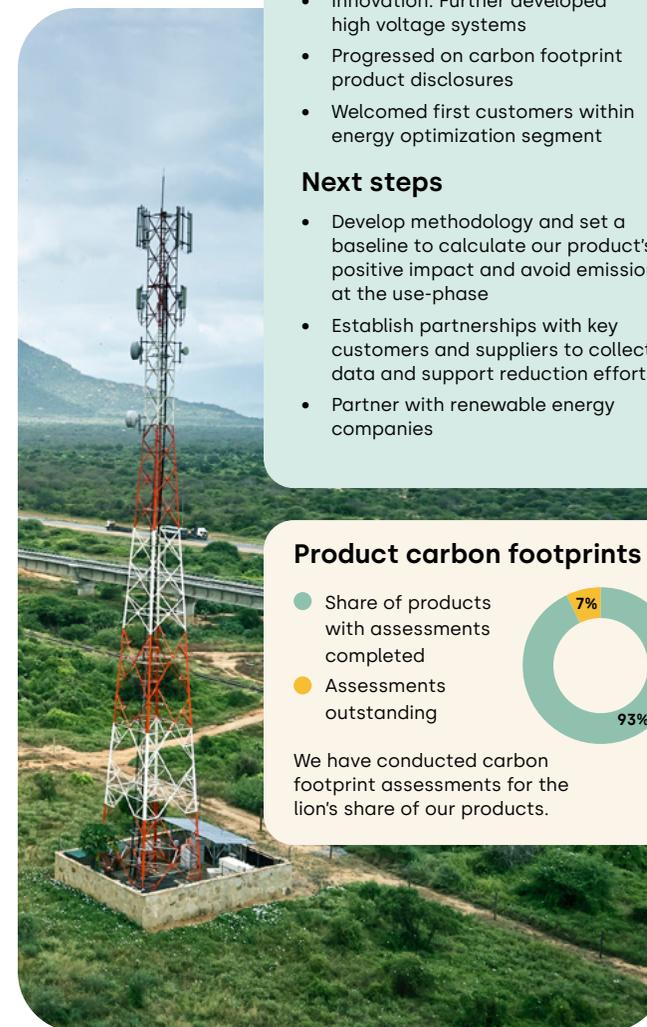
2022 Highlights

- Innovation: Further developed high voltage systems
- Progressed on carbon footprint product disclosures
- Welcomed first customers within energy optimization segment

Next steps

- Develop methodology and set a baseline to calculate our product's positive impact and avoid emissions at the use-phase
- Establish partnerships with key customers and suppliers to collect data and support reduction efforts
- Partner with renewable energy companies

Product carbon footprints

- Share of products with assessments completed
- Assessments outstanding

7%

93%
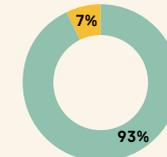
We have conducted carbon footprint assessments for the lion's share of our products.

Aiming for net zero

We aim to be net zero in our own operations by 2026.

Although estimates show that Scope 1 and 2 emissions represent less than 5% of our total CO_2 burden, reducing these emissions is among our top priorities in order to convey our commitment in everything we do. But, in light of our expansion in Vietnam and South Africa, reaching net zero is a daunting task. Our carbon footprint has tripled since 2020. As of 2023, our South African plant will run on renewable electricity.

In order to reach net zero emissions in our own operations, we need to phase out all use of fossil energy. We will do this by powering all our operations with 100% renewable energy, on site or through the grid, and replacing diesel generators with renewable options.

Better resource efficiency
Once we run our plants on renewable electricity (by 2026), we will store and optimize energy using our own storage solutions.

As we transition, generating our own electricity will provide greater control over our energy supply and - based on expected production volumes - enable us to become net zero. This is particularly important in our South Africa plant, where manufacturing schedules are hampered by national power outages, which sometimes force us to rely on diesel generators.

2022 Highlights
- Began purchasing renewable electricity for our Vietnamese plant
- Procured solar panels for South African plant

Next steps
- Install solar panels on South Africa and Mexico plants. Based on planned production, we will thereby generate an over-capacity of electricity
- Eliminate use of diesel generators during load shedding in South Africa
- Better understand and introduce actions to improve energy efficiency

Scope 1 and Scope 2 Emissions (in tCO$_2$eq.)

- ● Scope 1: Emissions from sources we own or control
- ● Scope 2: Indirect emissions from generating electricity we purchase

The significant rise in Scope 2 CO_2 emissions since 2020 is due to the opening of Polarium's South African plant in 2022 and Vietnam in 2021, both of which will only be powered by renewable electricity as of 2023.

Year	Emissions
2020	~170
2021	~300
2022	~430
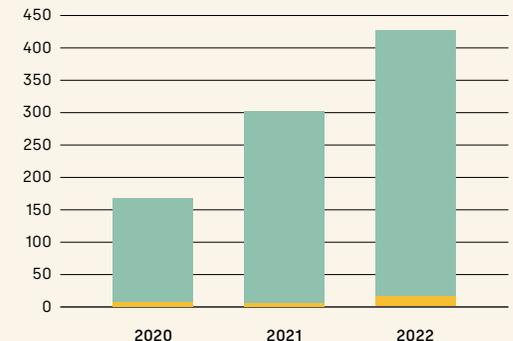
Tracking Scope 3 emissions

We're digging deep into data to better understand our GHG emissions.

We used the GHG Protocol's Scope 3 Evaluator tool to assess our largest source of emissions. Our most significant Scope 3 categories are GHG emissions from our purchased goods and services, followed by those generated by upstream transportation and distribution, emissions created through the use of our products, and emissions generated at our products' end of life.

A priority to decarbonize the cells in our products

We estimate that over 90% of our Scope 3 emissions originate from purchased goods and services. According to preliminary estimations - based on actual quantities - our battery cells are responsible for almost our entire footprint within this category. Using green cells in our product will reduce these emissions. We must partner with more green cell suppliers, particularly as global product demand increases. We recognize the urgent need to decarbonize this aspect of our manufacturing process and are making it a priority to forge more strategic partnerships with suppliers to drive and accelerate procured green cells.

Emissions that occur during supply chain operations and transport logistics are generated when transport suppliers distribute our products and when we receive materials. Our three manufacturing sites are strategically distributed on different continents, which enables us to optimize transport routes and minimize emissions. We use local operators where possible.

We aim to reduce the intensity of our CO_2 transport emissions per tonne-km by 2.5% yearly. In 2022 we finalized a new logistics plan. We introduced emissions data in our planning system, which enables us to measure our CO_2 emissions across all logistics movements. In 2023 we will generate a baseline for our entire transport operations, allowing us to start making organic reductions across our logistics delivery chain.

Accurate planning avoids wasted expenses

Our internal motto could be 'accuracy avoids waste'. This is as true for our battery performance as for our supply chain management. Our supply chain operations are constantly revised, whether shaving a centimeter off our packaging to improve container fill rates or consolidating truck rolls and pick-up points: all these seemingly small steps help reduce Scope 3 emissions.

Anticipating emissions from end-of-life handling

A pivotal category to tackle is what happens to our sold products at the end of life. We have yet to ramp up activities in this area as many batteries have years to go before reaching end-of-life. Even if end-of-life activity does not generate significant emissions, it may cause other environmental impacts, such as soil and water pollution.

2022 Highlights

- Assessed emissions across 15 Scope 3 categories as defined by the GHG Protocol
- Integrated emissions data into logistics planning system
- Defined our logistics sustainability strategy

Next steps

- Focus on cell suppliers' climate impact and engage them in CO_2 reductions
- Continue evaluating cell chemistries and cell suppliers with lower climate impact
- Reduce CO_2 transport emissions intensity per tonne-km by 2.5% yearly
- Complete CO_2 transport emission baseline
- Implement engagement program with logistics partners
- Continue making organic CO_2 emission reductions for transportation

In **2021** we promised to start collecting data for our most significant Scope 3 categories

In **2022** we started work to identify and estimate these greenhouse gas emissions (GHGs)

In **2023** we will track this data and establish a baseline for emissions

Towards a circular value chain

Collaboration, lifecycle insights, delivering on commitments to customers for take-back systems, and setting high standards for material use and recyclability across the value chain. Here's how we're doing.

2022 saw the launch of our formal circular solutions approach, which will be implemented in 2023. It describes how circularity is embedded into our business and customer strategy, product design, resource use, and process to recycling and reuse. Circularity is deeply interconnected with climate action. Progress in one area benefits—and cannot be done at the expense of—the other.

Aligning with customer expectations

Achieving a circular value chain is integral to Polarium's values to meet customer demand and comply with fast-moving legislation towards a green battery industry. Customers want to know what circularity means for our product's lifetime, how we manage end-of-life solutions, and how our R&D departments deliver on the 5Rs (refuse, reduce, reuse, repurpose, recycle). In addition, we are adapting to sweeping regulatory changes in our sector.

Big Breakthrough Targets

2030: To be announced in 2023

Think boldly

We support bold aims, but they are not without challenges. The raw materials required for battery chemistry cannot always be sourced sustainably - yet. We also recognize that significant gaps exist in the supply of end-of-life disposal needs, particularly in developing markets.

Achieving circularity

A future-focus demands the transition to circular business model.

Circularity challenges us to think boldly and take charge of how we design and manufacture our products, drive change in our value chain, rethink our business model and create value for our customers.

Bringing partners and suppliers along on the journey

Adopting a circular business model means maximizing material resources by following five basic principles: refuse, reduce, reuse, repurpose, and recycle. In doing so, we reuse material that would otherwise be treated as waste, prolong product life cycles, and create a much more effective and sustainable production model.

By developing ways to close loops and create greater efficiencies within our processes and materials, Polarium intends to spearhead the transition to circularity within our industry, bringing partners, suppliers, and customers along on our journey. Significant cross-industry collaboration and coordination are required to realize the full potential of a circular value chain. Switching to a circular business model requires dismantling current modes of doing business and adopting a much more reflective, resourceful, and disruptive model.

First, we must understand our impacts along our supply chain, in manufacturing, during use, and at end-of-life, and then seek to close the loops. To 2030, our focus will be to:

- Map the status of current contracts with a take-back model
- Introduce take-back schemes into all our contracts
- Redefine our sourcing strategy to achieve 50% regional suppliers by 2026
- Forge new partnerships with key customers and suppliers to drive innovation in circular practices
- In the long term, we aim for all recurring contracts to include an end-of-life take-back scheme.

2022 Highlights

- Formulated and developed our circularity approach
- Initiated work around integrating circular design principles
- Developed foundation for end-of-life services

Next steps

- Assess opportunities for recycled material input in order to set target for recycled content in products
- Embed circular design principles in our R&D processes
- Explore partnerships for end-of-life services
- Develop end-of-life capacities and dialogue with potential recycling partners
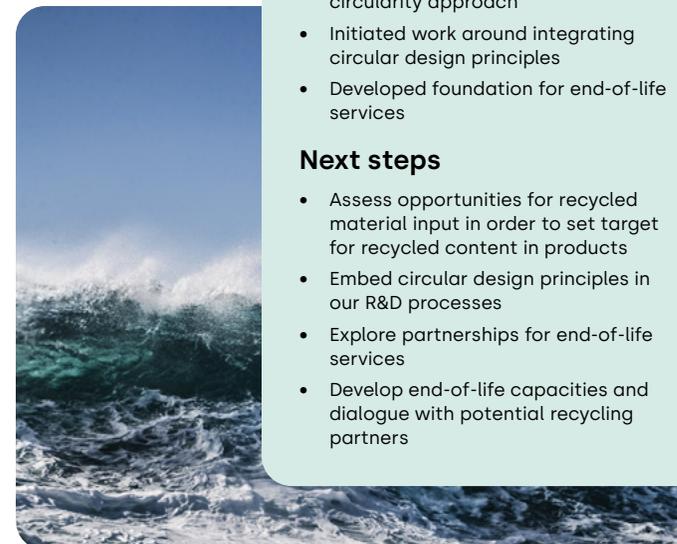
Action on the 5R's

Reduce, reuse, recycle

New business models
Explore and define new business models such as batteries-as-a service. Set up recycling services and collaborate with recycling partners.

Reuse, recycle, repurpose

Product design
Design for easy disassembly, durability and recycling, recycled material and green cells.

Reduce

Optimize operations
Optimize direct use of resources and energy, eliminate waste, introduce sustainable packaging and smart resource use in the supply chain.

Reuse, recycle, repurpose

Processes
Introduce processes for repair, reuse and spare parts.

Redefining responsibility

We can only achieve a transparent and responsible business by actively raising the bar on performance in partnership with our colleagues, suppliers, and business partners.

We may be a small organization, but by working with others, we can use our voice and leverage our spending to instill sound and ethical practices across our value chain.

We are approaching this priority from two angles. Firstly, we are introducing and anchoring responsible business practices in our own organization, creating a sustainable supply chain, and protecting the rights of workers and local communities that may be affected by decisions made at every phase of our business.

Secondly, we are creating the building blocks for greater transparency on the effects of our business on stakeholders.

This year, we focused on charting our impacts on people and the planet, setting processes to increase transparency, and identifying who we need to work with to redefine responsibility.
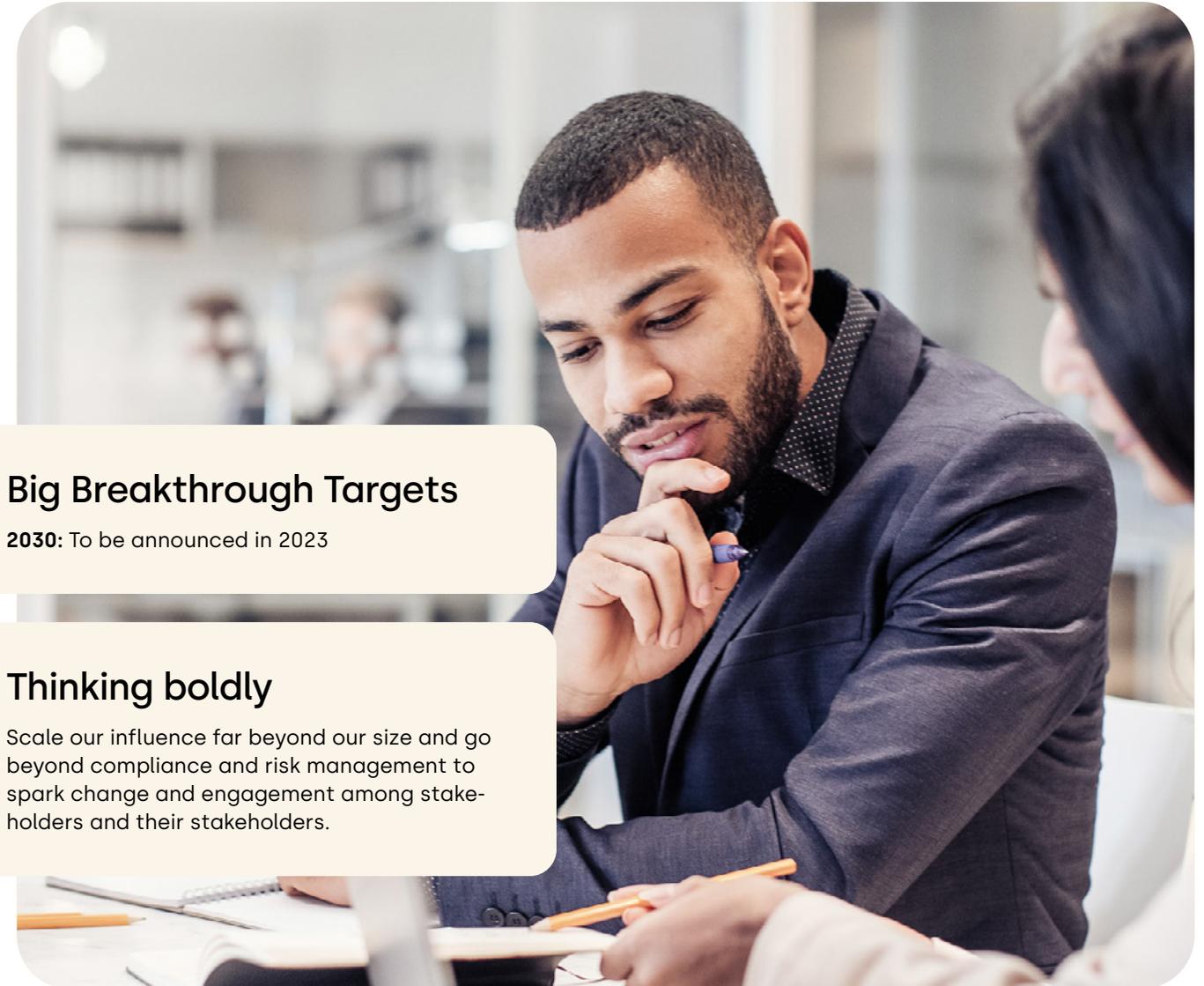
Big Breakthrough Targets

2030: To be announced in 2023

Thinking boldly

Scale our influence far beyond our size and go beyond compliance and risk management to spark change and engagement among stakeholders and their stakeholders.

In their own words...

How we're raising the bar on fair practices, together with our business partners.
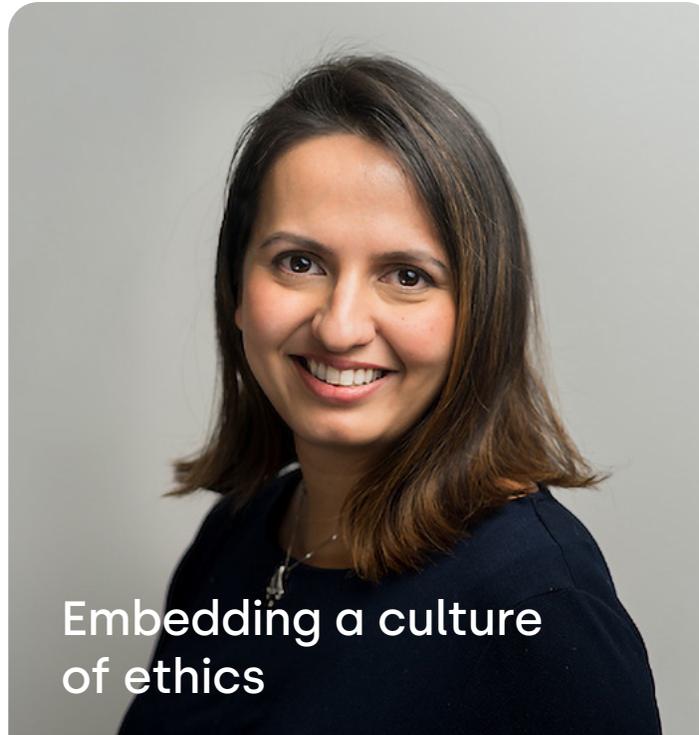
Embedding a culture of ethics

"2022 was the year we all learned what our compliance policies mean for us in practice. We organized role-playing workshops, quizzes, and discussion circles to make our messages relevant to each person and function, reaching almost every employee in all our offices."

Zia Gheewalla, Head of Ethics and Compliance
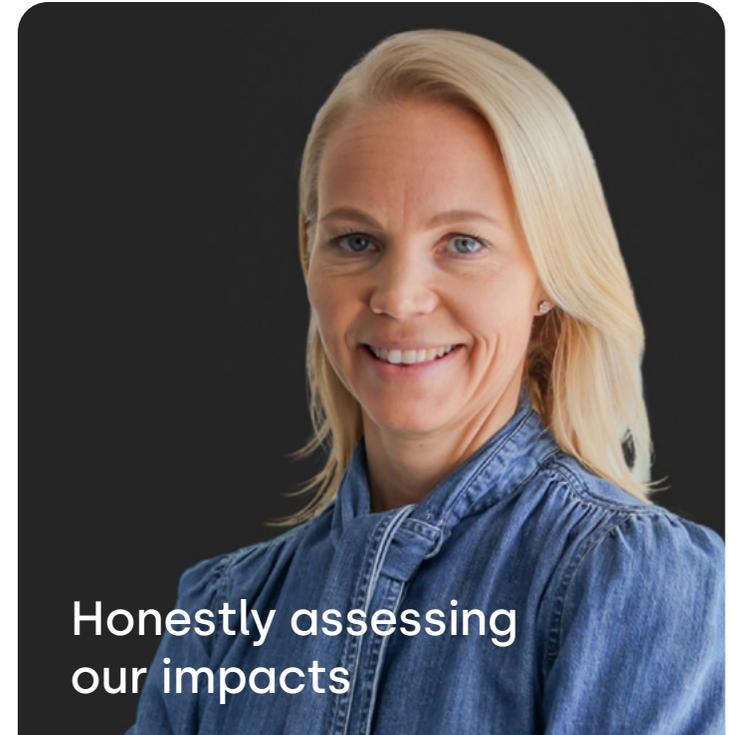
Honestly assessing our impacts

"In 2022, we were presented with a business opportunity in a conflict-affected high-risk area. We considered whether we could go ahead with no harm to people. In these circumstances, we are expected to conduct heightened human rights due diligence and to honestly assess the impact of our operations. We decided that it wasn't the right time to pursue this opportunity."

Karin Askelöf, Executive VP, Sustainability

Business Ethics

We make decisions the Polarium Way.

In 2022, the Board formally approved our enhanced Code of Conduct (CoC). It covers twenty-four policy areas; from conflicts of interest to responsible sourcing.

It will be rolled out company-wide in 2023, with a focus on the "Polarium Way", which guides teams on how to make decisions ethically and thoughtfully while keeping our three values in mind: We are One, We Take Charge, and We Think Big. The Polarium Way is owned by our CEO and managed by the Heads of Ethics & Compliance and People & Culture.

Understanding and adhering to our Code and its key policy areas is critical to ensure we all make the right decisions in every situation. This is also why training was a major focus of 2022: we organized in-person compliance training targeted to full-time employees and consultants in Sweden, the U.S., and our Mexican office. We also held live training sessions for colleagues in Africa and Vietnam.

A culture of speaking up

In 2022 we re-named our whistleblowing policy to encourage everyone to "Speak Up." Through communications and training, we underlined that speaking up is more than complying with regulations. Everyone should be able to voice concerns if they see actions unaligned with our values.

Non-retaliation is always emphasized, and our employees can choose multiple ways of speaking up – via their manager, the People & Culture liaison, or the whistleblowing line, which can be done anonymously. The line is also available to suppliers, customers, and anyone outside Polarium who wishes to report a potential breach of ethical conduct: see polarium.com/whistleblower.

Reports registered

All Speak Up claims via the whistleblowing line are administered through a strict process to ensure confidentiality, minimize the risk of retaliation. protect privacy, and arrive at fact-based conclusions.

In 2022, 13 incidents were reported on via the anonymous whistleblowing line. They concerned workplace-related job agreements or positions, and policy breaches like potential theft or harassment.

Claims were investigated in line with the Speak Up Policy. Where appropriate, corrective actions were taken.

In 2023 Polarium will implement a process to quantify reports received via other reporting channels and externally promote the Whistleblower line to business partners.

2022 Highlights
- Conducted a half-day ELT workshop on Polarium's potential ethical risks and ambition level for 'Redefining responsibility'
- Board approved The Polarium Way, our enhanced CoC
- Enhanced policies including for Speak Up, Conflict of Interest, and Anti-Corruption
- Conducted live training for 226 employees
- Carried out in-person role-playing workshops in Sweden, Mexico, and U.S. with leadership teams

Next steps
- Officially launch The Polarium Way and CoC to drive effective adoption and engagement
- Formalize existing third-party due diligence processes to make them scalable, appropriately capturing corruption and money laundering risks
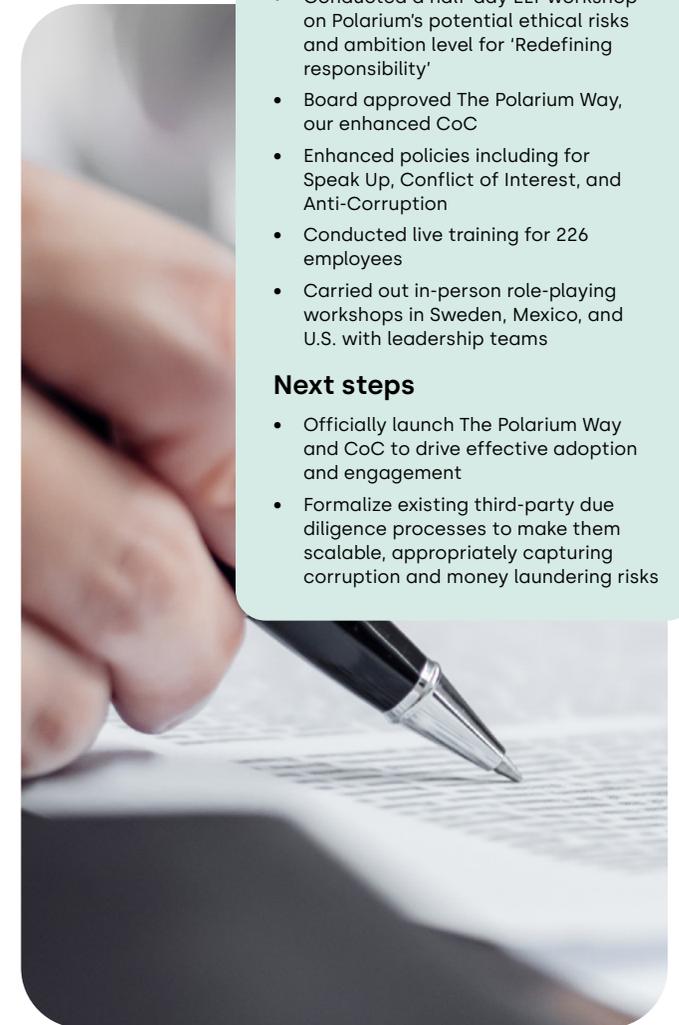
A responsible supply chain

Polarium's supply chain covers all our providers, from packaging to PCBA boards. Of the total number of suppliers, we manage 100 direct suppliers and under 1,000 indirect suppliers.

Our Supplier Code of Conduct (SCoC), with ownership by the EVP Sustainability, is the basis for all our supplier partnerships. Signing our SCoC is a prerequisite for any collaboration with Polarium. As of 2023, any supplier that deviates from the SCoC will be assessed and a commitee will decide whether to disengage them. Our SCoC is a live document that is reviewed on an annual basis and is currently in its ninth edition. It was extensively revised in 2022 to reflect international principles, particularly requirements of the Responsible Business Alliance Code of Conduct.

Categorizing risk

Suppliers are categorized according to business criticality, and we evaluate critical suppliers every quarter. We consider 'at-risk' suppliers from three perspectives: by geography, by commodity, and their possible impact on business continuity. This includes documenting any deviation from the SCoC and publishing yearly assessments.

Audits

We conduct audits across our supply chain. Audits are intended to strengthen the relationship with Polarium. Suppliers are supported in identifying issues and working to meet Polarium's requirements. Due to a backlog and continued pandemic-related travel bans, only four supplier audits were conducted in 2022. In 2023 we plan to audit 30% of our direct suppliers, which represents 80% of our overall spend in the direct supplier category.

Empowered purchasing

Our purchasing teams will be trained on the SCoC to make informed purchasing decisions. From 2023, we will implement a third-party assessment tool to conduct supply chain sustainability assessments to identify, mitigate the risk proactively and manage supplier profiles globally to manage adherence to our SCoC.

Continuity even in times of crisis

The last two years have seen unprecedented levels of supply chain disruption. Polarium is well positioned to overcome these as we enjoy product design ownership and end-to-end control over our supply chain. If a component is delayed or unavailable, we can redesign our product as necessary. This has upheld our manufacturing output, even during turbulent recent times.

2022 Highlights

- Substantially updated SCoC, now aligned with the Responsible Business Alliance Code of Conduct
- Initiated evaluation of software to manage suppliers' fulfilment of SCoC and sustainability performance

Next steps

- Roll out the new Supplier Code of Conduct in our business partner relationships
- Develop sustainability assessments for suppliers, with audits
- Implement systems to track supplier sustainability performance
- To 2026, audit key strategic suppliers representing 70% of our purchasing spend

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Our Supplier Code of Conduct reflects the priorities of international standards:

- The United Nations Global Compact
- The Responsible Business Alliance Code of Conduct 7.0
- The International Bill of Human Rights
- International Labor Organization Core Conventions
- ILO Fundamental Principles and Rights at Work
- ISO 14001 Environmental Management
- ISO 45001 and ILO Code of Practice in Safety and Health

Sourcing minerals

Polarium has a centralized governance system for responsible minerals sourcing. We align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. As we enhance this work, we will report annually on developments in our supply chain due diligence. In 2022 we made our responsible supplier list available under polarium.com/sourcing.

Responsible Minerals Initiative

Polarium does not source minerals directly: rather, the products that our suppliers provide us with contain raw materials and Tier 2 level minerals. We still need to ensure that the minerals enclosed in those products have been sourced ethically and responsibly. In 2022 we focused on extending and deepening the scope of our responsible minerals sourcing process, assessing relevant scoped suppliers against the demands of the Responsible Minerals Initiative (RMI). The requirements of the RMI are embedded into our supplier conduct practices, outlined in our SCoC.

Our Tier 2 suppliers of cells, other components and minerals are assessed annually, giving us frequent, vital insights into their performance. In the rare cases that we discover non-compliance, we issue a corrective action plan. As the origins of minerals are notoriously hard to trace, due diligence for minerals sourcing is reflected in our SCoC and supplier codes, which are enforced along the value chain. We have the ambition to only source from established, trusted suppliers recognized within the industry.

Due diligence

Minerals used in Polarium's products include gold, tin, tantalum and tungsten, cobalt, and mica. In 2022 we assessed relevant suppliers, honing in on crucial mineral suppliers with a new focus on cobalt and mica. Our product contains cobalt, which carries significant ESG risks for non-compliances in responsible mining practices. We predict prospective customers will demand even more robust sourcing control over the affected supply chain to ensure that it is not connected to conflict-affected or high-risk areas (CAHRAs) or to damaging environmental practices in any region.

Lithium in the legal spotlight

It is crucial to have structures and systems in place to anticipate risk-related issues that may arise from minerals sourcing. Proactively conducting far-sight studies enables us to anticipate new legal requirements for mineral sourcing and map these against our suppliers. A far-sight study in 2022 gave us an early heads-up on the upcoming Pilot Reporting Template from the Responsible Minerals Initiative, which will be used to report existing and potential minerals within our product supply chain. These include lead, lithium, graphite, aluminum, copper, and nickel.

One of the minerals frequently used in our products, lithium, is difficult to trace. Like other players in our sector, we have limited oversight regarding the third-party lithium supplied in our battery cells. We anticipate future pressure on suppliers in this regard.

2022 Highlights

- Embedded a minerals sourcing policy in SCoC
- Assessed trace-sourced minerals, to ensure they do not originate from conflict areas
- Conducted far-sight studies on regulatory requirements for minerals in the spotlight under RMI

Next steps

- Launch the updated SCoC with a focus on updated minerals sourcing policies
- Conduct supply chain on-site audits that were delayed due to the COVID-19 pandemic

Labor & Human Rights

We protect the well-being of workers and people affected by our activities.

We may be a small organization, but our value chain involves complex activities that can negatively impact the well-being of workers and local communities. That's why we focus on ensuring that fundamental human rights are met along our value chain.

We partnered with a third party to develop a company-wide approach to human rights. We initiated a governance and process gap review for human rights due diligence and an analysis of how to strengthen our work. The purpose of this is to meet the following standards:

- International principles as defined by the UN, OECD, and ILO, including the UN Guiding principles on human rights
- Local regulations, including in Germany, Norway, France
- EU Directive (CSDD) on due diligence and mitigating negative impacts, to be in place in 2026

Our approach covers operations and business relationships along our value chain. Our ambition is high: we aim to go beyond risk management and contribute to positive social impact.

Policies set the tone

Polarium's People Policy and employee handbook are the basis for respecting human rights and fair labor conditions. It regulates working hours and rest periods, use of personal data, leave of absence, non-discrimination, freedom of association, and the right to collective bargaining.

Our Supplier Code of Conduct covers freedom of association and the right to collective bargaining, employment conditions, wages and benefits, working hours, forced labor and freely chosen employment, child labor, non-discrimination, humane treatment, and health and safety.

2022 Highlights

- Initiated a governance and process gap review for human rights due diligence
- Piloted a customer case in a conflict-affected and high-risk area (CAHRA) that required heightened human rights due diligence

Next steps

- Prioritize actions based on gap review and recommendations
- Establish processes for impact assessments and due diligence and incorporate these into existing processess
- Set targets and KPIs

Empowering people

Empowered colleagues accomplish great things together. With this mindset, our aspiration is to equip our teams to take charge of our Breakthrough journey.

We are a multi-cultural company with more than 620 people worldwide. Living our values "We are one", "We take charge", and "We think big" inspires a culture of doers and is a linchpin for our success.

We strive to put people first in everything we do. As a young, fast-growing, and culturally diverse organization operating on four continents, we are on a journey that is only just beginning. We consider diversity, equity, inclusion, and belonging (DEIB) a resource that strengthens us and helps attract and retain the best people.

We made progress in people engagement, leadership, unconscious bias, and health and safety. We are building a global approach by investing resources in developing and implementing policies and processes across these domains.

Big Breakthrough Targets

50% of management team comprised of women by 2026

2030: To be announced in 2023
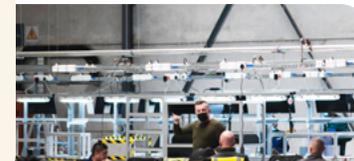
Thinking boldly

Our challenge is to develop leaders who inspire others to lead in a fast-growing organization. Access to the best talent gives us the competitive edge and we prioritize diversity, equity, and belonging and nurturing an inclusive culture.

In their own words...

We're delivering on our aspiration to equip people to change.

Inclusivity integrated into onboarding

"Our DEIB training included workshops for senior people leaders, exploring unconscious bias and prioritizing inclusivity. It's now a part of onboarding."

Yavuz Özsöyler, Learning & Development

Enhanced Code of Conduct

"During the year, we updated our group code of conduct – The Polarium Way – to make it accessible and relevant. The Code is a living document that goes beyond words to translate into daily practice. We established a global process for attracting and recruiting talent, with a goal to nurture an environment reflective of our people-first culture and strong brand. We also introduced a global job architecture that maps each job's responsibilities and every employee's role."

Rebecca Lindin, Acting EVP, People & Culture
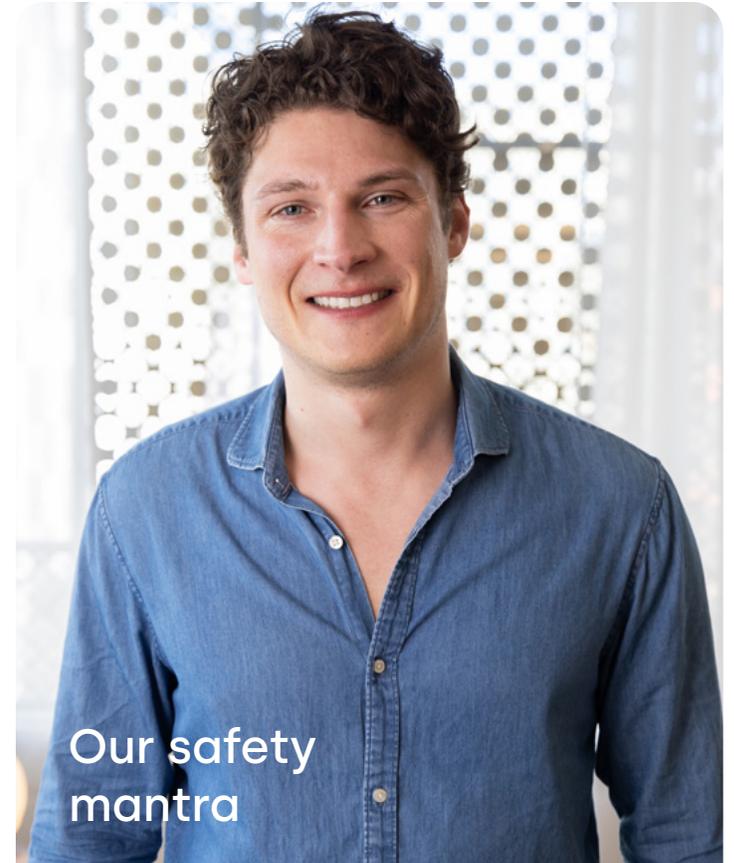
Our safety mantra

"Before each shift starts, team members look at each other, recite the mantra, "Today I will work safely, for you and for me" and smile at each other. It creates a culture of collective responsibility."

Simon Westerdahl, Safety Officer

Attracting the best talent

We achieved a milestone by producing our first People Policy.

Our People Policy applies to all employees and consultants at all sites and entities worldwide. It sets ambitions and highlights our people-first orientation. It helps us commit internal resources to forward actions and facilitate long-term planning.

The policy's values and principles are designed to set a platform for preparing local guidance and handbooks. The policy requires each country to develop a national employee handbook following local laws and praxis.

Onboarding in focus

Onboarding was a focus in 2022, and we expanded our "introduction day" training programs to all new employees. These bi-monthly events involve our leaders and help quickly get new employees up and running.

Leaders received training on onboarding co-workers; we also instituted a "buddy system" to help manage leader workloads. New recruits are called after two months to follow up on their well-being and role.

Globally standardized HR system

In 2022 we signed off on a global HR system that will be implemented in 2023. It will establish a standardized global structure for performance reviews and evaluations and incorporate values into assessments and performance against KPIs. Our rapid growth and international expansion make it essential to always maintain sight of the need to propagate our people-first culture.

Remuneration and benefits

In 2022 we began preparing the ground to harmonize global processes for compensation and benefits. The alignment will initially focus on performance management, salary reviews, and benchmarking. We are committed to ensuring that we compensate everyone fairly. Compensation must always be aligned with our Diversity, Equity, Inclusion & Belonging principles. It may never fall below local minimum levels. We have local salary statistics in every market.
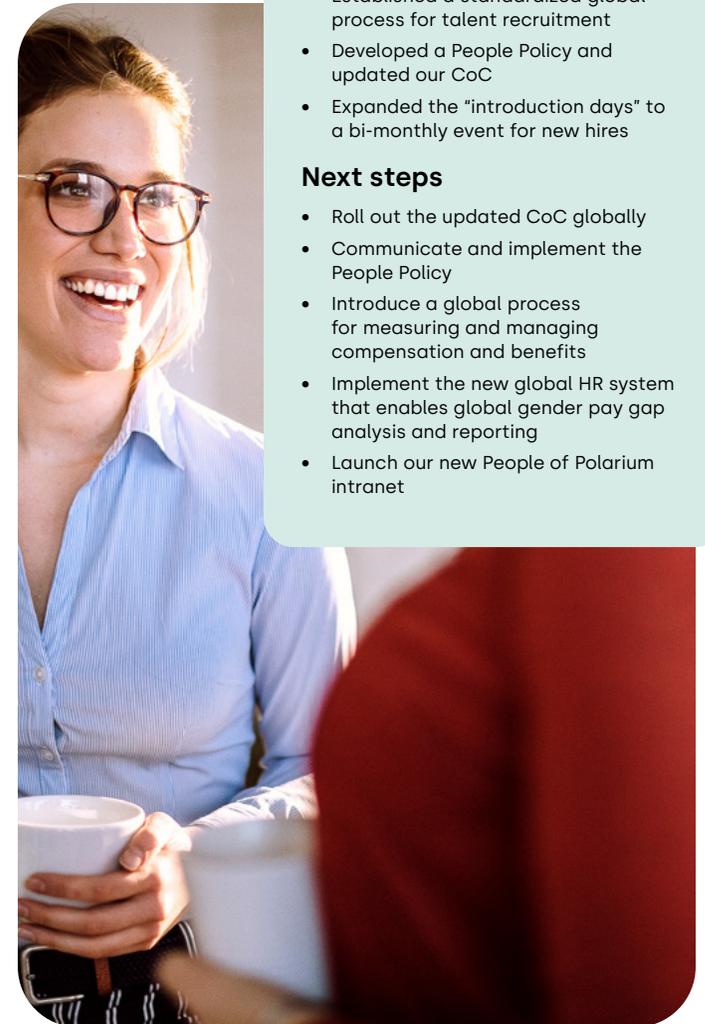
2022 highlights

- Established a standardized global process for talent recruitment
- Developed a People Policy and updated our CoC
- Expanded the "introduction days" to a bi-monthly event for new hires

Next steps

- Roll out the updated CoC globally
- Communicate and implement the People Policy
- Introduce a global process for measuring and managing compensation and benefits
- Implement the new global HR system that enables global gender pay gap analysis and reporting
- Launch our new People of Polarium intranet

Living our values

We are one.

We work as a team to achieve our goals. Our workplaces are inclusive and we collaborate across the business to share ideas and deliver results.

We take charge.

We drive success through innovation, creativity, and entrepreneurship. We take responsibility, act proactively and respond to customer pain points to stay ahead.

We think big.

We think imaginatively to solve customer challenges and drive innovation as we empower a smarter and more sustainable future through greener energy systems.

Diversity and female representation

Moving forward to ensure people feel good about coming to work each day.

Our goal is to forge an inclusive culture where everyone feels they belong. That requires us to learn as well as to unlearn. And it needs us to understand and reflect on different perspectives. An inclusive culture helps us accomplish great things and makes us a more resilient organization.

Highlighting unconscious bias

In 2022 we raised the bar in DEIB, collaborating with our external partner AllBright to develop and introduce global training materials to deepen our knowledge and awareness of limiting and exclusionary structures and biases. The training materials were designed to be forward-looking and adaptable to future challenges.

Our Board of Directors, executive leadership, talent acquisition leaders, and people leaders received DEIB training focused on unconscious bias and inclusive culture and leadership. We plan to add unconscious bias awareness to our recruitment process and design training materials for inclusive leadership in 2023. From 2023, DEIB will be part of all new hire training and onboarding processes.

Promoting diversity and female representation

We promote diversity by building teams with diverse backgrounds and skills. This enables us to explore different perspectives and challenge our way of thinking. We monitor female representation closely at all levels and are especially committed to improving it in leadership positions.

Work to appoint more females to executive and leader positions will receive priority in 2023. Our target is for women to hold at least 50% of management positions by 2026. Today, we are at 30%, a slight change from 32% in 2021.

Attracting more female talent is part of our recruitment search and headhunting mandates. We plan to introduce a female mentoring program in 2023 as part of our leadership program and to specifically target women in the tech sector through an employer branding initiative.

DEIB survey

In 2022, we implemented a global survey for office-based employees. The survey results showed improvements in all areas. In 2023, we will use the results to compile a DEIB index. We will also incorporate diversity, equity, inclusion, and belonging principles into our compensation and benefits policies.
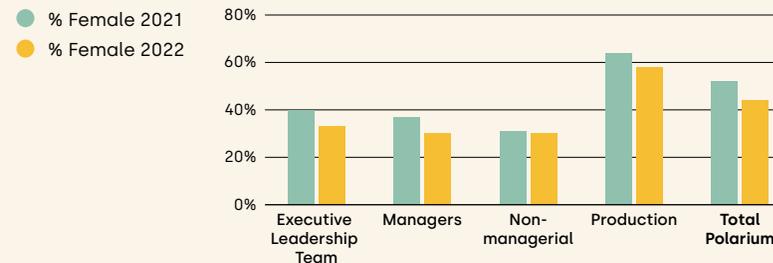
2022 Highlights

- Implemented a DEIB training program that included training leaders and our Board of Directors
- Conducted the second annual DEIB survey
- Updated the people policy and code of conduct to include DEIB aspects

Next steps

- Increase awareness and knowledge of DEIB through corporate-wide training programs
- Use survey results to develop a DEIB index
- Improve gender ratio in executive and leadership positions to achieve a minimum of 45% female representation in management positions by 2026
- Introduce an employer branding initiative to attract more women, especially those in the tech sector

Women in the workforce

- % Female 2021
- % Female 2022

	Executive Leadership Team	Managers	Non-managerial	Production	Total Polarium
% Female 2021	40%	37%	31%	63%	52%
% Female 2022	33%	30%	30%	59%	44%

Employee engagement and development

We're equipping people to take charge of our journey.

High engagement requires clear, energized leaders. In 2022 we launched our first global leadership program. It focuses on communication, change management, self-leadership, and team and individual engagement.

Survey is our key tool

We track employee engagement in a quarterly engagement survey. All employees globally participated in the 2022 questionnaires except production workers in South Africa, for whom lack of private internet access was a barrier. Steps are being taken to install internet kiosks at our South African sites. Early in 2022, we recorded lower engagement due to a high workload and unclear mandates. We addressed these challenges and introduced measures to counter workplace pressures.

Supporting work-life balance

Early in 2022, we recorded lower engagement due to a high workload and unclear mandates. We addressed these challenges in our teams, introducing measures to counter workplace pressures. This included the provision of business healthcare support to promote work-life balance. Our People & Culture Business Partners met with all leaders to follow up on the survey results. External coaching was provided to leaders, and one-to-one sessions with team employees were introduced to support deeper engagement.

Engagement improvements

Engagement improved as the year progressed. Higher scores were recorded in multiple metrics, including team spirit, workload, and feeling valued at work. By year-end, 90% of employees felt Polarium was moving in the right direction. This was in part thanks to the launch of the Polarium leadership program and the introduction of "people leader days".

The employer net promoter score (eNPS) – which measures the extent to which employees would recommend Polarium as an employer to a friend – is stable with a slight decrease of 1 point.

2022 highlights

- Almost doubled the net promoter score from 21 at the start of the year to 41 at year-end
- Improved employee engagement in multiple areas
- Launched the first leadership program for global leaders
- Introduced 'People Leader' days

Next steps

- Make further progress in our net promoter score
- Build on improved engagement metrics
- Expand the engagement survey to production workers in South Africa
- Evaluate and standardize the global leadership program, train a new leader cohort annually, and expand the program to Mexico and Vietnam

Employee Net Promoter Score

- 2021
- 2022

We measure employee satisfaction through Employee Net Promoter Score. Polarium has performed above the industry benchmark in the past two years.
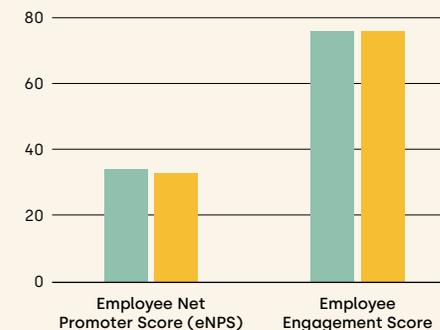
Health and safety in the spotlight

Our vision is zero injuries in all our workplaces.

As an organization with global production sites, we are committed to best practices in occupational health and safety (OHS) wherever we operate and for everybody working at our sites.

In 2022, we strengthened our global OHS team. We collaborated closely with our sites to support and enhance our policies and processes. The team's responsibility is to instill a safety-first mindset in all aspects of the business.

Safety was also in focus when we established two new sites – a production site in Cape Town, South Africa, and our Technology Center in Stockholm, Sweden, home to our research and development department.

A proactive reporting culture
Our proactive reporting culture ensures that everyone at all levels of the organization can report risk observations. Our plan-do-check-act approach relies on awareness building and continuous evolution. Consistent reporting allows us to minimize risks by taking timely action.

Safety talks guide the way
More accurate and consistent reporting allows us to take the necessary actions to mitigate relevant risks. To become more proactive, in 2022, we used safety talks to highlight specific risks and create greater awareness. We also prioritized closer collaboration with production workers to enhance our reporting culture.

Together, these efforts gave us more accurate data on incidents and accidents, improving our reporting practices.

Physical and psycho-social health and well-being
Also, in 2022, we focused on psycho-social risks, using survey tools to measure employees' social and organizational well-being. Psycho-social health indicators and monitoring were individually dicussed at all global sites. Our survey tools enable us to get anonymous, unvarnished answers from all employees.

Audits for compliance
To ensure compliance, all our production sites are certified to ISO 45001.

2022 Highlights
- Strengthened global OHS team to enhance global alignment in occupational health and safety
- OHS team conducted physical inspections and inspected risk assessments at all production sites
- Promoted a proactive reporting culture

Next steps
- Work towards a more digital workflow for safety inspections and incident reporting
- Improve training programs for all employees to build awareness and understanding
- Improve global health and safety processes
- Recertify all facilities according to ISO 45001

Injury rate calculations are as per OSHA standards of a recordable injury rate of 200,000 hours. The injury rates per country: Sweden: 1.32, Mexico: 0.72, South Africa: 1.65 , Vietnam: 4.19 and US recorded no injuries. Total Recordable Injury Rate (TRIR) was 2.3.

Incident reporting	2022
TRIR (Total Recordable Injury Rate)	1.45
Fatalities	0
High consequence work-related injuries	0
Recordable work-related injuries	11
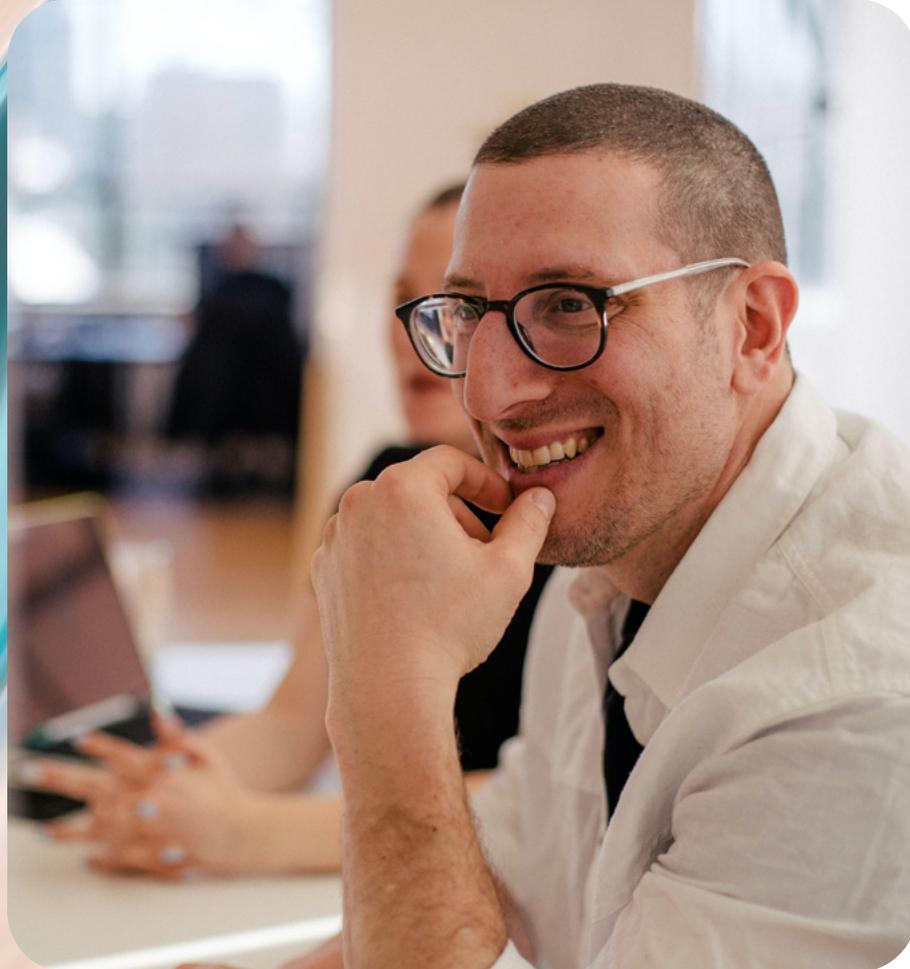
Building a resilient company

Integrating sustainability helps us deliver on our mission and navigate in times of uncertainty. It's still early days in our work to lay the foundation for integration, but we are building the right processes that help us shape a resilient company.

Breaking through silos

The starting point to shaping our Breakthrough plan begins with four areas where we can make the most significant difference in delivering on our mission. We defined four intentions on the difference we want to make with each:

- Accelerate the transition to net zero along our value chain
- Drive innovation and partnerships for circular solutions
- Equip our people to take charge of our journey
- Raise the bar on fair business practices together with our partners.

Since our impacts on people and the planet extend far beyond our operations, our plan also reaches across our value chain.

From intent to impact
In 2023 we will set Big Breakthrough targets that reflect the progress we want to make on our aspirations for 2030. These will be designed to bring about a significant leap towards delivering on our mission. They will be ambitious, audacious goals that may appear impossible to achieve. They require new thinking and coordinated efforts of different functions to realize.

Own our actions
Integration requires clear accountability, the right tools, and a commitment to a shared vision. Every function is defining its own goals and initiatives that lead to Big Breakthrough targets.

In 2023, when Breakthrough is formally launched, each function and team member must take sustainability training and define how they will deliver on their roles.

Introduced in this report, Breakthrough will continue to evolve and grow, populated with actions and sub-targets and driven by our role in providing endless and sustainable energy. The plan aligns with the business strategy's three-year cycle and reflects our agile, customer-focused business. It will be reviewed and developed annually.

Breakthrough 2030

Unlocking endless energy

Climate-Action

Circular Solutions

Empowering People

Redefining Responsibility

The plan has three phases to 2030:

2023 – 2025
Understand impacts, set intention and scale processes and engagement

2026 – 2027
Accelerate and scale impact

2028 – 2030
Calibrate plan to deliver on targets

Accountability from the top down and bottom up

The building blocks are in place to integrate sustainability from the top down and the bottom up.

Delivering on Breakthrough requires strategic alignment on our impacts and understanding our role in transformation. That's why strategic sustainability lies at the heart of Polarium's corporate governance system. It is essential to the Board of Directors' agenda and the Executive Leadership Team's (ELT) responsibilities.

Audit, Risk, and Sustainability Committee: Three Board members nominated annually introduce relevant policies, oversee the Breakthrough plan, sustainability-related risks review, and [approve] the sustainability report. The Executive Vice President Sustainability reported to the Committee twice during 2022.

The CEO is ultimately responsible for integrating sustainability across functions and teams into our business strategy.

The Executive Vice President Sustainability met with the Board of Directors twice during 2022 with updates on our plan, progress, and changing expectations.

Our Executive Vice President Sustainability develops our approach based on an assessment of the topics that are most material to our business. She also keeps pace with the expectations of our stakeholders and drives our

agenda across the organization. She reports to the Executive Vice President of Corporate Affairs and is part of the Executive Leadership Team. She is supported by two subject-matter experts.

Across the organization and within functions: Through accountability and function-specific targets, we integrate relevant sustainability topics into day-to-day operations and risk management, finance, and human resources. They monitor policies, procedures, and progress and build partnerships within their areas of responsibility.

Polarium's Sustainability Council

In place as of 2023, and chaired by the EVP Sustainability, the Sustainability Council consists of 20 representatives from across our value chain. They include representatives from Research & Development, Product & Solutions, Operations, Sourcing, Manufacturing & Supply Chain, Logistics, Revenue Generation, Business Development, People & Culture, Finance and subject-matter experts, and the sustainability team. They report directly to their respective EVP or PL. The Council convenes every month.

Responsibilities

- Monitors stakeholder expectations and the regulatory landscape
- Prioritizes, drives, and follows up on progress on the Breakthrough plan and related targets
- Considers risks and their implications on the business and identifies solutions to mitigate them
- Coordinates and shares information and best practices
- Reports and communicates on progress and KPIs

The EVP Sustainability – and Council Chairman - ensure that outcomes are aligned with their purpose. Council members prepare for discussions and decisions in the meetings, drive actions and report back to their respective teams and EVP or manager.

A holistic take: Our integrated management system

We're a process-oriented company. We use tools and procedures to create a shared cycle of innovation and improvement. It is the foundation of our performance culture and we apply the precautionary principle and relates to product and business development and shaping the best teams.

Polarium's Integrated Management System (IMS) comprises a series of policies, processes and frameworks that help us manage risks and ensure compliance with legal and contractual requirements while ensuring our value chain is as low-carbon and resource-smart as possible. It spans all business operations. The IMS is certified according to the ISO 9001:205, ISO 14001:2015 and ISO 45001:2018 standards.

The IMS addresses, among other things, controlling our Scope 1, 2, and 3 emissions, managing end-of-life processes for battery cells, managing waste generated from our own operations and managing water use in the event of very rare battery activation event and addressing the risk that lithium-ion batteries catch fire during manufacturing.

We apply a PDCA (plan-do-check-act) methodology to control to continuously raise our performance bar.

- Plan – Map stakeholders' requests towards setting/updating policies, procedures, and plans
- Do – Put the plan into action by improving our internal processes
- Check – Assess the impact of our improvements
- Act – Communicate and report to stakeholders and continuous improvement iterations

Policies & procedures	Topics covered	Aspect covered in the Integrated Management System & other programs	How we evaluate effectiveness of our approach	2022 outcomes
Sustainability policy As an umbrella policy, aligned with the 2030 UN Sustainable Development Goals and to the UN Global Compact ten principles (launched in 2023).	• Climate and environmental impact • Circularity • Human and labor rights • Sustainable sourcing • Diversity, equity, inclusion, belonging (DEIB) • Anti-Bribery, Anti-Corruption and tax procedures • Stakeholder engagement • Transparency	• IMS	• Reviewed by the Audit Committee • EVP Sustainability continually monitors performance	p. 15
The Polarium Way (Code of Conduct, launched in 2023)	• Human and labor rights • Non-Discrimination • Eliminate Child labor • Eliminate Forced labor • OHS • DEIB • Minerals sourcing • Environmental Management • Anti- Bribery and Anti-Corruption • Business integrity	• Global HR System • DEIB • Employee handbook	• DEIB survey and index. • 13 whistle-blower reports. • Human rights risk assessments of all operations and critical risk suppliers by 2024. • Reviewed by the ELT • Employee training	p. 19-24
Integrated Management Systems (IMS) Policy	• Energy use • Transportation • Waste • Chemicals and hazardous substances • Occupational Health and safety • Product development • Marketing, • Product supply and related services	All operations are: ISO14001:2015 certified ISO9001 certified ISO45001 certified	• 4 site audits • KPIs on product recalls and serious incidents with products will be reported on in 2023.	p. 15 and Appendix
OHS Management Directive	• Occupational health and safety • Fire hazards during manufacturing • Incident and accident reporting • Well-being	All operations are ISO45001 certified	• 14 injuries, 2.3 injury rate. • Reviewed by Executive leadership team (ELT) in 2022	p. 31
Supplier Code of Conduct Requirements are based on the UN Global Compact, RBA Code of Conduct 7.0, International Bill of Human Rights, International Labor Organization Core Conventions, ILO Fundamental Principles and Rights at Work, ISO 14001, ISO 45001, ILO Code	• Human and labor rights • Occupational health and safety • Hazardous chemicals • Waste, emissions • Anti-bribery and Corruption • Business integrity • Reporting violations • Sub-supplier engagement	Assessment program in place in 2023	• All suppliers must agree and ensure that they conduct business aligned to Polarium's requirements	p. 22

Risks: Navigating uncertainty

With our pace of growth and an increasingly uncertain business climate, managing risk is critical to business continuity, instilling stakeholder trust, and delivering sustainable value creation.

Climate change and energy security, financial volatility, the political environment, and cyber security... as our risk landscape evolves and grows in complexity, so do our processes. In 2022, we introduced a risk management framework that allows us to manage these risks in line with our risk appetite. We are integrating the framework into our internal controls and audit program. In 2023, we will focus on designing and introducing mitigation actions and controls.

Polarium's Enterprise Risk Management (PERM) framework is now part of our IMS. Among our top 18 risks, 11 of them are deemed significant. Each category is covered by one or more process owner, responsible for ensuring we meet standards and evaluate and mitigate any risks within their area.

PERM covers all entities and business processes. It is data-driven, and outcomes are measurable. This helps us understand the evolution of our exposure to a specific risk.

Accountability

The Audit Committee reviews the framework and assess risks. They receive monthly written reviews of our risk assessments.

Polarium's risk management function and Head of Corporate Affairs of Polarium's ELT oversee the program continuously and ensure we have policies to cover the risks. Our internal auditors serve as a cross-functional governance mechanism to evaluate, test, and validate our processes and management controls.

Process owners work on strategic plans and direction for their organization to align objectives and priorities. Status is reported at least once a year during management review.

Topic categories

We assess and score each risk based on its probability and severity. The most significant sustainability risks fell under the following categories:

- Financial risks
- People and Culture
- Occupational health and safety
- Manufacturing
- Sourcing

Next up? We plan to chart our climate risks and opportunities according to the Task Force on Climate-Related Financial Disclosures.

Understanding impacts

We gain deeper knowledge of our impacts on people and the planet by assessing expectations on us, systematically collecting data, and pinpointing how sustainability helps us generate long-term value. Looking through the lens of a value chain gives insight into where impacts occur and the relationships we need to build to affect them.

Material world

Materiality is the point where a sustainability topic becomes essential to our ability to deliver long-term value. Identifying material topics was the starting point for charting our Breakthrough plan and what stakeholders expect us to act on and be transparent about.

In 2021, we conducted a limited materiality assessment to determine the environmental, social, and economic topics most relevant for Polarium. Topics were identified as potentially relevant because they:

- Represent Polarium's key strategic areas
- Help us live up to the UN Global Compact's ten principles on protecting human and labor rights, the environment, and fighting corruption
- Are aligned with the GRI's standard disclosures
- Are necessary to live up to contractual and legal requirements.

Our leadership team, internal function heads, and process owners assessed topics based on their importance to stakeholders: customers, employees, and the Board of Directors. In addition, we look at the degree of impact topics have on Polarium's business. Our employee engagement survey and materiality surveys provided limited input. Accessible data points also informed our assessment.

For the Breakthrough plan, the topic names and definitions were fine-tuned further. The 14 of our most material topics now lie within four focus areas: Climate Action, Circular Solutions, Redefining Responsibility, and Empowering People. These topics also reflect the structure and content of this report.

In light of upcoming EU regulations and expectations, we will reassess the materiality assessment process based on the impact on people and the planet and the degree topics that influence Polarium's ability to deliver enterprise value. Future assessments will cover impacts over the short, medium, and long term, emphasizing data and engaging more stakeholders and subject-matter experts.

Topics central to our business strategy

Climate Action
- Avoided emissions
- Product efficiency
- Green cells

Circular Solutions
- Product design
- Business models for circularity
- End of life management

Empowering People
- Professional development and training
- Diversity and inclusion

Topics that build trust in Polarium

Redefining Responsibility
- Responsible supply chain.
- Fundamental rights at work
- Business ethics

Climate Action
- Operational efficiency

Empowering People
- Occupational health and safety and wellbeing
- Employee engagement

Impacts along the value chain

A value-chain perspective helps us better understand where our impacts on people and the planet occur and the degree of influence we have over these impacts.

This overview helps us pinpoint how to maximize the value we bring and the relationships we need to strengthen. Here is where our most significant impacts occur, the degree of influence we have on each phase of the value chain, and what we are doing to address them.

R&D → Sourcing & supply → Polarium operations → Assembly

End of life ← Customer use ← Market & Sales ← Logistics ←

	R&D	Sourcing & supply	Polarium operations	Assembly	Logistics	Market & Sales	Customer use	End of life
Scope	Customer driven. Budget 104m SEK. Innovation Lab in Tomteboda Sweden.	Number of suppliers / spend and geographical location.	Operations and production planning	In three assembly plants in Mexico, Vietnam and South Africa.	Logistics partners, share of air, road, rail and sea.	Sales in Africa, North America, Asia, Europe and Asia-Pacific.	Solutions used to secure reserve power, esp. for the telecom industry, reduce energy costs, establish energy independence and create new revenue streams.	Reverse logistics, disassembly, partnerships with cell recyclers.
Material topics	• Product design • Product efficiency • New business models	• Green cells • Product design • Product efficiency • Responsible supply chain • Operational efficiency	• Employee development • Employee Engagement • OHS and Wellbeing • Business ethics	• Operational efficiency • Employee engagement • Wellbeing	• Operational efficiency	• Business ethics • Take-back systems • Avoided emissions	• Circular solutions • Climate-smart solutions • Occupational health and safety	• End of life management • Responsible supply chain
How we reduce impacts and create value	Design for low negative impact on people and the planet, long lifecycle and high quality that can be easily recycled.	Sourcing products, materials and services at good cost, in a timely manner and with suppliers who share our commitment. Secure procurement of green cells. Ensure transparency of Tier 2 supplier impacts.	Delivering on our business model responsibly, with global processes and through our three shared values.	Assembling high-quality products safely with for region, resource efficient assembly.	Collaborating with logistics partners to lower emissions and increase cost efficiency by choice of mode, reducing packaging volume, and route. Measuring CO_2 impacts and integrating into decision making.	Understanding and delivering on customer needs. Building long-term relationships that extend beyond end-of-life.	Responsiveness through tech service and support. Improving efficiency through software and fleet management services. Helping to close the loop through battery as a service. Safety instructions to managing battery during use.	Scaling product take-back through partnerships with recycling firms, reusing materials for new value creation.
Degree of influence	High	Medium	High	High	Low	Low	Medium	Low

A shifting regulatory landscape

Regulation helps us raise the bar on our sustainability performance. It incentivizes us to open new markets for our offering and increases transparency on our impacts.

Regulation	Purpose	Impact on Polarium
EU Green Deal	The European Green Deal is a package of policy initiatives, which aims to set the EU on the path to a green transition, with the ultimate goal of reaching climate neutrality by 2050.	Policy initiatives to make the EU climate neutral in 2050. This opens opportunities for building a customer base in Europe for new applications.
The EU Battery Regulation	The new battery regulation establishes an essential framework to foster further development of a competitive sustainable battery industry, which will support Europe's clean energy transition and independence from fuel imports. Sustainability requirements on carbon footprint, recycled content and performance and durability will be introduced gradually from 2024 onwards.	To create a fully circular economy and achieve zero pollution. It requires large-scale batteries to be more environmentally sound from how materials are sourced to end-of-life collection, recycling and repurposing.
Corporate Sustainability Reporting Directive (CSRD)	The CSRD aims to ensure that companies publicly disclose adequate information about the risks, opportunities and impacts of their activities on people and the environment.	New routines for 2024 reporting year requires Board engagement, indepth data collection, a new double materiality process, and reporting according to new ESRS reporting standards. Reporting according to GRI gives us a head start in meeting these expectations.
Corporate Sustainability Due diligence Directive (CSDD)	The CSDD aims to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe.	Ensures that our impacts are an integral part of our decision making at board level. In place in 2026.
EU Taxonomy	The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities, to facilitate sustainable investment.	A classification system to define environmentally sustainable economic activities based on their contribution to six objectives, such as climate change mitigation or climate change adaptation. For a preliminary assessment of Polarium see p. 41. Transparency here allows us to attract new investors interested in investments that contribute to the transition to net zero emissions.
Net Zero Industry Act	Aims to create a more straightforward and predictable legal framework for net-zero industries in the EU as part of Europe's Green Deal Industrial Plan. It will support the EU's climate-neutrality commitment and the clean energy transition, strengthen the resilience of the EU's energy system, and contribute to a secure supply of clean energy in line with REPowerEU.	Supports strategic net-zero technologies that are commercially available or soon to enter the market and have significant potential for rapid scale-up. One of the eight strategic net-zero technologies is battery and storage, which sets the scene for opportunities in Europe.

EU Taxonomy

This is a preliminary assessment of how Polarium meets disclosure requirement of the EU Taxonomy.

As a privately owned company, Polarium is not yet subject to mandatory disclosure requirements to the EU Taxonomy. But in 2022, we developed systems to support assessments of our alignment. This disclosure reflects a preliminary evaluation and does not constitute formal reporting in line with Taxonomy requirements.

Classifying business activities

As part of the European Green Deal, the EU aims to become climate-neutral and reduce greenhouse gases generated within its borders to zero by 2050. To this end, the EU Taxonomy established a list of environmentally sustainable economic activities within six environmental objectives that have a role to play in the EU's aims.

Assessment of our economic activities

Polarium's assessment is based on the adopted Delegated Acts and the current understanding of these requirements and may be amended to align with new regulatory guidance and reporting practices.

We analyzed our products, sites, and activities and reviewed them against the economic activities defined by the Taxonomy. Expertise from across functions and advice from external consultants informed our approach.

Eligibility

The vast majority of Polarium's sales of energy storage solutions are currently only eligible to section 3.4 Manufacture of batteries, and these activities enable climate change mitigation. Our assessment indicates that Polarium's energy storage solutions meet the substantial contribution criteria. The eligible scope includes all Polarium activities for battery manufacturing for telecom, commercial property, and industrial applications.

CAPEX & OPEX

In addition to the above activities, the Taxonomy requires us to report the proportion of capital expenditure and the share of operating expenditure related to assets or processes associated with environmentally sustainable economic activities.

We have identified Polarium's investments, i.e. the additions in tangible and intangible assets during 2022. The majority of this capital expenditure is associated with environmentally sustainable activities eligible to section 3.4 Manufacture of batteries. Polarium's operating expenditure of non-capitalized costs that related to research and development is the largest portion of operating expenditures that is deemed as supporting environmentally sustainable activities.

Do No Significant Harm

Our assessment indicates that Polarium meets the majority of the requirements of the Do No Significant Harm (DNSH) criteria applicable for section 3.4.

Climate change adaptation - Polarium will initiate work around climate risk scenario and physical climate risk analysis, which is not currently undertaken by the company.

Sustainable use and protection of water and marine resources – Water is not used extensively in production processes nor identified as an environmental aspect in Polarium's Environmental Management System.

Transition to a circular economy - As part of Breakthrough 2030, we launched our formal circular solutions approach, which will be implemented during 2023 (p. 17).

Pollution prevention and control - Polarium complies with current regulations regarding the use or trade of chemical substances.

Protection of biodiversity and ecosystems - Our activities are not listed in Chapter 17, Section 1 of the Environmental Code. Our preliminary conclusion is that none of Polarium's facilities operate close to biodiversity-sensitive regions.

Minimum safeguards

In 2022 we initiated a governance and process gap review for human rights due diligence and an analysis of how to strengthen this work. Its purpose is to meet international principles defined by the UN, OECD, and ILO, including the UN Guiding Principles on human rights, local regulations, and the coming EU directive (CSDDD) on due diligence and mitigating negative impacts.

Way forward

In 2023 we will continue our work to comply with DNSH and Minimum safeguards to be able to fulfill alignment with the Taxonomy. Our financial reporting will be prepared to reflect full disclosure in line with the Taxonomy reporting requirements for 2023.

About this report

This progress report presents 2022 performance on Breakthrough 2030 and our approach to integrating sustainability throughout our business.

Adopted by Polarium's Leadership team and approved by the Board, this is Polarium's second annual sustainability report, prepared to reflect GRI Universal Standards 2021. This 2022 Breakthrough Progress Report is a sister document to the 2022 Annual Report.

The report presents Breakthrough 2030, our plan for integration and impact, how we provide lasting value for society, customers, employees, owners, and other stakeholders. It details our approach to managing sustainability risks and our commitment to the precautionary principle.

Based on a limited materiality assessment conducted in 2021, Breakthrough 2030 encompasses the topics most relevant to Polarium and our value chain.

Where relevant, the report also highlights how our priorities reflect our commitment to the UN Global Compact's ten principles on environmental performance, labor and human rights, and anti-corruption.

No GRI Sector standards are yet applicable to Polarium. The report is third-party assured to be in accordance with the Global Reporting Initiative's (GRI) sustainability reporting framework 2021.

Boundary of the report

Standard disclosures include all operations potentially affecting Polarium's performance unless otherwise indicated.

Data has been collected over the 2022 calendar year and covers some 620 employees at year-end, including those working in offices and production. Data encompasses 3 (2) production facilities in Vietnam, Mexico, and South Africa and subsidiaries in the US, the UK in addition to our headquarters and R&D in Sweden.

2021 is the baseline for data collection. We have adjusted historical data when found to be incorrect or to improve data quality.

Appendix 1, page 47, presents additional GRI disclosures. We provide information about our business and financial performance in Poliarum's Annual Report. link to the report]

This report is written to reflect Directive 2014/95/EU — also called the non-financial reporting directive (NFRD) — transposed to the Swedish Annual Accounts Act chapters 6 and 11.

The Statutory Sustainability Report covers pp. 1-48 and, as defined by the Annual Accounts Act, constitutes part of the Board of Directors' report. Polarium's financial auditor has conducted third-party assurance and a letter of assurance is found on page 50.

The 2022 report was published in June, 2023.
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GRI content index

Statement of use: For the reporting calendar year 2022
GRI 1 used: Foundation 2021
Applicable GRI Sector Standard(s): No applicable sector standard applies

GRI Stamdard/Other source	Disclosure	Location	Omission		
			Omission	**Reason**	**Explanation**
General disclosures					
	2-1 Organizational details	p.3; Annual report p. 35			
	2-2 Entities included in the organization's sustainability reporting	p.42			
	2-3 Reporting period, frequency and contact point	p.42			
	2-4 Restatements of information	p.42			
	2-5 External assurance	p.42, p.50			
	2-6 Activities, value chain and other business relationships	p.3, p.22-23, p.39 and 42; Annual report, p. 5			
	2-7 Employees	p.48; Annual report, p.53			
	2-8 Workers who are not employees		a, b, c	Information unavailable / incomplete	Not collated on Group level. To be during 2024
	2-9 Governance structure and composition	Annual report, p.30 and p.33	cii, cvi, cviii	Information unavailable/ incomplete	Communications not yet in place. To be reviewed during 2023
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	Annual report, p.30 and 33	bi, bii	Information unavailable / incomplete	Communications not yet in place. To be reviewed during 2023
	2-11 Chair of the highest governance body	Annual report, p.33			
	2-12 Role of the highest governance body in overseeing the management of impacts	p.33-34, p.36 and 42	bi	Information unavailable/ incomplete	The Board does not yet engage with societal stakeholders To be reviewed during 2023
	2-13 Delegation of responsibility for managing impacts	p.34			
	2-14 Role of the highest governance body in sustainability reporting	p.34			
	2-15 Conflicts of interest	p.21	a, bi, bii, biii, biv	Information unavailable/ incomplete	A conflict of interest policy was established in 2022. Work to be further enhanced during 2023
	2-16 Communication of critical concerns	p.36, p.21			
	2-17 Collective knowledge of the highest governance body	Annual report, p.30			
	2-18 Evaluation of the performance of the highest governance body		a,b,c	Information unavailable/ incomplete	Committees and Board evaluations to be implemented during 2023
	2-19 Remuneration policies	p. 27; Annual report, p.30	a, b	Information unavailable/ incomplete	Policy is in place. Communication on the policy will be conducted during 2024

GRI Stamdard/Other source	Disclosure	Location	Omission		
			Omission	**Reason**	**Explanation**
General disclosures					
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	Annual report, p.30	aii, aiii, b	Information unavailable/ incomplete	Enhanced communications on procedures will in place during 2024
	2-21 Annual total compensation ratio		a, b, c	Information unavailable/ incomplete	Such processes are not in place
	2-22 Statement on sustainable development strategy	p.6-7, p.19			
	2-23 Policy commitments	p.21, p.22, p.27, p.29, p.35			
	2-24 Embedding policy commitments	p.21-22, p.35			
	2-25 Processes to remediate negative impacts	p.24, p.35, p.39	d	Information unavailable/ incomplete	We will enhance procedures during 2024
	2-26 Mechanisms for seeking advice and raising concerns	p.21			
	2-27 Compliance with laws and regulations		a, b, c, d	Information unavailable / incomplete	Communications not yet in place. To be reviewed during 2023
	2-28 Membership associations		a	Information unavailable/ incomplete	Not yet collated on Group level. To be reviewed during 2024
	2-29 Approach to stakeholder engagement	p.30, p.38	aiii	Information unavailable / incomplete	Processes not yet in place. To be reviewed during 2024
	2-30 Collective bargaining agreements		a, b	Information unavailable / incomplete	Communications not yet in place. To be reviewed during 2023
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p.38			
	3-2 List of material topics	p.35, p. 38			
Material					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.35			
GRI 301: Materials 2016	301-2 Recycled input materials used	p.18	a	Information unavailable/ incomplete	Processes not yet in place. To be reviewed during 2024
	301-3 Reclaimed products and their packaging materials		a, b	Information unavailable/ incomplete	Processes not yet in place. To be reviewed during 2024
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.35			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p.15, Appendix, p.47	b, civ, d	Not applicable	Not part of Polarium's business model.
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.35			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p.15, Appendix, p.47	diii, c	Not applicable	No recalculations have been conducted.

GRI Stamdard/Other source	Disclosure	Location	Omission		
			Omission	Reason	Explanation
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	p.15, Appendix, p.47	b, di, diii	Not applicable	Calculations are based solely on market. 2020 is our baseline.
	305-3 Other indirect (Scope 3) GHG emissions		a, b, c, d, e, f, g	Information unavailable/ incomplete	To be reviewed by 2023
	305-4 GHG emissions intensity	Appendix, p.47			
	305-5 Reduction of GHG emissions	Appendix, p.47	a, b, c, d, e	Information unavailable	No reduction activities yet identified. To be initiated during 2023
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.35			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		a	Information unavailable/ incomplete	A Global Waste Management Procedure was introduced in 2022. To be reported on in 2023 reporting
	306-2 Management of significant waste-related impacts	p.35	a,b	Information unavailable/ incomplete	A Global Waste Management Procedure was introduced in 2022. To be reported on in 2023 reporting
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.22, p.35			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		a	Information unavailable/ incomplete	Supplier screening processes will be introduced during 2023.
	308-2 Negative environmental impacts in the supply chain and actions taken		a, b, c, d, e	Information unavailable/ incomplete	Supplier screening processes will be introduced during 2023.
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.27, p.35			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		a, b	Information unavailable / incomplete	Process not yet in place to collate data on Group level. To be reviewed during 2023.
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.31, p.35			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p.31	ai	Informationunavailable/ incomplete	Polarium is ISO45001 compliant, which has the criteria that Poliarum must be compliant to all local legislation.
	403-2 Hazard identification, risk assessment, and incident investigation	p.31, p.35	b,c	Information unavailable/ incomplete	Work to align procedures Group-wide were initiated in 2022. This will continue in 2023
	403-3 Occupational health services	p.31			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p.31	b	Information unavailable/ incomplete	To be reviewed by 2026 Work to align procedures Group-wide were initiated in 2022. This will continue in 2023
	403-5 Worker training on occupational health and safety	p.31			
	403-6 Promotion of worker health	p.31	a	Information unavailable/ incomplete	Work to align procedures Group-wide were initiated in 2022. This will continue in 2023
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		a	Information unavailable/ incomplete	Work to align procedures Group-wide were initiated in 2022. This will continue in 2023 To be reviewed by 2026
	403-8 Workers covered by an occupational health and safety management system	p.35, Appendix, p.47			
	403-9 Work-related injuries	p.31, Appendix, p.47	aiv, b, ci, cii, ciii,d	Information unavailable/ incomplete	Work to align procedures group-wide were initiated in 2022.This will continue in 2023

GRI Stamdard/Other source	Disclosure	Location	Omission		
			Omission	**Reason**	**Explanation**
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.30			
	404-3 Percentage of employees receiving regular performance and career development reviews	p.27	a	Information unavailable/ incomplete	Our global HR system, to be introduced in 2023, will enable reporting on this disclosure.
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.29, p.35			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p.29; Annual report p.33	aii, aiii, bii, biii	Confidentiality con-straints	Respect for individuals' privacy. Polarium only reports as per gender. Disclosure of age groups will be under review during 2023.
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.21, p.35			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p.21			No incidents of discrimination were reported
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.22, 24			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		a.b.c	Information unavailable/ incomplete	Addressed in the Supplier Code of Conduct. No systematic risk analysis has been performed. A human rights due diligence process will be introduced in 2023.
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.24, p.35			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		a,b	Information unavailable/ incomplete	Addressed in the Supplier Code of Conduct. No systematic risk analysis has been performed. A human rights due diligence process will be introduced in 2023.
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p.22, 35			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	p.22, p.24	a,b,c,d,e	Information unavailable/ incomplete	Supplier screening processes will be introduced during 2023.

Environmental data

GRI 302 - Energy

An operational-control approach was applied to consolidate emissions, while energy consumption was determined through manual calculations using relevant energy bills.

Total fuel consumption: Calculations of non-renewable sources, in joules (MJ) or multiples, and including fuel types used.

Fuel Type	2022	2021	2020	Comment
Gasoline, in MJ	123	n.a.	n.a.	Data estimated from distance travelled in previous years
Diesel, in MJ	347	n.a.	n.a.	Data estimated from distance travelled in previous years
Total	**470**	**n.a.**	**n.a.**	

Electricity consumption

	2022	2021	2020	Comment
Electricity, in MJ	2 868 160	2 092 864	1 140 469	Data estimated from distance travelled in previous years

Cooling consumption

	2022	2021	2020	Comment
Refrigerant Type				
R410a, in kg	2.0	0	0	Polarium only tracks the weight of refrigerants used

Total energy consumption within the organization, in joules or multiples.

Energy Type	2022	2021	2020	Comment
Electricity, in MJ	2 868 160	2 092 864	1 140 469	
Fuel, in MJ	470	n.a.	n.a.	
Total	**2 868 630**	**2 092 863**	**1 140 469**	

Conversion factor sources used

Energy Source	Conversion Factor	Source	Comment
Gasoline	33.5	The U.S. Energy Information Administration	Conversion from liters to MJ
Diesel	38.3	The U.S. Energy Information Administration	Conversion from liters to MJ

GRI 305 - Emissions

Scope 1 and 2 data calculation

Aligned to the GHG Protocol, we apply CO_2eq. as the unit measure for establishing the Global Warming Potential (GWP). This enables us to accommodate emission factors from various sources. Biomass is not used in any facilities.

Since 2020, we have a standardized process in place for Scope 1 and 2 emissions data collection. 2020 is also the established baseline. This process includes using the GHG protocol's methodology for collecting data and estimating carbon footprints and emissions factors.

Our consolidated approach for calculating emissions includes operational control. To calculate the GHG emissions intensity ratio, we use 'kWh capacity' as our denominator, referring to the production volume of batteries.

Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.

	2022	2021	2020	Comment
Total	16.9	5.3	6.6	

Source of the conversion factors used.

Fuel Type	Emission Factor	Source	Comment
Gasoline, per litre	2,341	The US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories	
Diesel, per litre	2,250	The US Environmetnal Protection Agency Emission Factors for Greenhouse Gas Inventories	

Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.

Location	2022	2021	2020	Comment
Mexico	238.9	222.1	160.0	
Vietnam	119.5	74.5	-	Started operations in mid 2021
South Africa	52.5	-	-	Started operations in mid 2022
Total	410.9	296.6	160.0	

Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

Location	Emission Factor	Source	Comment
Mexico Electricity, in kWh	0.423	The Insitiue for Global Environmental Strategies - List of Grid Emission Factors	
Vietnam Electricity, in kWh	0.688	The Insitiue for Global Environmental Strategies - List of Grid Emission Factors	
South Africa Electricity, in kWh	0.900	Carbon Footrpint - Country Specific Electricity Grid Greenhouse Gas Emission Factors	

GHG emissions intensity ratio for the organization.

	2022	2021	Comment
Emission intensity, in kgCO$_2$eq. per kWh capacity	0.51	0.57	We started tracking emission intensity from 2021

Workplace data

GRI 403 - Occupational health & safety

We ensure that every individual involved in the project, including consultants and hired staff, is included in the calculations without any exceptions. The number of hours worked is determined based on the OSHA standard of 200,000 hours, while the injury rate is calculated according to OSHA standard injury rate and calculation guidelines. For further reference, please visit https://www.osha.gov/laws-regs/standardinterpretations/2016-08-23.

Work-related injuries	2022	Comment
i. The number and rate of fatalities	0	
ii. The number and rate of high-consequence work-related injuries (excluding fatalities);	0	
iii. The number and rate of recordable work-related injuries	11	The TRIR: 1.45. 1.32 (Sweden), 0.72 (Mexico), 1.65 (South Africa), 4.19 (Vietnam).
Number of hours worked		
Sweden		302 095
Mexico		821 960
South Africa		121 056
Vietnam		238 447

GRI 405 - Diversity and equal opportunity

KPI	2022	2021
Employee Net Promoter Score (eNPS)	33	34
Employee Engagement Score	76	76

GRI 405-1

All Types of Contracts	Office workers	Production workers
FTE	286	331
Consultant	70	14
Total	**356**	**345**

GRI 405-1a

Board Members	Male	Female	% Female
Executive Leadership Team	4	2	33%
Managers - People Leaders Employees	49	22	31%
Managers - People Leader Consultants	2	0	0%
Non-managerial - Non-People Leaders	195	82	30%
Total (excl. Board)	**250**	**106**	**30%**

GRI 405-1b

Region	% Office Workers Female	% Production workers Female
Sweden	32	n.a.
Mexico	26	67
Vietnam	46	40
South Africa	25	43
US	24	n.a.
Others		n.a.

Office workers

	Women	Men
Permanent	88	196
Temporary	1	1
	Sweden	**Others**
Permanent	171	113
Temporary	2	0
	Women	**Men**
Full-time	89	193
Part-time	0	4
FTE	**286**	

Production workers

	Women	Men
Permanent	46	65
Temporary	149	73
	Sweden	**Others**
Permanent	0	111
Temporary	0	222
	Women	**Men**
Full-time	193	138
Part-time	0	0
FTE	**331**	

Auditors' Statement

Auditor's Limited Assurance Report on Polarium Energy Solutions ABs Sustainability Progress Report and statement regarding the Statutory Sustainability Report

To Polarium Energy Solutions AB, Corp. id. 556986-5461

Introduction

We have been engaged by the Board of Directors and the Managing Director of Polarium Energy Solutions AB to undertake a limited assurance engagement of Polarium Energy Solutions ABs Sustainability Progress Report for the year 2022. Polarium Energy Solutions AB has defined the scope of the Sustainability Progress Report on page 42 in this document, the Statutory Sustainability Report is defined on page 42.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Sustainability Progress Report, including the Statutory Sustainability Report, in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 42 in the Sustainability Progress Report, and are part of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative), which are applicable to the Sustainability Progress Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Progress Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Progress Report based on the limited assurance procedures we have performed and to express an opinion

regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Progress Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Control 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Polarium Energy Solutions AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Progress Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Progress Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Managing Director.

A Statutory Sustainability Report has been prepared. Stockholm, 2 June 2023
KPMG AB

Henrik Lind
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

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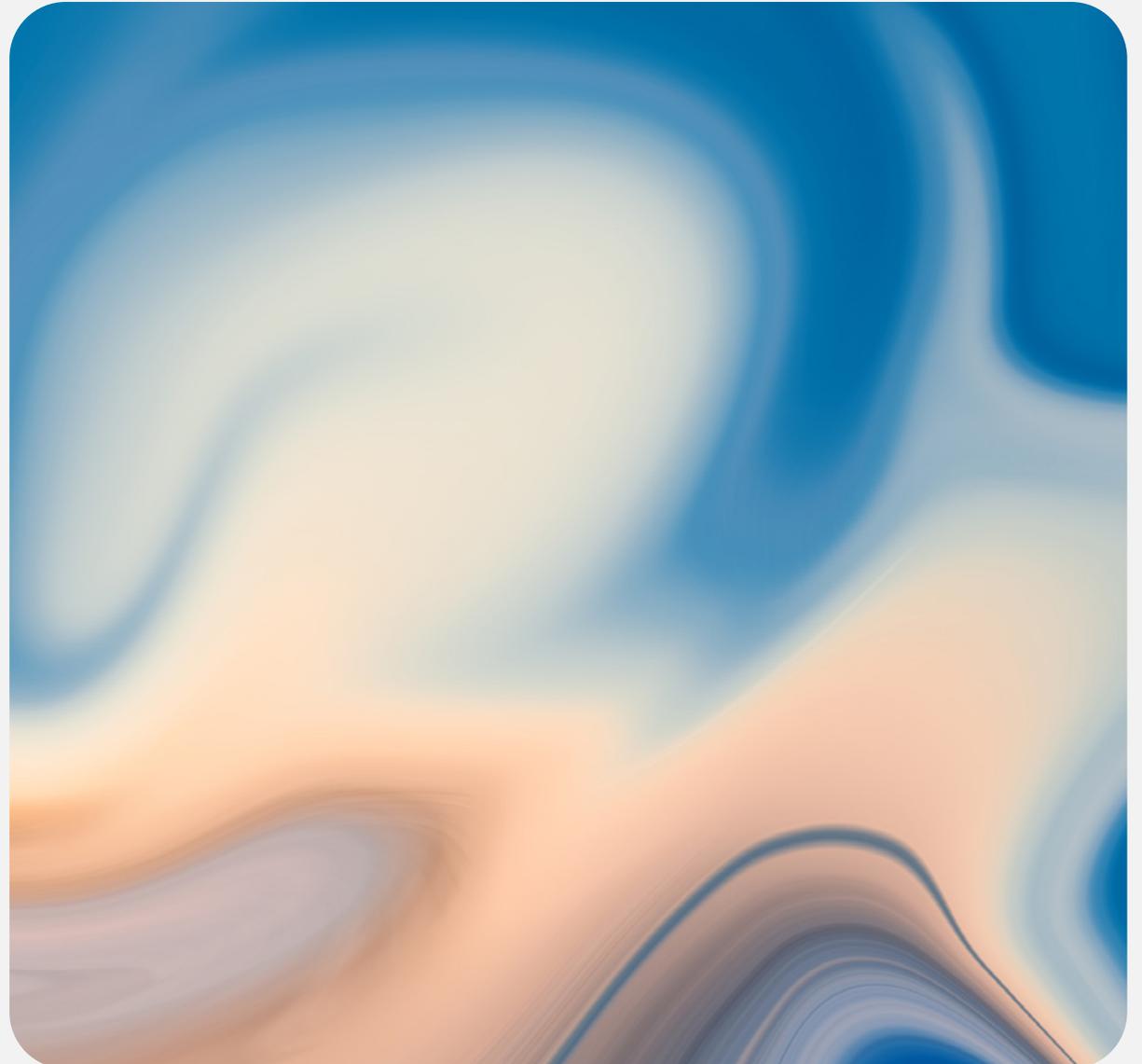
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Polarium