



LYNK & CO



UN Global Compact Communication of Progress

December 2018 - December 2019

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LETTER FROM THE CEO

As we close 2019, Lynk & Co is entering the final year of development prior to launching our business in Europe at the end of 2020. My ambition from day one has been to create a company that lives what it says. We want to create a workplace where everyone feels welcome to be themselves and encourage an entrepreneurial spirit within each member of the organization. We don't want to be another car brand; we want to change the industry and we want to change mobility forever.

A large part of changing our industry comes back to shifting focus from the product to the customer. We know for a fact that the new generation of consumers don't want to buy cars. We also know that they don't want to engage with companies who neglect protecting not only their generation but also those to come. We have therefore ensured that we put sustainable mobility and lifestyle experiences as the cornerstone when developing our corporate strategy for the coming ten years. We aim to not only develop sustainable products and services but also to conduct business in a mindful and fair way. We strive towards a new era of mobility where sustainability is at the heart of everything we do and where the UN Sustainable Development Goals are at the core of all our sustainability initiatives.

Leading up to our launch in 2020, we continue to work with our sustainability strategy and goals. As we set up our business in Europe our focus is to create a lasting brand that conducts responsible and ethical business. A company that engages all people around it, from the customer and employees to our business partners. We are here to collaborate and to make sure we build strong relationships with the communities we are a part of.

By publishing this report, I want to proclaim our continuous commitment to the UN Global Compact as the basis for how we look upon the bigger picture and our role in society. The framework that the initiative provides and the guiding principles work as a complement to our sustainability strategy and we encourage other businesses to follow the UN Global Compact.



Alain Visser

CEO

Lynk & Co International AB

INTRODUCTION AND PROGRESS 2019



Lynk & Co is the new global urban mobility brand addressing the needs and preferences of the connected generation and challenges automotive industry conventions. Our products are designed and engineered in Sweden, manufactured in China and will be sold globally. Lynk & Co International AB is a subsidiary of Lynk & Co China Automobile sales Ltd Co, and a member of the Zhejiang Geely Holding Group. Lynk & Co International AB is responsible for the European and US market establishment and operations of the Lynk & Co brand.

As a part of Zhejiang Geely Holding Group, which has a corporate vision to produce the safest, most environmentally friendly and most energy efficient vehicles, long-term development sustainable mobility solutions is our main contribution towards this vision, and a core pillar for our brand. Since joining the UNGC in December 2018, we have taken the first steps towards implementing a sustainability strategy based on long-term corporate sustainability goals derived from the UNGC framework.

When entering 2019 as a new member of the UNGC, we made the decision that this year's focus should be on getting the basics right from the start and build a solid foundation. For example, we have established strong corporate values that reflected our corporate culture as well as ensuring desired behaviors by establishing a code of conduct, a slavery and human trafficking statement and a people policy. Beyond this, we spent most of the year initiating the implementation of actions that would take us towards our long-term sustainability goals. As of today, we have established 12 long-term sustainability goals that dictates the direction of the company for the coming ten years.

By striving towards these 12 goals we are more focused than ever on contributing to a future where urban mobility no longer has to be dependent on fossil fuels. The goals will also ensure that we conduct business in a fair way and that we always strive for improving human rights and labor conditions throughout our whole value chain. We are dedicated to making mindful choices when it comes to product development and the way we run our business operations in order to ensure that we not only meet the current standards of sustainability but that we exceed them. We want to take a leading role within our industry, pushing the boundaries of what sustainable urban mobility means, not just today but also in the future.

In order to ensure that we continuously progress towards achieving our 12 goals, we have designed action plans for each corporate function within the company to enable us to measure and track progress in all aspects of our business. The foundation for these actions plans was a sustainability self-assessment made in the start of 2019, a basis that will be further strengthened going forward. The next step will be to perform a life cycle analysis on our main product.

This life cycle analysis will facilitate improvements to our value chain, and it will first and foremost guide improvement of the environmental impact of our products to the European market. All actions taken towards improving our sustainability performance will be measured and presented via the Lynk & Co sustainability scorecard. This scorecard will be our main proof point for further communicating our progress towards both stakeholders, partners and customers starting from 2020 and beyond.

Given that we are a part of the Geely group, we have also established sustainability forums across the groups engineering and design community in order to place more ambitious sustainability requirements earlier in the product development phase. Tapping into the group's innovation resources gives us a unique opportunity to ensure not only a competitive product road map in the future, but also a portfolio of products that will enable for us to meet our ambitions to be viewed as a leading company within sustainability.

As we are leaving 2019 behind us, we are entering our final development phase prior to launching our business onto the European Market in the end of 2020. Our ambition is to make sure that 2020 is a year of executing the strategic work performed in 2019, with the main focus on securing:



A quantitative approach to improving our environmental impact



Increasing the general knowledge of our impact on society within the organization



Establishing a strong diversity programme



Drive sustainable decision making within product development



Implement a strong business partner code of conduct



PRINCIPLES AND GLOBAL GOALS

1.1 Working with the Ten Principles

Human Rights

One of our major achievements during the year has been to develop and introduce our Code of Conduct. The code demonstrates Lynk & Co's commitment to ethical conduct: it sets out the principles that guide our day-to-day operations. It is our way of ensuring that we conduct our business in an ethical and compliant way, without compromise at any time. The Code of Conduct also describes our corporate values, where sustainability and openness are highly integrated.

The Code of Conduct outlines our expectations on employees, managers and business partners behavior. It also outlines the responsibility of Lynk & Co to provide a sustainable work environment and fair terms of employment. These are topics covered by our code of conduct:

- | | |
|----------------------|----------------------------------------------------------------|
| 1. Welfare | 7. Drugs and Alcohol |
| 2. Child Labor | 8. Freedom of Association and Collective Bargaining |
| 3. Forced Labor | |
| 4. Human Rights | 9. Equal Opportunities, Non-discrimination and Anti-harassment |
| 5. Working Hours | |
| 6. Health and Safety | |

By ensuring that we work in accordance with our code of conduct we also ensure that we support and uphold internationally proclaimed human rights.

Labor

At Lynk & Co we encourage freedom of association and have good cooperation with our two local union boards through regular meetings. Lynk & Co is connected to collective bargaining agreement in Sweden and recognizes the right to collective bargaining for all employees. The union board members are incorporated in different working groups concerning our work environment. They are part of our Health and Safety team that works with ensuring a safe and healthy workplace and are also represented in our Diversity and Equality team together with other employee representatives.

The forming of the Diversity and Equality team, and first and foremost our Diversity and Equality plan, is another key document that has been developed and introduced during 2019. The Diversity and Equality plan outlines the process that our continuous work with these topics follow. The plan covers the following grounds for discrimination: Gender, gender identity/expression, ethnicity, religious beliefs, disabilities, sexual orientation and age.

The process is divided into four steps:

1. Investigate
2. Analyze
3. Plan and Execute
4. Follow-up and Evaluate

The diversity and equality plan aim to aid us in eliminating all forms of occupational discrimination and to ensure that employment-related decisions are based on objective criteria. During 2020, our ambition is to start working in accordance with this plan and to establish a strong diversity program. Diversity is something which lies close to the heart of Lynk & Co, and we see having a diverse workforce as an enabling factor for the success of our business.

Our code of conduct, which also applies to our business partners, takes a clear stance against all forms of forced and compulsory labor as well as child labor.

Environment

In the Code of conduct we also find a section on environmental responsibility. We are not only interested in following the legal requirements around this issue, but that we look towards the future and what steps we can take to minimize our impact and become a leading actor within our industry. This we do both through looking at our own operation as well as working with R&D and manufacturing of the product.

In order to ensure that we work efficiently with our environmental goals, we have strengthened the relationship with relevant stakeholders during the year. One of the collaborations we are part of is Drive Sweden, a platform for companies within the automotive industry to meet and collaborate around issues and how to enable new innovation. We have also participated in several events from both industry and academia regarding sustainability.

In our product offers we are working on including subscription, and to enable sharing between customers. This will be helpful in the sense that if you can have a car short term instead of buying or leasing, we can increase utilization. Through this it will be possible to lower the total number of cars on the market as well as making sure to optimize resources.

Anti – Corruption

Our Code of Conduct also cover corruption as something that we take a clear stance against. With a large variety of stakeholders and a vast supply chain it is vital that we take a clear stance again corruption and poor business conduct, and work to ensure the ethicality and sustainability of our business. The code of conduct outlines our rules for how we deal with areas of risk related to corruption, covering the following topics:

1. Corruption
2. Bribery
3. Facilitation Payments
4. Gifts, Favors and Hospitality
5. Indirect Corruption or Bribery
6. Donations
7. Keep in mind - be open and transparent

During 2020, our ambition is to hold anti-corruption trainings at Lynk & Co to ensure our understanding of the consequences of corruption, both for our business and for society as a whole.

1.2 The UN Global Goals as Framework for Sustainability

In 2019 Lynk & Co International AB approved 12 long term sustainability goals for 2030, based on the UN Global Goals. We recognize that the world does not need another car brand – it needs a different one. We see an opportunity in challenging industry conventions and doing things differently, while constantly striving for sustainability. By incorporating the SDGs into our core business model through subscription and sharing we strengthen our license to operate. Furthermore, working with the SDGs on a broader front enables us to strengthen relationships with stakeholders as well as to mitigate risk and prepare for future demands and legislation.

These goals represent the focus of Lynk & Co International AB but does not exclude the possibility to also work towards other goals. These goals outline how we see that Lynk & Co can contribute to the SDGs, and function as a base for our work with sustainability and the formation of concrete action plans for the upcoming year.

4 QUALITY EDUCATION *To have zero skill gap in the Lynk & Co team*

A skill gap is the difference between skills needed for a job and the skills possessed by our people. We want to make sure that everyone at Lynk & Co stays on top of their game and continuously expands their skill sets. By enabling personal and professional development we ensure a zero skill gap.

5 GENDER EQUALITY *To have gender equality and be the most desired employer for women in our industry*

Operating in a traditionally male dominated industry, we want to disrupt from within by having gender equality across all layers of our organization. By actively encouraging women to join our industry and empowering those already in it, we will become the most desired employer for women.

7 AFFORDABLE AND CLEAN ENERGY *Provide mobility solutions with 100% clean energy technology*

To meet peoples ever existing need for mobility while being mindful of our planet is quite a challenge. By providing mobility solutions that run on 100 % clean energy, we take on this challenge and aim to minimize the environmental impact of mobility.

8 DECENT WORK AND ECONOMIC GROWTH

Yearly economic growth while ensuring decent work across the value chain

While achieving economic sustainability through yearly economic growth, we will also make sure to secure decent work across all value chains. This means taking a stand on freedom of association, elimination of forced and child labor as well as discrimination, and upholding of human rights.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Develop an environmentally sound infrastructure covering the entire life cycle of our products

Sustainability should be an integral part of every step in our product life cycle. This includes all activities from production to maintenance, all the way to the product's end of life. With this, having developed an infrastructure that enables circularity is key.

10 REDUCED INEQUALITIES

Create and foster a culture of diversity where everyone feels included

To be a different kind of brand, we need different kinds of people. This means that diversity and inclusiveness are at the core of our culture – actively encouraging people from various backgrounds to join us.

"I don't care who you are, where you're from, what you did..." - Backstreet Boys

11 SUSTAINABLE CITIES AND COMMUNITIES

To reduce the number of vehicles produced while increasing access to mobility through sharing

While the goal of others is to sell as many vehicles as possible, ours is to reduce the total number of vehicles on the market. By promoting and enabling sharing of mobility solutions we will pave the way for increased access without the need for ownership, thereby increasing the utilization rate.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

To have zero waste operations

By refusing bad and unnecessary things from the beginning, reducing the amount of resources used, reusing everything that can be reused, and recycling the rest, we aim for zero waste operations at Lynk & Co International and its subsidiaries.

13 CLIMATE ACTION

Be a climate neutral company

By keeping track of our ecological footprint and putting our best efforts into making it as small as possible we will minimize our CO2 emissions. Additionally, the remaining emissions will be offset by investing in long-term climate projects.

15 LIFE ON LAND

All materials are responsibly sourced

All materials that are brought into our operations come from sources that take responsibility for the ethicality and environmental impacts of procurement, processing and production. Basically, we only buy from the good guys.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

To be an open and transparent organization

We value openness and transparency throughout our organization. We love to share information and knowledge, not only with each other but with external players that help us challenge ourselves and makes us grow.

17 PARTNERSHIPS FOR THE GOALS

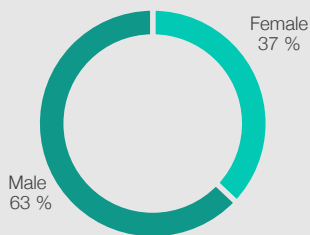
To be recognized as a UN Global Compact LEAD company

We become a UN Global Compact Lead by being a highly engaged participant. This presents an opportunity to gain external recognition whilst being a part of the future development of the UN Global Compact.

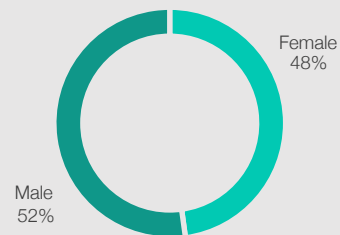
MEASUREMENT OF OUTCOMES

To keep track of progress in relation to our sustainability goals as outlined above we are now working on developing a balanced score card for sustainability. This score card will have one or several KPIs tied to each of our sustainability goals. However, as we are not yet operational this limits our current possibilities to measure against some of these KPIs. Establishing a quantitative approach is one of our focus areas for 2020. Measuring our progress will enable us to know what impact our actions and initiatives have in order to focus our efforts efficiently. This way we can ensure a sustainable development of our business.

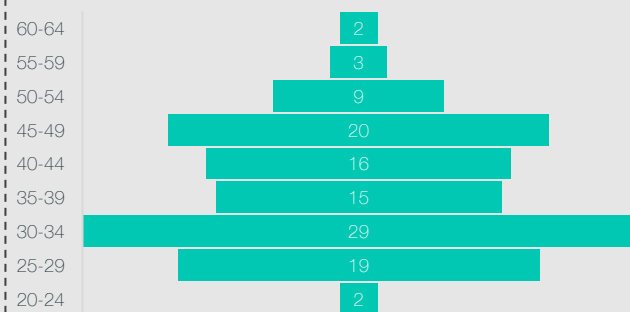
Gender Ratio - Lynk & Co Managers



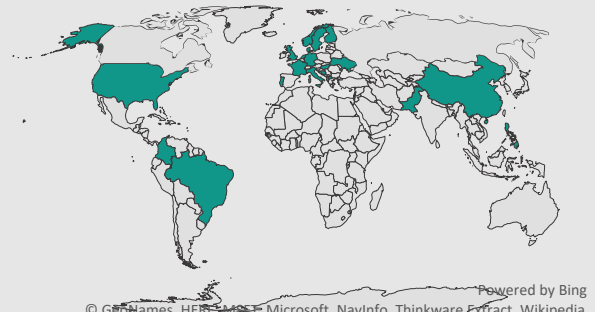
Gender Ratio - Lynk & Co



Age Range at Lynk & Co



Nationalities at Lynk & Co



For 2019 COPs, we have mapped the diversity demographics of our organization. We are pleased to have close to equal shares of men and women within our organization and will continue to work towards equal representation among managers. We are also proud to already have a fairly large number of nationalities represented in our relatively small organization and will continue to work with diversity throughout 2020.

CONTACT

Visit us at lynkco.com or contact us at hello@lynkco.com and let us know what you think.

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