

Klarna's Modern Slavery and Human Trafficking Statement 2019-2020

This statement is made in accordance with the Modern Slavery Act 2015. It outlines the steps that Klarna has taken, and will continue to take, to ensure neither modern slavery nor human trafficking is practiced within the business or by its suppliers.

The term "modern slavery" is used to describe situations where a person is deprived of their liberty in order to exploit them for personal or commercial gain. It is a criminal offence and a violation of human rights and can take a number of forms, including: slavery, forced or compulsory labour, servitude, human trafficking, and trafficking for prostitution or sexual exploitation. Klarna is committed to ensuring that our business and supply chains are free from modern slavery. We take a zero-tolerance approach to modern slavery and will not knowingly support or deal with any business or supplier involved in such practices.

About Klarna

Klarna Bank AB (publ) is a Swedish company headquartered in Stockholm. Klarna Bank AB (publ) is primarily regulated by the Swedish Financial Services Authority (Finansinspektionen), and also registered with the UK's Prudential Regulation Authority and Financial Conduct Authority as an incoming EEA firm, with passport rights to establish a branch and provide certain financial products or services in the UK.

This statement applies to Klarna Bank AB (publ), as well as its branch in the UK (together "Klarna").

Our commitment to the Modern Slavery Act 2015

Klarna is committed to the principles and provisions of the Modern Slavery Act 2015, and the eradication of modern slavery. Klarna—at all times—conducts its business in compliance with all legislation and regulations, which are relevant to our business within the countries that we operate.

We had produced and, during 2019, reviewed and kept up-to-date internal policies, instructions, and governance demonstrating our commitment, requiring employees to raise concerns in relation to any identified or suspected non-compliance, and confirming that employees will not suffer any detriment for raising such concerns.

These internal policies, instructions, and governance include, but are not limited to, the following:

- Modern slavery and human trafficking;
- Anti-money laundering and counter terrorist financing;
- Conflicts of interest;
- Code of business conduct;
- Ethics and environment;
- Whistleblowing; and
- Anti-discrimination, bullying and harassment.

Our supply chains

In acknowledging the aims and abiding by the provisions of the Modern Slavery Act 2015, Klarna had implemented and, during 2019, maintained effective systems and controls to ensure that our supply chains are transparent and free from modern slavery.

The majority of our financial products and services are technology related and created with the assistance of suppliers throughout the EU (including the UK) and the US, and with Klarna's highly-skilled employees. As a result of using regional suppliers and primarily a local workforce, Klarna faces minimal risk of modern slavery. Notwithstanding this, Klarna's Procurement team adheres to internal policies, manuals, and processes to ensure Klarna selects suppliers holding the same high business standards and core values as it does.

Key internal policies, manuals, and processes include, but are not limited to, the following:

- Procurement;
- Outsourcing;
- Authorisation; and
- Supplier Due Diligence.

In 2019, we followed due diligence processes to review our new and existing supply chains, to identify any modern slavery risk areas which require risk management action. We also conducted ongoing monitoring of our supply chain procurement processes, to highlight modifications that can be made to identify and prevent modern slavery issues from arising in our supply chains.

Reducing the risk of modern slavery in the Klarna supply chain is of high importance, and improving processes and approaches for this are progressively developing. One part of the risk mitigation is surveying the supply chain, where the manufacturing of 'merchandise' (Klarna-branded wear and products) have been identified as having higher than average risk of modern slavery. The principal purchasers of merchandise within Klarna Group as a whole are: Klarna Bank AB (in Sweden), and Klarna's branch in the UK. For each respective entity, Klarna has used a single trusted tier-one supplier with a very high commitment to ethical values in their supply chain management.

As part of Klarna's approach to improving and developing our supply chain management with regards to modern slavery, we plan to:

- provide further training to our Procurement and key third-party risk management teams, to help them recognise the risks and warning signs of modern slavery;
- include in our standard terms and conditions references to compliance with the Modern Slavery Act 2015;
- continue building strong and transparent relationships with reputable suppliers; and
- conduct on-site assessments of high-risk supplier sites.

Additional training

We are committed to providing training on the importance of the Modern Slavery Act 2015, and ensuring modern slavery is not practiced within the business or by our suppliers.

In 2019, all new staff in our organisation were onboarded with training, including sessions facilitated by Compliance, on employees' responsibilities in recognising modern slavery; additionally, courses for new Leads, and new training on anti-money laundering & counter terrorist finance training was rolled out in 2019, both included a classroom workshop on the signs of—and what to do when—modern slavery has been identified.

Duty to report

It is the responsibility of all those working for us in Klarna, or under our control, to detect, report and prevent modern slavery from occurring within our business or supply chains. If there are any concerns or suspicions that modern slavery may be present in any part of our business or supply chains, all are encouraged to report it at the earliest possible stage to the Compliance function.

To whom does this apply

This applies to all persons working for or on behalf of Klarna in any capacity, including all employees, partners, interns, agents, contractors, external consultants, third-party representatives, and business partners, regardless of where they are operating. Any reported non-compliance with the Modern Slavery Act 2015, internal policies, instructions, manuals, processes, and governance will be investigated and may lead to disciplinary action and dismissal (employees) and immediate termination of contract (suppliers and contractors / consultants).

This statement was approved by the Board on March 25, 2020.

This statement is approved by the Deputy CEO & Chief Operating Officer.

Signed by [Knut Frängsmyr]



March 25, 2020