

**ESG report 2020**  
**Klarna.**

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# About Klarna

# About Klarna

Klarna is a leading global provider of innovative payments and shopping services and we continuously develop new products and services to elevate the entire shopping experience for consumers, which in turn drives value for our retail partners. At the core of everything we do is the focus to give our consumers the choice and control of how to shop and manage their personal finances in a sustainable way. Together our products and services enable consumers to choose how, where, and when to shop, pay, and bank with Klarna based on their own needs and preferences.

Klarna was founded in 2005 in Sweden, and has been a fully licensed bank since 2017, active in 17 markets.

Klarna Holding AB (publ)'s wholly owned subsidiary Klarna Bank AB (publ) is an authorized bank and is under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen). Klarna's personal data protection officer is responsible for ensuring that all personal details are handled in accordance with the General Data Protection Regulation (GDPR).

In accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL 1995:1559) chapter 7, 2§, in conjunction with the Annual Accounts Act (1995:1554) chapter 7, 31 b§ and chapter 6, 11§, Klarna Holding AB (publ) has decided to report the Environmental, Social and Governance report (ESG) separated from the annual report. The ESG report references the financial year 2020 and has been submitted to the auditors at the same time as the annual report.

# Klarna Business Model

## **Value proposition to consumers**

Klarna is committed to helping consumers shop, pay, and bank easily. Our continued investment in flexible and innovative products under our trusted and engaging brand offers consumers convenience, inspiration and control. Klarna offers consumers a range of flexible payment options and the frictionless checkout experience saves consumers' purchase preferences and ensures they always feel confident in their purchase with Klarna's Buyer's Protection.

The Klarna app powers the whole shopping experience, empowering consumers to take control of their personal finances and shopping experience. It provides consumers with an overview of their finances and spending insights, purchase information, wish list capability, deals and price drop notifications, friendly reminder push notifications, 24/7 customer service through chat, the option to snooze payments, delivery tracking, and return reporting. In some geographies, the in-app shopping feature makes it possible for app users to also use Klarna at retail partners who have not integrated with Klarna's powerful platform. Klarna is also increasingly available in physical stores across markets and through the Klarna card. Together our products and services build the 'Klarna everywhere' concept, enabling consumers to choose how, where, and when to shop, pay, and bank - all through Klarna.

## **Value proposition to retail partners**

Klarna is a preferred growth partner for retailers, and the value proposition includes driving new consumers from the Klarna consumer network to their websites to further increase sales. Klarna also ensures that retailers can reduce working capital requirements by providing simple, safe, and cost-effective payment solutions and consumer credit products across all e-commerce platforms as well as in physical stores. Klarna's offering includes marketing, technology, credit risk handling, customer services, and administration. With Klarna, retail partners receive easy integration with global access and onboarding to a fast and friction-free checkout solution where they are paid up front, meaning they can focus on what they do best. Klarna assumes all the risk for both the consumer and the retailer.

## **Maintaining our high level of trust**

Our success to date is the result of the high degree of trust we have built with consumers, retailers, and partners in all markets. This trust is critical in the financial sector and when handling personal data. Maintaining that trust requires we operate with the highest ethical standards and strive to do what's right every day. Such standards are necessary across all parts of the business - from the handling of sensitive personal data to a robust corporate governance framework and ensuring all employees are treated with respect in a secure and welcoming working environment. In this report, we focus on the pillars of good governance, anti-corruption, sustainability and social impact which are all directly relevant to the integrity of Klarna business operations each day.

## **Future development**

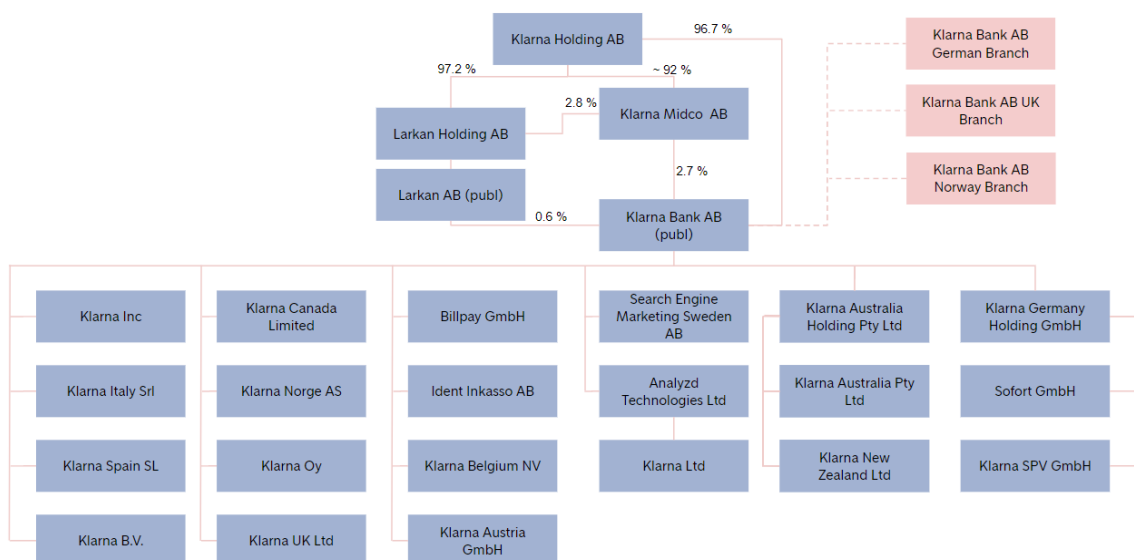
In 2021, we will launch a refreshed ESG strategy to bring together our environmental and social impact ambitions and embed them in everything we do. The three pillars of our new strategy are:

- Sustainability - advocating for planet health and reducing our footprint.

- Financial wellness - promoting responsible spending and lending.
- Diversity and inclusion - ensuring a diverse and inclusive workplace and brand.

In line with these ambitions, this year we have changed our methodology in relation to environmental reporting, adopting a more stringent, tougher approach in line with current best practice. By expanding the scope of the relevant parameters and using a wider breadth of data to assess our impact, we are confident that this report represents a transparent, relevant and fair depiction of our efforts to become more sustainable in everything we do at Klarna, as well as of the challenges that lie ahead. By adopting an increasingly robust approach, advised by experts in the field, we aim to hold ourselves accountable to constant improvement, and to cement our commitment to our continued sustainable development, as well as that of the society we are a part of. As such, in 2021 Klarna pledged 1% of the \$1 billion USD that was raised in an equity funding round to be dedicated solely to our newly created initiative that focuses on key sustainability challenges around the world.

## Legal structure



All shareholdings are 100 % if not indicated otherwise.  
~8 % in Klarna Midco AB are held by various shareholders.

**Klarna.**

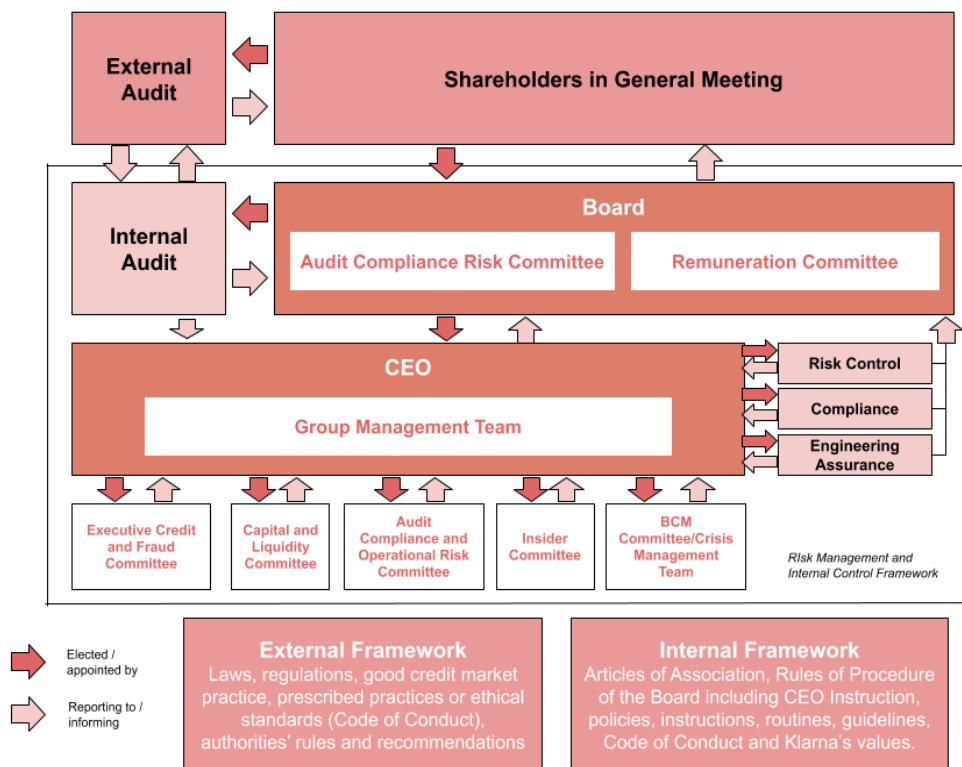
# Governance

# Governance

Good corporate governance means ensuring that companies are run sustainably, responsibly and as efficiently as possible. Maintaining the confidence and trust of all our stakeholders is vitally important for Klarna.

## Corporate Governance Structure

The corporate governance structure distributes rights and responsibilities between the shareholders, the Board and the CEO according to applicable laws, rules and processes. Well defined reporting lines and distribution of distinct responsibilities are essential. High ethical and professional standards and a sound risk culture is vital. The image below provides a summary of how governance and control are organized at Klarna. Please find more detailed information on our [website](#).





## Regulatory status

Klarna Bank AB (publ) (corporate registration no. 556737-0431) ("Klarna") is a Swedish public limited liability company ("publikt bankaktiebolag") under the supervision of the Swedish Financial Supervisory Authority (SFSA). You can find more information on our license to provide financial services in the SFSA's register.

Klarna provides its financial services in other EEA countries through passporting its license in accordance with EU directive 2013/36/EU. You can find more information on Klarna's local website regarding our registration with the respective supervisory authority.

Klarna Bank AB's (publ) foreign subsidiaries provide sales support to Klarna Bank AB (publ) on the local markets. Klarna Bank AB (publ) is the counterparty in all agreements with retail partners and consumers.

In the SFSA annual categorisation of supervision for 2020, which is done according to the European Banking Authority (EBA) Guidelines on common procedures and methodologies for the supervisory review and evaluation process, Klarna was assessed as a category 3 institution. Category 1 entails the highest level of supervision and category 4 the lowest with the purpose to show how the SFSA applies proportionality in its supervision of credit institutions.

Klarna has listed corporate bonds on Nasdaq Stockholm.

## Framework for corporate governance

The licensed activity of Klarna needs to, in addition to general laws, rules, and industry practices, also comply with the detailed regulations specific to banks and credit market companies. These include the Swedish Banking and Financing Business Act and rules and recommendations issued by the Swedish Financial Supervisory Authority with regards to, among other things, solvency and capital adequacy, including solvency ratios and liquidity rules as well as rules on internal governance and control, as well as guidelines issued by the European Banking Authority. As Klarna has corporate bonds listed at Nasdaq Stockholm, Klarna also complies with the Rulebook for Issuers. This is usually called the external framework.

The internal framework includes, among other things, the Articles of Association, which have been adopted by the General Meeting. Policies and instructions that have been drawn up to define the division of responsibility within the Klarna Group are important tools for the Board and the CEO in their governing and controlling roles. Of special importance are the Rules of Procedure for the Board also addressing how to handle conflicts of interest for Board members, the Instructions for the CEO, the Risk Policy, the Credit Policy, the Conflicts of Interest Policy, the Code of Business Conduct, the Anti-Money Laundering and Counter-Terrorist Financing Policy, the Remuneration Policy and the Suitability, Training and Diversity Policy.

## The Board

The Board is the highest decision-making body in Klarna's structure for management and control. The Board is responsible for the company's organization and for the management of the company's operations.

The Board members are elected by the shareholders at the annual general meeting (AGM) for a one-year term of office extending to the next AGM. The external framework does not require Klarna Bank AB (publ) to have a nomination committee. The Board has not adopted a board recruitment policy, and in practice Board members are proposed and appointed by the shareholders holding a majority of the votes as well as the capital of the company. The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees. The Board has overall responsibility for the activities carried out within Klarna and has the following duties, among others:

- deciding on the nature, direction and strategy of the business as well as the framework and objectives of the activities,
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board,
- ensuring that the business is organized in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled in accordance with external and internal framework, including the Articles of Association,
- deciding on major acquisitions and divestments as well as other major investments,
- selecting, monitoring and planning the succession of the Board members,
- appointment or dismissal of the CEO, the Chief Risk Officer, the Chief Compliance Officer and the Chief Information Security Officer,
- deciding which external party will perform the Internal Audit, and
- deciding on remuneration to the CEO, members of the CXO-team as well as to the heads of the control functions Risk Control and Compliance.

## Board members

The Board consists of the following members elected by the annual general meeting 2020.

- Jon Kamaluddin, chairman of the Board (resigned from the Board 2020-12-23)
- Sebastian Siemiatkowski, CEO and Board member
- Sarah McPhee (resigned from the Board 2020-12-23)
- Michael Moritz (Chairman of the Board from 2020-12-23)
- Mikael Walther
- Andrew Young
  
- Three new Board members, Lise Kaae, Sarah Smith and Omid Kordestani, were elected on 2020-12-23.

## The reputation, experience and assignments of the Board

The Board members have many years of professional experience in various roles and industries, all of which are relevant to Klarna. The Board comprises solid knowledge and experience within banking and finance, e-commerce, technology-led businesses, payment cards, capital procurement, risk control, accounting, international sales activities, small and medium-sized business, venture capital, entrepreneurship, and leadership. The Board composition also meets the need for knowledge and insight regarding the conditions and prerequisites for business in the various geographies where Klarna operates. A detailed presentation of the Board members' background and other assignments is found [here](#).

### Suitability assessment

In order to ensure that the Board, the Board members and the CEO meet the requirements for sufficient knowledge, insight, experience, and suitability, Klarna has established a policy for suitability assessment and diversity. The suitability is assessed according to criteria for the person's experience and reputation. The ability of each of the Board members to dedicate the commitment, diligence, and time required is also evaluated. The Chief Operating Officer is responsible for the assessment. When a new Board member or a new CEO assumes their duties, they are also externally assessed by the SFSA.

The CEO's performance and knowledge, insight, experience, and suitability is evaluated in a corresponding way. According to the Rules of Procedure of the Board, the Board shall ensure that the CEO fulfills their duties.

### Diversity

The Suitability, Training and Diversity Policy also serves to promote diversity of the Board. According to the policy, all board assignments in Klarna are based on merit with the prime consideration being to maintain and enhance the Board's overall effectiveness. Within this, a broad set of qualities and competencies are sought for and it is recognized that diversity - including age, gender, geographical provenance, and educational and professional background - is a factor to take into consideration. The ambition is to ensure diversity and that the Board members complement each other to bring expertise that is vital for Klarna's success. Klarna assesses that these objectives and targets have been achieved.

### Number of assignments

There are regulatory limitations on the number of directorships a Board member of a bank may hold. As Klarna is not a significant institution, a general assessment of reasonableness of the numbers of positions held by the Board members and the CEO shall be made, taking into consideration the circumstances in the individual cases as well as the nature, scale, and complexity of Klarna's business activities. Klarna has concluded that all Board members assignments are compliant with the new rules. A detailed presentation of the members' background and other assignments can be found [here](#).

## Risk management

The purpose of risk management is to safeguard Klarna's long term survival, manage volatility in financial performance, and increase value for the owners by ensuring efficient capital management.

The external framework requires good internal control, identification, and management of risks and requirements for internal control functions (Risk Control Function, Compliance Function, Engineering Assurance and Internal Audit Function). The Board has ultimate responsibility for Klarna's risk organization and for ensuring satisfactory internal control. If you would like to learn more about Klarna's risk management, risk reporting and control functions you find more detailed information on our [website](#).

## Remuneration

Klarna has clear remuneration policies, instructions and processes, ensuring sound remuneration structures throughout the organization. If you would like to learn more about Klarna's remuneration structure, you can find more detailed information on our [website](#) or in Klarna's annual statements of remuneration for the Klarna Group which are also disclosed on our [website](#) according to the Swedish Financial Supervisory Authority's regulatory framework.

# Environment

# Environment

Managing Klarna's environmental impact is a top priority for the company. Klarna aims to promote environmental awareness and knowledge in employees and partners, as well as comply with applicable local environmental laws and regulations in the countries in which Klarna operates.

This report outlines sustainability efforts in the context of day-to-day operations. Klarna does not have a developed corporate banking or corporate financing product offering, where sustainability and supply chain management concerns are most pertinent.

In our Ethical and Environmental Policy, we state the following general principles which we work to adhere to:

- We shall have a long-term business focus and act in a way that promotes this.
- We shall inform and engage our employees, customers, and partners/suppliers in our environmental views and environmental activities.
- We shall, of course, comply with laws and regulations, but also go further by acting transparently, respecting good credit practices, protecting personal data, preventing conflicts of interest, avoiding the denigration of competitors, etc.

## Increased ambitions during 2020

Even though Klarna has limited physical products, we are mindful that our operations and growth contribute to global climate change. Our technology powers online commerce for hundreds of thousands of retailers and millions of consumers across the globe. We cannot and will not avoid our responsibility. During 2019 and 2020, we significantly increased our ambitions and actions within this area, continuously working towards the following goals to be achieved by 2021:

- Reduce global air travel emissions by 5% per employee.
- Host 100% of our server use and data storage in the cloud.
- Use renewable energy in 95% of offices where we can choose our suppliers, and in 60% of all of our offices.

Klarna has rigorously analyzed the business, ways of working, consumption, and travel during the year to ensure that the utmost is done to achieve each one of our goals and limit our environmental impact across all areas.

## Travel

Klarna is a global company, which requires employees to travel regularly. It is not uncommon for an employee to report to a manager based in another country, and maintaining a close dialogue, which is of the utmost importance, is at times best facilitated by physical meetings. However, during 2020

most business travel was replaced by technical solutions due to the impact of Covid-19, which saw global travel restrictions, domestic entry bans, and quarantine regulations enforced in several of our operating markets. Employees working from home also accelerated the adoption of virtual meetings. During the year, in line with our increased ambitions to lower our carbon emissions from travel, we heightened our efforts to further emphasize the environmental impact of travel through internal communication, nudging, and policy revamping.

**Employees encouraged to green transportation**

Employees at Klarna are encouraged to use green transportation. At the majority of Klarna’s offices, there is dedicated bicycle parking where employees can safely store their bicycles without risk of theft or damage. There are also changing rooms with showers that enable and encourage employees to bike to work even if it is a long distance. This both decreases Klarna’s general environmental footprint and increases the health and wellbeing of employees.

For shorter business travel, employees can borrow either Klarna’s bicycles or travel cards to use public transportation. Taxis are not allowed if more eco-friendly transportation alternatives are available, and employees are encouraged to walk to nearby meeting sites. Klarna also encourages employees to book eco-cars when renting a car if the option is available.

**Trains**

Klarna encourages employees to use trains instead of flying whenever possible, and traveling by train shall always be considered the first choice for domestic travel. However, Klarna’s operations and offices are spread out globally which makes domestic travel a relatively small part of total business travel.

Below is a summary of all train travel during 2020.

<b>Total journeys</b>	1,292
<b>Distance (km)</b>	398,700
<b>Emissions (t CO2e)</b>	48

**Flights**

Klarna recommends the use of virtual meetings instead of traveling for internal and follow-up meetings. To make this an obvious choice, Klarna provides employees with several options, such as Zoom, Google Hangouts, video conferencing system, cell phones, and more. From both a business and an environmental perspective, it is necessary and beneficial for Klarna to adapt to this way of working. This also applies to the Board, with every sixth meeting being held via conference call with participants from Sweden, the UK, and the US contributing. Although the use of technical solutions that minimize the environmental footprint is always encouraged, sometimes physical meetings are still necessary from both an efficiency and social perspective. That said, business travel was very limited from March 2020 onwards due to the pandemic, and most meetings and conferences were held remotely by making use of technical solutions.

Below is a summary of all flights taken during 2020.

<b>Total journeys</b>	3,967
<b>Emissions (t CO2e)</b>	622

### Cars

Klarna has pool cars at its disposal at several offices for business travel, and Klarna employees can also use private cars with reimbursement for mileage, although pool and eco-cars are preferred. Employees may also travel in taxis, but only as a last resort as public transport is always prioritized when available.

### Renewable resources at Klarna offices

<b>Heating</b>	90% is renewable and 100% is environmentally compensated
<b>Cooling</b>	100% renewable
<b>Electricity</b>	50% wind power and 50% hydropower

Klarna HQ in Stockholm is the company's largest office site and as such it has the biggest impact on the Klarna Group's environmental footprint. The energy consumption at Klarna HQ is high but reasonable for the business that is conducted there and is continually evaluated in order to find additional improvements to make energy consumption more efficient.

Below is a summary of all of Klarna's offices' energy consumption in 2020<sup>1</sup>.

Country	Location	Area (m2)	kWh
Australia	Sydney	1,300	49,710
Austria	Vienna	212	28,762
Belgium	Brussels	238	43,284
Finland	Helsinki	304	10,450
Germany	Berlin - Chausseestraße 117	7,722	217,272
Germany	Berlin - Chausseestraße 19	1,267	16,524
Germany	Berlin - Mitte	220	52,344
Germany	Berlin - Mitte	210	24,978
Germany	Berlin - Mindspace	720	19,324
Germany	Cologne	120	18,355

<sup>1</sup> 2019 electricity usage numbers were used for buildings where final electricity numbers for 2020 were not available.



Germany	Giessen	3,603	367,398
Germany	Linden	1,453	6,336
Germany	Munich	1,882	97,920
Italy	Milan	910	81,194
Netherlands	Amsterdam	382	141,827
Netherlands	Amsterdam	729	24,345
Norway	Oslo	336	30,756
Spain	Madrid	330	16,825
Sweden	Stockholm - Sveavägen 38	663	27,372
Sweden	Stockholm - Sveavägen 46	17,484	631,692
Sweden	Stockholm - Ringvägen 100	4,205	179,028
Sweden	Stockholm - Gävlegatan 16	3,100	474,161
Sweden	Stockholm - Gävlegatan 16	3,200	489,456
Sweden	Uppsala	300	9,924
United Kingdom	London	620	82,824
United Kingdom	Manchester	300	19,236
United States	Columbus	16,103	206,850
United States	Columbus	949	14,628
United States	New York	437	6,240
United States	New York	909	6,492
United States	Los Angeles	420	10,584
<b>Total</b>			<b>3,406,093</b>

### Energy at Klarna HQ office building in Stockholm

Klarna's HQ office is powered with 100% renewable electricity by its energy supplier, who has received the Swedish label "Bra miljöval" (Good environmental choice) and is audited every year by external auditors. The supplier deposits an amount to an environmental fund for every kilowatt-hour sold. The fund is solely used to reduce the impact of hydroelectric power on the local environment.

The centrality of Klarna HQ's location ensures that employees can travel easily to and from work by bicycle and/or public transportation. It also ensures easy and climate-smart access for employees and visitors who travel from other countries as several eco-friendly means of transportation are available straight to the office from key transport hubs, such as high-speed trains and other public transportation.

This is an important factor that Klarna considers when evaluating potential new office sites, such as for example when the Linden office in Germany was moved to Giessen.

### **Energy at Klarna offices worldwide**

There are several eco-friendly initiatives at local office sites, including our Milan, London and Helsinki offices, all of which purchase their energy from renewable sources like the Klarna HQ office in Stockholm, and the Vienna and Oslo offices that use smart centralized heating that adjusts the temperature in the building to minimize energy consumption. Additionally, both our largest offices outside of Sweden, located in Berlin, Germany and Columbus, US choose climate-smart lighting solutions and save energy by using motion sensors.

Other Klarna Group office buildings that have received certifications are the Oslo office, which has received an Energy Certificate from NVE (Norwegian Water Resources and Energy Directorate), and the Sydney office which has a NABERS rating of 5.5.

### **BREEAM**

The Klarna HQ office is located in a climate smart building that has been BREEAM certified with the grade Excellent<sup>2</sup>, which recognizes that the eco-friendly solutions in the office building contributes to a better environment. In addition to its BREEAM certification, the building won the Swedish Green Building Award in 2012. Below are listed a few factors that contributed to receiving the high grade certification and winning the award.

- Energy consumption has been reduced by 70% to 35 kWh/m<sup>2</sup> - reducing carbon emissions to 1,000 ton/year.
- Central location with easy access to public transport and the possibility to ride a bike to work (supported by cycle parking and changing rooms with showers).
- Improved indoor climate contributing to both good health and wellbeing in the work environment.
- Rooftop green garden that contributes to the city's diversity of plants and insects.

BRE Environmental Assessment Method (BREEAM) is an environmental certification system from the UK. It has existed since 1990 and is one of the oldest environmental certification systems that have been used to certify over 500,000 buildings. The system is the most widespread of the international systems in Europe.

### **Roof park with plantations**

Adding to the BREEAM house is a roof top green garden which is built to add to the flora and fauna of the urban city center. The garden is 3,000 sqm and contains samples from the Swedish nature landscape such as flower meadows and small grown forests, alongside pebble and stone areas.

### **Printouts**

Klarna aims to ensure that printers are only used when necessary. Several IT tools ensure that the need for printouts are kept to a minimum, and to make sure no printouts are made unintentionally as all personnel must physically confirm prints with their ID-badge. All staff use portable laptops

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<sup>2</sup> The BREEAM certification scale ascends as follows; Acceptable, Pass, Good, Very Good, Excellent or Outstanding.

and each meeting room is equipped with a screen that all participants can use and view to reduce the need to share information on paper.

Klarna minimizes the environmental impact of these printouts with the use of eco-labeled paper and environmental-friendly recycling routines implemented throughout the organization. However, during 2020, printing and its environmental impact was much reduced compared to previous years, as digital solutions took precedence as employees primarily worked from home.

Though the time will come to return to the office, our goal will remain to keep our impact from printouts to the bare minimum. We intend to retain the most efficient ways of working and the solutions which have been beneficial to the environment that resulted from the shift to home-based working.

Below is a summary of the total number of printouts across all Klarna offices.

Year	Total number of printouts
2020	34,469
2019	455,700
2018	1,070,159

**IT equipment**

As a technology-driven company, a crucial part of our success is providing our people with an optimal set of IT equipment. Having the right tools is a necessity to keep developing and maintaining the innovative products and services we offer customers and partners. That said, Klarna also endeavors as much as possible to maintain a sustainable consumption of physical electronic goods.

Klarna reuses as much of the IT equipment necessary for business operations as possible and ensures that every device gets used for its full life before it is recycled. When recycling, we work with different partners around the globe to refurbish and recycle used equipment, most of which is repaired and resold. In 2021, Klarna will offer employees the possibility of buying their old hardware for personal use.

**Recycling**

Klarna aims to recycle as much as possible, from furniture to paper and makes it easy for employees to recycle every day. Recycling bins are available in the kitchens at all offices for glass, bottles, and cans, and money collected from recycled bottles and cans is donated to charity. Klarna also recycles office paper, cardboard, electronics, metal, and batteries.

In the HQ office, food waste and plastic/paper are sorted separately as they are considered to be "combustible material" which is later used to supply heating to inner-city apartments. Additionally,

the coffee grounds from the coffee machines are sorted as organic waste and turned into compost and fertilizer.

We are always looking into ways of reducing our environmental impact, for instance by evaluating the possibility of reutilizing furniture in other Klarna spaces before recycling or donating it.

### **Recycling at Klarna offices worldwide**

Klarna has recycling areas in most local office kitchens and there are several local initiatives to reduce our environmental imprint, such as using recycled paper for printers, using recycled or reused packages for deliveries, and reducing the amount of bottles by using water dispensers.

## **Suppliers**

We are aware of the role suppliers play in our environmental impact as a company and as such, Klarna continuously invests in actively improving the supplier selection process to make sustainability and ethical responsibility a top priority.

One example of Klarna's efficient selection of suppliers during the year is the extended agreement with a coffee supplier that has additionally been trusted with water and fruit deliveries in our Swedish offices. The supplier is ethically responsible and makes sure that everyone working with them in the supply chain upholds good working conditions, from farmer to deliverer. They also confirm that the coffee farmers use a "Climate Smart Agriculture" and polyculture cultivation so their farmers work to ensure they have a minimal imprint on the local environment.

All fruit is organic and excess fruit from our HQ office gets donated to a shelter for people in need.

Another example is the cleaning provider at Klarna HQ, which has a Nordic Ecolabel 'Svanenmärkning'. The supplier offers its customers environmentally-friendly cleaning with a policy to use products with low consumption of chemicals and a high proportion of environmentally-friendly chemicals. The environmental impact from greenhouse gases is also minimized by means of stringent requirements on transport and use of refuse bags. All this is combined with high cleaning quality and well trained staff.

# Combating Financial and Cyber crime

# Financial Crime

The financial sector has a key role to play in society's prevention of – and fight against – financial crime. Strong financial crime management practices are one of the most powerful devices against financial crime. They can prevent, disclose and help to identify corrupt practices and the people behind such activities.

The main forms of financial crime which Klarna has identified as having a significant impact on society – and which we can work to prevent – are:

- Fraud
- Bribery and corruption
- Money laundering and terrorist financing
- Cyber Crime

## How we prevent financial crime

We take the prevention of financial crime extremely seriously.

We actively manage the risks of financial crime through policies, instructions, and routines across Klarna. The Servicing domain at Klarna has the overall responsibility for preventing fraud. Klarna has multiple functions in place to prevent money laundering and terrorist financing and enforce sanctions. The Compliance team has the overall responsibility for Klarna's Anti-Corruption Program to ensure that Klarna and its employees are not participants in bribery or corruption, unintentionally or otherwise.

Employee training is key to fighting financial crime. Our mandatory e-learning modules on Code of Business Conduct, Conflicts of Interest and Anti-corruption, Anti-money Laundering and Countering Terrorist Financing ensure all employees understand the importance and the detail of the processes we have in place. Completion of regular training is monitored to ensure it is completed by all employees and also forms part of the Klarna Check-In training which is mandatory for all.

## Anti-money laundering and terrorist financing

Klarna has no tolerance for establishing or maintaining business relationships if there is suspicion of a customer using, or will use, Klarna's products or services for money laundering (ML) or terrorist financing (TF). The same policy applies if there is not sufficient knowledge of the customer to manage the risk of ML/TF or to monitor and assess the customer's activities. In all, Klarna has the aim to, within reasonable bounds and as required by the relevant regulations and rules, minimize the risk of being used for all types of money laundering or terrorist financing.

As part of its risk based approach, Klarna continuously identifies, manages and mitigates risks, improves the measures taken, and applies the three lines of defense model to structure the work. Where applicable, and as required by AML/CTF laws and regulations, Klarna has systems and routines in place to perform "Know Your Customer" where measures such as risk assessment, applicable due diligence, and monitoring are used. Klarna has no tolerance towards facilitating transactions for individuals or entities that have been identified as being listed in applicable relevant sanctions regimes, and takes required measures to minimize this risk.

Relevant Klarna teams are responsible for monitoring performance of Klarna's efforts to combat ML/TF and to always take action when required. Further, Klarna has periodic reporting, including standardized KPIs, that enable senior management and the Board to track the performance of Klarna's efforts within this area.

## **Cyber crime and security**

At Klarna, we are committed to the security of our services and protecting our customers from cyber crime and fraud. Trust in our services is essential, and our aim is to have the best security in the industry. Protecting the confidentiality of customer's information is at the heart of this mission, as well as ensuring the availability and integrity of our services.

As ecommerce evolves, so does the modus operandi of fraudsters, whose methods, targeting companies and financial institutions of all sizes, are becoming increasingly sophisticated. In order to prevent fraud and protect both consumers and retailers from exposure to online crime, we have 24/7 monitoring as well as a dedicated Security Operations Center and threat intelligence in order to be agile in battling fraud attempts, both proactively and reactively. We continue to invest in internal resources and capabilities for both proactive and reactive measures to better respond to fraud and cyber crime attempts.

Along with delivering security awareness, Klarna is a champion for better consumer protection and actively pushes for collaboration across the financial industry. We are part of an E-Commerce Working Group, which cooperates with Interpol in order to enhance the cooperation between law enforcement and the private sector in the fight against Card Not Present Fraud. Klarna also supports and participates in special interest organizations to promote and encourage the security of the Internet and society as a whole. The Engineering Assurance domain is a control function, dedicated to the area of ICT & Security risk management. Our internal security structure is ingrained at all levels of the organization. Security requirements are closely measured, monitored and reviewed as part of regular internal review processes for all systems, and compliance with security requirements is actively verified using the latest security technologies and functions, such as compliance-as-code.

To ensure consistent and industry-leading security, our Information Security Management System is based on industry best practices and established standards. Our security is independently audited and reviewed annually via ISAE 3402 and 3000 assurance reporting. We are also PCI DSS compliant, as well as in compliance with all applicable regulations.

Through a number of security controls and work practices, Klarna strives to ensure that all services are secure by design. This includes following a Secure Development Life Cycle (SDLC) that includes frameworks from the Open Web Application Security project (OWASP - a non-profit organization that sets standards for secure development). To verify ongoing security, regular penetration tests are conducted annually on systems, and we maintain an active vulnerability disclosure policy and private bug bounty program delivered through HackerOne.

## Data protection

At Klarna, we strongly believe that great experiences shouldn't come at the expense of our consumers' privacy. Klarna takes data protection and privacy very seriously and we're committed to making sure that our consumers' data works in their interest, saves them time and simplifies their shopping experience. As a financial company, we know we are entrusted with personal data on a daily basis, and when it comes to how we use and collect it, clarity, honesty and transparency are key.

We always strive to comply with data protection regulations that apply to our business, whether it concerns the personal data of consumers using Klarna's services, Klarna's employees, or representatives of retailers, suppliers and other business partners.

Data protection is an embedded part of the product and system development process at Klarna, and a large number of Klarna teams are involved in maintaining and developing Klarna's practices on a daily basis. Moreover, Klarna's employees are regularly educated to identify and understand what data is considered to be personal data, and the foundations of how it may be collected and used, to always be in line with Klarna's data protection practices and with applicable legislation.

During 2020, we have closely followed the legal developments under the GDPR, and other data protection legislation applicable to our business - existing and proposed - and we see the legislation as an opportunity to build trust in offering consumers transparency, flexibility and choice when it comes to how their data is used. We continuously strive to improve and further develop the processes and tools available to support consumers' rights, such as:

- A safe and transparent process for receiving a transcript of records, i.e. for an individual to access personal data that Klarna holds.
- A safe and transparent process for exercising the right to be forgotten, i.e. for an individual to have personal data deleted.
- Providing GDPR-specific training to Klarna customer service agents, to ensure that Klarna's customer representatives are aware of individuals' rights.

Among our many initiatives during 2020 to increase awareness around privacy practices was the creation of a privacy landing page on our site with supporting elements and tools to explain privacy to our consumers and the introduction of a new data request form that simplifies the process for people who wish to receive their data from us. We also organized Privacy Week, a week-long internal event that aims to build continued engagement around the topic to engage in best practice.



Klarna has a Data Protection Officer and a team of data protection specialists working solely with data protection and privacy. We also have a special team of customer service specialists for data protection matters.

# Social

# Social

Society’s confidence in Klarna is a crucial part of our business and critical to our success. This trust and confidence is earned by acting responsibly and by meeting or exceeding society’s expectations.

To us this means:

- We want to provide safety and confidence, both to consumers who are shopping online and in-store, regardless of how they choose to pay - and to retailers who can be sure to always get paid in time.
- We want to make shopping as frictionless and simple as possible by, for example, making the checkout process as easy and intuitive as possible.
- We want to build innovative solutions that benefit consumers by enabling them to shop, pay and bank in a convenient, transparent and intuitive way, saving them time and money, and liberating them from worry.

**Stakeholder groups**

Maintaining and nurturing stakeholder relationships is key to drive Klarna forward as a sustainable actor in society. Continuous and transparent dialogue with our stakeholders increases our understanding of their priorities and expectations, and our relationship with them helps us concentrate our efforts and resources towards creating the most impact within sustainability.

Stakeholder group	Ways to engage interest groups
Consumers	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Self-service portal and app</li> <li>• Customer support</li> <li>• Dispute management</li> <li>• Klarna’s Consumer Council</li> </ul>
Retail partners	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Self-service portal</li> <li>• Merchant support</li> <li>• Merchant Advisory Board</li> <li>• Klarna’s Growth Council</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee engagement surveys</li> <li>• Performance and Development Dialogue</li> <li>• Leadership program</li> </ul>

	<ul style="list-style-type: none"> <li>• Mentorship program</li> <li>• Klarna's Marketing Academy</li> <li>• Annual kick-off and monthly All-hands staff meetings</li> <li>• Whistleblowing</li> </ul>
<b>Shareholders/investors</b>	<ul style="list-style-type: none"> <li>• Personal meetings</li> <li>• Answering survey requests</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Dialogue during the purchasing process</li> </ul>
<b>Supervisory authority</b>	<ul style="list-style-type: none"> <li>• Ongoing discussions</li> <li>• Answering inquiries</li> </ul>

## Human Rights

Human rights are basic rights for individuals. They form the foundations for freedom, justice, and peace. They apply equally and universally in all countries, irrespective of the legal framework.

As a global company, we have a clear responsibility to support governments and civil society groups in ensuring human rights are upheld and respected in all the countries we operate in. Klarna firmly believes that, although governments have the primary duty to protect and ensure the fulfilment of human rights, business entities have a responsibility to respect human rights and can play a positive role in the communities where they operate.

Klarna complies with all relevant international legal obligations and all relevant local legal obligations in the countries in which it operates. Klarna also works to protect human rights in its own operations through its internal policies and procedures regarding the treatment of employees, as well as by ensuring compliance from both retail partners and suppliers.

Klarna respects employee human rights as established in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, including non-discrimination, prohibition of child and forced labour, as well as safe and healthy working conditions. Klarna offers equal opportunities and equal rights to all, irrespective of gender, national or ethnic origin, religion or belief, age, transgender identity or expression, sexual orientation, or disability.

During 2020, Klarna reviewed and updated internal policies, instructions, and governance, demonstrating Klarna's commitment and requiring employees to raise concerns regarding any identified or suspected non-compliance, as well as 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
- Anti-discrimination, bullying and harassment

Klarna is not a political organization and does not engage in political activity or support political parties in any country it operates in.

### **Modern slavery and human trafficking**

Klarna is committed to ensuring that its business and supply chains are free from modern slavery. Klarna takes a zero-tolerance approach to modern slavery and will not knowingly support or deal with any business or supplier involved in such practices. For more information, read our Modern Slavery and Human Trafficking statement [here](#).

## **Klarna – Our People**

### **Committed employees**

The company's clear goal to elevate the shopping experience and enable better personal finance management is dependent on, and interconnected with, an ambitious mindset needed from employees who take on this challenge. To deliver solutions that serve this purpose, it is imperative to engage committed and driven employees that challenge expectations, believing in their skills and knowledge.

Having employees with the right skills and expertise is essential for Klarna, and we work strategically to attract and retain the employees needed for the long-term development and success of the business. Klarna as a group currently has more than 3,800 employees, with more than 30% working within engineering and product development alone, and we are actively recruiting talent from around the globe.

2020 was a particularly challenging year that saw employees' daily lives significantly impacted and the employee experience transformed. During the year there was increased focus on creating activities and organizing events to keep morale and engagement levels high. Many of the company's regular events and activities were adapted to take place digitally, such as having virtual celebrations when Klarna launched in a new market during the year.

Among our most impactful and effective employee-centric initiatives during Covid-19 were:

- Conducting regular pulse surveys to gauge morale after the shift to working from home and identify issues which required action..
- A wellbeing workshop on Holiday Mindfulness & Heart-Centered Communication.
- A hackathon which focused on finding solutions to fight the pandemic.
- Offering antibody testing to employees where possible.

### **Agile operating model**

Klarna has implemented an operating model that optimizes high speed, flow, and quality, evolving from a more traditional organizational structure to instead working in teams of eight employees from different competences who own and work on a specific problem space. Teams take full accountability for creating and delivering value propositions to their main stakeholders that are aligned with Klarna's overall vision, whether internal or external.

Teams in Klarna are defined by their business purpose, which enables agility and fast growth as well as experimentation and expansion to new areas. The guiding principle of this model is to enable active and autonomous decision-making at a team-level while ensuring alignment across different teams, therefore optimizing speed, flow, and quality. For this to work smoothly, Klarna's workplace culture embraces change and continuous improvement. The path can change fast and often - new teams will be added and teams will cease to exist - but the determination to continuously improve remains.

To ensure an aligned vision throughout the company, teams follow Klarna's ways of working and best practices. Team autonomy and flexibility within the framework of the regulations and guidelines that Klarna as a bank is subject to is at the core of how Klarna operates. An example is how teams can choose the best fit of IT equipment for their team within an approved set of options. Klarna invests in tooling to guarantee compliance for each piece of equipment as customers' data must not be put at risk due to lack of expertise, maturity, or tooling for a specific technology.

### **Engagement**

Nurturing the connection between the management team and all company employees is a matter of priority with several initiatives serving to eliminate any perceived gap that risks emerging with quick growth and a fast-paced work environment. Frequent and open dialogue in management chats, business updates, and group All-Hands meetings strengthen the bond and dialogue between management and employees while keeping the information flow as direct as possible. Additionally, all team and domain leads are encouraged to provide weekly updates on challenges and progress in their workstreams. This way, all employees can receive relevant updates from other work streams that may impact their own, streamlining the sharing of information and our efficiency as a company, and celebrating shared success.

The quarterly employee engagement survey results provide a basis to get a better understanding of current perceptions and identify areas of improvement and success in regards to employee engagement, development, vision awareness, and management expectations.

### **Diversity enriches our business**

At Klarna, we support all employees and aim to provide them with an equal opportunity workplace that encourages diversity and where differences are both respected and appreciated. We do not tolerate discrimination or harassment of any kind, whether this is based on an individual's ethnic or national origin, gender, skin color, faith, religion, citizenship, age, disability, civil status, sexual orientation, or anything else. Klarna has clear company-wide internal policies regarding what constitutes inappropriate behavior that will not be tolerated and guidance on how it should be

handled. Klarna has also implemented several different reporting mechanisms and whistleblowing tools to enable staff to report behavior or incidents with confidentiality safeguards.

As an employer, Klarna ensures that all employees are treated equally, with respect and dignity, and that everyone is given the same opportunities for professional and personal development. To ensure the best people are at Klarna, the talent acquisition recruitment processes are designed to remove unconscious bias from the equation, while manager and team leader training provides the knowledge and practices needed to maintain the environment we strive for. There is strong cultural diversity at Klarna, with employees of close to 100 nationalities employed worldwide.

The creation of a Diversity & Inclusion team at Klarna as of July 2020 has created a global focal point for diversity and inclusion across the company. Several initiatives ensure a continued effort to increase diversity awareness and provide transparency on diversity goals across the company. Among those are:

- Launch of a diversity and inclusion training through Klarna Academy for all employees.
- Including discussion of diversity and inclusion during the introductory onboarding program
- Regular diversity and inclusion and equal opportunities questions on surveys for all employees.
- Improved diversity data on employees, including launch of demographic survey in the US.
- Review of the hiring process to make it more inclusive, as well as to improve data collection.
- Close collaboration with the employee resource group named “Be you” by supporting events.

Below table shows recent development of gender diversity in company-wide management positions<sup>3</sup>.

	2018	2019	2020
Female managers	32%	30%	31%
Female CXO/VP/Director	27%	24%	27%

**Health and safety**

Klarna is responsible for working to achieve a safe, healthy and productive workplace. Healthy work environments result in healthy employees and increased well-being, laying the groundwork for successful business results. The safety of employees in the workplace is prioritized.

Klarna wants to ensure a healthy lifestyle for all employees and therefore offers different health benefits, such as wellness allowance, flexible working hours, parental benefits, and health and

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<sup>3</sup> The values contained in the table have been reviewed and updated from those in previous reports.

rehabilitation insurance. The company also provides aid in the immediate work environment to prevent illness and support rehabilitation.

As a result of Covid-19, Klarna has focused heavily on global wellbeing initiatives, including access to resources, such as working equipment to work from home and antibody testing, and external workshops that focus on mental health and employee wellness.

### **Sports & Wellness committee**

Klarna has a Sport & Wellness volunteer committee that continuously works to engage employees and promote inclusion by encouraging sports and outdoor activities. The committee regularly arranges sports activities such as basketball, football, and jogging, as well as hosting yoga classes at various Klarna office sites in the early morning and during lunch hours. Also, the committee regularly arranges full-day excursions such as ski trips and scuba classes. During Covid-19, the team adapted their activities to include virtual events, such as weekly virtual yoga sessions.

### **Learning and development**

Klarna operates within an industry that is undergoing rapid change, driven primarily by consumer behavior and technology disruption. As the company participates in driving that development with innovative solutions, employees are also provided with a creative environment to develop their own individual professional skills. Klarna's culture is based on the commitment and willingness to develop and take responsibility for achieving both the company's and one's own personal goals.

Employees have the opportunity to grow in different ways at Klarna, for example through learning in everyday life, through participation in change projects, formal learning through education, and network participation. Klarna has a wide range of learning programs that are available through our native digital learning platform, both the training courses that are specific to Klarna and those provided by external suppliers. Several methods and tools are offered to facilitate learning and Klarna provides courses in various subjects, such as leadership, presentation skills, communication, diversity, productivity, and more.

### **Introduction and initiatives for new employees**

The "Klarna Check-In" (KCI) is a three-day introductory program for new hires. During these days, new hires learn about Klarna's background, mission, operating model, workplace and security rules, IT setup, office environment, regulatory sessions, business, products, leadership principles, and culture. Designed as a case competition focused on launching Klarna in a new market, the KCI gets new hires involved in the company's ways of working and challenges them to deliver results as a team from day one.

By combining classroom and virtual training with self and group study elements, as well as including presentations and pre-read writing elements, the Klarna Check-in ensures Klarna's new joiners get up to speed on the basics of Klarna in an engaging way. The KCI focuses on the output delivered by new hires and is tailored to prepare new "Klarnauts" for the company's fast-paced and ever-changing environment.

After attending the onboarding program, a new Klarnaut should have a thorough understanding of the Klarna basics and should have already applied this knowledge, preparing them to be



onboarded to their specific domain/competence and team. Additional training opportunities after completing the KCI are available. The KCI is mandatory for all new hires, except for the Service Delivery competence that organizes its onboarding program, "Smooth Start", that is tailored to the needs of their operational teams.

Added to KCI is the Klarna buddy program which plays a key part in welcoming new employees. It consists of a 60-day peer buddy program with the primary purpose of supporting new employees and integrating them into the Klarna culture. The program combines informative sessions with shadowing, as well as regular opportunities for Q&A and feedback. By pairing new employees with more experienced colleagues in similar roles, our new employees benefit from the knowledge exchange at both a professional and social level.

In 2020, a total of 1,161 new hires completed the introduction course.

### **Leadership**

Klarna works to disrupt the existing payments and banking industry, and responds to changing consumer demands, creating a high change business environment that has impacts on our people. This means greater demands on leadership, making competence and domain leads at Klarna a key group in driving the company's growth. They play a pivotal role in ensuring people in their teams feel they can work and develop in a safe environment that fosters trust. In Klarna, it is important that all leads inspire, act as role models, and create conditions that enable employees and teams to thrive. For this, they need to be supported and have the right tools to lead their teams through change to success.

In 2020, Klarna facilitated 122 leadership training sessions with a satisfaction score of over 4.6 (out of 5). Several new initiatives were launched to focus on practical leadership and people skills, such as "Coaching for performance", "Master challenging conversations", "The art of feedback", and "Leadership boot camp in the US". Currently, 90% of new leads complete the mandatory leadership training within their first three months of becoming a lead.

Klarna has eight leadership principles that all employees live by and that build the foundation of the whole company's work culture:

- Customer obsession
- Deliver quality results
- Courage
- Hire and develop exceptional talent
- Challenge the status quo
- Start small and learn fast
- Detailed thinkers
- Let the team shine

They provide guidance on what the company values and expects and their purpose is to encourage accountability and continuous growth on both a professional and personal level for all employees, ensuring our culture always puts people first.

Leadership excellence at Klarna is built on three core pillars: leadership principles, competence mastery and our LEAD framework, which was launched in 2020. All together, they act as a foundation to measure great performance in any role.

### **Klarna mentoring program**

Klarna's mentoring program aims to improve, strengthen, and enhance leadership skills to increase productivity and capabilities by linking new leads to more experienced, senior leads. The mentors act as a sounding board to the mentees, being present in the background, ready to listen and provide guidance to help increase the mentee's confidence in their role and ensure the right actions and decisions are made. Simultaneously, mentors are encouraged to never hesitate in challenging their mentee with their and Klarna's best interest in mind. The mentors who are engaged in Klarna's mentoring program are carefully chosen to ensure that they have senior experience and are well-versed in Klarna's leadership principles.

The six-month-long program starts with a joint kick-off to set the mentoring relationships up for the best possible start. A variety of resources and support is also provided to ensure an effective mentoring relationship, and participants are encouraged to continuously exchange tips and information while evaluating progress based on their learnings throughout 2020.

## **Klarna – Our Retail Partners**

### **Ethics Policy and Code of Business Conduct**

Klarna always runs its activities in a credible and ethically acceptable way, and always strives to comply with applicable laws and trade practices.

Klarna has the ambition to be a good citizen of its society and hence always strives to act in a way that is consistent with society's expectations of Klarna. To simply follow the rules is not good enough - we need to avoid situations where our actions are or can be seen as hurtful to others.

Klarna wants to provide services and remain in business for the long-term, and this overall focus guides us in our daily decision-making and helps us to think about what the long-term consequences of our actions may be.

### **Retailer Ethics**

Klarna strives to only cooperate with retailers whose activities are in line with Klarna's vision of safety and simplicity. For Klarna, this means that ethical aspects of a retailer's business are taken into account. As a major player, Klarna aims to realize this vision and to have a positive influence on the market. Klarna's products and services may only be used for lawful purposes. In addition, we want to prevent our products and services from being used in an unethical way.

Klarna has set clear ethical guidelines consisting of some general principles, which are exemplified in an appendix. The examples listed as "Prohibited" are disallowed while examples listed as "Restricted" may be allowed under certain conditions and upon pre-approval from Klarna. The general principles are:

- **Unethical Business Methods and Practices** - which mean that Klarna shall not cooperate with retailers that sell products or carry out services with means and methods that are misleading, deceptive, abusive or unfair to customers, or otherwise unethical or illegal.
- **Unethical Products and Services** - Klarna will not cooperate with retailers providing products or services which Klarna considers, in its sole discretion, as unethical under these guidelines. Some products may be categorized as products of dual use, meaning that they may have a legitimate use, but also an illegitimate use.
- **Third party restrictions** - In provision of some services, Klarna cooperates with various partners (e.g. third party payment providers). Several of these partners apply their own prohibitions and restrictions. This means that additional prohibitions and restrictions apply for retailers who wish to use such services.

The ethical guidelines apply contractually when onboarding new retailers and Klarna has a specific escalation chain for ethical issues or inquiries. In order to make sure that all retailers comply with their set agreement they are actively monitored by a dedicated team that takes on responsibility for ensuring that the ethical guidelines of Klarna are followed once onboarding is completed.

The Merchant Illegal Activities team acts to recognize, address, and prevent any illegal activities on behalf of retailers. Key internal governance in relation to retailer activities includes, but is not limited to:

- Ethical instructions for retailers (to give employees, retailers and other external parties guidance on Klarna's ethical standards; Klarna's aim is to quickly and consistently be able to assess what is in accordance with its values and expectations, and communicate this to retailers)
- Internal escalation flows that allow for behaviours indicating illegality to be identified and investigated.
- Employees interacting with or monitoring Klarna's retailers will undertake internal training to be able to identify, investigate, and take action.
- The sale of any illegal or illegally acquired item is prohibited – this is monitored throughout the retailer lifecycle.

## External and internal initiatives

We support many great initiatives, both financially and with our knowledge. Some examples are SthlmTech, WomenHack, WomenInTech and the Hello World! concept. We also host many internal and external hackathons at different locations around the globe.

### Klarna graduate program

Klarna's continued success is dependent on how we can successfully hire and develop exceptional talent. Klarna has a competitive graduate program in several markets to hire emerging talent, and coach them into becoming the newest stars at Klarna.

### Be you

Employees from Klarna have together launched an initiative that is supported by Klarna. Be you works on several fronts and across Klarna's global offices to promote diversity and inclusion. The group arranged a book club in which books that focus on the topic of diversity and inclusion are

read and discussed. Be you also arranged a Be you week, including a “Lunch & Learn” on inclusive language, a virtual drag show, as well as self-reflection sessions which allowed group discussions among employees.

### **Women In Tech Stockholm**

Klarna supports and collaborates with Women In Tech, an organization that strives to inspire and enlighten women already in the tech industry to stay within the field, by providing the network and experience of successful people from the wonderful world of technology and media.

### **Women in Tech @Klarna**

Women in Tech @Klarna is an initiative which started in 2019 with the ambition to empower women within all competences at Klarna. The group strives to raise awareness around diversity issues, discuss the daily challenges and improve the working environment for women working at Klarna. During 2020, Women in Tech engaged in a number of different activities, including participating in the WiT STHLM conference as well as arranging internal events, such as biweekly sessions to share knowledge and experience and find inspiration and insights from both external and internal speakers.

### **Tjejer Kodar**

Tjejer Kodar is a learning educational platform within programming for women in Sweden. Their largest initiative is the free beginners course called “Börjar Koda”. Until today they have educated more than 4000 women within multiple tech stacks. Klarna has partnered with Tjejer Kodar to sponsor the “Börja Koda” for the fall of 2021.

### **Magenta Codes**

Klarna has partnered with Magenta Codes, a community founded by spouses of Klarna employees, focusing on getting more women into the tech industry. Their first ever boot camp is officially launching in the spring of 2021 and Klarna will be a partner in that initiative.

### **Hello World!**

Klarna co-host events with and supports the development of Hello World!, an organization that encourages engagement and shares knowledge about science, tech, and innovation amongst young people, and strives to make technology and education easily accessible for all young people regardless of their background and conditions.

### **Mindful Money**

Following a survey of over 2,000 consumers in collaboration with Censuswide, Klarna launched Mindful Money, a platform designed to support and educate consumers and help them make smart financial decisions. Working alongside personal finance journalists, money bloggers and content creators to produce jargon-free content on topics that have been identified as important to consumers. The content is published under three “pillars” of money management - Saving, Spending, and Living.

### **KlarnaSense**

A global platform that encourages consumers to be more mindful when shopping and empowers them to take control of their finances by having them ask three questions pre-purchase: Do I love

it? Will I use it? Is it worth it?. It was launched initially in the UK and will be launched across markets starting in 2021.

#### **“Mission Zero” (Nollmissionen)**

“Mission Zero” is our commitment to reduce complaints to zero and increase transparency as customer satisfaction is a key driver of customer acquisition and retention. Complaints in Sweden have reduced by 50% since 2018. It will become a global platform in 2021.

#### **Klarna/ASOS partnership with the ICRC**

On 29th of April 2020, for every purchase completed via Klarna on ASOS.com, £1/ \$1/€1 was donated to the International Committee of the Red Cross (ICRC) to support their Covid-19 emergency efforts.

#### **Supporting entrepreneurship**

Klarna takes pride in being part of the startup ecosystems of Stockholm and the Nordics. Being an entrepreneurial company it is important for us to help others grow by widely sharing our knowledge and experience.

## **Matching employee charity donations**

Klarna has a history of encouraging employee charity initiatives. We have, for example, matched the collected donations of all our employees at times when the world was troubled, thereby doubling the financial effect of these initiatives. Another example was giving the opportunity for the employees within the engineering competence to donate their holiday gift to charity instead of receiving it.

We have donated to the following organizations:


- Barncancerfonden (<https://www.barncancerfonden.se/en/>)
- Medecins Sans Frontieres (<https://lakareutangranser.se/en/who-we-are>)
- Die Arche (<https://www.kinderprojekt-arche.de/>)
- Showering mobil for homeless women (<https://duschemobil.de/>)
- Milkywire (<https://www.milkywire.com>)
- Telethon (<https://www.telethon.it/en/>)
- Lebenshilfe Gießen (<https://www.lebenshilfe-giessen.de/>)

## **Financial Coalition against Commercial Sexual Exploitation of Children**

Klarna is since 2016 engaged in the Swedish Financial Coalition Against Commercial Sexual Exploitation of Children, an organization whose purpose is to prevent and obstruct payments for documented sexual abuse of children through the Swedish financial system. If you want to know more about the coalition please visit their website [www.finanskoalitionen.se](http://www.finanskoalitionen.se)

## **Klarna as a taxpayer**

In Klarna's Tax Policy, which is adapted by the Board of Directors, it is stated that one of Klarna's overall objectives within tax management is to align Klarna's tax positions with the global business set up, all while being compliant with applicable tax law as well as aligned with Klarna's values and policies. According to the tax policy and finance and accounting instructions, Klarna should ensure that local tax legislation is complied with.



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**Klarna.**

## Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Klarna Holding AB, org. nr 556676-2356

### *Uppdrag och ansvarsfördelning*

Det är styrelsen som har ansvaret för hållbarhetsrapporten och för att den är upprättad i enlighet med årsredovisningslagen.

### *Granskningens inriktning och omfattning*

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

### *Uttalande*

En hållbarhetsrapport har upprättats.

Stockholm den 26 mars 2021

Ernst & Young AB



Jesper Nilsson  
Auktoriserad revisor