



Klarna's Modern Slavery and Human Trafficking Statement 2022-2023

This statement is made in accordance with section 54 of 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 practised 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, 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 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.

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

About Klarna

Klarna Bank AB (publ) is a Swedish company, committed to conducting its business in an ethical and environmentally responsible way. Headquartered in Stockholm, Klarna Bank AB (publ) is authorised and regulated by the Swedish Financial Supervisory Authority. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. It is in the UK's temporary permissions regime for EEA-based firms that previously passported into the UK. While in the regime, it can continue to undertake new business with new customers and service existing customers, and provide certain financial products or services in the UK.

Klarna is committed to continuously strengthen controls to identify and mitigate modern slavery risks in our supply chains, through internal policies, training and education, and through oversight activities.

Commitment to the Modern Slavery Act

Klarna is committed to the principles and provisions of the Modern Slavery Act, and the eradication of modern slavery. Klarna operates processes and controls to support business conduct that meets all legislation and regulations relating to Modern Slavery, which are relevant to countries where it operates.

During 2022, Klarna reviewed and updated internal policies, instructions and governance, and performed oversight testing of modern slavery process and controls. This demonstrates Klarna's commitment to the prevention of modern slavery, and supports Klarna's requirement that all employees raise concerns in relation to any identified or suspected non-compliance. Further, the Whistleblowing Policy states that Klarna employees acting in good faith and in compliance with the provisions of the policy will not suffer any detriment for raising such concerns.



The internal policies, instructions and governance connected to elements of Modern Slavery controls include, but are not limited to, the following:

- Anti-money Laundering and Counter Terrorist Financing Policy;
- Code of Business Conduct;
- Supplier Code of Conduct;
- Ethics Policy
- Whistleblowing Policy

Supply chains

In acknowledging the aims and abiding by the provisions of the Modern Slavery Act, Klarna has designed and operates systems and controls to ensure that its supply chains are transparent and free from modern slavery.

The majority of Klarna's financial products and services are technology related and created with the assistance of suppliers throughout the EU, the UK, Australia, and the US, and with Klarna's highly-skilled employees. As a result of using regional suppliers and primarily a local workforce, Klarna faces a lower risk of modern slavery. Key internal policies, instructions, manuals and processes in relation to the management of risks associated with procurement, supplier and supply chains include, but are not limited to, the following:

- Supplier code of conduct;
- Procurement;
- Outsourcing;
- Authorisation; and
- Supplier due diligence.

Of these, Klarna's supplier code of conduct articulates a vision of responsible business behaviour. It sets forth the principles that Klarna expects suppliers and their subcontractors to abide by in their business relationship with Klarna and promotes lawful, professional, and fair practices that integrate respect for human rights, business ethics, and the environment. Further, Klarna supports adherence to the Supplier Code of Conduct principles through essential training, awareness, and operational control.

The inclusion of this code into our supplier contracts ensures they are contractually bound to inform Klarna without undue delay in the event that a breach by the supplier or its affiliates occurs or is suspected to have occurred, or if the supplier and its affiliates are under any form of investigation relating to modern slavery laws or regulation.

Klarna has, during 2022, continued to take steps to improve the control environment, including the successful implementation of a new process for assessing inherent risks associated with suppliers and identify suppliers who may pose a higher risk and considers factors such as the risk of modern slavery and human trafficking, in conjunction with other actions such as assigning a risk level based on the supplier's jurisdiction and services and using data from external sources. The information

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collected is then used to take mitigating actions and ensure compliance throughout the supply chain.

Through 2023 and beyond, Klarna will continue to develop and implement improvements to all of its processes, tools and contract templates as it works to drive best practice risk mitigation when dealing with its ever evolving supply chain.

Wider activities

In supporting Klarna's responsibilities, processes and controls have been designed and are operating to recognise and address potential cases of modern slavery in other areas.

Key internal governance includes, but is not limited to:

- internal escalation flows are used by Klarna employees to escalate fraudulent activity or any behaviours potentially indicative to modern slavery. These escalations are reviewed by trained investigation teams. In 2023, further enhancements will be made to the internal documentation related to modern slavery.
- Klarna continues to provide and publish ethical guidance internally to its employees, and externally to its business relationships, and other external parties, via Klarna's Ethical Guidelines.

Klarna is committed to provide training on the importance of the Modern Slavery Act. In 2022, all new staff in Klarna's organisation were onboarded with training on employees' responsibilities in recognising modern slavery. Existing training was updated and delivered to relevant teams to help improve knowledge and seek to support teams in strengthening controls to prevent and detect modern slavery behaviours.

Ongoing plans and priorities

During 2023 Klarna will continue to:

- manage its activities, with oversight by Compliance, and collaborate with key stakeholders to monitor and enhance its approach to tackle modern slavery;
- improve its supplier and outsourcing onboarding, with specific focus on risk assessment during onboarding and ongoing monitoring; and
- monitor that internal policies, instructions and governance are aligned with good practice and ease of use.

Duty to report

It is the responsibility of all those working for and/in Klarna, or under its control, to detect, report and prevent modern slavery from occurring within its business or supply chains. If there are any concerns or suspicions that modern slavery may be present in any part of the business or in 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, 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 of Directors on the 23rd February 2023.

This statement was signed by the Chief Financial Officer, Niclas Neglén on the 16th April 2023.