

Gender Pay Gap Report 2023-04-05

United Kingdom

Klarna is committed to ensuring fair compensation across the company. Our dedication to pay equity shows our belief in treating all employees equally, regardless of gender, ethnicity and background. To this end, we've conducted an extensive analysis of the factors influencing individual pay levels and our overall compensation structure.

This factsheet outlines the methodology, findings, and key performance indicators (KPIs) from our 2023 pay equity analysis, specifically focusing on our operations in the UK.

Approach

The 2023 salary review at Klarna was meticulously conducted by a collaborative team composed of experts from the People, Payroll, Compensation and Equity departments, along with key business stakeholders.

This review followed the guidelines set by the UK government. It covers the pay period from April 6, 2022, to April 5, 2023, which is the specific timeframe used for this analysis. Any exceptional cases were thoroughly investigated to enhance the depth and quality of our analysis.

Salary level

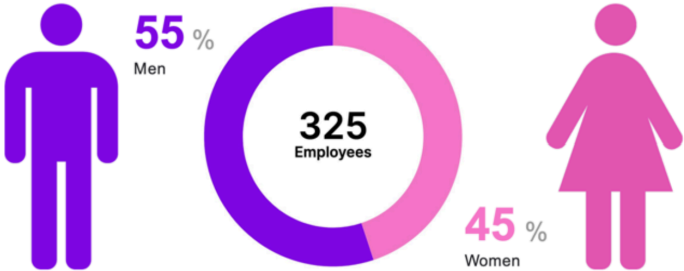
M	Labour market	Market analysis - we have compared contributors pay level to the median pay level on the labour market to make sure that we treat women and men equally.
I	Individual factors	Individual factors - we have analyzed outliers within groups of contributors with same job profile to make sure that salary difference can be explained.
A	Assignment	Assignment - all contributors have been organized according to their assignment within the Klarna job architecture. This framework describes job family, job profile and career level to make sure contributors are treated fairly.

Klarna is currently launching an improved Compensation Model, making it more fair and transparent. At the heart of Klarna's revised approach is the commitment to ensure that compensation is equitable for all Contributors, irrespective of their competence, location or when they joined. This pillar is about leveling the playing field and removing biases that could affect salary decisions. Thanks to this new Model, Klarna aims to keep on reducing the gender pay gap.

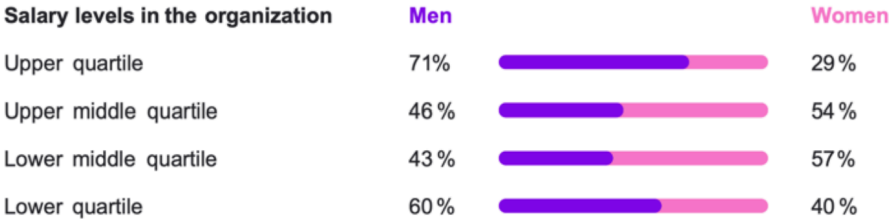
KPIs - Factsheet

Summary

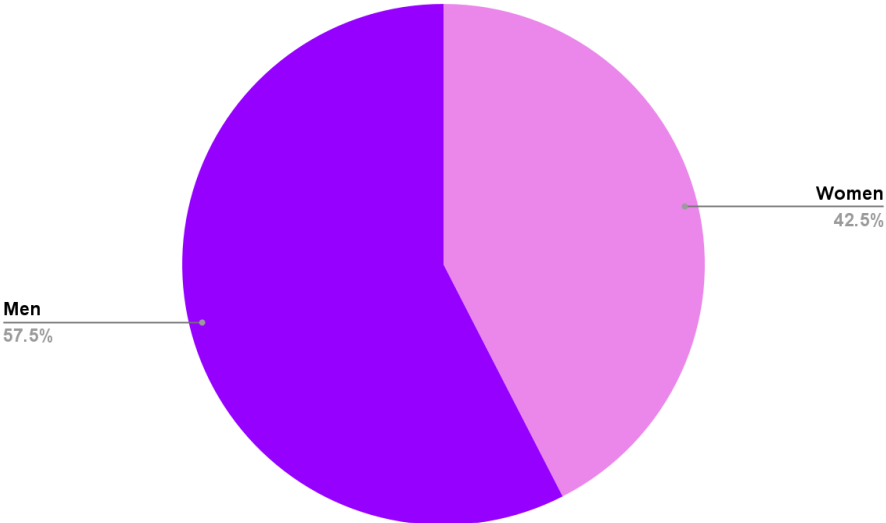
Gender distribution in the organization



Gender Distribution across Pay Quartiles in 2023



Gender distribution across Klarna UK aggregated main Competences (Finance, Engineering, Business development)



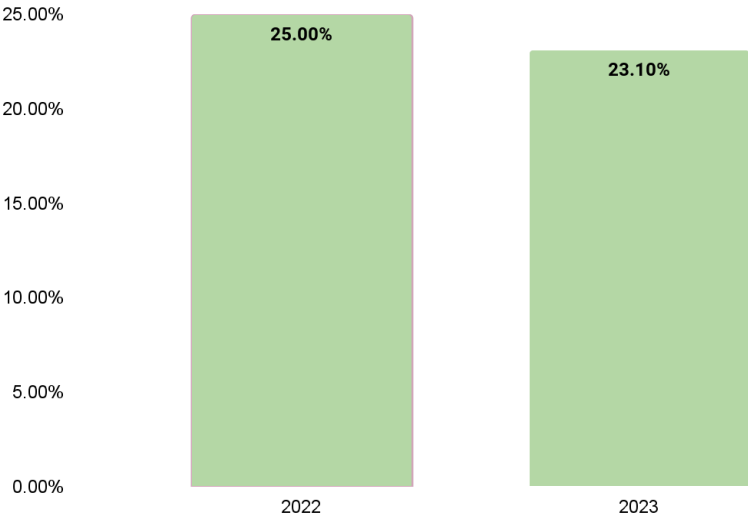
Analysis:

At Klarna UK the main Competences are Accounting, Analytics, Engineering and Business Development. In those departments we have 57.5% men and 42.5% women. This is a positive step towards gender balance in sectors traditionally seen as male-dominated, such as Accounting, Analytics, Engineering and Business Development.

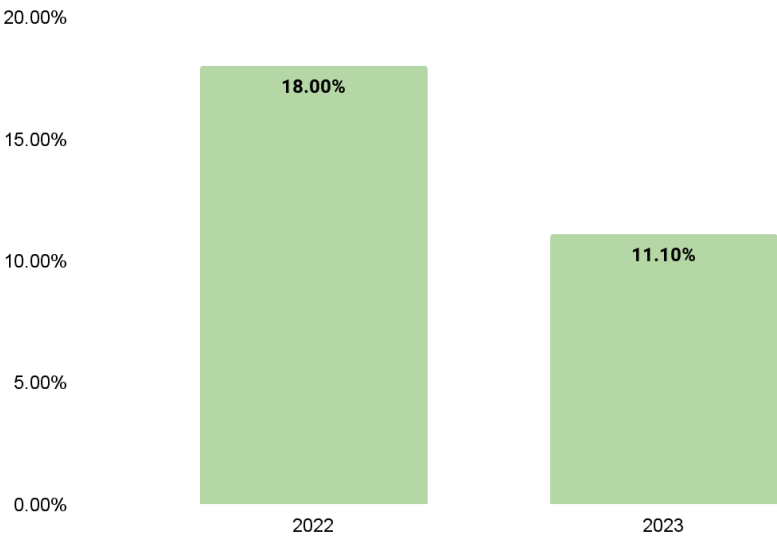
Klarna has hiring guidelines in place to eliminate bias and ensure objective, consistent, and data-driven candidate assessment. These guidelines are particularly focused on reducing the impact of bias on the outcome of the interview process. We will continue to work towards a more balanced gender distribution within these and all Klarna departments within the UK and globally.

Hourly pay factsheet and narrative (2023 versus 2022)

Mean gender pay gap in 2023 versus in 2022



Median gender pay gap in 2023 versus in 2022



Analysis:

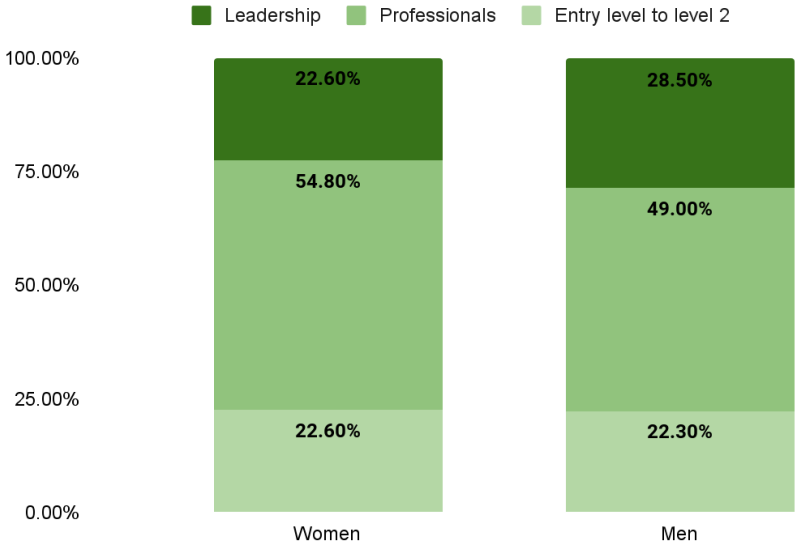
The gender hourly pay gap at Klarna has narrowed from 2022 to 2023, both in terms of average (mean) earnings with a reduction of the pay gap of 1.9% and midpoint (median) earnings with a reduction in the pay gap of 6.9%. To address and continually work on narrowing these pay gaps , we proactively identify and inform specific departments responsible for salary adjustments about differences in pay between genders where this is observed, with appropriate action taken, if necessary.

Gender Distribution across levels in 2023

Definitions:

Leadership: Level 5, 6 and CxOs

Professionals: Level 3 & 4



Analysis:

In proportion, within Klarna UK, 28.5% of our male colleagues and 22.6% of our female colleagues hold positions in leadership, 49% of the total male population is at a professional level versus 54.8% of the total female population. This means that as a percentage we have a high proportion of our female talent at Klarna on track to become leads of the future.

These figures highlight Klarna's dedication to recognizing capable individuals, regardless of gender, ensuring a diverse and dynamic team that drives the company.

Bonus pay factsheet and narrative

Gender bonus gap analysis in 2023

During the period 1% of the Klarna population received a bonus. The sample size of employees receiving a bonus between April 2022 - April 2023 was not large enough to generate any meaningful analysis of the difference in payouts between men and women.

