

Climate Commitment.

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Objective and scope

Klarna views climate change as one of the greatest challenges of our times. We recognize that our company and business practices have an impact on the environment and are committed to developing, exploring, and contributing to solutions that aim to mitigate the climate crisis, both within our operations and beyond. This document outlines Klarna's commitment and efforts to contribute to a more environmentally sustainable future.

The climate commitment applies to Klarna Bank AB (publ) and its subsidiaries and will be updated on an annual basis. For more information about Klarna's environmental strategy, progress, activities, and performance, please see Klarna's annual [ESG Report](#).

Climate action strategy

Klarna is committed to being open and transparent with regard to its impact on the planet and its efforts to address climate change. We commit to informing and engaging our stakeholders, including employees, customers, partners, suppliers, and investors, in Klarna's environmental views and activities.

Klarna has opted to follow the WWF and BCG Blueprint for Corporate Climate Action, which guides companies on how to measure and disclose their emissions across all scopes, set targets to reduce them, price what is remaining, and contribute financially to effective climate projects. Klarna's commitment to climate action has three broad components:

- By 2025, we will ensure that all of our office locations reach 100% renewable energy usage.
- By 2030, we will reduce 50% (baseline year 2019) of our carbon-intensity-based emissions in line with the Paris Agreement.
- By 2040, we aim to operate at net zero.

To build momentum around the shift to a decarbonized economy, we have committed to the [Climate Pledge](#). By partnering with several environmental organizations and initiatives to drive meaningful change, we're joining corporate leaders in going further and faster on climate action. To cement our dedication to making meaningful contributions in this space, Klarna has also joined the Race to Zero – an UN-backed global campaign that aims to halve global emissions by 2030 and reach net zero by 2050 at the latest. In addition, Klarna submits to the CDP on an annual basis, gaining valuable insights into where we can improve our carbon reduction efforts and providing transparency around our climate action efforts to the broader public.

Limiting our carbon footprint

To achieve our goals of reducing 50% of our carbon-intensity-based emissions by 2030 and operating at net zero by 2040 we are taking measures to reduce our emissions, then pricing the remaining emissions and investing the generated funds in climate projects. These are the measures we are taking to achieve our ambitious goals:

Emission reduction measures related to our business operations

Travel

In the choice of means of transport, Klarna will always seek the most environmentally friendly option. Traveling by train should be preferred over flying, whenever possible, and trains should always be the first choice for domestic travel. While employees need to travel occasionally and some relatively regularly, we plan to limit travel to what is truly necessary and have strong infrastructures for dispersed teams and remote work.

Supply chain

We expect our suppliers to comply with the environmental standards set out in [Klarna's Supplier Code of Conduct](#). In addition, Klarna encourages all of its suppliers to measure and reduce their emissions, and we plan to individually engage some of our most material suppliers to join us on our climate journey.

Optimizing our cloud's CO2 footprint

As Klarna is an online business, we want to reduce our emissions incurred through the cloud as much as possible. We aim to do this by identifying inefficiencies and optimizing processes.

Offices powered by renewable energy

Where possible, we are powering our offices with renewable energy, and for offices where the electricity provider cannot switch to a renewable power option, we are purchasing clean power credits. By 2025, Klarna aims to have all offices using green electricity.

Pricing remaining emissions through Klarna's internal carbon tax

In order to steer purposeful reduction measures in the coming years, we need to effectively track our carbon footprint. Klarna has introduced an internal carbon tax, where we tax ourselves for our own carbon emissions and invest that money in high-impact climate projects. This incentivizes an internal shift to low-carbon products and services and helps us drive climate-relevant measures that remove carbon from the atmosphere today and pave the way for future climate-friendly solutions.

When calculating our Scope 1-3 emissions, Klarna follows the guidelines from the [GHG Protocol Corporate Accounting and Reporting Standard](#), and the [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#), the leading global reporting standards for carbon calculation and corporate emissions.

Klarna has set a high price on carbon at USD 100 per metric ton for emissions under Klarna's control (Scope 1, 2, and travel emissions), and USD 10 for indirect emissions (rest of Scope 3).

Contributing to the Climate Transformation Fund

The funds generated by Klarna's internal carbon tax contribute to high-impact climate projects of the Climate Transformation Fund, including permanent carbon removal, reforestation and forest protection, and decarbonization projects. We focus on selecting effective and transformative projects, reflecting the need for contributing to the solutions needed to reach global net zero.

Promoting climate change mitigation beyond our own footprint

Klarna believes we can contribute to a decarbonized economy also beyond our own operations. We are convinced that we need to encourage customers and partners to take action and believe that creating opportunities for them to do so will be key to successfully and effectively reducing emissions.

This is why we enable consumers to make more informed and responsible purchasing decisions. We do so for example by providing insights into our retail partners' environmental efforts and progress, and the estimated carbon emissions of consumers' purchases. In addition, we promote and encourage circularity, e.g. by making it effortless for consumers to resell, donate, or recycle items, and empowering consumers to minimize waste and extend the life of products.

Klarna launched Give One in 2021, committing 1% of all funding rounds to planet health action initiatives, specifically toward conservation, mitigation, and restoration efforts for climate and biodiversity. As part of this initiative, we have also given our customers around the globe direct access to contribute by providing them with an effortless way to donate to their preferred environmental causes.



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