



 sezzle

Payments With Purpose

2023 SASB STANDARDS DISCLOSURES

About Sezzle

Sezzle Inc. (“Company,” “Sezzle,” “we,” “us,” “our”) is a fintech company on a mission to financially empower the next generation. Sezzle’s payment platform increases the purchasing power for millions of consumers by offering interest-free installment plans at online stores and select in-store locations. Sezzle’s transparent, inclusive, and seamless payment option allows consumers to take control over their spending, be more responsible, and gain access to financial freedom.

About the SASB Standards

The Sustainability Accounting Standards Board (“SASB”) Standards provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect our cash flows, access to finance, or cost of capital over the short, medium, or long term. As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and also encourage preparers and investors to continue to use the SASB Standards.

Using a rigorous and transparent standard-setting process, the SASB Standards identify sustainability-related issues most relevant to investor decision-making in 77 industries using the SASB’s Sustainable Industry Classification System™ (SICS™). We follow the SASB Standards for the “Consumer Finance” and “Software and IT Services” industries.

Forward Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements include our expectations, whether stated or implied, regarding our financing plans and other future events.

Forward-looking statements generally can be identified by the use of words such as “anticipate,” “expect,” “plan,” “could,” “may,” “will,” “believe,” “estimate,” “forecast,” “goal,” “project,” and other words of similar meaning. These forward-looking statements address various matters including statements regarding the timing or nature of future operating or financial performance or other events. Each forward-looking statement contained in this report is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. Applicable risks and uncertainties include, among others: impact of the “buy-now, pay-later” (“BNPL”) industry becoming subject to increased regulatory scrutiny; impact of operating in a highly competitive industry; impact of macro-economic conditions on consumer spending; our ability to increase our merchant network, our base of consumers and underlying merchant sales (UMS); our ability to effectively manage growth, sustain our growth rate and maintain our market share; our ability to meet additional capital requirements; impact of exposure to consumer bad debts and insolvency of merchants; impact of the integration, support and prominent presentation of our platform by our merchants; impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; impact of key vendors or merchants failing to comply with legal or regulatory requirements or to provide various services that are important to our operations; impact of the loss of key partners and merchant relationships; impact of exchange rate fluctuations in the international markets in which we operate; our ability to protect our intellectual property rights; our ability to retain employees and recruit additional employees; impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada; and our ability to achieve our public benefit purpose and maintain our B Corporation certification. The Company cautions investors not to place considerable reliance on the forward-looking statements contained in this report. You are encouraged to read the Company’s filings with the Securities Exchange Commission (“SEC”), available at www.sec.gov and investors.sezzle.com, for a discussion of these and other risks and uncertainties. The forward-looking statements in this report speak only as of the date of this document, and the Company undertakes no obligation to update or revise any of these statements. The Company’s business is subject to substantial risks and uncertainties, including those referenced above. Investors, potential investors, and others should give careful consideration to these risks and uncertainties.

Incorporation By Reference

All website addresses contained in this report are intended to provide inactive, textual references only. The content on, or accessible through, any website identified in this report is not a part of, and is not incorporated by reference into, this report or in any other report or document that we file with the SEC.

Report Terminology

Terms used in this report, such as “significance,” “material,” and variations thereof are intended to be used only within the context of our sustainability strategies, activities, progress, metrics, and performance. Such terms are distinct from, and do not refer to, concepts used in securities or other applicable law, and the use of such terms is not an indication that we deem related information to be significant, material, or otherwise important to an understanding of our business or an investment decision with regard to our securities.

SASB Standards Index

Industries: Consumer Finance, Software and IT Services

Topic	Accounting Metric	SASB Code	2023 Disclosure
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	TC-SI-130a.1	(1) Approximately 817 GJ, or 227 MWh, of energy consumed ¹ . (2) 100% grid electricity ² . (3) 0% renewable.
	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	As a remote-first company that utilizes third-party vendors for data management, we do not have a material impact on the environment with respect to water withdrawn or consumed. According to the World Resources Institute's Water Risk Atlas tool, Aqueduct, our headquarters is located within a High Baseline Water Stress region.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs	TC-SI-130a.3	We do not have any direct data centers. We use third-party vendors for all of our data management. Our most significant third-party vendor for data management has programs in place to reach net-zero carbon emissions by 2040 and be water net-positive by 2030.
Consumer Privacy, Data Privacy, and Freedom of Expression	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1, TC-SI-220a.2	All of our Active Consumers' information can be used for secondary purposes. Pursuant to our public privacy policy (https://legal.sezzle.com/privacy/en-us/), we do not use our consumers' information for secondary purposes except for marketing and complying with applicable laws. Our marketing partners do not sell our Active Consumers' information.
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2, TC-SI-220a.3	For the year ended December 31, 2023, we did not incur monetary losses from legal proceedings associated with consumer privacy.
	Description of policies and practices relating to targeted advertising and user privacy	TC-SI-220a.1	Our policies and practices, including those related to advertising and user privacy, are intended to follow the relevant privacy laws of the jurisdictions in which we operate. Our public privacy policy (https://legal.sezzle.com/privacy/en-us/) details how we protect, collect, use, disclose, and store personal information. Our privacy policy is periodically reviewed and updated as needed. We also have internal policies related to privacy and ethical marketing to encourage good data stewardship.

¹ We relocated our headquarters during 2023. Our prior headquarters did not have energy consumption reporting, and therefore, we elected to use the Average Intensity method under the Greenhouse Gas Protocol. We receive the entire building's energy consumption for our new headquarters and estimate our portion of energy consumption using the Area Method. Our electricity consumption for the six months we had operational control of our new headquarters was approximately 392 GJ, or 109 MWh.

² Approximately 40% of our electricity consumed was renewable, but was outside our control or influence and therefore is excluded under TC-SI-130a.1(3.3.3).

Topic	Accounting Metric	SASB Code	2023 Disclosure
Consumer Privacy, Data Privacy, and Freedom of Expression (continued)	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	TC-SI-220a.4	(1) 73 subpoenas. (2) 92 individuals and 24 entities. (3) 100% of subpoenas were answered. We do not disclose consumer information to law enforcement without a subpoena.
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	We operate in zero countries where our product is subject to government-required monitoring, blocking, content filtering, or censoring.
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	FN-CF-230a.1, TC-SI-230a.1	(1) Zero data breaches. (2) 0%. (3) Zero account holders.
	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2	Our provision for credit losses as a percentage of Underlying Merchant Sales ³ was 1.27% for the year ended December 31, 2023, compared to 1.69% for the year ended December 31, 2022. We believe this is the most comparable metric for this disclosure.
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	FN-CF-230a.3, TC-SI-230a.2	Refer to Item 1C of our 2023 Annual Report on Form 10-K for information on our cybersecurity risk management and strategy, governance, third-party risk management, and risks from cybersecurity threats.

³ Underlying Merchant Sales (“UMS”) is a key operating metric for us and is defined as the total value of sales made by merchants based on the purchase price of each confirmed sale where a consumer has selected the Sezzle Platform as the applicable payment option. UMS does not represent revenue earned by us, is not a component of our income, nor is included within our financial results prepared in accordance with U.S. GAAP. However, we believe that UMS is a useful operating metric to both us and our investors in assessing the volume of transactions that take place on the Sezzle Platform, including our Sezzle Premium and Sezzle Anywhere products, which is an indicator of the success of our merchants and the strength of the Sezzle Platform.

Topic	Accounting Metric	SASB Code	2023 Disclosure
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	FN-CF-270a.1	Approximately 33% of covered employees' compensation is variable and linked to selling our product to merchants for the year ended December 31, 2023 ⁴ . Variable compensation is based on achieving specific monthly, quarterly, and annual goals related to sales activities, merchant size, and profitability of signed deals. Variable compensation is awarded on a scale based on the percentage of the target goal met and is paid out as a percentage of the covered employee's base salary. We do not penalize employees for not meeting target goals, and variable compensation is not tied to any consumer-related metrics. Our variable compensation follows our industry's best practices.
	Approval rate for (1) credit and (2) prepaid products for applicants	FN-CF-270a.2	Our approval rate for the year ended December 31, 2023, was approximately 78%. Each order on the Sezzle Platform is subject to approval and may be declined for a variety of reasons, including insufficient available credit, order limits, and fraud. For a discussion about how we evaluate and monitor the credit quality of our portfolio, refer to pages 13 and 77—78 of our 2023 Annual Report on Form 10-K.
	(1) Average fees from add-on products, (2) average APR of credit products, (3) average age of credit products, (4) average number of credit accounts, and (5) average annual fees for pre-paid products	FN-CF-270a.3	(1) Approximately \$10.71 ⁵ . (2) 0% APR ⁶ . (3) 34 days. (4) Each unique consumer may only have one credit account with us. (5) N/A. We do not provide pre-paid products to consumers.
	(1) Number of customer complaints filed, (2) percentage with monetary or nonmonetary relief	FN-CF-270a.4	(1) 65 complaints filed with the Consumer Financial Protection Bureau during the year ended December 31, 2023. (2) Approximately 8%.
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5	In the ordinary course of business, we are involved in various lawsuits and claims related to consumer protection and collection laws. Sezzle incurred an immaterial amount of monetary losses related to the settlement of such claims, solely for the purpose of saving litigation expenses. We have not experienced any monetary losses related to the payment of damages related to a guilty or at-fault judgment related to selling and servicing our product.

⁴ Covered employees are defined as individuals employed by us that are engaged in selling products or services directly to merchants or potential merchants.

⁵ We define "add-on products" as either of our paid subscription products, Sezzle Premium and Sezzle Anywhere. Average fees from add-on products was computed by dividing total subscription revenue for the year ended December 31, 2023 by the average Active Consumers during the same period.

⁶ Our products on the Sezzle Platform are interest-free to consumers. Our product is generally free to consumers who pay on time and use a bank account to make their installment payments, excluding their first payment, unless they choose to pay for one of our two subscription products or enter into an interest-bearing loan with our third-party lenders. The third-party lenders we refer consumers to have APRs ranging from 0% to 34.99%.

Topic	Accounting Metric	SASB Code	2023 Disclosure																																																											
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that require a work visa	TC-SI-330a.1	As of December 31, 2023, approximately 5% of our employees were on a work visa. We do not believe recruiting employees requiring a work visa is a significant risk to our business.																																																											
	Employee engagement as a percentage	TC-SI-330a.2	Employee engagement was 83.8% ⁷ .																																																											
	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees, and (d) all other employees	TC-SI-330a.3	<p>Table 1 (as of December 31, 2023):</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Female</th> <th>Male</th> <th>Non-Binary</th> <th>Not Disclosed</th> </tr> </thead> <tbody> <tr> <td>Executive Management⁸</td> <td>33 %</td> <td>67 %</td> <td>— %</td> <td>— %</td> </tr> <tr> <td>Non-Executive Management</td> <td>29 %</td> <td>62 %</td> <td>— %</td> <td>10 %</td> </tr> <tr> <td>Technical</td> <td>22 %</td> <td>71 %</td> <td>— %</td> <td>7 %</td> </tr> <tr> <td>All Other</td> <td>55 %</td> <td>39 %</td> <td>1 %</td> <td>5 %</td> </tr> </tbody> </table> <p>Table 2 (as of December 31, 2023):</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Asian</th> <th>Black or African American</th> <th>Hispanic or Latino</th> <th>Two or More Races</th> <th>White</th> <th>Not Disclosed</th> </tr> </thead> <tbody> <tr> <td>Executive Management</td> <td>— %</td> <td>— %</td> <td>— %</td> <td>— %</td> <td>83 %</td> <td>17 %</td> </tr> <tr> <td>Non-Executive Management</td> <td>4 %</td> <td>2 %</td> <td>— %</td> <td>4 %</td> <td>71 %</td> <td>19 %</td> </tr> <tr> <td>Technical</td> <td>48 %</td> <td>3 %</td> <td>2 %</td> <td>1 %</td> <td>36 %</td> <td>10 %</td> </tr> <tr> <td>All Other</td> <td>12 %</td> <td>12 %</td> <td>7 %</td> <td>4 %</td> <td>51 %</td> <td>14 %</td> </tr> </tbody> </table> <p>Refer to our public Diversity Policy for more information about our diversity objectives and principles. We also have internal policies and programs to maintain an inclusive hiring process and workplace, establish employee resource groups, and offer free diversity-related courses.</p>	Level	Female	Male	Non-Binary	Not Disclosed	Executive Management ⁸	33 %	67 %	— %	— %	Non-Executive Management	29 %	62 %	— %	10 %	Technical	22 %	71 %	— %	7 %	All Other	55 %	39 %	1 %	5 %	Level	Asian	Black or African American	Hispanic or Latino	Two or More Races	White	Not Disclosed	Executive Management	— %	— %	— %	— %	83 %	17 %	Non-Executive Management	4 %	2 %	— %	4 %	71 %	19 %	Technical	48 %	3 %	2 %	1 %	36 %	10 %	All Other	12 %	12 %	7 %	4 %	51 %
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Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	TC-SI-520a.1	For the year ended December 31, 2023, we did not incur monetary losses from legal proceedings associated with anti-competitive behaviour regulations.																																																											

⁷ This represents the percentage of employees who answered “Strongly Agree” or “Agree” to the question “I recommend Sezzle as a great place to work.” in the most recent internal employee survey conducted prior to December 31, 2023. Approximately 40% of employees responded to the survey.

⁸ Executive management is comprised of our Chief Executive Officer and his direct reports.

Topic	Accounting Metric	SASB Code	2023 Disclosure
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	(1) We had 2 performance issues during the year ended December 31, 2023 ⁹ . (2) We had 6 service disruptions during the year ended December 31, 2023 ¹⁰ , none of which were significant service disruptions. (3) We had a 99.995% uptime during the year ended December 31, 2023.
	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Refer to Item 1A of our 2023 Annual Report on Form 10-K for information about potential business continuity risks associated with technology disruptions affecting our operations and measures implemented to manage such business continuity risks. Refer to Item 1C of our 2023 Annual Report on Form 10-K for our cybersecurity risk management and strategy, governance, third-party risk management, and risks from cybersecurity threats.

Activity Metric	SASB Code	2023 Disclosure
Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	FN-CF-000.A	As of December 31, 2023, we had approximately 2,601,000 Active Consumers, compared to approximately 2,950,000 Active Consumers as of December 31, 2022. Active Consumers are defined as consumers who have had at least one transaction through the Sezzle Platform in the last twelve months, not subject to a minimum required number of transactions. Each unique consumer may only have one Sezzle account.
Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B	
(1) Number of licences or subscriptions, (2) percentage cloud-based	TC-SI-000.A	(1) As of December 31, 2023, we had approximately 307,000 Active Subscribers, compared to approximately 119,000 as of December 31, 2022. Active Subscribers are defined as unique consumers with an active subscription to either Sezzle Premium or Sezzle Anywhere. (2) All of our subscriptions are cloud-based.
(1) Data processing capacity, (2) percentage outsourced	TC-SI-000.B	(1) We utilize third-party vendors for all of our data processing and have limited information on the data processing capacity of such vendors. (2) 100% of our data processing is outsourced.
(1) Amount of data storage, (2) percentage outsourced	TC-SI-000.C	(1) Approximately 157TB as of December 31, 2023. (2) 100% of our data storage is outsourced.

⁹ Performance issues are defined as any planned or unplanned downtime causing an interruption, of more than 10 minutes but less than or equal to 30 minutes, in the provision of cloud-based services to customers, pursuant to TC-SI-550a.1(1.1).

¹⁰ Service disruptions are defined as any planned or unplanned downtime causing an interruption of more than 30 minutes in the provision of cloud-based services to customers, pursuant to TC-SI-550a.1(2.1).