

# Klarna Merchant Scheme Rules Version 1.0, October 2020

The below stated rules and undertakings apply to entities' and individuals' (collectively referred to as "**Merchant**" or "**Merchants**") use of Klarna's services included in the services provided to the Merchant by its payment service provider ("**PSP**"). The Merchant and the PSP are collectively referred to as the "**Parties**".

The Klarna Payment Methods may be provided to the PSP by different business entities within the Klarna group (i.e. a person or entity directly or indirectly controlling, being controlled by, or under common control with Klarna Bank AB (publ), 556737-0431, Sveavägen 46, SE-111 34 Stockholm, Sweden). Any entity part of the Klarna Group may herein separately and collectively be referred to as "**Klarna**".

## 1. Background

Klarna is a provider of payment solutions to merchants operating an e-store(s) or physical store(s), which Customers (as defined below) can use in order to pay for their purchases (the "**Payment Methods**"). The Payment Methods are supplied to each respective Merchant either with a direct integration between Merchant and Klarna or through a third party.

## 2. Relationship between the parties

Where the Customer makes a purchase of goods or services from the Merchant and selects a Payment Method to pay for the purchase (the "**Claim**"), Klarna has the sole right to receive payment from the Customer, or the applicable Third Party Payment Option Provider, in relation to that purchase.

The exclusive right to receive payment from Customers in relation to a Claim is assigned by the PSP to Klarna. Klarna settles the value of the Claim to the PSP, net of amounts Klarna is authorised to retain under its agreement with the PSP.

The PSP is authorised to make the Payment Methods available, and settle payment for the Claims, to the Merchant. In relation to Claims, the PSP therefore only has a contractual relationship with Klarna whereas the Merchant only has a contractual relationship with the PSP.

## 3. The Services

The Services (as defined below) includes those Payment Methods made available to the Merchant through the PSP's integration with Klarna. The Merchant will also be granted access to Klarna's business transaction system which receives credit queries or other transactional requests from the Merchants' e-store(s) or physical store(s) as data-signals when a natural or legal person that has made a purchase from the Merchant, or from a third party but handled by the Merchant, ("**Customer**") using any of the Payment Methods in connection with its purchase.

For each transaction utilizing a Payment Method, Klarna assesses whether the Customer is required to provide any additional information in order to determine what Payment Method(s), if any, will be available to the Customer. During such assessment, Klarna may also use external data or other information already in its possession about the Customer. After such assessment, if Klarna determines in its sole discretion that the Customer qualifies for a Payment Method, the Customer is offered the appropriate Payment Method(s) with which the Customer may finalize the purchase. In the case of transaction approval, the Claim arising out of the purchase vests solely in Klarna and payment to the Merchant will be made in accordance with Section 7 (*Settlement*) below. Klarna undertakes to manage the collection of each Claim assigned to it.

As between Klarna and the Merchant, Klarna will control, in its sole discretion, all decisions concerning credit application approval and underwriting of any Payment Method, including decisions on applicable credit limits for Customers and offering Customers other Payment Methods that it may choose to offer through the Services from time to time.

#### 4. Commitments of the Parties

The Parties shall adhere to the following **"User Terms"** for the Services:

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## User Terms

### 1. DEFINITIONS

Capitalised words and phrases not already defined within this Agreement have the meanings set out below.

**"Agreement"** or **"Scheme Rules"** shall mean the terms and conditions set out herein (including the User Terms).

**"Charges"** shall mean such fees that Klarna charges the Merchant.

**"Confidential Information"** shall mean the content of the Agreement and any information of technical, commercial or other nature that has been identified as confidential by either Party or Klarna, or that the disclosing Party or Klarna may reasonably wish to keep confidential.

**"Ethical Instructions"** means the policy set out at [https://cdn.klarna.com/1.0/shared/content/policy/ethic/en\\_gb/merchant.pdf](https://cdn.klarna.com/1.0/shared/content/policy/ethic/en_gb/merchant.pdf) as updated or amended from time to time.

**"Integration Guidelines"** means the guidelines for integrating the Services set out at <https://developers.klarna.com/en> as updated or amended from time to time.

**"Issuing Bank"** shall mean a third party issuing bank with which Klarna cooperates to provide certain Payment Methods.

**"Klarna's Transaction System"** shall mean Klarna's business transaction system to which the Merchant has access to through its PSP integration.

**"Services"** shall mean the Payment Method together with Klarna Transaction System.

**"Third Party Payment Option"** shall mean a payment method offered by a third party, included in any of the Payment Methods.

**"Website"** shall mean the website(s) on which the respective Merchant uses the Services.

### 2. USING THE SERVICES

Klarna will, subject to the terms and conditions set forth in these Scheme Rules, provide

the Merchant with the opportunity to use and offer its Customers to use one or several Payment Methods.

Klarna reserves the right to perform financial and other controls on the Merchant, including its owners and other key individuals, applying for or having access to use the Services. Klarna thereby unconditionally reserves the right not to provide the Services with regards to a particular Merchant. If necessary, Klarna may create Merchant specific accounts at the PSP to enable Klarna to provide the PSP with the respective Payment Method for usage thereof by the respective Merchant. Any such action Klarna undertakes may not create additional costs for the Merchant.

### **3. MERCHANT RESPONSIBILITIES**

(a) The Merchant undertakes to coordinate with Klarna all marketing or similar activities that involve Klarna. Further, Klarna must approve any such activities in advance. Klarna's marketing department may be reached at [marketing@klarna.com](mailto:marketing@klarna.com). Activities necessary for the Merchants fulfilment of the terms of this Agreement are excluded from this Section 3.

(b) When providing the Services to Customers, the Merchant undertakes to act in accordance with Section 6 below.

(c) The Merchant undertakes to process complaints and returns promptly and give prompt notice through its PSP integration in the event that a Customer complaint or contestation has not been finally settled within one (1) month. If the Merchant has agreed with the Customer regarding a return of the purchase or a price reduction Klarna shall immediately be notified through the PSP integration.

(d) The Merchant acknowledges and agrees that the payment instructions as well as any other payment documents sent out by Klarna to Customers do not necessarily contain all information that may have to be provided to Customers under applicable laws (e.g. VAT or other tax specifications, etc.). Should specific information have to be provided to Customers under local applicable laws, or if a Customer requests certain information to be provided (e.g. specific VAT or other tax information), it is the Merchant's responsibility to provide a document containing such information. Such aforementioned documents shall refer to Klarna as the payee and may not contain any bank details of the Merchant. Should the content of the document sent out by the Merchant lead to an increased number of complaints (e.g. due to Customers paying to the Merchant's bank account or using incorrect reference numbers), the Merchant will, in cooperation with Klarna, adjust the content of such documentation to mitigate such problems. Further, the Merchant warrants that it will comply with applicable cash register laws and regulations.

(e) The Merchant undertakes to inform Klarna on at least a daily basis of all purchases and reversed transactions through its PSP integration.

(f) The Merchant undertakes not to impose a higher price for goods or services on the basis that the purchase is made through Klarna or in any other way act discriminatory towards Klarna.

(g) Providers of Third Party Payment Options, the Issuing Bank, and their respective designees may from time to time conduct onsite reviews or audits to ensure compliance with applicable laws, applicable terms and conditions, and related purposes. Merchant agrees to provide the information requested for the completion of such reviews or audits. Merchant agrees to allow the Third Party Payment Option providers, the Issuing Bank, and/or their respective designees such access to its premises and facilities, data, information and material as may be necessary for the conduct of such reviews or audits.

(h) The Merchant acknowledges and agrees that in relation to any Payment Method that includes a Third Party Payment Option, the specific Third Party Payment Option provider

conditions attached hereto as Appendix 2 shall apply. In case of conflict between any term of this Agreement and Appendix 2, Appendix 2 will prevail

(i) Merchant agrees to cooperate with Klarna to enable a pending order function, which shall be operational prior to the first Customer election on the Website, that provides Klarna the ability to indicate to Merchant which purchases are under review (the "**Pending Queue**"). Merchant may not ship goods or perform services pursuant to transactions that are in the Pending Queue until Klarna provides notice permitting such shipping or performance of services. Additionally, in the event Klarna discovers fraud or suspicious circumstances relating to a transaction outside of the Pending Queue, Klarna may instruct Merchant to stop the order process and/or shipping. Merchant agrees to abide by such instructions immediately upon receipt, so long as such instructions are provided within twenty-four (24) hours of the applicable Claim.

(j) To the extent the Merchant engages third parties that will deliver the goods to the Customers ("**Third Parties**"), the acts and omissions of Third Parties are treated as the acts and omissions of the Merchant under these Scheme Rules. The Parties acknowledge and agree that Klarna may itself, or may require the Merchant to, at any time (e.g. due to a Third Party's non-compliance with applicable laws or Klarna's instructions) block or in any other way terminate the provision of its Services in relation to purchases via any Third Party. The Merchant may not grant any Third Party access to Klarna's Transaction System.

(k) The Merchant is not entitled to use the reservation option in Klarna's Transaction System solely for credit checks without having the intention of accepting payment from the customer by means of a Payment Method.

#### 4. **CLAIM RETURNS**

Klarna has the right to require the PSP to repay Claims in the following circumstances. In these circumstances, the PSP is required to repay any amounts paid for the Claim to Klarna, and the Merchant, in turn, is required to repay the PSP.

(a) Claims where delivery of the goods or services has not been carried out at all, has been unreasonably delayed or has been carried out to an address other than one approved or provided by Klarna.

(b) If – at or after the time of the relevant purchase from which the Claim originates - there are obstacles restricting Klarna's right to receive payment from the Customer in relation to the Claim (e.g. if a Claim is already pledged, assigned or transferred to a third party).

(c) If there is a dispute or contestation between the Merchant and the Customer regarding the Claim, or the Customer disputes obligation to settle the Claim, and such dispute or contestation is not based on a mere unwillingness or inability to pay (a dispute may be e.g. when the goods or services are alleged to be faulty or not delivered in full).

(d) Claims which relate to a natural or legal person who may reasonably be considered to share a financial interest with the Merchant, including but not limited to, a company affiliated to the Merchant, owners or an employee of the Merchant and/or such affiliated company. This subsection (d) does not apply if the Merchant has more than thirty (30) employees;

(e) Claims in connection to which the Merchant is in breach of the law applicable at the delivery address.

(f) Claims in which a Customer acquires cash (e.g. currency exchange), checks or other money orders.

(g) Claims where the Merchant or the Customer in connection with the placement of the order has not provided Klarna with the Customer's IP-address, complete goods list, telephone number and e-mail address. In case the Merchant integrates the Payment

Methods via an iframe provided by Klarna and such integration has been carried out in accordance with the Integration Guidelines, this subsection (g) does not apply with regard to the requirement to provide the Customer's IP-address.

(h) Claims where the Merchant has deviated from Klarna's applicable Shipping Policy, as well as Claims relating to goods/services which cannot be delivered in accordance with such Shipping Policy (e.g. digital downloads). This merely applies where the Customer insists not having made the order or insists not having received the goods, or if it is otherwise unclear who has received the goods/services. The Shipping Policy will be provided upon request and can be found at <https://klarna.com/shipping-policies> ("**Shipping Policy**");

(i) Claims where the Merchant does not fulfil its obligations under the Agreement relating to activation of a Claim or prompt handling of Customer complaints and disputes (this includes an obligation to promptly answer Klarna's requests for additional information relating to any such complaints or disputes), or otherwise breaches the Agreement.

(j) Claims where the Customer has used its lawful right to regret/cancel its purchase or where the Merchant has extended to the Customer a right to return the goods or services in excess of what is stipulated in applicable mandatory laws.

(k) Claims in relation to which the Merchant is imposing terms and conditions in relation to Customers which deviate from the terms and conditions provided by Klarna or the PSP or if the Merchant has agreed terms with the Customer that deviate from what has been communicated with Klarna.

(l) Claims which are not handled according to Section 3 above.

## **5. COSTS FOR CLAIM RETURNS**

In the event Klarna has right to repayment under Section 4, loss of interest or other costs may arise, for which Klarna has the right to compensation. The amount charged by Klarna will correspond to Klarna's actual costs/losses and depend on whether the underlying Customer payment obligation is in reminder status, in debt collection status or in bailiff status. Klarna may also be entitled to compensation under other provisions of these Scheme Rules. In the event of a repayment of a Claim under Section 4, Klarna retains the service charges related to the provision of the Services. If Klarna at the time of the return already has received payment from the Customer or a third party in respect of the Claim, Klarna is entitled to repay those amounts to them.

Any fees or charges payable under this section are payable by the Merchant to the PSP, such costs which previously have been incurred by Klarna and forwarded to the PSP.

## **6. MARKETING, CUSTOMER INFORMATION & COMPLIANCE**

The Merchant represents and warrants that it will comply with all applicable laws and regulations (including without limitation, laws and regulations related to Merchant's provision of its goods and services and marketing laws). Klarna is responsible for providing the PSP with necessary payment terms and information to secure a lawful provision of the Services. The Merchant is thereafter obliged to provide the Customer with such terms and information before and during the purchase process. The Merchant is also obliged to make sure that the Customer agrees to be bound by such terms. Such terms and information shall be provided to the Customer via links provided by Klarna or as otherwise reasonably requested by Klarna. The Merchant undertakes to comply with Klarna's instructions to enable it to comply with applicable laws and regulations related to the Services.

The Merchant hereby grants to Klarna a non-exclusive, non-transferable, non-sublicensable,,royalty-free, worldwide licence to use and copy Merchant's

trademarks or logo in its sales presentations, websites and other marketing materials without Merchant's prior consent, some of which may be publicly available. Merchant also agrees to provide testimonial information related to the Services upon Klarna's reasonable request.

## **7. SETTLEMENT**

(a) Klarna has no responsibility with regards to settlement to the Merchant. Klarna will initiate payout for any assigned Claims to the PSP after deduction of any amounts owed to Klarna by the Merchant, including but not limited to repayments to be made in accordance with Section 4. The PSP will then settle towards Merchant in accordance with the Merchant's agreement with the PSP.

(b) If payment has been made by the Customer directly to the Merchant, the Merchant must immediately register such payment through its PSP integration, or in another way clearly communicate this to PSP, and the amount must immediately be paid to PSP with proper indication of the purpose of the payment.

## **8. MODULE SUPPORT**

Klarna aims to support all modules and API's that Merchants use to connect to the Services. However, as technology progresses, Klarna reserves the right to decide in its sole discretion which modules and API's to support.

## **9. INTELLECTUAL PROPERTY**

Klarna retains all ownership and intellectual property rights to anything developed by Klarna and provided to or accessed by the Merchant under the Agreement. The Merchant specifically undertakes never to use any sign, button or trademark that could be considered confusingly similar to a Klarna trademark.

## **10. CONFIDENTIALITY**

The Parties undertake not to disclose any Confidential Information received from the other Party or Klarna under the Agreement to any third party. Notwithstanding the above, each Party shall be entitled to disclose Confidential Information to the extent necessary (i) if such disclosure is a result of listing agreements, mandatory law or demanded by a court or authority of competent jurisdiction; or (ii) to its legal or business advisors as long as such advisors are in turn bound by obligations of confidentiality at least as stringent as those set out in this clause.

## **11. DATA PROTECTION**

The Parties agree that personal data shall be handled as set out in [Appendix 2](#).

## **12. GOVERNING LAW AND DISPUTE RESOLUTION**

*In relation to the use and provision of the Services in Europe:*

These Scheme Rules are governed by and will be construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration administered by the Arbitration Institute of the Stockholm Chamber of Commerce (the SCC Institute). The rules for Expedited Arbitrations of the Arbitration Institute of the Stockholm Chamber of Commerce shall apply, unless the SCC Institute, taking into account the complexity of the case, the amount in dispute and other circumstances, determines, in its discretion, that the Arbitration Rules of the Arbitration

Institute of the Stockholm Chamber of Commerce shall apply. In the latter case, the SCC Institute shall also decide whether the arbitral tribunal shall be composed of one or three arbitrators. The place of the arbitration shall be in Stockholm, Sweden. The language to be used in the arbitral proceedings shall be English. The Parties undertake and agree that all arbitral proceedings conducted with reference to this arbitration clause will be kept strictly confidential, as well as any decision or award that is made or declared during the proceedings. Information covered by this confidentiality undertaking may not, in any form, be disclosed to a third party without the written consent of the other party.

*In relation to the use and provision of the Services in the US:*

These Scheme Rules are governed by the laws of the United States, specifically the state of Delaware where state law applies, without giving effect to conflicts of laws principles. All disputes arising out of or related to the Agreement shall be finally settled under the Commercial Arbitration Rules of the American Arbitration Association before a single arbitrator appointed in accordance with such rules. In the event a dispute relates primarily to payments owed under Agreement, the parties will use the Expedited Procedures under the AAA Commercial Arbitration Rules. The arbitration shall take place in Columbus, Ohio. The parties shall keep confidential: (i) the fact that any arbitration occurred, (ii) any awards awarded in the arbitration, (iii) all materials used, or created for use in, in the arbitration, (iv) all other documents produced by another party in the arbitration and not otherwise in the public domain, except, with respect to each of the foregoing, to the extent that disclosure may be legally required (including to protect or pursue a legal right), or to enforce or challenge an arbitration award before a court or other judicial authority. The arbitrators shall award to the prevailing party, if any, its costs and expenses, including its attorneys' fees. The prevailing party shall also be entitled to its attorneys' fees and costs in any action to confirm and/or enforce any arbitration award in any judicial proceedings.

*In relation to the use and provision of the Services in Australia:*

These Scheme Rules are governed by and will be construed in accordance with the laws of New South Wales. Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration administered by the Australian Disputes Centre. The place of the arbitration shall be in Sydney, Australia. The language to be used in the arbitral proceedings shall be English. The Parties undertake and agree that all arbitral proceedings conducted with reference to this arbitration clause will be kept strictly confidential, as well as any decision or award that is made or declared during the proceedings. Information covered by this confidentiality undertaking may not, in any form, be disclosed to a third party without the written consent of the other party.

### **13. OTHER**

(a) The Merchant is responsible for all actions that are taken with the use of the Merchant's unique login to Klarna's Transaction System (either directly or through its PSP integration).

(b) Klarna may at its sole discretion cease providing the Services to the Merchant immediately if; (i) the Merchant applies for bankruptcy (or a third party applies for the Merchant's bankruptcy), suspends its payments, takes up composition proceedings, is granted or applies for company reconstruction, prepares a balance sheet for liquidation purposes or otherwise may be considered insolvent; (ii) the Merchant is in breach of the Agreement or Klarna has reason to assume that the Merchant will be in breach of the Agreement; (iii) the Merchant provides incorrect or misleading information or conceals

relevant circumstances; (iv) Klarna receives information that indicates that the Merchant does not meet Klarna's requirements in terms of creditworthiness; Klarna experiences a significant level of fraudulent orders from Merchant's store/e-store or via the PSP; or (v) the Merchant offers goods or services that conflict with Klarna's then applicable Ethical Instructions or is otherwise, directly or indirectly, in Klarna's reasonable opinion in conflict with Klarna's ethical standards. Further, the Agreement will automatically terminate if the Issuing Bank, a Third Party Payment Option provider, or an applicable government authority so requires. In case of termination of the Agreement, or Klarna ceasing to provide the Services, in accordance with this section 13(b), Klarna has the right to shut down the Merchant's access to Klarna's Transaction System and ability to use the Klarna Services, as well as to gain access to information relevant for determining whether the Merchant is in breach of the Agreement. Further, Klarna shall have the right to reverse payments to the PSP for which Klarna has not yet been paid by the Customer, and the PSP in turn shall have the right to reverse any corresponding payments made to the Merchant.

(c) Neither Party nor Klarna shall be responsible for failure or delay of performance if caused by lightning, fire, sabotage, government restrictions, electrical, Internet or telecommunication outage or another event outside the reasonable control of the obligated Party, for such period as such force majeure event continues. The obligated Party will use reasonable efforts to mitigate the effect of the force majeure event. If such an event continues for more than sixty (60) days, either Party may terminate the Agreement. For the avoidance of doubt, where the Merchant is not able to perform the services related to a Claim due to a force majeure event, this shall not limit the PSP's rights under this Agreement (e.g. the right for the PSP to be repaid by the Merchant under Section 4).

(d) Each Party (the "**Indemnifying Party**") will defend, indemnify, and hold harmless the other Party and Klarna (each referred to as an "**Indemnified Party**") against any losses, liabilities, costs, expenses, damages, claims or actions during the term of the Agreement by any third party ("**Indemnified Losses**"), where the Indemnified Losses arise out of or result from the Indemnifying Party's (i) material breach of any terms and conditions of the Agreement; (ii) gross negligence or intentional misconduct; (iii) violation of applicable law, or (iv) breach of Section 10 (Confidentiality) or 11 (Data Protection). The obligations of the Indemnifying Party to defend, indemnify, and hold harmless in this section are conditioned upon the Indemnified Party (i) notifying the Indemnifying Party promptly in writing of each claim for Indemnified Losses, (ii) allowing the Indemnifying Party sole control of the defense of the claim, related settlement negotiations and settlement of the claim (for which written consent is not required so long as no financial or material burden is imposed on the Indemnified Party), (iii) cooperating and, at the Indemnifying Party's request and reasonable expense, assisting in a timely manner in such defense, and (iv) complying with all terms of the Agreement. The Indemnified Party shall have the right to participate in such defense with its own counsel, at its own expense.

**(e) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THESE SCHEME RULES, KLARNA'S LIABILITY FOR DAMAGES SHALL BE LIMITED TO EUR 5,000 PER CALENDAR YEAR. KLARNA SHALL IN NO CASE BE LIABLE FOR ANY INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUE AND LOSS OF GOODWILL.**



## APPENDIX 1

# Cooperation with Third Party Payment Option Providers

The Payment Method(s) may contain payment options which are provided via external payment option providers and acquirers (such third parties being hereinafter referred to as the “**Third Party Payment Option Providers**”). Any payment option provided via a Third Party Payment Option Provider is referred to as “**Third Party Payment Options**”. This Appendix applies to any Third Party Payment Option. A list of the acquirers Klarna Bank AB (publ) co-operates with from time to time can be found [here](#), whereas the acquirers Klarna Inc. co-operates with from time to time are listed [here](#) (jointly referred to as the (“**Acquirer List**”).

With regard to Third Party Payment Options, the following applies:

- a) The Merchant hereby agrees to and authorizes the Third Party Payment Option Provider to store, use, share and release data, provided or generated pursuant to this Agreement to any person (i) for the purpose of processing the transaction; (ii) as required by applicable rules of Third Party Payment Option Providers or by applicable law; (iii) to assess financial and insurance risks arising in connection with this Agreement; (iv) to recover debt (to the extent such is not recoverable from Klarna) or in relation to the Merchant's insolvency; (v) in aggregated (anonymous and generalised) format to facilitate analysis and comparisons; (vi) to investigate, prevent and/or detect fraud or crime; or (vii) to mitigate information security risk, sector risk or credit risk, and
- b) Klarna is Payment Card Industry Data Security Standard (“PCI DSS”) validated. The Merchant undertakes at all times to be compliant with the rules of PCI DSS applicable from time to time. As long as the Merchant uses the Services in a compliant way, Klarna will be responsible for the security of cardholder data that Klarna possesses or otherwise stores, processes, or transmits when providing the Services.

## APPENDIX 2

# Data Protection

Only applicable where Klarna Bank AB (publ) is the provider of the Payment Methods or where a Merchant entity is subject to the GDPR (as defined below):

### 1. Definitions

1.1 Terms used in this Appendix, including but not limited to “**data controller**”, “**data subject**”, “**personal data**”, “**personal data breach**” and “**process**” has the same meaning as those terms in the General Data Protection Regulation (“GDPR”) (EU 2016/679), unless otherwise is expressly set out herein.

1.2 “**EU Data Protection Legislation**” means all laws relating to the processing of personal data and applicable to Klarna or the Merchant at each point in time, including but not limited to the GDPR, the Directive 2002/58/EC on privacy and electronic communications, and/or any laws implementing such laws, as well as any corresponding, equivalent or replacement laws.

1.3 “**Shared Customer Personal Data**” means any personal data (i) which relates to Customers; (ii) which is exchanged between Klarna and the Merchant for the purpose of allowing Klarna to perform, and the Merchant to use, the Services, with the ultimate aim of allowing each of Klarna and the Merchant to provide its respective services to the Customers; (iii) for which the transferring Party has a lawful basis in respect of the transfer; and (iv) for which the transferring Party has described clearly to the relevant data subjects (via a privacy notice and/or other means, as appropriate to ensure that the data subjects understand how their personal data will be processed) that the transferring Party processes such data and transfers it to the other Party.

1.4 “**Shared Contact Personal Data**” means any personal data (i) which relates to business representatives of Klarna or the Merchant; (ii) which is exchanged between Klarna and the Merchant for the purpose of allowing Klarna to perform, and the Merchant to use, the Services and to otherwise administer the business relationship between Klarna and the Merchant (see further Section 3.1 below); (iii) for which the transferring Party has a lawful basis in respect of the transfer; and (iv) for which the transferring Party has described clearly to the applicable data subjects (via a privacy notice and/or other means, as appropriate to ensure that the data subjects understand how their personal data will be processed) that the transferring Party processes such data and transfers it to the other Party.

1.5 “**Shared Personal Data**” means Shared Customer Personal Data and Shared Contact Personal Data.

1.6 “**Applicable Personal Data**” means all personal data collected, received or otherwise processed by Klarna or the Merchant pursuant to this Agreement, including but not limited to the Shared Personal Data.

1.7 “**Party**” means for the sake of this Appendix 2, Klarna or the Merchant.

### 2. Mutual obligations

2.1 The Merchant hereby agrees that, in order to fulfil the obligations of this Agreement, the Klarna and the Merchant will be acting as separate and independent data controllers. As such, the Merchant agrees and acknowledges that Klarna and the Merchant are separately and independently responsible for determining for which purposes, and by which means, they will be processing all Applicable Personal Data. More specifically, the Merchant acknowledges that Klarna and the Merchant are separate and independent data controllers of the Shared Personal Data.

2.2 The Merchant undertakes to process Applicable Personal Data in accordance with EU Data Protection Legislation. This obligation includes, but is not limited to:

- a) only transferring personal data to Klarna provided that the requirements on Shared Personal Data, as set out in Section 1.3 - 1.4 above, are fulfilled;
- b) sharing with Klarna details of the channels by which data subjects may contact the Merchant in order to exercise their rights and freedoms under EU Data Protection Legislation. As individual and separate data controllers, the Merchant will be liable to ensure that it allows data subjects to exercise such rights. Neither Party is entitled or authorised to act on the other Party’s behalf in relation to data subjects’ rights, although each Party is expected to support the other Party in fulfilling a data subject’s request to exercise its rights;
- c) nominating a Single Point of Contact (“**SPoC**”) who will work with Klarna’s SPoC to reach agreement with regard to any issues arising under this Appendix, as follows:

For Merchant: The contact details entered when registering with Klarna, e.g. in Klarna’s merchant portal.

For Klarna: [sales@klarna.com](mailto:sales@klarna.com)

- d) implementing and maintaining appropriate technical and organisational measures to ensure a level of security appropriate to the risk (taking into account the nature, scope, context and purposes of processing the Applicable

Personal Data), including protection against unauthorised or unlawful processing of all Applicable Personal Data, or accidental loss or destruction of, or damage to, the Applicable Personal Data;

- e) ensuring that all personnel processing Applicable Personal Data are subject to a binding written contractual obligation with the Merchant to keep the data confidential. Moreover, the Merchant will ensure that access to Applicable Personal Data will be restricted only to those personnel who require it for the purposes of fulfilling the obligations under the provisions of this Agreement, and that personnel processing data are suitably skilled and experienced, and have received adequate training on compliance with EU Data Protection Legislation applicable to the processing;
- f) not transferring the Shared Personal Data to a third party located outside of the European Economic Area (“EEA”) unless it has ensured that (i) the transfer is to a country approved by the European Commission as providing adequate protection pursuant to Article 45 of the GDPR, (ii) there are appropriate safeguards in place pursuant to Article 46 of the GDPR, or (iii) one of the derogations for specific situations in Article 49 of the GDPR applies to the transfer.

**Applicable only if Merchant is based outside the EEA and is not a UK-based merchant:** In this regard, it’s noted that the Merchant is located outside of the EEA, and that the Klarna and the Merchant have entered into the Standard Contractual Clauses (Controller to Controller transfers) as per decision 2004/915/EC. **Applicable only if Merchant is a UK-based merchant:** To counter for the prospective situation that the United Kingdom is deemed not to provide adequate protection pursuant to Article 45 of the GDPR (a “**Non-Adequacy Situation**”), the Klarna and the Merchant have entered into the Standard contractual clauses (controller to controller transfers) as per decision 2004/915/EC (“**SCC**”), however agreeing that the SCC will only binding between Klarna and the Merchant in case of, and for the duration of, a Non-Adequacy Situation.

### 3. Klarna’s handling of Merchant’s Shared Contact Personal Data

3.1 Klarna will process Merchant’s Shared Contact Personal Data to provide the Merchant with the Services and to administer the business relationship with the Merchant. Klarna may also use this personal data in order to send newsletters, to conduct product surveys, to advertise similar products or services of Klarna and for event invitations. Merchant’s Shared Contact Personal Data may also be used for statistical analysis and business reporting purposes, during fraud investigations and to comply with applicable laws and regulations. Where lawful, Klarna may disclose the information to other companies within the Klarna group and to third party service providers or partners which may also use the information for the purposes described in this clause. The applicable data subjects are entitled to their rights in respect of their personal data as described in applicable law, which may be exercised by contacting [dataprotectionofficer@klarna.com](mailto:dataprotectionofficer@klarna.com).

3.2 Certain services provided by Klarna are subject to separate Klarna privacy notices, prompted before the first use of such service.

3.3 By providing contact information and other personal data of its business representatives to Klarna, the Merchant confirms that the provided personal data fulfils the requirements on Shared Personal Data under this Agreement.

**Only applicable if Merchant is based outside the EEA or if Merchant is a UK-based merchant:** Annex 1 - Standard Contractual Clauses - Controller to Controller transfers.

*Only applicable between Klarna Inc. and a Merchant entity providing and selling products/services in the US:*

#### 1. Definitions

1.1 “**Personal Information**” means information relating to Merchant or Klarna personnel, Customers or other individuals, including certain information relating to identified or identifiable individuals.

1.2 “**US Data Privacy Legislation**” means (i) all applicable local, national, provincial and international data privacy and security laws and regulations and (ii) all applicable industry guidelines and self-regulatory programs.

1.3 “**Party**” means for the sake of this Appendix 2, Klarna or the Merchant.

#### 2. Mutual Obligations

2.1 As a result of the Agreement, a party may obtain certain Personal Information. As such, the Merchant agrees and acknowledges that Klarna and the Merchant are separately and independently responsible for complying with US Data Privacy Legislation with regard to the Personal Information in its possession. The Merchant agrees that neither Klarna or the Merchant is acting as a Service Provider of the other (as that term is defined in the California Consumer Privacy Act [California Civil Code §1798]) unless specifically designated as such in this Agreement or other controlling agreement.

2.2 While neither party is processing Personal Information on behalf of the other, the Merchant undertakes to process Personal Information in accordance with applicable US Data Privacy Legislation. Additionally each Party has implemented an information security program designed to: (i) ensure the security and confidentiality of the Personal Information of Customers; (ii) protect against any anticipated threats or hazards to the security or integrity of such data; and (iii) protect against unauthorized access to or use of such data that could result in substantial harm or inconvenience to any consumer.

### 3. Klarna's Obligations

3.1 Klarna will electronically process applicable Personal Information in order to provide the Merchant with the Services, administer the customer relationship and for commercial and marketing purposes on behalf of Klarna or trusted Merchants, and otherwise to perform its obligations under the Agreement. Personal Information may also be used by Klarna for statistical analysis and business reporting purposes, marketing and promotion, improvement of Klarna's products and services, to protect Klarna's property, interests and rights, during fraud investigations and to comply with Applicable Laws. Klarna may disclose Personal Information to its affiliates or third party service providers, and, solely with respect to the Credit Product, to the Issuing Bank, in each case which may also use Personal Information for the purposes described herein. Personal Information may be transferred outside the US to jurisdictions that may have different laws and regulations relating to the protection of Personal Information. Persons registered with Klarna will have the right to request access to the data related to them in writing once per year or with such frequency as Klarna may from time to time determine. Such persons will also have the right to correct such data and/or to opt out from receiving further marketing communication from Klarna. BY PROVIDING PERSONAL INFORMATION ABOUT ITS PERSONNEL OR OTHER PERSONS, THE MERCHANT WARRANTS, REPRESENTS AND UNDERTAKES THAT IT (A) HAS CONSENTED TO DISCLOSURE AND USE OF SUCH DATA FOR THE PURPOSES AND IN THE WAYS DESCRIBED HEREIN AND (B) HAS THE RIGHT TO DISCLOSE SUCH DATA.

3.2 Certain services provided by Klarna are subject to separate Klarna privacy notices, prompted before the first use of such service.

Only applicable between Klarna Australia Pty Ltd and a Merchant entity providing and selling products/services in Australia:

#### 1. Definitions

1.1 **"Australian Data Privacy Legislation"** means all laws relating to the processing of Personal Information applicable to the respective Party at each point in time, including but not limited to Australian Privacy Act 1988 (Cth) and the Australian Privacy Principles in that Act (the Privacy Act), the Spam Act 2003 (Cth), any codes or guidelines approved under those acts, and all other laws that apply to the privacy, protection and Processing of any Personal Information from time to time.

1.2 **"Personal Information"** has the meaning given in applicable Australian Data Privacy Legislation from time to time, and includes any information or opinion in any form, whether recorded or not, about an identified individual or an individual who is reasonably identifiable and which Klarna and the Merchant collects or access in regards to this Agreement.

1.3 **"Process"** means any act or practice in connection with, or processing applied to, any Personal Information, and includes the collection, use, handling, disclosure or storage of, or granting of access rights to, Personal Information; and Processing has a corresponding meaning.

1.4 **"Shared Customer Personal Information"** means any Personal Information (i) which relates to Customers; and (ii) which is exchanged between Klarna and the Merchant for the purpose of allowing Klarna to perform, and the Merchant to use, the Services, with the ultimate aim of allowing each of Klarna and the Merchant to provide its respective services to the Customers.

1.5 **"Shared Contact Personal Information"** means any Personal Information (i) which relates to business representatives of a Party; and (ii) which is exchanged between Klarna and the Merchant for the purpose of allowing Klarna to perform, and the Merchant to use, the Services and to otherwise administer the business relationship between Klarna and the Merchant.

1.6 **"Shared Personal Information"** means Shared Customer Personal Information and Shared Contact Personal Information.

1.7 **"Party"** means for the sake of this Appendix 2, Klarna or the Merchant.

#### 2. Mutual obligations

2.1 As a result of the Agreement, Klarna and the Merchant may obtain certain Personal Information. As such, the Merchant agrees and acknowledges that Klarna and the Merchant are separately and independently responsible for complying with Australian Data Privacy Legislation with regard to the Personal Information in its possession.

2.2 The Merchant shall ensure that any Shared Personal Information is shared in accordance with Australian Data Privacy Legislation, including introducing any information about this into its privacy policies and/or by other means, as appropriate. This in order to clearly explain the information sharing to the Customers and the Merchant's business representatives at the same time setting out how its Personal Information may be used by Klarna.

#### 3. Klarna's handling of Merchant's Shared Contact Personal Information

3.1 Klarna will Process Merchant's Shared Contact Personal Information to provide the Merchant with the Services and to administer the business relationship with the Merchant. Klarna may also use this Personal Information in order to send newsletters, to conduct product surveys, to advertise similar products or services of Klarna and for event invitations. Merchant's Shared Contact Personal Information may also be used for business analysis and reporting purposes, during fraud investigations and to comply with applicable laws and regulations. Where lawful, Klarna may disclose the information to other companies within the Klarna group and to third party service providers or partners which may also use the information for the purposes described in

this clause. The Merchant's business representatives are entitled to their rights in respect of their Personal Information as described in applicable law, which may be exercised by contacting [dataprotectionofficer@klarna.com](mailto:dataprotectionofficer@klarna.com).

3.2 Certain services provided by Klarna are subject to separate Klarna privacy policies, prompted before the first use of such service.