

KÄRCHER



WHISTLEBLOWING AT KÄRCHER

Principles for the handling of potential Compliance violations

CORPORATE | COMPLIANCE

Contents

Introduction 3

Glossary 3

1. General principles 4

2. Investigations coordinated by a Compliance unit..... 5

3. Functions to include 5

4. Procedures for processing potential compliance violations..... 5

5. Inadmissible measures during clarification 7

6. Dealing with conflicts of interest 8

7. Consequences of non-adherence 8

Introduction

Acting responsibly and lawfully is one of the basic preconditions for lasting business success and for the trust that customers, business partners and the public place in us. For this reason, our corporate culture is characterized by clear responsibility, transparency, mutual respect and trust. Likewise, value-based compliance, integrity and law are an essential part of everyday business.

Violations of the above-mentioned elements carry risks for the company and its employees. One of the many protective measures in the context of compliance and integrity at Kärcher is the so-called whistleblowing.

This is not about surveillance or even denunciation, but about offering a reliable and low-threshold possibility to meet both, the company's own requirements and to comply with legal requirements. Due to a duly notification of violations of the law, it is possible to react quickly to prevent damage from our company and employees.

The following principles explain how reports on potential compliance violations are handled within the company.

Glossary

| | |
|---------------------------------|--|
| Compliance | Adherence to applicable laws and internal regulations |
| Compliance violations | Violations of applicable laws, norms, internal company guidelines and regulations. |
| Potential compliance violations | Potential violations of applicable laws, norms, internal company guidelines and regulations that have not yet been conclusively assessed by Corporate Compliance |
| Corporate Compliance | Unit responsible at Alfred Kärcher SE & Co. KG for the establishment and the further development of the global Compliance Management System |
| Global Compliance Manager | Person centrally responsible at Alfred Kärcher SE & Co. KG for the topic of compliance |
| Local Compliance Manager | Locally responsible person in a Kärcher subsidiary for the topic of compliance |
| MD | Managing Director of a Kärcher subsidiary |
| CFO | Chief Financial Officer of a Kärcher subsidiary |
| COO | Chief Operating Officer of a Kärcher subsidiary |
| F&A Manager | Finance & Administration Manager of a Kärcher subsidiary |

1. General principles

1.1. Reporting rights

All employees of the Kärcher Group, the 1st and 2nd management level of each Kärcher company, business partners and also third parties have the right to report potential compliance violations.

In order to report potential compliance violations, different options are available:

| | |
|--|---|
| Personal contact to the local Compliance Manager in the subsidiary | |
| Whistleblowing solution | access via https://www.kaercher.com/int/inside-kaercher/company/compliance-and-integrity.html or via the Intranet https://kaercher.net/content/641 |
| Corporate Compliance at Alfred Kärcher SE & Co. KG | E-Mail: compliance@de.kaercher.com Letter: Alfred Kärcher SE & Co. KG; Corporate Compliance Alfred-Kärcher-Straße 28-40 71364 Winnenden Germany Phone: +49 7195 14 1500 |

1.2. Mandatory reporting to Compliance

Mandatory reporting:

When receiving a hint as first recipient (e.g. as supervisor/manager), the local Compliance Manager must be informed immediately. Arbitrary or unauthorized action as well as unauthorized contacts with the whistleblower by the first recipient is not permitted / will not be tolerated.

Basic rules of conduct when becoming aware of a (potential) compliance violation:

| Protection of the whistleblower | Preservation of confidentiality | Protection of the affected person |
|--|--|---|
| <ul style="list-style-type: none"> – Identity of the whistleblower must be kept confidential – Kärcher does not undertake any actions to identify anonymous whistleblowers as far as the case is handled within the company – Any form of disadvantage or discrimination against the whistleblower (in terms of employment, earning or career opportunities, or other work-related and private interests) is prohibited | <ul style="list-style-type: none"> – No unauthorized transmission of information on potential compliance violations to other persons/ Kärcher employees | <ul style="list-style-type: none"> – The presumption of innocence must be maintained until internal company investigations have been completed – No unauthorized contact with the affected person |

2. Investigations coordinated by a Compliance unit

"Flow of information" in the context of processing potential compliance violations:

- The processing of potential compliance violations is carried out by a Compliance unit. Depending on the national regulations, Corporate Compliance takes over the coordination. If required by law, processing is carried out by the local Compliance Manager.
- In case of a possibility for contact, the Compliance unit informs the whistleblower of the receipt of the report (no later than 7 days after receipt) and the progress of the processing (no later than 3 months after receipt). Note: If national law states different deadlines for communication with the whistleblower, those will be considered.
- After completion of the processing of a potential violation, the whistleblower is informed by the Compliance unit.
- The whistleblower has no right to decide on the degree of success of the processing.

Local Compliance Managers have to report the following cases to Corporate Compliance immediately upon receipt, using the Case Management of the whistleblowing solution:

- Indication of corruption or attempted corruption
- Suspicion of violation of antitrust law
- Indirect and direct repression/discrimination against a whistleblower
- Accusation against an MD or CFO/COO/F&A manager

3. Functions to include

- Besides quarterly reports to the Executive Board of Management on new and open cases, Corporate Compliance is authorized to call in employees from the following departments or external support to process/ assess the case:
 - Internal Audit, Legal, as well as internal contact persons who can contribute to the clarification of the issue in a professional manner
 - External lawyers and law firms to assist in the comprehensive processing of a case
- Local Compliance Managers are authorized to call in employees from the following departments or external support to process/ assess the case:
 - Corporate Compliance
 - Internal contact persons who can contribute to the clarification of the issue in a professional manner
 - External lawyers and law firms to assist in the comprehensive processing of a case (in prior coordination with Corporate Compliance). The expenses for this are covered by the respective company.

4. Procedures for processing potential compliance violations

4.1. All activities have to be conducted in accordance with applicable legal and professional standards and in an objective and proper manner.

Only allegations that are sufficiently plausible and whose content by its nature requires clarification in the interests of the company shall be investigated. It must be ensured that certain investigations are excluded, such as allegations,

- which are based merely on unsubstantiated rumors and for which the plausibility cannot be increased even by preliminary clarification,
- for which personal dislike is the primary cause,
- which deal with topics irrelevant to the company - such as the private lives of individual employees.

4.2. Persons affected by investigations must be treated fairly and with respect. This applies in particular to interviews and other direct contacts.

In addition to clarifying the facts in question, the focus is also on the employees affected by an investigation, to whom the company owes fair treatment.

4.3. The right to be heard must be respected.

No employee may be found to have engaged in misconduct in an investigative report or otherwise without first being given an opportunity to respond to the allegations made.

4.4. The results of factual clarifications may only be passed on by applying the "need to know" principle.

The proper application of the "need to know" principle (knowledge only when necessary) forces each employee who has knowledge of the investigation or its results to decide responsibly in each individual case which other persons may be informed. The very fact that an internal investigation has been initiated because of an allegation is subject to confidentiality.

In case governmental authorities start investigations, there might be the situation that Kärcher has to pass available information of the case. This might, depending on the national law, also include information on the whistleblower if this knowledge is available.

4.5. During interviews, the presence of a lawyer or a member of the employee representation must be permitted at the request of the interviewed employee, provided that the company guidelines or an applicable law permit or require this.

Employees who are interviewed can exercise this right at any time, even during an ongoing interview, especially if the significance or threatening nature of the process only becomes apparent during the interview.

4.6. The right to refuse information is neither to be recognized in general nor to be denied, but to be left to the legal department to decide in each individual case.

Employees must always answer official questions without restriction, even when it comes to matters where truthful information could lead to dismissal. The company may also ask employees questions that may be relevant under criminal law. If employees invoke a right to refuse to provide information, the company's legal department must be consulted.

4.7. A record has to be made of all interviews. Employees have to be given the opportunity to make corrections to the interview protocol.

Only the preparation of a written record - accepted by the employee being interviewed - provides sufficient guarantee that the contents of an interview are recorded in an evidential manner. Whether this is a verbatim record or a record of events is not decisive.

4.8. Compliance with applicable law and company policies has to be ensured regarding privacy and the collection of electronic and other data.

Compliance with data protection requirements when obtaining and evaluating documents and data is important to the company.

- Employees must always hand over business related documents, as they belong to the company.

- This also applies if these documents reveal criminal conduct on the part of the employee. The prohibition of self-incrimination does not apply in this context
- In general, the company cannot inspect private documents

As a rule, the decisive factor for the admissibility of collecting, processing and using data in Germany is whether there is sufficient suspicion, based on tangible and factual indications, that the employee concerned has committed a criminal offense.

4.9. The results of the investigation must be documented

The results of the investigation are documented in the whistleblowing software. The (personal) data shall be stored and deleted in accordance with data protection regulations of Kärcher. The authorization concept applied in the software meets the requirements defined above.

4.10. The results of the investigation have to be analyzed

After the investigation, weaknesses of control loops and processes are to be reviewed in order to identify which behavior has enabled the violation. Once the review is completed, the findings are transferred to the compliance control circle, with verification of implementation.

5. Inadmissible measures during clarification

The following measures shall not be used in internal investigations:

5.1. Making or obtaining secret recordings of interviews.

Such a procedure is prohibited in Germany. In numerous (also European) countries, such a prohibition does not exist. For Kärcher, as an internationally operating company, it is important to treat all employees equally.

5.2. Involvement of private investigators.

According to case law, this measure is only permissible if there is tangible suspicion of a criminal act against the company or a severe violation of duties at work. It is also necessary that there are no other promising options for clarifying the suspicion, the deployment is proportionate and the private investigations are limited to what is necessary. If, in individual cases, there is an unavoidable need to involve private investigators, this should only be done with the prior approval of the Member of the Board of Management responsible for Compliance of AKW.

5.3. Assumption of false identities, untruthful assertion of facts, inducement to misconduct, or pretense for the purpose of investigation.

These and other methods (e.g. intimidation, coercion, threats or the false appearance of "official" action) have in common that they are capable of impairing the free will of the employee concerned. Such unfairness can significantly reduce the seriousness and reliability of the investigation result.

5.4. Promises, in particular with regard to the result of the investigation.

These are commitments that relate to the presentation of the results of the investigation. Such commitments can discredit the objectivity of the entire procedure and must be avoided. The same applies to commitments that cannot be kept by the company at all due to a lack of decision-making authority, such as the non-prosecution of misconduct by law enforcement authorities.

5.5. Circumvention of rights to which an involved employee is entitled under applicable law or a company guideline.

The legal positions of the employee affected by an investigation must be protected at all costs by all employees entrusted with the internal clarification of facts.

6. Dealing with conflicts of interest

Proper dealing with conflicts of interest is of particular importance to the integrity and unassailability of the investigation and its findings, as it could compromise the objectivity of the person involved in the investigation.

6.1. Employees who assist in investigations must avoid actual or potential conflicts of interest or even the appearance of such conflicts. Among other things, these may result from:

- Personal relationships with a person involved in the investigation
 - Connection with or involvement in acts to which the investigation relates.
- This also applies to the entire organizational unit in which the employees work

6.2. Employees who participate in investigations and become aware of an actual or potential conflict of interest, or the appearance of one, should promptly inform

- Local Compliance Manager and
- Global Compliance Manager

6.3. The Local Compliance Manager, whose employee reports an actual or potential conflict of interest or the appearance of such, must immediately investigate whether a conflict of interest exists. If so, reasonable measures must be taken to ensure that the investigation can proceed without any appearance of lack of independence. Such measures may include:

- Exclusion of the employee concerned
- Definition of criteria, together with the Global Compliance Manager, under which circumstances further processing may be possible
- Assignment of an external service provider to carry out the investigation or specific tasks

If it turns out that a conflict of interest does not exist or could not be resolved, the employee concerned may resume his or her duties within the scope of the investigation upon the decision of the Local Compliance Manager. The Global Compliance Manager must be informed of this.

7. Consequences of non-adherence

If violations of the above principles and procedures are reported, they will be investigated accordingly. Violations may lead to consequences under labor law.

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