

**KÄRCHER**



# COMPLIANCE AT KÄRCHER: ALWAYS ON COURSE FOR SUCCESS!

How we at Kärcher integrate compliance into our day-to-day business.

CORPORATE | COMPLIANCE

**BE THE  
DIFFERENCE**

[www.kaercher.com/compliance](http://www.kaercher.com/compliance)

# OUR MANAGEMENT ON THE TOPIC OF COMPLIANCE

»» *For us as a family business, reliability, openness, transparency and integrity are the very foundation on which we build our daily interactions and cooperation with our partners. ««*

**Hartmut Jenner**



Dear employees,

Every single day, you all make an essential contribution to the success of Kärcher. For us as a family business, reliability, openness, transparency and integrity are the very foundation on which we build our daily interactions and cooperation with our partners. Combining legal regulations and binding guidelines with ethical principles and corporate values is what we refer to as “compliance”.

With this brochure, we aim to show you that the topic of compliance affects us all equally. We all make decisions every day in various spheres of work, and therefore determine the course that Kärcher will take as a business. Only when we all do our best can we reach our goals and achieve international success. This also involves each of us being on our best behaviour at all times. Individuals failing to observe legislation, values and principles not only damage our reputation but also impact the long-term success of the company as a whole.

Compliance and integrity are deeply embedded in our corporate principles. They provide the framework for how we are to conduct ourselves each and every day, and serve to guide and support us throughout our professional lives by giving us clear instructions to follow. In the interests of our company and on behalf of the Board of Management, I urge you to comply at all times with legislation, internal regulations, voluntary commitments and ethical principles. These are, always, the very bedrock of our actions – without exception. Let us therefore work together to ensure that, as a responsible company, Kärcher continues to stand for product excellence as well as for integrity and fairness.

Kind regards,  
Hartmut Jenner

# COMPLIANCE – FOR GOOD REASON

We are confident of one thing: acting responsibly and lawfully is one of the basic prerequisites for a company's long-term economic success as well as for the trust that our customers, business partners and even the public place in us. For this reason, our corporate culture is shaped by clear responsibility, transparency and mutual respect and trust. Value-based compliance, integrity and the law also make up an integral part of our daily business.

In order to guarantee compliant behaviour in the company and prevent misconduct, Kärcher has set up a Compliance Management System and has defined fundamental principles and procedures to ensure lawful conduct. This framework is a core element of our philosophy and fulfils an important protective function for the company, its managers and its employees.

The Kärcher compliance brochure serves as a guide for acting lawfully in business. As a company that acts responsibly, we also offer you information and individual advice in order to prevent violations of laws or group regulations. We therefore also encourage you to ask questions and raise concerns at any time so that we can establish a strong compliance culture in the long term.



# OUR THREE PRINCIPLES - HOW WE STAY ON COURSE FOR SUCCESS

## PREVENT

**The foundation of acting with integrity is knowledge. Please note the following points to ensure that you always have the most up-to-date information:**

- Find out about the generally applicable laws and standards within your area of responsibility and scope of duties, and integrate these, in collaboration with the process managers, into your existing work processes.
- Read and take into account the company's policies and guidelines.
- Continuously improve your skills with training courses in your field of expertise.
- Talk about and openly discuss the application of laws, regulations, case studies and existing issues - with your colleagues, the respective managers or those responsible for compliance.

## DETECT

**Despite diligent prevention measures and all due caution, we must still be vigilant in order to identify risks in good time and prevent (unintentional) compliance violations.**

- Kärcher expects individuals to take a high degree of personal responsibility for their own actions.
- Therefore we apply what is known as the Three Lines Model when identifying deviations and breaches:
  - 1st line:** Departments check and independently question adherence to processes, procedures, standards and regulations.
  - 2nd line:** Management systems (e.g. the management system for information security) support adherence to processes, procedures, standards and regulations, and guarantee transparency with regard to implementation.
  - 3rd line:** The internal audit uses spot checks to objectively evaluate the effectiveness of the previous two lines.



## RESPOND

**If you notice an irregularity or discrepancy with regard to compliance, do not hesitate to raise your concern. Each notification is important in order to protect the employees and the company, and to optimise the Compliance Management System. There are various methods of communication that you can use to inform Kärcher - including an anonymous option.**

- As soon as you find out about or suspect non-compliance with the compliance principles, discuss this directly with your manager or representative, or use the whistleblower system to make an anonymous report.
- If you accept or tolerate any compliance violations, there is a risk that you yourself could be liable to prosecution.



# **POTENTIAL CONSEQUENCES OF COMPLIANCE VIOLATIONS**



## **Potential consequences for the company**

The consequences of compliance violations are very broad. They range from fines and payments for damages, or even confiscation of profits, right through to exclusion from tendering for public contracts and damage to the company's public image.

However, one particularly serious consequence is that the trust of customers as well as business partners towards the company suffers or breaks down completely. From a long-term perspective, a negative reputation could result in significantly greater economic damage than, for example, the payment of a fine.

Furthermore, for Kärcher as an internationally active company, actions taken in another country or in an independent subsidiary may fall back on the parent company and/or the entire group. The effects are therefore significantly greater than if it affected just one individual company.

## **Potential consequences for employees**

Not only the company itself may be liable for compliance violations but also employees and external persons. This is not limited to those who are actively involved in compliance violations; those who tolerate violations and do not prevent them can also be prosecuted.

For employees, the consequences range from measures related to employment law, such as warning letters or terminations, to payments for damages right through to criminal convictions with fines or prison sentences.

Kärcher therefore places great value on preventing potential compliance violations. If a violation occurs, this must be dealt with as quickly as possible and measures must be implemented – for this violation in particular, but also to prevent any further violations.

# HANDLING COMPLIANCE VIOLATIONS

## **Early action pays off**

The sooner a compliance violation is identified and followed up, the better the damage can be minimised for Kärcher, as well as for the employees involved, and appropriate measures can be taken.

## **Everyone can help**

Commitment is required from all employees: always address your questions and doubts directly. In this way, you make a significant contribution to establishing a strong compliance culture in the company and protecting Kärcher against damage.

## **All reported incidents are investigated**

Our Compliance Investigation Team, which comprises specialists from the areas of “Compliance” and “Internal Audit”, diligently processes each reported incident that it receives and informs the informant about the status of the investigation.

## **Reported information is treated confidentially**

Of course, there are no disadvantages or consequences for informants if they report a potential compliance violation in good faith. However, if an informant wishes to remain anonymous, notifications can always be submitted via the whistleblower system.





# KÄRCHER

makes a difference

## YOUR COMPLIANCE MANAGEMENT CONTACT

All employees can contact their manager with their compliance questions.

In each Kärcher subsidiary, there is also a local Compliance Manager, who serves as the contact person for employees and managers.

You can also reach out to the Corporate Compliance Office. You can contact them via **[compliance@de.kaercher.com](mailto:compliance@de.kaercher.com)**

If required, it is also possible to submit any questions or comments anonymously via the whistleblower system. You can access this on the Kärchernet and at **[www.kaercher.com/compliance](http://www.kaercher.com/compliance)**

