

**KÄRCHER**



# **KÄRCHER CODE OF CONDUCT FOR BUSINESS PARTNERS**

**CORPORATE | COMPLIANCE**

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## 1. **Preamble**

Kärcher is an internationally operating mechanical engineering company that relies on a wide variety of raw materials, individual parts and services to manufacture its high-quality products. The aforementioned components are sourced through local and cross-border supply chains. As a responsible company, it is important to Kärcher to work to improve the working conditions of all employees within the supply chain. Our corporate responsibility encompasses people and the environment in equal measure. Kärcher is committed to the principles and goals of the United Nations (UN), the Organisation for Economic Cooperation and Development (OECD) and the International Labour Organization (ILO). In addition, we are helping to continuously reduce our company's ecological footprint in accordance with the resolutions of the Paris Agreement on Climate Change

Our worldview, which is concerned about people and nature, demands commitment in dealing with the negative consequences of the modern economic world. This Code of Conduct for Business Partners describes how we live our corporate responsibility (see 3 below) and what Kärcher expects from its cooperation with business partners (see 4 below). This forms the basis for our business relationships. We expect our business partners to comply with the expectations set out below.

It goes without saying that we comply with all applicable laws and regulations of the countries where we operate. We expect the same from our business partners. If national or local legislation deviates from the requirements of this Code of Conduct for Business Partners, the stricter regulations for protecting people and nature must always be observed.

## 2. **Scope of application**

This Code of Conduct for Business Partners is an integral part of the business relationships with the companies of the Kärcher Group. It applies to all business partners, in particular suppliers, service providers and customers. For simplicity, the term "business partners" is used collectively here. Kärcher expects its business partners to implement the requirements of this Code of Conduct in their own supply chains.

## 3. **How we live our corporate responsibility**

### 3.1. **Fighting corruption**

- Kärcher strictly rejects any form of white-collar crime. We strongly oppose business practices that constitute a violation of applicable anti-corruption regulations.
- Kärcher only grants benefits to business partners or third parties within the legally permissible framework and internal guidelines.
- Kärcher does not pursue any economic self-interest with its donations. Nothing is demanded or expected in return.
- Kärcher is committed to acting with integrity in all contacts with public officials, governments, their offices, agencies and representatives.

### 3.2. **Prohibition of money laundering activities**

- Kärcher only maintains relationships with law-abiding business partners.
- No direct or indirect involvement in crimes such as money laundering or terrorist financing will be tolerated in any form.

3.3. Fair competition

- Kärcher does not enter into anti-competitive agreements with competitors or business partners.

3.4. Customs and exports

- Kärcher complies with international tax and customs regulations.

3.5. Information security

- Kärcher protects its data, services and identities, and those of its employees and business partners. An information security management system is used for this purpose.

3.6. Data protection

- Personal data of employees, former employees, business partners and other third parties will only be captured, collected, processed, used and saved by Kärcher to the extent permitted by law and regulations, or for which the individual has given their consent.

3.7. Product safety and quality

- The quality management system at Kärcher, based on ISO 9001, is an integral part of the company's operations. It is evaluated regularly and developed continuously.
- We review the risks and hazards resulting from our products for the environment and the health of our customers continuously and implement measures to minimize these risks.

3.8. Human rights

Human rights are rights and freedoms that are guaranteed to all people in all countries and territories. They protect the dignity of every human being.

As a signatory of the United Nations (UN) Global Compact, Kärcher has strategically anchored the observance of human rights and promotes this at all sites in accordance with the UN Guiding Principles on Business and Human Rights.

The aspects of human rights that are most relevant to Kärcher are addressed in the following sections: prohibition of discrimination, prohibition of child labor, working conditions and prohibition of forced labor, and property rights.

Prohibition of discrimination

- The overriding principle is: Kärcher does not tolerate discrimination or harassment of any kind. Every employee is valued and respected.
- Equal opportunity is key to our company.
- As internationally operating company, Kärcher promotes intercultural understanding among all employees.

Prohibition of child labor

- Kärcher strictly rejects any form of child labor and pursues a zero-tolerance strategy on this issue. Children under the age of 15 are not employed and employees under the age of 18 are granted special protection.

Working conditions and prohibition of forced labor

- Kärcher rejects any form of forced labor, corporal punishment, threats to employees and human trafficking and pursues a zero-tolerance strategy on this issue.

- Employment relationships at Kärcher are always on a voluntary basis. Employees have the option to terminate their employment relationship at any time under the agreed or the statutory conditions.
- Kärcher pays appropriate wages and complies with statutory minimum wage requirements.
- Kärcher complies with globally applicable conventions and legal requirements on working hours, break times and rest periods.

#### Property rights

- Kärcher organizes its own business activities so that land rights, culture, customs and religion of all people, in particular the indigenous population, are respected and are not impaired.

#### Employee participation

- Kärcher respects the rights of employees to participate in company matters. We recognize the fundamental right of all employees to form employee representative bodies or other constitutionally recognized associations (e.g. trade unions).
- Kärcher is committed to working together with employee representatives openly in a relationship based on trust, to engage in a constructive dialogue and strive for a fair balance of interests.
- Kärcher is committed to respecting the rights of employees and their representative bodies.

### 3.9. Protecting the environment and the climate

- Through its commitment to the Paris Agreement on Climate Change and through the ISO certification of its energy and environmental management system (ISO 50001 and 14001), Kärcher makes an active contribution to protecting the environment and the climate.
- Kärcher is continuously working to reduce its own ecological footprint and avoid negative effects of its business activities on the environment and climate, for example by pursuing the goal of carbon-neutral production.
- Kärcher handles hazardous substances safely and in accordance with legal requirements.

## 4. **What we expect from our business partners**

### 4.1. Fighting corruption

- Business relationships with Kärcher will only be established and maintained in accordance with applicable laws.
- Any form of unlawfully offering, granting, promising or accepting benefits or advantages of any kind must be refrained from and prevented.
- Other, less obvious types of exerting an influence must not occur either. This includes, for example, giving gifts or donations or paying for meals or events for others if something is expected in return.

### 4.2. Prohibition of money laundering activities

- Our business partners comply with applicable anti-money laundering laws and do not engage in money laundering activities.
- Our business partners must obtain their funding from legal sources.
- They must not cooperate with persons, companies or organizations on sanctions lists, nor will they support or facilitate the financing of terrorism.

4.3. Fair competition

- Any restriction or distortion of free competition must be refrained from.
- Unlawful agreements on prices, conditions, market shares or other concerted practices with other economic participants will not be tolerated.

4.4. Customs and exports

- International tax and customs requirements will be complied with.
- There will be no violations of export control regulations, such as foreign trade or embargo provisions.

4.5. Information security

- Business partners are required to ensure that sensitive or secret business data are stored securely and protected against unauthorized access by third parties. Measures must also be taken to protect against data theft or misuse. This applies, in particular, to Kärcher's registered or unregistered intellectual property.
- Our business partners are encouraged to implement, maintain and continue to develop an effective information security management system.

4.6. Data protection

- Personal data will be handled with particular care and carried out in accordance with the applicable regulations.
- This applies not only to personal data that result directly from the business relationship with Kärcher, but also to data that the business partner has collected from its customers, suppliers, former employees or other third parties.

4.7. Product safety and quality

- Business partners who manufacture must do their utmost to ensure compliance with applicable product safety regulations.
- If potential new risks arise due to changes in business processes, manufacturing methods or due to a change in materials or/and preliminary products, business partners will inform Kärcher of them without undue delay.

4.8. Human rights

Respect for human rights is an essential prerequisite for cooperation. A violation of the applicable human rights standards will not be tolerated by Kärcher in any form.

Prohibition of discrimination

- Fair conditions must be created for employees and the principles of equal treatment will be observed.
- Unequal treatment will not be permitted.
- Business partners will ensure that special aspects of their employees' cultures and religions are respected.

Prohibition of child labor

- Kärcher does not tolerate the employment of school-age children. The minimum age of 15 years will be complied with.

- Business partners will provide special protection for young employees under the age of 18, for example, by not allowing night work or the accrual of overtime.

#### Working conditions and prohibition of forced labor

- Kärcher does not tolerate any form of forced labor, slavery, serfdom, extreme economic exploitation, or sexual exploitation or humiliation.
- Our business partners agree to create fair conditions for their employees and to pay appropriate compensation.
- The applicable national regulations on working hours, break times and rest periods and the occupational health and safety of employees will be complied with.

#### Property rights

- Business practices that unlawfully interfere with property rights of third parties will not be tolerated.
- Our business partners must not engage in unlawful taking of land or unlawful evictions.

#### Employee participation

- The freedom of association of employees will be supported in accordance with national legislation.
- The employees of our business partners will not be hindered from forming or joining trade unions.
- Employees will not be sanctioned simply for being active in trade unions.

#### 4.9. Protecting the environment and the climate

- We expect our business partners to commit to using all resources efficiently and economically, in the spirit of sustainability.
- The objective of reducing our own environmental footprint and reducing dependencies on fossil fuels should also be reflected in the decisions made by our business partners.
- We encourage our business partners to implement a business policy to prevent waste and promote recycling.
- Kärcher does not tolerate any form of environmentally damaging conduct that significantly impairs the natural basis for the preservation and production of food. Contamination of drinking water will also not be tolerated.
- The prohibition of the treatment, production and use of products containing mercury and mercury waste within the meaning of the Minamata Convention must be complied with.
- The prohibition of exporting, producing and processing banned chemicals and handling waste in a manner that is not environmentally sound within the meaning of the Stockholm and Basel Conventions is also non-negotiable.

## 5. Compliance and implementation of the expectations

This Code of Conduct for Business Partners is of central importance to Kärcher. Compliance with its provisions is essential for all business relations with Kärcher. Kärcher's business partners acknowledge the expectations outlined in this document and agree to comply with them.

Business partners will endeavor to ensure that their subcontractors and sub-suppliers are also aware of the content of this Kärcher Code of Conduct for Business Partners, that they apply this content and comply with it at their respective companies or that they comply with corresponding policies to this effect.

As a preventative measure to ensure compliance with our expectations and the obligations under this section 5, we require that our business partners actively participate, for example by providing all of the information that is relevant for the risk assessment of the relationship between Kärcher and the respective business partner.

If the risk analysis carried out by Kärcher shows that the business partner concerned has to take preventive measures (e.g. training, adjustment of procurement strategy, obtaining contractual assurances or checks) or remedial action with respect to itself or its sub-suppliers or subcontractors in relation to our expectations and the obligations under this section 5, the business partner must implement such preventive measures or remedial action deemed necessary by Kärcher in an appropriate manner without undue delay after being requested to do so by Kärcher.

Kärcher reserves the right to verify compliance with the above-mentioned expectations of our business partners and the obligations under this section 5 with regard to human rights and the environment on a regular basis, but not more than once a year, and also on an occasion-related basis through audits and/or other appropriate measures. Such verification may be carried out by Kärcher employees or by third parties instructed by Kärcher for this purpose. Kärcher will carry out all verifications with reasonable prior notice and will observe the business hours of the business partners. In this respect, business partners are expected to provide access to all required areas, documents and data sets.

If a business partner does not comply with the expectations described or the obligations under this section 5, Kärcher may set a reasonable deadline for the business partner to end the conduct and/or otherwise remedy the situation. The deadline will be at least four weeks, unless a shorter period is required to protect the life, body or health of a person.

If the deadline has expired without result, Kärcher may terminate individual contracts or all contracts with the respective business partner.

Training courses and well-established internal processes are essential to meet the expectations that have been defined in this Kärcher Code of Conduct for Business Partners. Kärcher will provide material for training courses or further education measures if required.

The business partner warrants that its business activities are in compliance with the statutory requirements, other legal provisions applicable to it and the contractual agreements entered into with Kärcher. The business partner also warrants that it has implemented sufficient



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organizational measures at its company to ensure compliance with the expectations described herein and the obligations stipulated under this section 5.

German law is applicable to this Kärcher Code of Conduct for Business Partners. The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not apply.

By signing this Kärcher Code of Conduct for Business Partners, the business partner agrees to comply with the expectations set forth herein and with the obligations and provisions of this section 5:

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Place, date

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Company name, plain writing, and company stamp if available

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Signee, plain writing

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Signature(s)

Legal notice

**Issued by**

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Published: January 2025