

HORNBACH Holding AG & Co. KGaA  
Group

# Corporate Governance Statement

as of February 28, 2023

## Corporate Governance Statement

Our actions are guided by the principles of responsible, transparent corporate management and control (corporate governance). HORNBAACH has always accorded priority to high-quality corporate governance. It forms the basis for sustainable economic success and helps us to enhance the trust placed in our company by our customers, business partners, investors, employees, and the financial markets. In what follows, you will find the Corporate Governance Statement pursuant to § 289f and § 315d of the German Commercial Code (HGB). The Corporate Governance Statement forms the core of our reporting on corporate governance.

### 1. Declaration of Compliance with the German Corporate Governance Code dated December 2022 pursuant to § 161 AktG

The General Partner (HORNBAACH Management AG, acting via its Board of Management) and the Supervisory Board of HORNBAACH Holding AG & Co. KGaA hereby declare pursuant to § 161 of the German Stock Corporation Act (AktG):

#### I. Preliminary remarks

The German Corporate Governance Code (“the DCGK” or “the Code”) is tailored to companies with the legal form of a stock corporation (“AG”) or a European Company (“SE”) and does not account for the special circumstances of partnerships limited by shares (“KGaA”). Many of the recommendations made in the Code can only be applied in modified form to HORNBAACH Holding AG & Co. KGaA. The following factors in particular require consideration:

##### 1. Management

Numerous Code recommendations refer to the Board of Management. Unlike an AG, however, the KGaA does not have a Board of Management. At a KGaA, the tasks incumbent on the Board of Management are performed by the General Partner. At HORNBAACH Holding AG & Co. KGaA, that is HORNBAACH Management AG.

##### 2. Supervisory Board

The Code recommendations concerning the Supervisory Board also do not account for the legal form of a KGaA. Specifically, the Supervisory Board of a KGaA does not have any personnel competence in respect of the Board of Management at the General Partner (here: HORNBAACH Management AG) and also cannot obligate the latter in terms of the company’s management by laying down transactions subject to approval requirements.

##### 3. Annual General Meeting

The Annual General Meeting of a KGaA basically has the same rights as that at an AG; it additionally passes resolution on the adoption of the company’s annual financial statements. Unlike at an AG, some of the resolutions adopted by the Annual General Meeting require the approval of the General Partner (here: HORNBAACH Management AG). These include the adoption of the company’s annual financial statements.

### II. Declaration in respect of the DCGK in the version dated December 16, 2019

The company basically complied with the recommendations of the Code in the version dated December 16, 2019 and published in the Federal Official Gazette on March 20, 2020 (hereinafter “DCGK 2019”) in the period since submitting its previous Declaration of Compliance in December 2021 through to publication in the Federal Official Gazette on June 27, 2022 of the DCGK in its version dated April 28, 2022.

No application was made of the following recommendations: A.1, A.2, B.1 to B.5, D.6, E.2, E.3, G.1 to G.13, G.15, and G.16.

These deviations from the recommendations are due to the fact that the KGaA does not have a Board of Management and that the Supervisory Board of the KGaA does not have any responsibility in respect of the Board of Management of the General Partner of the KGaA, HORNBAACH Management AG. Responsibility in this respect is incumbent on the Supervisory Board of HORNBAACH Management AG. Specifically:

**a) Recommendation A.1 (DCGK 2019):**

When making appointments to executive positions at the company, the Board of Management should consider diversity. The KGaA does not have a Board of Management.

**b) Recommendation A.2 (DCGK 2019):**

According to Recommendation A.2, the Board of Management should institute an appropriate compliance management system reflecting the company's risk situation and disclose the main features of this system. Employees should be given the opportunity to report, in a protected manner, suspected breaches of the law within the company. The KGaA does not have a Board of Management. Irrespective of this, the company has a compliance management system whose main features are disclosed and which also gives employees the opportunity to report, in a protected manner, suspected breaches of the law within the company.

**c) Recommendations B.1 to B.5 (DCGK 2019):**

In B.1 to B.5, the Code (DCGK 2019) makes several recommendations concerning the composition of the Board of Management, including succession planning. The KGaA does not have a Board of Management. The Supervisory Board does not have the powers to appoint members of the Board of Management at the General Partner.

**d) Recommendation D.6 (DCGK 2019):**

The KGaA does not have a Board of Management. The Supervisory Board Chairman is nevertheless in regular contact with the General Partner and discusses with that company's Board of Management issues of strategy, business development, the risk situation, risk management, and compliance at the company.

**e) Recommendations E.2 and E.3 (DCGK 2019):**

E.2 and E.3 include recommendations concerning the handling of conflicts of interests on the part of members of the Board of Management. The KGaA does not have a Board of Management. Conflicts of interest on the part of members of the Board of Management of the General Partner and any sideline activities are dealt with by the General Partner.

**f) Recommendations G.1 to G.13, G.15, and G.16 (DCGK 2019):**

In G.1 to G.13, G.15, and G.16, the Code (DCGK 2019) sets out several recommendations concerning the remuneration of the Board of Management. The KGaA does not have a Board of Management and the Supervisory Board does not have the powers to determine the remuneration of members of the Board of Management at the General Partner.

### **III. Declaration in respect of the DCGK in the version dated April 28, 2022**

#### **1. Future-related section**

The company will in future basically comply with the recommendations of the Code in the version dated April 28, 2022 and published in the Federal Official Gazette on June 27, 2020 with the exception of the deviations listed below.

No application is made of the following recommendations: A.1, A.2, B.1 to B.5, D.5, E.2, E.3, G.1 to G.13, G.15, and G.16.

These deviations from the recommendations are due to the fact that the KGaA does not have a Board of Management and that the Supervisory Board of the KGaA does not have any responsibility in respect of the Board of Management of the General Partner of the KGaA, HORNBAACH Management AG. Responsibility in this respect is incumbent on the Supervisory Board of HORNBAACH Management AG. Specifically:

**a) Recommendation A.1:**

The Board of Management should systematically identify and assess the risks and opportunities associated with social and environmental factors, as well as the ecological and social impacts of the enterprise's activities. In addition to long-term economic objectives, the corporate strategy should also give appropriate consideration to ecological and social objectives. Corporate planning should include corresponding financial and sustainability-related objectives. The KGaA does not have a Board of Management. However, the Board of Management of the General Partner ensures compliance with the contents stipulated in A.1.

**b) Recommendation A.2:**

When making appointments to executive positions at the company, the Board of Management should consider diversity. The KGaA does not have a Board of Management. However, the Board of Management of the General Partner ensures compliance with the contents stipulated in A.2.

**c) Recommendations B.1 to B.5:**

In B.1 to B.5, the Code makes several recommendations concerning the composition of the Board of Management, including succession planning. The KGaA does not have a Board of Management. The Supervisory Board does not have the powers to appoint members of the Board of Management at the General Partner.

**d) Recommendation D.5:**

The KGaA does not have a Board of Management. The Supervisory Board Chairman is nevertheless in regular contact with the General Partner and discusses with that company's Board of Management issues of strategy, business development, the risk situation, risk management, and compliance at the company.

**e) Recommendations E.2 and E.3:**

E.2 and E.3 include recommendations concerning the handling of conflicts of interests on the part of members of the Board of Management. The KGaA does not have a Board of Management. Conflicts of interest on the part of members of the Board of Management of the General Partner and any sideline activities are dealt with by the General Partner.

**f) Recommendations G.1 to G.13, G.15, and G.16:**

In G.1 to G.13, G.15, and G.16, the DCGK sets out several recommendations concerning the remuneration of the Board of Management. The KGaA does not have a Board of Management and the Supervisory Board does not have the powers to determine the remuneration of members of the Board of Management at the General Partner.

## **2. Past-related section**

The company basically complied with the recommendations of the Code in the version dated April 28, 2022 and published in the Federal Official Gazette on June 27, 2022 from the date of publication with the exception of the deviations already stated and substantiated for the future in Section III.1 above.

Furthermore, the company also did not apply with the – new – Recommendation C.1 Sentence 3, which states that the Supervisory Board's skills and expertise profile should also comprise expertise relating to sustainability issues relevant to the enterprise. Although this expertise was and is present, it was only explicitly included as a requirement in the skills and expertise profile by resolution of the Supervisory Board on December 21, 2022.

Bornheim/ Palatinate, December 2022

HORNBACH Holding AG & Co. KGaA  
The Supervisory Board of HORNBACH Holding AG & Co. KGaA  
The Board of Management of HORNBACH Management AG

The above Declaration of Compliance dated December 2021 has been published on our website together with all earlier Declarations of Compliance and is also available as a download.



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## 2. Specific Features of the Legal Form and Articles of Association of HORNBACH Holding AG & Co. KGaA

HORNBACH Holding AG & Co. KGaA, based in Neustadt an der Weinstrasse, is a partnership limited by shares (KGaA). Like a stock corporation, the KGaA is a corporation whose capital is divided into shares. Also like a stock corporation, the KGaA is thus very well suited to a broad group of investors and to simple tradability of its shares. Like a limited partnership, on the other hand, the KGaA has two different groups of shareholders, the personally liable shareholder(s) on the one hand and limited shareholders, who are not personally liable, on the other. There is only one class of shares at HORNBACH Holding AG & Co. KGaA and all limited shareholders hold the same class of shares. HORNBACH Holding AG & Co. KGaA is governed by the requirements of German law and the provisions of its own Articles of Association.

### 2.1 Share capital and share class

The share capital of HORNBACH Holding AG & Co. KGaA amounts to € 48,000,000.00 and is divided into 16,000,000 no-par ordinary bearer shares with a prorated amount of share capital of € 3.00 per share. The ordinary shares in the KGaA are admitted to trading in the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0006083405/ WKN 608340).

### 2.2 Group management and supervisory structure and bodies

The statutory bodies of the KGaA are the General Partner, the Supervisory Board, and the Annual General Meeting.

The Articles of Association of HORNBACH Holding AG & Co. KGaA which, alongside legal requirements, define the competencies of the bodies in greater detail, can be downloaded from our website.

#### 2.2.1 General Partner

The General Partner of HORNBACH Holding AG & Co. KGaA is HORNBACH Management AG, represented by its Board of Management, which currently comprises two members (status: May 2023). The Board of Management of the General Partner manages the business of HORNBACH Holding AG & Co. KGaA and represents the company to third parties. Pursuant to the Articles of Association, the authorization of the General Partner to manage the business also extends to exceptional management measures not requiring the approval of limited



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shareholders at the Annual General Meeting. The General Partner (HORNBAACH Management AG) does not participate either in the profit or loss or in the assets of the KGaA. The General Partner is required to report regularly to the Supervisory Board of the KGaA.

All of the shares in HORNBAACH Management AG are currently held by Hornbach Familien-Treuhand-gesellschaft mbH. Consistent with the provisions of the Articles of Association of the KGaA, the level of shareholding held by Hornbach Familien-Treuhandgesellschaft mbH in the share capital of HORNBAACH Holding AG & Co. KGaA has to exceed 10%. Furthermore, Hornbach Familien-Treuhandgesellschaft mbH must hold at least 50% plus one share of the shares in HORNBAACH Management AG.

### 2.2.2 Supervisory Board

The Supervisory Board of a KGaA is essentially constituted in the same way as that of a stock corporation (AG). The Supervisory Board of HORNBAACH Holding AG & Co. KGaA is obliged to supervise the company's management. However, it is not entitled to appoint the Board of Management of the General Partner (HORNBAACH Management AG). This is appointed by the Supervisory Board of HORNBAACH Management AG. Furthermore, as a general rule the Supervisory Board of a KGaA may not issue any Rules of Procedure for the management or compile any list of transactions requiring its approval. The competencies of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA nevertheless include acknowledging and approving the annual budget and approving the annual financial statements. Like at a stock corporation, members of the Supervisory Board of the KGaA are elected by the Annual General Meeting.

### 2.2.3 Annual General Meeting

Limited shareholders exercise their rights, including their voting rights, at the Annual General Meeting. Each share in HORNBAACH Holding AG & Co. KGaA grants one vote. HORNBAACH Holding AG & Co. KGaA provides its shareholders with the services of a voting proxy bound to vote in line with instructions.

Legal requirements exclude the General Partner (HORNBAACH Management AG), and for specific resolutions, its sole shareholder, Hornbach Familien-Treuhandgesellschaft mbH, from exercising voting rights. In particular, these include the election and dismissal of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA, which is therefore decided solely by the other limited shareholders. This means that Hornbach Familien-Treuhandgesellschaft mbH has no influence on the composition of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA. The voting prohibition also applies to the approval of the actions of the General Partner (HORNBAACH Management AG) and members of the Supervisory Board, as well as to the election of the auditor. The voting rights prohibition thus accounts for any potential conflict of interests.

The requirements governing the preparation and execution of the Annual General Meeting are basically analogous to those at stock corporations. Pursuant to the Articles of Association, the Annual General Meeting of HORNBAACH Holding AG & Co. KGaA is generally chaired by the Supervisory Board Chair.

Unlike at the annual general meeting of a stock corporation, subject to approval by the General Partner the Annual General Meeting of HORNBAACH Holding AG & Co. KGaA resolves on the adoption of the annual financial statements. The Annual General Meeting also decides on the appropriation of net profit.

Consistent with legal requirements, resolutions adopted by the Annual General Meeting require the approval of the General Partner unless this is prohibited from voting on the individual matter in hand. This approval requirement applies to all matters for which the limited partnership requires the approval both of its General Partner and of its limited shareholders. Resolutions adopted by the Annual General Meeting to amend the Ar-

ticles of Association and other fundamental resolutions therefore basically require the approval of the General Partner. At the Annual General Meeting, the General Partner declares whether it approves the resolutions or intends to exercise its veto right. Such declarations are recorded in the minutes of the meeting.

Shareholders are regularly informed of all significant dates, such as the Annual General Meeting in particular, by means of the financial calendar published in the annual report, the half-year financial report, the quarterly statements, and on the company's homepage at [www.hornbach-group.com](http://www.hornbach-group.com).

### 3. Modus Operandi of Management and Supervisory Board

#### 3.1 Supervisory Board

The Supervisory Board of HORNBAACH HOLDING AG & Co. KGaA comprises six members. The CVs of the Supervisory Board members have been published on our website.

The Supervisory Board Chair coordinates the activities of the Supervisory Board and represents the interests of the Supervisory Board externally. At its meetings, the Supervisory Board adopts resolutions with a simple majority of the votes cast unless otherwise required by law or the Articles of Association. In the event of a parity of votes in the Supervisory Board, the Supervisory Board Chair has the casting vote.

The General Partner (HORNBAACH Management AG) and the Supervisory Board work together closely in the company's best interests. The Supervisory Board of HORNBAACH Holding AG & Co. KGaA monitors the management of the company by the General Partner. To this end, the Board of Management of HORNBAACH Management AG is required to report regularly, promptly, and extensively on its intended business policy and other fundamental matter of corporate planning (in particular on its financial and investment planning, including sustainability-related targets), as well as on the company's current sales and earnings performance. Its duties to provide information include reports on the company's profitability, planned transactions with a material influence on the company's asset, financial, and earnings position, reports on the company's risk management and risk situation, and compliance.

Members of the Supervisory Board are bound to observe the company's best interests and, in discharging their duties, must be aware of the role played by the company within society and of its social responsibility. They are not dependent on any assignments or instructions. In their decisions, they may not pursue personal interests or exploit business opportunities available to the company for their personal benefit. Supervisory Board members are obliged to immediately disclose any conflicts of interest to the Supervisory Board Chair, especially any such conflicts arising due to their performing any consultant or directorship function at the General Partner, customers, suppliers, lenders or other business partners of the company. Any conflicts of interest on the part of a Supervisory Board member that are material and not only temporary result in the resignation of such member. Advisory and other service agreements and contracts for work between a Supervisory Board member and the company require approval by the Supervisory Board. The same applies to equivalent contracts with the General Partner to the extent that the company is obliged by its Articles of Association to reimburse any resultant expenses, as well as to corresponding contracts particularly with subsidiaries of HORNBAACH Holding AG & Co. KGaA. In the 2022/23 year under report, one contract requiring approval between HORNBAACH Baumarkt AG (as a subsidiary of HORNBAACH Holding AG & Co. KGaA) and Alinea & Company GmbH, a company in which the Supervisory Board member Martin Hornbach directly holds a not insignificant shareholding, was approved. Martin Hornbach abstained in the respective vote. There were no other contracts requiring approval with Supervisory Board members of HORNBAACH Holding AG & Co. KGaA in the 2022/23 year under report, neither did any other conflicts of interest arise.



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The Supervisory Board of HORNBAACH Holding AG & Co. KGaA has the following committees:

- Nomination Committee
- Audit Committee
- Special Committee



**Directors and Officers**  
**Supervisory Board**  
**committees**

The composition of the committees is presented in the “Directors and Officers” chapter.

The Nomination Committee identifies suitable candidates for the Supervisory Board based on the objectives set by the Supervisory Board for its composition (including the skills and expertise profile and diversity concept) and prepares the proposals to be submitted by the Supervisory Board to the Annual General Meeting in respect of the election of Supervisory Board members. The Nomination Committee meets when required.

The Audit Committee particularly prepares the deliberations and resolutions to be adopted by the Supervisory Board for all issues of accounting and specifically for the annual and interim financial statements and non-financial reporting. It also addresses matters of risk management, compliance, and the internal audit, including the reports submitted by the managers responsible for these areas, as well as the necessary independence of the auditor, the awarding of the audit assignment to the auditor, the setting of audit focuses, fee arrangements, and the other tasks assigned to it pursuant to § 107 (3) Sentence 2 AktG. The Audit Committee monitors the auditor and regularly assesses the quality of its services. It takes suitable measures to establish and monitor the independence of the auditor and to supervise any additional services performed by the auditor. The Audit Committee prepares a recommendation for the proposal submitted by the Supervisory Board to the Annual General Meeting in respect of the election of the auditor. In preparing this recommendation, it obtains a declaration from the designated auditor in respect of any relationships between the auditor, its governing bodies, and audit managers on the one hand and the company and the members of its governing bodies on the other, as well as on any other services performed in the previous financial year. Furthermore, the Audit Committee advises the Supervisory Board and the General Partner in particular with regard to sustainability topics relevant to the company (ESG criteria). The Audit Committee holds regular meetings, and meets at least four times a year.

Unless otherwise determined by the Audit Committee Chair, meetings of the Audit Committee are also attended by the members of the Board of Management of the General Partner and the auditors.

The Special Committee is responsible for representation towards the General Partner and in particular also for reviewing and approving the invoices submitted by the General Partner in connection with its management of the company’s business. The Special Committee holds regular meetings, and meets at least twice a year.

The committee chairs exchange information with the Supervisory Board Chair and the Board of Management of the General Partner, also outside the meeting framework, and where applicable with management staff at the HORNBAACH Group (such as the Head of Internal Audit).

The Supervisory Board performs an efficiency review/self-assessment of its activities once a year. Based on a catalogue of questions prepared in advance, the Supervisory Board discusses the effectiveness of the work it and its committees perform in order to identify any potential improvements. In the year under report, this process was carried out at the December meeting.



### 3.1.1 Targets for the composition of the Supervisory Board, skills and expertise profile, diversity concept, and manner of implementation

Taking due account of the recommendations of the German Corporate Governance Code as presented in Recommendation C.1 in the version of the Code dated April 28, 2022, at its meeting on December 21, 2022 the Supervisory Board reformulated the targets for its composition, including a skills and expertise profile for the overall board. The corresponding Supervisory Board resolution also includes the diversity concept for the Supervisory Board. The declared aim is to continually develop the specific composition, and thus the expertise and experience, of the Supervisory Board and to achieve a good balance between continuity and renewal. Given the diverse composition thereby envisaged, the concept is intended to ensure that the Supervisory Board can optimally discharge its duties thanks to the resultant variety of viewpoints and perspectives considered.

Pursuant to the skills and expertise profile, the Supervisory Board of HORNBAACH Holding AG & Co. KGaA must possess the expertise needed to fulfill its supervisory function and to assess and monitor the transactions performed by the company. To this end, the Supervisory Board members must collectively be familiar with the sector in which the company operates. This particularly includes knowledge, skills, and professional expertise, and that both from an economic and from an ecological and social perspective (sustainability aspect), in managing a retail, service, and real estate group with activities in the fields of (a) building, acquiring and/or operating large-scale retail stores, especially DIY stores and home improvement centers, with or without garden centers, specialist stores, other specialist retail businesses, and e-commerce; (b) similar or other areas of the retail and wholesale sector; (c) manufacturing and processing products sold in the retail business; (d) managing assets and acquiring, managing, and disposing of participating interests in domestic and foreign subsidiaries; (e) performing management and other services for subsidiaries and participating interests; and (f) acquiring, developing, planning, building, using, administering, disposing of and/or otherwise using land, whether built on or not, and leasehold rights. This also includes expertise in the fields of digitalization and technology, accounting, internal control and risk management systems, sustainability reporting and auditing (including auditing sustainability reporting), financing, tax, law, and compliance. At least one member must have special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting and its audit (accounting expertise), while at least one other member must have expertise in the field of auditing, including sustainability reporting and its audit (auditing expertise). The Audit Committee Chair should have appropriate expertise in at least one of these two areas, while another member of the Audit Committee should have expertise in the other area. Overall, the Supervisory Board views the diversity of its members in terms of their age, gender, qualifications and professional experience, as well as of their other personal characteristics, as a key prerequisite for its work.

In view of these factors, and to compile its skills and expertise profile, the Supervisory Board listed the following specific objectives for its composition which are tailored to the company's situation:

- Supervisory Board members must be reliable, possess the expertise needed to fulfill their supervisory function and to assess and monitor the transactions performed by HORNBAACH Holding AG & Co. KGaA, and must have sufficient time to dedicate to their duties as members of the Supervisory Board. They should have a range of different qualifications and professional experience.
- The Supervisory Board must collectively have the knowledge, skills, and professional expertise both from an economic and from an ecological and social perspective that are required to properly perform its duties. In particular, relevant expertise in matters relating to the operation of a retail company, especially DIY stores and home improvement centers, with or without garden centers, asset and investment management, and real estate management must be available in the Supervisory Board, as must management experience, experience in managing and organizing companies, and experience in working in supervisory

boards. The knowledge, skills, and professional expertise available among Supervisory Board members must also cover sustainability topics relevant to the company in terms of environmental, social and governance (ESG) aspects.

- The Supervisory Board must avoid potential conflicts of interest, and will continue to do so in future.
- The Supervisory Board should not include any members who hold directorships or perform advisory functions at any significant competitors or who have personal relationships to such.
- The composition of the Supervisory Board accounts for the diversity criterion, in particular with regard to the age, gender, qualifications and professional backgrounds of its members. The target for the share of women in the Supervisory Board as of February 28, 2027 amounts to 50%.
- As a general rule, the Supervisory Board should only include individuals who were no older than 70 at the time of their election. In addition, it should be ensured that there is adequate mix of generations among Supervisory Board members.
- As a general rule, the Supervisory Board should only include individuals who have not been members of the Supervisory Board for four full terms already at the time of their election.
- The Supervisory Board should include a suitable number of independent members. More than half of the Supervisory Board members should be independent of the company and the General Partner.
- Supervisory Board members who have sat on the Supervisory Board for more than twelve years are, as a general rule, no longer deemed independent.

Supervisory Board proposals to the Annual General Meeting should and will take due account of these objectives and the diversity concept, while at the same time endeavoring to ensure that the skills and expertise profile for the Board as a whole is satisfied.

### **3.1.2 Implementation status for (i) the objectives for the composition of the Supervisory Board, (ii) the diversity concept, and (iii) the skills and expertise profile, as well as disclosures on the independence of Supervisory Board members**

The current composition of the Supervisory Board meets the aforementioned composition-related objectives, complies with the diversity concept, and satisfies the skills and expertise profile. The members of the Supervisory Board complement one another in terms of their age, qualifications and professional background, experience, and expertise in such a way that the board as a whole can draw on a great variety of experience and a broad range of skills. The Supervisory Board included four women as of February 28, 2023 and currently includes three women (status: May 2023), as a result of which the target of 50% set for February 28, 2027 is currently met and even exceeded (cf. "Share of Women in Senior Management Positions" in Section 3.3). No members of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA hold any directorships or perform advisory functions at significant competitors. The regular age limit is laid down in the Rules of Procedure of the Supervisory Board and complied with. The Rules of Procedure of the Supervisory Board are published on the company's website.

The Supervisory Board currently includes five independent members. These are Dr. John Feldmann, Simone Krah, Simona Scarpaleggia, Vanessa Stützele, and Melanie Thomann-Bopp.

### 3.1.3 Current allocation of skills and expertise in Supervisory Board of HORNBACH Holding AG & Co. KGaA

	Dr. John Feldmann	Martin Hornbach	Simone Krah	Simona Scarpaleggia	Vanessa Stütze	Melanie Thomann-Bopp
Company management	X	X		X	X	X
Retail		X	X	X	X	X
Marketing, services			X	X	X	
Technology / digitalization		X	X	X	X	
Accounting, auditing	X				X	X
Capital market, financing	X					X
Corporate governance, compliance, risk management	X			X	X	X
Personnel management, communications		X	X	X		X
Investment management	X	X				X
Real estate management		X				X
Sustainability issues	X		X	X	X	X

Based on her longstanding activity as CFO / commercial director of various retail companies, her longstanding activity as a member of the advisory boards of retail companies, and longstanding membership of the Supervisory Boards of the HORNBACH Group, including as Chair of the Supervisory Board Audit Committee at HORNBACH Holding AG & Co. KGaA since July 6, 2018, Melanie Thomann-Bopp has extensive expertise in the fields of accounting and auditing, including sustainability reporting and its audit. Her expertise in these areas particularly includes, in the field of accounting, special knowledge and experience in the application of international and national accounting principles and internal control and risk management systems and, in the field of auditing, special knowledge and experience in the auditing of financial statements. Melanie Thomann-Bopp regularly receives training on the aforementioned topics from internal and external providers. One particular focus of her recent training was on national and international legislation applicable to sustainability reporting.

Given his longstanding activity as an executive board member of a listed industrial company with international operations and his longstanding activity as a member of the supervisory boards of both listed and non-listed industrial and retail companies, including his longstanding membership of the Supervisory Board Audit Committee at HORNBACH Holding AG & Co. KGaA, Dr. John Feldmann, a further member of the Audit Committee, has expertise in the fields of accounting and auditing, including sustainability reporting and its audit. His expertise in these areas particularly includes, in the field of accounting, special knowledge and experience in the application of accounting principles and internal control and risk management systems and, in the field of auditing, special knowledge and experience in the auditing of financial statements. Dr. John Feldmann regularly receives training on the aforementioned topics from internal and external providers. One particular focus of his recent training was on national and international legislation applicable to sustainability reporting.

#### 3.1.4 Individualized disclosure of meeting attendance

Meeting attendance is disclosed on an individualized basis in the "Report of the Supervisory Board".

### 3.2 Composition and modus operandi of the Board of Management of the General Partner

The Board of Management of the General Partner, HORNBACH Management AG, comprised two members at the end of the 2022/23 financial year and also currently comprises two members (status: May 2023). Members of the Board of Management are bound to uphold the company's best interests. Compliance activities to ensure that the company adheres to laws, legal requirements, and its own internal guidelines represent a key management task. The Supervisory Board of HORNBACH Management AG has imposed Rules of Procedure for the Board of Management of the General Partner which govern its management of HORNBACH Holding AG & Co. KGaA. The composition and areas of responsibility of the Board of Management are presented in the "Directors and Officers" chapter in this report.

In discharging its duties, the Board of Management is required to work together with the other boards at the General Partner and the company on a basis of trust. The members of the Board of Management bear joint responsibility for the overall management of the company. They work together as colleagues and inform each other about all key measures and developments in their areas of responsibility. As a general rule, the Board of Management meets at least twice a month and on an ad-hoc basis when required in the interests of the company and/or the General Partner.

The Board of Management provides the Supervisory Board of HORNBACH Holding AG & Co. KGaA with regular, prompt and extensive information on all matters relevant to the company's and Group's corporate strategy, planning, business performance, financial and earnings position, risk situation and risk management. Furthermore, it presents the Group investment, financial and earnings budgets to the Supervisory Board both for the forthcoming financial year and for the medium term (five years). The Chief Executive Officer provides immediate report to the Supervisory Board Chair of any significant events of material relevance for assessing the situation, development and management of the company. Measures requiring Supervisory Board approval are submitted in good time.

In their decisions, members of the Board of Management may not pursue personal interests or exploit business opportunities available to the company and/or the General Partner for their personal benefit. Members of the Board of Management are obliged to disclose conflicts of interest to the Supervisory Board of the General Partner without delay and to inform other members of the Board of Management. Members of the Board of Management may only pursue sideline activities, in particular supervisory board mandates outside the Group, with the approval of the Supervisory Board of the General Partner. The CVs of the members of the Board of Management have been published on our website.

### 3.3 Share of women in senior management positions

HORNBACH Holding AG & Co. KGaA is obliged under the "Act on the Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions" to set targets for the share of women in its Supervisory Board and the two management levels below the Board of Management (of the General Partner). The company set its first targets in this respect in summer 2015, which were to be met by June 30, 2017. In the meantime, the company reviewed these targets, initially extended them through to February 28, 2022, and has now set targets to be reached by February 28, 2027. Specifically:

#### 3.3.1 Women in the Supervisory Board and Board of Management

At its meeting on February 18, 2022, the Supervisory Board set the target share of women in the Supervisory Board pursuant to § 111 (5) AktG. This target, which is effective as of March 1, 2022 and should be reached by February 28, 2027, amounts to 50%. The target previously amounted to no less than 1/6. The Supervisory Board included four women as of February 28, 2023 and currently includes four women (status: May 2023). Women therefore account for 66.67% of the members and the target for February 28, 2027 has currently been met and exceeded.



**Directors and Officers**  
Members of the Board of Management and their areas of responsibility



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As the Supervisory Board of HORNBAACH Holding AG & Co. KGaA is not responsible for personnel-related topics for the Board of Management at the General Partner, HORNBAACH Management AG, it has not set any targets for that body. The Board of Management of the General Partner comprised one woman and one man as of February 28, 2023 and currently also comprises one woman and one man (status: May 2023).

### 3.3.2 Women in the management levels below the Board of Management

In January 2022, the Board of Management set a target for the share of women in the management level below the Board of Management. This target, which is effective as of March 1, 2022 and should be reached by February 28, 2027, amounts to 50%. There was no other management level at the time. The company has since introduced a further, second management level. For this level, the Board of Management has set a target of 50% for the share of women to be reached by February 28, 2027. The first management level below the Board of Management comprised two managers, both of whom women, as of February 28, 2023. This is currently still the case (status: May 2023). The second management level below the Board of Management comprised one manager, in this case a man, as of February 28, 2023. This too is currently still the case (status: May 2023).

## 4. Reporting and Auditing of Financial Statements

The HORNBAACH Holding AG & Co. KGaA Group prepares its financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The separate financial statements of HORNBAACH Holding AG & Co. KGaA are prepared in accordance with the German Commercial Code (HGB). In line with legal requirements, the auditor is elected by the Annual General Meeting. The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting with regard to the auditor to be elected. The auditor is independent and is responsible for the audit of the consolidated and separate financial statements, as well as for the audit review of the Group's half-year financial report.

HORNBAACH Holding AG & Co. KGaA has a risk management system that is continually enhanced and updated to account for changes in conditions. The functionality of the early warning risk management system is checked by the auditors.

## 5. Transparency

The company's shareholders, all capital market participants, financial analysts, investors, shareholder associations, and the media are regularly provided with up-to-date information about the company's situation, results, and any material changes in its business situation. The HORNBAACH Holding AG & Co. KGaA Group reports on its situation in its

- Quarterly statements, half-year financial report, and annual report
- Annual results press conference and analysts' conference
- Conference calls on quarterly results
- Annual General Meeting
- Conference calls and video conferences with financial analysts and investors
- Events, such as conferences and road shows, with financial analysts and investors from Germany and abroad.

As the coronavirus pandemic receded, it was increasingly possible to hold numerous capital market events in person once again from the middle of the year. The 2022 Annual General Meeting was held in virtual form – for the last time under the special pandemic legislation that has now expired.

The documents and dates of relevance to the company's regular financial reporting activities are published on our homepage.

Alongside this regular reporting, any information arising at HORNBAACH Holding AG & Co. KGaA which is not publicly known and which is likely to influence the company's share price significantly is published in the form of ad-hoc announcements as insider information pursuant to Article 17 of the Market Abuse Regulation (MAR). All individuals working on behalf of the company and with access to insider information in the course of their activities are informed of the resultant obligations for them under insider law.

Members of the Board of Management of the General Partner and the Supervisory Board of HORNBAACH Holding AG & Co. KGaA, and individuals closely related to such, are required by Article 19 of the Market Abuse Regulation (MAR) to disclose transactions involving shares in the company or related financial instruments. The transactions executed and reported by directors or individuals closely related to such in the year under report can be viewed in the "News" section of the company's website.



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Investor Relations



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News

## 6. Relevant Corporate Governance Practices

We base our entrepreneurial activities on the legal frameworks valid in the various countries in which we operate. This places a wide variety of obligations on the overall HORNBAACH Group and its employees in Germany and abroad. As well as managing the company responsibly in accordance with the relevant laws, ordinances and other guidelines, we have also compiled internal Group guidelines setting out the system of values and management principles we adhere to at the Group. We have published the information referred to below on our website.



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### 6.1 Our system of values: the HORNBAACH Foundation

HORNBAACH is a forward-looking, family-managed company and is characterized by a clear system of values. The values on which this system is based are honesty, credibility, reliability, clarity, and trust in people. This system of values, which had already been actively lived for many decades, was summarized in the so-called "HORNBAACH Foundation" in 2004. This model forms the cornerstone for our Group strategy, everyday behavior, and corporate social responsibility. It lays down the basic values governing how we behave towards our customers, as well how our employees behave towards each other. Moreover, this foundation helps our shareholders, customers, and the general public, as well as our employees, to understand the basis of our business success.

### 6.2 Compliance

In a competitive climate, only those companies which manage to convince their customers with their innovation, quality, reliability, dependability, and fairness on an ongoing basis will succeed in the long term. Here, compliance with legal requirements, internal company guidelines and ethical principles (compliance) is absolutely crucial. HORNBAACH's corporate culture is built on these principles.

HORNBAACH has a value-based compliance system which primarily pursues the objective of preventing compliance infringements, if possible before they arise. The "HORNBAACH Foundation" forms the basis for HORNBAACH's system of values. The principles included in the "HORNBAACH Foundation" are fleshed out in the "HORNBAACH Values", which have been translated into all relevant languages across the Group and are available to all employees. These formulate the standards of conduct expected of managers and employees with regard to the stakeholder groups of government and society, managers and employees, customers, suppliers and competitors, and providers of equity and debt capital. Among other factors, they set out how we meet our responsibility towards society, treat each other with respect, are committed to fair competition, and act with integrity.



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In connection with the safeguards governing integrity, HORNBAACH's "Accepting and Granting Gratuities" code of conduct specifies HORNBAACH's expectations in its employees with regard to accepting and granting gratuities in day-to-day business operations. This code sets clear limits in respect of impermissible gratuities and, as well as underlining role model function of managers, emphasizes the principles of professionalism, transparency, and appropriateness.

The Board of Management of the General Partner bears overall responsibility for compliance. One core component of HORNBAACH's compliance system is the Compliance Committee, which acts as the topmost advisory body for compliance organization. The compliance department led by the Head of Compliance is responsible for coordinating and optimizing Group-wide compliance activities. This department reports to the Chief Compliance Officer. He or she reports in turn to the Board of Management and is responsible for permanently optimizing and further developing the Group's compliance organization and structures. The compliance department is supported by compliance officers operating on a decentralized basis in all of HORNBAACH's regions and departments.

Compliance activities have a particular focus on the risks of "improper conduct/corruption" and "cartel law violations". Compliance officers are surveyed at regular intervals to assess the development in risks which are already known and the potential emergence of new risks.

The compliance system is supplemented by an internet-based whistleblower system. This provides employees, service providers, and suppliers worldwide with a further possibility of communicating directly, confidentially and, if preferred, anonymously with the compliance department. This way, potential infringements of compliance requirements, and in particular infringements relating to antitrust law and corruption, as well as offenses against property and assets, can be reported. Notifications received from employees that relate to personal or personnel matters and are outside the objective scope of the whistleblower system are forwarded to the relevant HR department for further processing or are dealt with together with such department. In the year under report, there was a low double-digit number of notifications, of which one third was not directly within the objective scope of the whistleblower system.

## 7. Remuneration Report

The remuneration report presents the basic features and structure of the remuneration of the Board of Management of the general partner and the Supervisory Board. It is available on our website at [www.hornbach-holding.de/en/investor-relations/reports-presentations](http://www.hornbach-holding.de/en/investor-relations/reports-presentations). The latest resolution on the remuneration of the members of the Supervisory Board pursuant to § 113 (3) of the German Stock Corporation Act (AktG), which was adopted by the Annual General Meeting on July 10, 2020, has been made available at [www.hornbach-holding.de/en/investor-relations/annual-general-meeting](http://www.hornbach-holding.de/en/investor-relations/annual-general-meeting).

## 8. Directors and Officers

### Supervisory Board of HORNBAACH Holding AG & Co. KGaA

**Dr. John Feldmann**

Chair  
Former Executive Board member of BASF SE

**Martin Hornbach**

Deputy Chair  
Managing Partner  
Corivus Gruppe GmbH

**Simone Krah**

(Managing) President of MMM-Club e.V.

**Simona Scarpaleggia**

Former Global CEO of EDGE Strategy AG

**Melanie Thomann-Bopp**

Managing Director of Nolte Küchen GmbH & Co. KG and Express Küchen GmbH & Co. KG

**Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)**

Professor of Production Technology  
Helmut-Schmidt-Universität/Universität der Bundeswehr  
Hamburg  
Co-founder and Partner of Hamburg Institute for Value  
Creation and Knowledge Management (HIWW)

**Vanessa Stütze (since July 8, 2022)**

Chief Executive Officer of LUQOM Group

### Supervisory Board committees

**Audit Committee**

Melanie Thomann-Bopp	Chair
Dr. John Feldmann	
Martin Hornbach	
Simone Krah	

**Nomination Committee**

Dr. John Feldmann	Chair
Simone Krah	
Melanie Thomann-Bopp	

**Special Committee**

Melanie Thomann-Bopp	Chair
Dr. John Feldmann	
Simone Krah	

### Board of Management of HORNBAACH Management AG

(General Partner of HORNBAACH Holding AG & Co. KGaA)

#### Members and areas of responsibility

**Albrecht Hornbach**

Chairman (CEO)  
DIY Stores / Garden Centers (HORNBAACH Baumarkt AG)  
Builders' Merchants (HORNBAACH Baustoff Union GmbH)  
Real Estate (HORNBAACH Immobilien AG)

**Karin Dohm**

CFO  
responsible for Finance, Accounting, Tax, Group Controlling,  
Risk Management, Internal Audit, Legal, Compliance,  
Investor Relations



**Supervisory Board of HORNBACH Management AG**

(General Partner of HORNBACH Holding AG & Co. KGaA)

**Dr. John Feldmann**

Chair

Former Executive Board member of BASF SE

**Melanie Thomann-Bopp**

Deputy Chair

Managing Director of Nolte Küchen GmbH & Co. KG and Express Küchen GmbH & Co. KG

**Albert Hornbach**

Management of Tesoro Data-Analysis GmbH

**Arnulf Hornbach**

Managing Partner of Flowprime GmbH

**Johann Hornbach**

IT Project Director at Allianz Technology SE

**Simone Krah**

(Managing) President of MMM-Club e.V.

**Maria Olivier**

Director of Silverhill Farm

**Vanessa Stütze (since July 8, 2022)**

Chief Executive Officer of LUQOM Group

**Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)**

Professor of Production Technology

Helmut-Schmidt-Universität/Universität der Bundeswehr Hamburg

Co-founder and Partner of Hamburg Institute for Value Creation and Knowledge Management (HIWW)

**Dr. Susanne Wulfsberg**

Director of Flogensee Stud, Veterinary Surgeon