

# **HORNBAACH** Holding

## **Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (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, 2022 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 bei Landau, December 2022

HORNBACH Holding AG & Co. KGaA

The Supervisory Board of  
HORNBACH Holding AG & Co. KGaA

The Board of Management of  
HORNBACH Management AG