

Human rights are at the core of our identity

About the company

HORNBAACH is an independent, family-managed, and publicly listed company.

HORNBAACH Holding AG & Co. KGaA is the parent company of the HORNBAACH Group. It does not have any operations itself, but has a number of major subsidiaries. As well as **HORNBAACH Baumarkt AG**, the largest operating subgroup which pools the do-it-yourself (DIY) retail business across Europe, the HORNBAACH Group also comprises two further subgroups: **HORNBAACH Baustoff Union GmbH** (regional builders' merchant business) and **HORNBAACH Immobilien AG** (real estate and location development). This Basic Declaration applies to all companies within the HORNBAACH Group.

The position we take

The HORNBAACH Group is committed to respecting universal human rights and complying with due diligence obligations relating to human rights and environmental concerns both in its own business operations and in its supply chains. As a retail company with international operations, more than 25,000 employees, and global supply and value chains, we are aware of the responsibility we bear toward people and the environment. The HORNBAACH Group has highlighted those aspects that are particularly important to it in the CSR Policy that has been publicly available since 2007.

We respect and protect human rights within all our business activities. We accord the utmost priority to avoiding any violations or contributions to violations of human rights. Furthermore, we at all times endeavor to avert any potential violations of human rights at an early stage or, where possible, to stop or minimize any such violations. Consistent with this approach, responsibility for respecting and protecting human rights forms an integral aspect of all activities on the part of our employees.

We are committed to internationally applicable standards and conventions¹. HORNBAACH is particularly committed to:

- The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) issued in 2011
- The United Nations Universal Declaration on Human Rights dated December 10, 1948
- The Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards.

At the same time, HORNBAACH also focuses on topics relating to ecological sustainability. We have set ourselves the standard of excluding environmental risks to the greatest possible extent and, moreover, of ourselves making a positive contribution.

In this regard, HORNBAACH at all times endeavors to avoid any potential violations of environmental rights at an early stage or, where possible, to stop or minimize any such violations.

¹ Further standards: the ILO's Declaration of Principles concerning Multinational Enterprises and Social Policy, UN Convention on the Rights of the Child, UN Convention on the Elimination of All Forms of Discrimination against Women, OECD Guidelines for Multinational Enterprises, UN Global Compact, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights

As a retail company, we are also intensely focused on the articles we offer to our customers. As well as safeguarding the marketability of our products, one core task performed by our quality management involves monitoring compliance with environmental legislation (such as threshold values). One area that is particularly important to us in this respect is the production of our private label products. This has to take place in a working environment that is safe and humane and that also conforms to local environmental legislation.

In particular, HORNBAACH takes due account of standards and conventions including:

- The Stockholm Convention on Persistent Organic Pollutants dated May 23, 2001 (POPs Convention)
- The Minamata Convention on Mercury dated October 10, 2013 (Minamata Convention)
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal dated March 22, 1989 (Basel Convention).

Furthermore, the quality management department at HORNBAACH Baumarkt AG monitors compliance with the European Chemicals Directive (REACH Directive), which governs the registration, evaluation, authorization and restriction of chemicals. These include hazardous substances and substances of very high concern (SVHCs). Moreover, quality management is also responsible for compliance with the European RoHS (Restriction of Hazardous Substances) Directive. This governs the use of specific hazardous substances in electrical and electronic equipment.

The challenge we face

As a retail company with international operations and large numbers of contractual partners and service providers, we face a wide variety of challenges and potential risk constellations. The broad portfolio of merchandise we offer is subject to complex requirements in terms of documentation and documentary evidence, particularly with regard to the approvals and certifications required in a wide variety of areas. This necessitates a high degree of care and of quality and process assurance both internally and in cooperation with our contractual partners. We make efforts, particularly for contractual partners in third countries with high risk indications, to implement sustainable preventative measures to ensure compliance with all relevant requirements within our supply chain.

Given that our workforce comprises more than 25,000 employees, guaranteeing the protection of these people is another immensely important factor. This requires us to install extensive mechanisms to safeguard their interests in addressing the challenges presented by our business.

Our approach to risks relating to human rights and environmental concerns

In the HORNBAACH Group's business operations

Within the HORNBAACH Group, managerial responsibilities are defined for a variety of risks relating to human rights and environmental concerns. A regular risk analysis process has also been laid down. Within an annual process, information is exchanged concerning potential risks. Risk analyses are also performed when required by specific events. Based on these topics, suitable **measures to prevent and remedy risks** are defined, prioritized, and implemented. In the event of any violation occurring in the company's own business operations, remedial measures are agreed and assessed in terms of their effectiveness until such violation has ceased.

Towards our business partners

Within our annual risk analysis, we assess all those business partners with whom we maintain direct contractual relationships (direct suppliers).

Should we obtain substantiated information about a potential violation of human rights or environmental obligations at direct suppliers, these suppliers are integrated as far as possible into the risk management process, with preventative and/or remedial measures being taken where necessary.

In addition to the annual standard analysis, HORNBAACH continually monitors the data sources thereby assessed in respect of potential areas of risk. This way, the company is able to respond directly to any events occurring on an ad-hoc basis and to any increased or new risk status.

If it gains awareness of potential violations of human rights or obligations under environmental law at its business partners, HORNBAACH actively responds to the individual situation and, where necessary, takes suitable preventative and remedial measures.

What does that mean for the HORNBAACH Group's employees?

Our company expects all employees of the HORNBAACH Group to comply with all applicable laws and the company's policy guidelines. The non-negotiable basis involves compliance with HORNBAACH's Values, this Basic Declaration, universal human rights, and the protection, respect and promotion in our business activities of the labor and social standards set by the International Labour Organization. To satisfy this expectation, all our employees take part at regular intervals in specifically developed focus training. This is targeted in particular at operating units (work safety) and units with direct responsibility for procurement.

Each and every individual is required to integrate human rights and environmental concerns into business processes, comply with these and help in continually developing these further. HORNBAACH does not tolerate any violations of the aforementioned requirements. Any such infringements are followed up by line managers with suitable disciplinary measures.

These standards also enable the HORNBAACH Group to adopt a protective role towards its employees, to act as a reliable partner and employer, and to ensure that we meet our duty of care towards our employees.

What does that mean for our business partners?

Our longstanding, trust-based relationships with our business partners are important to us as a company. For us, these business partners particularly include all those who supply HORNBAACH with merchandise or provide services to us and on our behalf. Our business relationships are shaped by integrity and based on trust, respect, and a sense of responsibility. These relationships are founded on the expectation that our business partners will respect and comply with the binding CSR Standards of the HORNBAACH Group, universal human rights as set out in the Universal Declaration of Human Rights and conventions of the International Labour Organization (see Page 1, The position we take).

HORNBAACH expects all production sites at which merchandise is produced for HORNBAACH to provide safe workplaces for the employees who work there. Particularly for partners outside Europe, it is apparent that stable long-term cooperation is the best way to exert influence on people's working conditions. We expect our direct business partners to communicate and safeguard our requirements along the value chain. We are accordingly endeavoring to make this the fundamental basis of our cooperation.

To underline our expectation, we make information material about due diligence obligations along supply chains available to all our business partners irrespective of the results of individual risk analyses. This information is also available on our website.

If our *extensive* risk analysis provides us with indications of potential violations of human rights or of environmental legislation, we act immediately to take suitable **remedial measures**: Steps such as audits by external certified audit institutes may assist in minimizing risks in this respect. Furthermore, the findings of such audits may also lead to corrective measures.

As one suitable **preventative measure**, our business partners will gradually receive a contractual CSR addendum to their existing contracts with HORNBAACH. Furthermore, in line with a risk-based approach preventative audits will be conducted at our suppliers in select third countries. Where necessary, suitable preventative measures will be taken in individual cases should risks be identified.

Remaining in dialog – taking tip-offs seriously

By talking to our employees, business partners, customers, and other external stakeholders, we are continually working to promote understanding of topics relating to human rights and environmental concerns. Where individuals or groups identify potential risks or violations relating to the aforementioned topics, various channels of communication are available for them to take up contact with us and provide information as appropriate.

The most prominent of these channels is the web-based notification system operated by our external partner EQS. This can be found on the Group's website: <https://hornbach.integrityplatform.org/>. Our web-based notification system (complaints process) is available to all employees, business partners, and third parties. It enables individuals to provide notification, particularly of risks relating to human rights and the environment and any violations of associated obligations that are or may be caused by the business activity of the HORNBAACH Group or any supplier to the HORNBAACH Group.

We carefully and decisively follow up all notifications received, evaluate them, and initiate suitable measures.

The relevant manager to contact in respect of any violations related to human rights or environmental concerns in our own business operations and our supply chains is HORNBAACH's Human Rights Officer. Contact: Max.Schmiechen@hornbach.com

Staying alert – effectiveness reviews

The risk management system in place at the HORNBAACH Group is reviewed to ascertain its effectiveness in respect of discharging due diligence obligations in HORNBAACH's supply chain on an annual basis and whenever required by specific developments. This review particularly addresses the effectiveness of preventative and remedial measures, as well as of the complaints process.

Further information

The HORNBAACH Group will submit an annual report on the status of and progress made with its efforts to avoid violations of human rights and environmental legislation. Moreover, the information materials provided to all business partners on the Group's website are also publicly available. Furthermore, the company will also address this topic in its non-financial reporting.

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