

HORNBACH Holding AG & Co. KGaA  
Group

2021/22

Non-Financial Group Report

# Non-Financial Group Report

## 1. Fundamentals of Non-Financial Group Report

### About this report

HORNBAACH Holding AG & Co. KGaA is obliged pursuant to § 315b (1) - (3) of the German Commercial Code (HGB) to prepare a Non-Financial Group Report. This report has been prepared in accordance with § 315bc in conjunction with § 289b-e HGB. The contents of the report are exclusively based on the definition of materiality and the content requirements stipulated in § 315b (1) - (3) HGB. For this reason, no reference has been made to any framework. The materiality analysis of the HORNBAACH Group has been presented in detail in Chapter 1.2. of this report.

### 1.1 Group structure and business model

The structure and business model of the HORNBAACH Group are presented below.

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. In addition to HORNBAACH Baumarkt AG, the largest operating subgroup at which the do-it-yourself (DIY) retail activities across Europe are pooled, the HORNBAACH Group also comprises the HORNBAACH Baustoff Union GmbH subgroup (regional builders' merchants) and the HORNBAACH Immobilien AG subgroup (real estate and location development). At the balance sheet date on February 28, 2022, the Group had a total of 24,268 employees. In the 2021/22 financial year (March 1, 2021 to February 28, 2022), the HORNBAACH Group generated net sales of around € 5.9 billion. The HORNBAACH Group was founded in 1877 and is family managed, now in the fifth generation. It has the legal form of a partnership limited by shares (KGaA) and is publicly listed.

In accordance with the Articles of Association, the general partner of HORNBAACH Holding AG & Co. KGaA is HORNBAACH Management AG, represented by its Board of Management, which currently consists of two members. The Board of Management of the general partner manages the business of HORNBAACH Holding AG & Co. KGaA and represents the company to third parties. Hornbach Familien-Treuhandgesellschaft mbH holds all shares in the general partner of HORNBAACH Holding AG & Co. KGaA.

Our business activities focus on do-it-yourself (DIY) retail with DIY stores and garden centers, as well as on online DIY retail in Germany and eight other European countries. These retail activities, which mainly focus on the needs of private end customers (business-to-consumer: B2C), are managed at HORNBAACH Baumarkt AG, which is by far the largest operating subgroup. With its "ProfiService" and product range, HORNBAACH also targets tradespeople and other commercial customers. The DIY product range, which comprises around 50,000 articles stocked at the stationary stores and up to around 250,000 articles available online, is structured in five product divisions: (1) hardware / electrical, (2) paint / wallpaper / flooring, (3) construction materials / timber / prefabricated components, (4) sanitary / tiles, and (5) garden.

In addition, HORNBAACH is also active in the regional stationary builders' merchant business via its HORNBAACH Baustoff Union GmbH subsidiary (HBU), which chiefly focuses on specialist retail with commercial customers in the main and secondary construction trades (business-to-business: B2B). The range of products and services in HBU's B2B segment comprises around 180,000 articles in ten product divisions: civil engineering, building construction, roof / façade, fittings, garden, construction elements, sanitary and tiles, specialist products, fuels, and transport/other.



The principal task performed by the HORNBAACH Immobilien AG subgroup is to support the DIY retail business by developing stationary retail properties for group-internal use.

The internationalization of procurement provides us with broad-based access to global procurement markets and enables us to forge strategic, long-term partnerships with suppliers and industry. These partnerships benefit both sides. We offer each supplier and manufacturer the opportunity to structure the store deliveries as efficiently as possible. Suppliers are able to make large-scale logistical deliveries directly to each location, or to supply the merchandise indirectly via our logistics centers. This way, we provide regional manufacturers as well with the opportunity of growing outside their existing sales regions and supplying goods to additional countries.

With net sales of more than € 5.5 billion in the 2021/22 financial year, the HORNBAACH Baumarkt AG subgroup contributed 94 % of consolidated sales and employed around 95 % of the HORNBAACH Group's workforce<sup>1</sup> at the balance sheet date. The HORNBAACH Baustoff Union GmbH (HBU) subgroup accounts for € 377 million, and thus around 6 % of sales, as well as for around 5 % of the Group's employees. HORNBAACH Immobilien AG does not have any operating customer business or proprietary employees.

## 1.2 Materiality analysis

Pursuant to § 289c (3) of the German Commercial Code (HGB), non-financial topics count as material when they have significant implications for CSR aspects (environment, employees, human rights, social welfare, and anti-corruption) and are also relevant to the Group's business activities (business performance, business results, and situation).

In the 2021/22 financial year, the managers responsible for the respective topics at the Group, including representatives of both HORNBAACH Baumarkt AG and Hornbach Immobilien AG and of HORNBAACH Baustoff Union GmbH, reviewed whether their assessment of the non-financial topics within the Group's own business activities or supply chain and at customers which impact on the aspects defined in § 289c (2) HGB had changed to any significant extent compared with their assessment in the previous year. To this end, in an updated materiality matrix the non-financial topics were evaluated in terms of their relevance for our business activities and their implications for the aspects defined in § 289c (2) HGB.

The managers responsible for the respective topics concluded that, in addition to the seven topics reported in the previous year, the topics of "CO<sub>2</sub> emissions" and "Disposal and recycling" are also material both in respect of business activities and of the aspects defined in § 289c (2) HGB. The topics allocated to the "Employee" aspect have been reorganized, with "Employee health" also being defined as a standalone topic. The 2021/22 Non-Financial Group Report has therefore been based on the following topics:

1. Product range and customer information
  2. Responsible procurement
  3. Product responsibility
  4. Employer attractiveness
  5. Employee recruitment and development
  6. Employee health
  7. CO<sub>2</sub> emissions
  8. Disposal and recycling
  9. Compliance (voluntary disclosures, as not material within the meaning of Section 289c (3) HGB)
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**Group Management Report**  
**Risk Report**

The findings were agreed with the Board of Management of HORNBAACH Management AG in order to ensure consistent and comprehensive reporting for the overall Group.

### 1.3 Risk assessment

All material non-financial topics were subject to a risk assessment to ascertain whether our business activities, supply chain, or customers gave rise to any material risks for the aspects defined in § 289c (3), No. 3 and 4, and § 315c HGB. Our group-wide risk management did not identify any risks requiring report at the HORNBAACH Holding AG & Co. KGaA Group.

### 1.4 Sustainability management

We base all of our group-wide entrepreneurial actions on the HORNBAACH Values. These provide a firm foundation for the values underpinning our dealings with customers, as well as our conduct towards our fellow employees. Furthermore, we also base our actions on HORNBAACH's CSR Policy, which includes the following core requirements:

- Equal opportunities in selecting and promoting our employees
- Minimum requirements in our suppliers' production sites
- Flawless quality of our products
- Enhancing our product ranges to account for sustainability
- Recycling and waste avoidance in our business operations

We are convinced that responsibility as embodied in corporate social responsibility (CSR) is a prerequisite for our long-term economic success and for HORNBAACH Group's future prospects.

An internal CSR team with members from relevant departments across the Group is responsible for further developing the company's strategic CSR targets. The strategies, targets, and management approaches for non-financial topics are mainly defined by HORNBAACH Baumarkt AG and managed by that company's Board of Management. The Board of Management is regularly involved in topic-specific measures and kept informed about their implementation. The Chief Executive Officer of HORNBAACH Baumarkt AG bears overall responsibility for the topic of CSR. He is additionally responsible for the areas of strategic development, operating sales and services, and expansion. Sustainability-related topics are nevertheless dealt with by all Board of Management departments and are within the responsibility of the respective member of the Board of Management.

At the HORNBAACH Baustoff Union GmbH subgroup, the management is responsible for the strategies, targets, and management approaches for those non-financial topics deemed material. Overall responsibility is incumbent on the Chairman of the Management.

Within the Board of Management of HORNBAACH Management AG, the general partner of HORNBAACH Holding AG & Co. KGaA, the CEO is responsible for the operating business at the two subsidiaries HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH.

In the current financial year 2022/23, the Board of Management of HORNBAACH Management AG will define suitable key performance indicators in respect of the material non-financial topics on Group level. These will serve as a basis for integrating ESG targets into the performance-related remuneration of the Board of Management of HORNBAACH Management AG and its subsidiaries.



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## 1.5 EU Taxonomy

Pursuant to the EU Taxonomy Regulation and the supplementary delegated acts, in our Non-Financial Group Report we have for the first time reported the shares of taxonomy-eligible turnover, capital expenditure, and operating expenditure for the 2021/22 financial year based on the environmental objectives currently formulated in the Taxonomy, namely “climate change mitigation” and “climate change adaptation”.

### 1.5.1 Activities

Based on an impact analysis, all material activities at the Group which result in revenues being recognized pursuant to IAS 1 were investigated to assess whether they can be allocated to one of the economic activities listed in the annexes to the Delegated Regulation to the EU Taxonomy and thus be deemed taxonomy-eligible.

It was established in this regard that the Group's material economic activities are those of a traditional commodity dealer: procurement and sale of goods and services. These activities are not covered by the criteria sets in the Taxonomy as they are currently not listed as taxonomy-eligible economic activities in the Delegated Regulation to the EU Taxonomy.

Irrespective of this, Hornbach performs other economic activities that constitute taxonomy-eligible activities as defined in the Delegated Regulation to the EU Taxonomy and result in revenues being recognized pursuant to IAS 1. These serve the environmental objective of “climate change mitigation”. In its impact analysis, the Group identified the following economic activity that results in taxonomy-eligible revenues pursuant to IAS 1:

- 7.3. Installation, maintenance, and repair of energy-efficient appliances  
(Sale and installation of energy-efficient appliances, such as windows)

### 1.5.2 Accounting methods and taxonomy-eligible shares of economic activities

Due to the first-time application of the EU Taxonomy in the 2022 calendar year, there are still considerable uncertainties as to the interpretation of its components. We have therefore indicated accordingly those areas where interpretations have been drawn on when preparing the report. As our financial year diverges from the calendar year, in preparing the 2021/22 consolidated financial statements we have only referred to those publications relating to taxonomy that had been issued by February 28, 2022 and are of a legally binding nature.

To calculate the key performance indicators (KPIs) stated below, we have analyzed the available basis of figures and performed various control measures, such as plausibility checks and comparisons to avoid any potential double counting.

#### Turnover KPI

The share of turnover attributable to taxonomy-eligible economic activities corresponds to the net sales for which taxonomy-eligible economic activities were identified (numerator) divided by consolidated net sales (denominator). The net sales included in the numerator are consistent with IAS 1.82(a).

#### CAPEX KPI (capital expenditure)

This quotient is calculated as the share of taxonomy-eligible capital expenditure (numerator) divided by the HORNBACH Group's total capital expenditure (denominator). Capital expenditure as defined in the Delegated Regulation to the EU Taxonomy comprise additions to intangible assets, property, plant and equipment, and plant and office equipment, as well as right-of-use assets and assets in construction. Additions also include remeasurement effects for right-of-use assets. Additions to goodwill are not included, by contrast, as these are not covered by the EU Taxonomy.

Taxonomy-eligible capital expenditure mainly includes the acquisition, construction, and letting of energy-efficient buildings, as well as associated individual measures, and the acquisition or long-term letting of energy-efficient vehicles, including industrial vehicles (forklift trucks, floor conveyors).

#### OPEX KPI (operating expenditure)

The operating expenditure KPI is obtained by dividing taxonomy-eligible operating expenditure (numerator) by total operating expenditure (denominator). Pursuant to the EU Taxonomy, operating expenditure is defined as follows and thus comprises only part of the expenses reported in the income statement. It covers direct non-capitalized costs relating to research and development, building renovation measures, short-term leases, maintenance and repairs, and all other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or third parties to which activities are outsourced that are necessary to ensure the continued and effective use of such assets.

- The Group currently does not have any research and development activities that could be classified as taxonomy-eligible.
- Short-term lease expenses are determined in accordance with IFRS 16 and constitute low-value and short-term leases.
- Expenditure on maintenance and repairs as defined in the EU Taxonomy is reported in all functional areas of the income statement. The same also applies for expenditure on the renovation of existing buildings.

The taxonomy-eligible operating expenditure mainly includes the maintenance, repair, and cleaning of energy-efficient buildings and energy-efficient vehicles, including industrial vehicles. Furthermore, it also includes personnel expenses directly related to the aforementioned measures to the extent that these can be clearly allocated to such.

<b>2021/22</b>	Total (in € 000s)	Taxonomy-eligible (in %)	Non-taxonomy-eligible (in %)
Turnover	5,874,957	0.4 %	99.6 %
Capital expenditure (CAPEX)	356,553	21.3 %	78.7 %
Operating expenditure (OPEX) as defined in EU Taxonomy	94,840	7.9 %	92.1 %

## 2. Material Non-Financial Aspects

The HORNBACH Baumarkt AG subgroup holds a dominant position within the HORNBACH Group, and that both in terms of business activities and of their implications for the aspects defined in § 289c (2) HGB as they pertain to the HORNBACH Holding AG & Co. KGaA Group. The B2C retail business at HORNBACH Baumarkt AG contributes by far the largest share of the Group's sales and is therefore also the most important lever in terms of implications for the aspects defined in § 289c (2) HGB.

The material non-financial aspects identified for the Group are also relevant to the HORNBACH Baustoff Union GmbH subgroup. The reporting has been supplemented in relevant sections to include the perspective of HORNBACH Baustoff Union GmbH.

In view of this, unless indicated otherwise, the concept described in this non-financial group report relates to the targets, strategies, management approaches, and measures at the HORNBACH Holding AG & Co. KGaA Group. In what follows, the terms "we", "HORNBACH" and "group-wide" are synonymous with the entire HORNBACH Group. Diverging from this approach, we explicitly refer to any concepts pursued solely on the level of the HORNBACH Baumarkt AG or HORNBACH Baustoff Union GmbH subgroups.

### 2.1 Product range and customer information

#### 2.1.1 Targets and strategy

Our DIY stores with garden centers, DIY online shops, and builders' merchant outlets provide our customers with a broad and deep product range and also offer product and project-based information and competent advice with regard to product features and their suitability for implementing specific construction and renovation projects. This way, we aim to enable our customers to make the right purchase decision for their situation. The ability to make a well-informed, independent decision in favor of or against a specific product is a prerequisite for high customer satisfaction and for building a permanent, trust-based customer relationship. This in turn forms the basis for the Group's business success.

By offering the maximum possible transparency concerning the source, contents, and environmental implications of our product ranges – throughout their entire lifecycles – we also aim to enable our customers to consider ecological, health, and social welfare factors when reaching their purchase decisions. Given consumers' ever growing interest in responsible lifestyles, increasing the range of corresponding products and advice on offer also harbors growth opportunities for the company.

#### 2.1.2 Management approach and measures

Internal evaluations and external consumer surveys provide us with indications of our customers' satisfaction with our product range and the information and services we offer.

As part of our operating activities, we collect feedback from our customers and analyze their purchasing behavior. We also factor customer evaluations posted at our online DIY shops into this process. On this basis, we endeavor to continually align our product range, services, and associated information and advice more closely to customers' needs. Not only that, when it comes to independent consumer surveys conducted to evaluate the performance of stationary DIY stores and garden centers in the European countries in which the Group operates we accord priority to being ranked among the best providers in terms of overall satisfaction, product range selection, specialist advice, value for money, and prices compared with competitors. The company's aim is to maintain its very good rankings across Europe and to improve those rankings that are less good.



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**2.4 Employer attractiveness  
2.5 Employee recruitment  
and development**

To ensure that our employees are available for customers, and thus also safeguard the quality of advice provided in our retail business, we base our staff deployment planning on expected seasonal customer frequency volumes. Two key factors highly significant to our business success are the ability to attract qualified specialist staff and the provision of regular training and further development measures to our employees. Furthermore, the HORNBACH Baumarkt AG subgroup provides digital product information and video tutorials in its online stores and on social media. These offer information on how to use the products, for example, or explain DIY projects on a step-by-step basis.

Within our product range, we are strengthening those products used in energy-efficient construction or for energy refurbishments. These measures enable customers to save energy while also reducing their CO<sub>2</sub> emissions. Furthermore, customers have the option of using low-emission products for their construction and renovation projects and this way to minimize the use or presence of harmful substances in their living environments. These products are labeled with widely recognized seals, such as Blauer Engel or the eco-INSTITUT seal, which are applied for by the respective manufacturers and displayed on the packaging. Furthermore, we actively indicate the energy and water-saving functions of products and do not stock controversial products or articles that pose a risk to the environment, such as glyphosate herbicides or plants whose cultivation involves the use of neonicotinoids (bee conservation).



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The procurement organizations at HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH manage our product range and the need for product and project-based customer information. To enable us to account as closely as possible for customers' needs in the countries in which we operate our retail business, the procurement organizations account for both central and regional requirements when listing suppliers.

As a matter of principle, we base our product range on the HORNBACH Values. Conversely, that means we reserve the right to delist product ranges when they clearly infringe the HORNBACH Values or do not fit in with the company's ethos on other ethical or ecological grounds,

### **2.1.3 Target achievement status**

HORNBACH does not collect any quantitative key performance data to measure or manage satisfaction with its product and application information or the sustainability of the product range. The company refers exclusively to qualitative indicators for this non-financial aspect. To this end, HORNBACH refers to numerous consumer surveys conducted by external service providers.

In Kundenmonitor Deutschland (Servicebarometer AG) and equivalent consumer surveys conducted in other European countries in the 2021/22 financial year, the HORNBACH Baumarkt AG subgroup was ranked first in the "Overall satisfaction" shown by customers with DIY and home improvement stores in Germany, Austria, and Sweden. Furthermore, HORNBACH's DIY stores and garden centers were awarded top rankings in most regions for which studies were available for the criteria relating to product range, value for money, specialist advice, and willingness to recommend to others.



## 2.2 Responsible procurement

### 2.2.1 Targets and strategy

Consistent, reliable product availability influences both HORNBAACH's sales and its customers' satisfaction levels. Procurement and merchandise availability are therefore crucial to the company's business performance. One basic prerequisite involves ensuring the supply capability and reliability of our suppliers at all times. Moreover, in the context of our product responsibility we also attend to compliance with minimum social welfare and environmental protection standards within our supply chain, especially in the case of private label, timber, and natural stone products. Private label products account for around one quarter of sales in our DIY retail business. In the B2B business at HBU, which is more strongly focused on manufacturers' brands, private labels account for a medium single-digit percentage of sales.

The minimum standards are set out in HORNBAACH's CSR Policy and refer to the United Nations Universal Declaration of Human Rights and the core labor conventions of the International Labour Organization. They include the prohibition of child and forced labor, for example, as well as compliance with local environmental legislation. These targets and strategic requirements basically apply for all companies within the overall Group.

The HORNBAACH Group has also defined CSR standards for its suppliers. Since the fall of 2020, these have been a component of supplier contracts for new suppliers to HORNBAACH Baumarkt AG. The CSR standards are also integrated into any amendments made to contracts with existing suppliers. The management of the HORNBAACH Baustoff Union GmbH subgroup has also decided to incorporate the group-wide CSR standards into its supplier contracts in writing in future. The implementation of the German Act on Corporate Due Diligence Obligations for the Prevention of Human Right Violations in Supply Chains will make it necessary to meet further requirements in future; the HORNBAACH Group is currently preparing for these.

### 2.2.2 Management approach and measures

For us, the basic requirements of social responsibility include acknowledgement of international standards as codified in the conventions of the International Labour Organization (ILO). ILO requirements form one basis for the audit catalog used in the factory audits HORNBAACH commissions. Timber is a commodity of particularly great importance for the Group's product range. HORNBAACH's CSR Policy requires that we exclusively procure tropical timber certified by the Forest Stewardship Council (FSC) or timber from sustainable and responsible European production. This is intended to ensure that the social welfare and work safety standards set out in the CSR Policy and the CSR Standards for Suppliers are complied with in the production of the timber. To document the source of the timber used and identify timber products from illegal or disputed sources, HORNBAACH works closely with suppliers, particularly in the context of its involvement in the FSC, as well as with environmental protection organizations. Independent tests performed in the recent past, for example, have repeatedly indicated that non-certified charcoal products are often linked to deforestation or precarious social conditions. To account for this, in the 2019/20 financial year HORNBAACH Baumarkt AG converted its range of charcoal products and now only sells FSC-certified charcoal and barbecue briquettes. HORNBAACH Baustoff Union followed its example in the 2020/21 financial year. Furthermore, when importing natural stones HORNBAACH ensures that these come from companies that can document their compliance with international social welfare and work safety standards in regular factory audits.

To monitor the supply chain, the HORNBAACH Baumarkt AG subgroup works with an early-warning risk detection CSR system ("CSR map"). This system on the one hand includes the article master data for HORNBAACH's DIY product range, as well as supplier audit reports. On the other hand, it provides country-specific information, including corruption indices, environmental indices, and social welfare indices. Based on this data,



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2.3 Product responsibility



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it is possible to perform a risk assessment of individual articles. Not only that, the CSR map is also connected to a news system that processes items of news in real time. The news items are presented in relationship to the products, factories, and suppliers entered in the system. This way, potential interruptions and CSR-related risks in the supply chain can be rapidly detected and avoided or reduced.

The HORNBAACH Group commissions standardized audits, mainly of production sites for the products which HORNBAACH stocks as private label products or imports directly from non-EU countries. Upon the preparation of this report, at its HORNBAACH DIY stores and garden centers and the online DIY shops the HORNBAACH Baumarkt AG subgroup stocked 53 private labels from across all five product divisions. These accounted for around 24% of total sales. Compared with its sister company HORNBAACH Baumarkt AG, the HBU subgroup has a significantly lower share of imports and private labels. As of the reporting date, HBU stocked three private labels mainly focusing on product ranges for garden landscaping (natural stones, construction chemicals), plaster, and thermal insulation systems and tiles.

The factory audits are conducted by certified, accredited, and independent audit institutes on a regular basis for each production site. Successful audits are then valid for one year, with a renewed audit subsequently commissioned. The key focus of the audit is to check compliance with environmental, social, and anticorruption standards. Should any failure to comply with these standards be identified, then an action plan is agreed with the respective supplier. The identification of severe infringements would lead to the business relationship being terminated. Merchandise orders may only be placed with those private label and import suppliers that meet HORNBAACH's criteria and pass all factory audits. Compliance with requirements in the order process is safeguarded by our SAP QM system and managed by the "Quality Management and Environment" department. Audits are commissioned and monitored, also for HBU, by the HORNBAACH Baumarkt AG subgroup.

### 2.2.3 Target achievement status

On the level of the HORNBAACH Baumarkt AG subgroup, a total of 432 factory audits were conducted, mainly at suppliers of private label products and of products directly imported from non-EU countries, in the 2021/22 financial year (2020/21: 413). In the year under report, there were no cases (2020/21: 0) in which the subgroup was required to terminate the business relationship with the supplier as a result of these audits.

Due to the coronavirus pandemic, the HORNBAACH Baustoff Union GmbH subgroup did not perform any factory audits at private label suppliers in the past financial year. HBU also did not report any cases in the 2021/22 year under report in which the subgroup was required to terminate the business relationship with its supplier on account of an audit (2020/21: 0).

## 2.3 Product responsibility

### 2.3.1 Targets and strategy

Product responsibility is one of the bases of our business success. One key aspect of this responsibility involves product quality, a factor which makes a key contribution to customer satisfaction and loyalty. As a sustainable retailer, our aim here is therefore to ensure that all products sold by HORNBAACH are of flawless quality. Furthermore, we believe that responsible procurement and sustainable product features (water-saving, energy-saving, etc.), a factor which also includes environmentally compatible packaging and product disposal, play an ever more important role in how customers perceive companies and therefore constitute further relevant aspects of our product responsibility.



Our product responsibility particularly relates to private label products, as well as to other imported articles and articles including the commodities of timber and natural stone. Not only that, defective products also pose a risk to the retailer's reputation. We therefore make every effort to ensure the flawless quality of our entire product range.

### 2.3.2 Management approach and measures

HORNBAACH's quality management covers the entire procurement chain, particularly in the case of imported and private label products.

At the HORNBAACH Baumarkt AG subgroup, these activities are located in organizational terms at the "Quality Management and Environment" department. At HORNBAACH Baustoff Union GmbH, responsibility lies with the procurement departments. The operating units perform the following trial-sample product checks either themselves or by commissioning external service providers. These are intended to safeguard the highest possible level of product quality:

- Merchandise inspection both during production and prior to shipment
- Supervising the loading of merchandise into containers
- Merchandise inspection once the containers arrive at our logistics centers.

The HORNBAACH Baumarkt AG subgroup also tests products in terms of safety, contaminants, and suitability for use with the assistance of independent, accredited, and certified testing institutes and regularly has checks performed on samples from its HORNBAACH DIY stores and garden centers. Further tasks include complaints monitoring and product recalls, for example when defects arise in products already in circulation. Furthermore, the quality management team monitors compliance with the European chemicals regulation (REACH Regulation), which governs the registration, evaluation, authorization, and restriction of chemicals. These include hazardous substances and so-called substances of concern. Moreover, quality management is also responsible for compliance with the European RoHS Directive (Restriction of Hazardous Substances), which restricts and governs the use of specific hazardous substances in electrical and electronic appliances.

### 2.3.3 Target achievement status

In the 2021/22 financial year, quality management staff at HORNBAACH Baumarkt AG and accredited, certified, and independent audit institutes performed 915 (2020/21: 1,086) product quality tests (safety, contaminants, suitability for use) and 2,183 (2020/21: 2,347) article acceptance audits. Together, these correspond to 3,542 person-days (2020/21: 4,037) performed by independent audit institutes on behalf of HORNBAACH. The number of these tests is dependent in each case on order volumes.

Due to the pandemic, the company made it possible once again in 2021/22 for individual suppliers to perform their own self-inspections. To be eligible, business partners had to have enjoyed a long-term and stable relationship with HORNBAACH, showed no or only few defects in previous audits, and thus have a good reputation. Inspection forms, documentary photographs, and letters of guarantee have been received from 23 suppliers (2020/21: 20).



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2.2 Responsible  
procurement

## 2.4 Employer attractiveness

### 2.4.1 Targets and strategy

We are convinced that highly motivated employees are the basis for the company's success. Particularly sales staff and advisors at our DIY stores with garden centers and our builders' merchant outlets play a key role in influencing the satisfaction of our customers. For HORNBACH, a corporate culture which is characterized by open communications, mutual appreciation, and diversity is therefore a basic requirement for upholding a high level of commitment among employees.

As a Group with operations across Europe and employees from more than 100 countries, we attach priority to creating a working environment that is free of prejudice. Ethnic origin, gender, age, physical restrictions, and religious affiliation are not important to us. The only qualities that count are specialist competence, commitment, and team spirit.

### 2.4.2 Management approach and measures

HORNBACH is convinced that all business relationships are based on trust. Trust is a core message in the HORNBACH Foundation and thus shapes our work relationships. It is indispensable for ensuring a high level of satisfaction and identification among the company's employees. The measures to uphold and increase our attractiveness as an employer are managed by the respective Personnel Departments at HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH.

Our workforce structure data is presented in summarized form in the following table:

	2021/22	in %	2020/21	in %
<b>Employees (headcount)</b>	<b>24,268</b>	-	<b>23,279</b>	-
of which in Germany	13,379	55.1	12,991	55.8
of which outside Germany <sup>3)</sup>	10,889	44.9	10,288	44.2
of which women	10,077	41.5	9,650	41.5
of which men	14,163	58.4	13,629	58.5
of which aged up to 30 years	6,315	26.0	6,230	26.8
of which aged 31-50 years	11,433	47.1	11,028	47.4
of which aged over 50 years	6,492	26.8	6,021	25.9
of which part-time	6,158	25.4	6,005	25.8
of which with a temporary employment contract	5,543	22.8	4,815	20.7

<sup>3)</sup> No structural data are available for the employees of HORNBACH Baustoff Union in France (28 employees).

Fair remuneration is a component of any trust-based work relationship. HORNBACH ensures that its employees receive pay in line with customary market rates in all of its regions. In those regions where collectively agreed payment rates are in place for the retail sector, i.e. in Germany, Austria, the Netherlands, and Sweden, at its HORNBACH stores HORNBACH Baumarkt AG voluntarily and comprehensively bases its remuneration on the respective collectively agreed rates. The collectively agreed rates for retail employees also apply to employees within HORNBACH's logistics. Overall, this means that around 75 % of HORNBACH's employees are paid at or above the collectively agreed rates.

HORNBACH offers its (full-time and part-time) employees numerous additional benefits in all nine countries in which it operates. In nearly all regions, these include profit sharing, payment of vacation and/or Christmas allowances, and the opportunity to participate in a company pension scheme that is also subsidized by the employer. The company grants parental leave in accordance with statutory requirements in all the countries in which it operates. Through to 2021/22, employees at the HORNBACH Baumarkt AG subgroup also had the



opportunity to purchase employee shares in HORNBACH Baumarkt AG once a year on subsidized terms. Due to the delisting of HORNBACH Baumarkt AG as of February 28, 2022, the employee participation program will be newly inceptioned. In future, all employees of the HORNBACH Group should have the opportunity to purchase shares in HORNBACH Holding AG & Co. KGaA on subsidized terms. Furthermore, each country company offers further additional benefits, also in line with the practices typical to the respective country and its legal framework.

Employees at the Group's administration locations have flexible working hour models. Flextime is possible at all locations; in some cases and in liaison with their respective managers, however, employees have to be present for core working hours. Driven in particular by the coronavirus pandemic, the options for mobile work have been significantly extended and were widely drawn on by the predominant share of our administration employees. These options were put to intensive use in accordance with the recommendations made by the respective national and state governments.

Employees at HORNBACH's DIY stores and garden centers have shift-based working hours, mostly in three shifts, as do employees at the outlets of HORNBACH Baustoff Union GmbH. Here too, we are making efforts to enable our employees to structure their working hours flexibly to the extent permitted by organizational requirements and the legal framework. In some countries, for example, employees are able to structure their weekly working hours in four rather than five days or to amend their weekly working hours in line with their requirements. Part-time models are in place across the Group. All employees with work time accounts can have their work time digitally recorded down to the nearest minute. This provides them with flexibility in building up or reducing overtime. This possibility does not apply to managers from a specific functional level upwards. Weekly working hours depend on the work time regulations typical to the respective country.

At HORNBACH Baumarkt AG in Germany, the appropriate representation of employees is safeguarded with our General Works Council, works councils at nearly all German locations, and equal representation of employees and shareholders on the Supervisory Board. Consistent with the German Works Council Constitution Act, we cooperate with all works councils on a basis of trust. Employee representation is also in place in Luxembourg, the Netherlands, and Sweden.

To offer employees a neutral point of contact, HORNBACH has created the position of ombudsman. He acts as contact partner to all HORNBACH employees in difficult situations. His main job is to act as an intermediary and arbitrator in misunderstandings and conflicts. This neutral point of contact is used by employees from across the Group and has met with high acceptance levels.

### 2.4.3 Target achievement status

To measure and manage employer attractiveness, we refer to the personnel turnover rate as a quantitative indicator. In the year under report, the personnel turnover rate, defined as terminations (employee and employer) in relation to the average number of employees in the financial year, amounted to 14.9% (2020/21: 10.8%). In the financial year under report, three incidents of discrimination were identified in the form of infringements of the German General Equal Treatment Act (AGG).



## 2.5 Employee recruitment and development

### 2.5.1 Targets and strategy

Given our strategic focus on project customers at our DIY stores and garden centers and on commercial customers at our builders' merchant outlets, we have a great requirement for well-informed employees who are able to competently support our customers in complex construction and renovation projects. High-quality advice and service play a key role in determining the satisfaction of our customers and the Group's business performance and situation. Specialist staff in the stationary business therefore have to be familiar with the products offered within their area of activity and their uses, and must also be promptly trained when new models are introduced.

Where possible, key positions and management positions becoming vacant should be filled with internal candidates. By offering a range of development measures, we aim to act early to prepare suitable employees in a forward-looking manner for future management responsibility. For key forward-looking topics, the company also relies on targeted recruitment on the free labor market.

A further declared aim of HORNBAACH is to retain a large number of experienced employees at the company. Both the company and its customers benefit from the longstanding experience these employees have of HORNBAACH's product range and services.

Given low unemployment rates across large parts of Europe, recruiting new employees is a challenge. Moreover, the trend towards studying for a university degree is continuing and has exacerbated the already low attractiveness of the retail sector. As well as ensuring good working conditions (cf. Employer attractiveness), it is therefore essential for us to provide all employees with attractive opportunities for further training and development.

### 2.5.2 Management approach and measures

We recruit a large share of our fresh talent from HORNBAACH's training and study programs. We basically train the right number of people to cover our own requirements. This way, we ensure that all trainees and participants in dual work-study programs have good chances of being accepted by the company once they have successfully completed their training or study program. Recruitment is managed on a decentralized basis in line with requirements at individual locations. In selecting suitable applicants, the operating units are assisted by the relevant personnel department.

We aim to adapt the range of training positions on offer to current requirements in both quantitative and qualitative terms. To cover our need for personnel we work closely together, for example, with Chambers of Industry and Commerce (IHK), colleges offering dual work-study programs, and various cooperation partners in other European countries.

In training the next generation of suitably qualified staff, we benefit from the high quality standards offered by the dual vocational training system in Germany, among other factors. The HORNBAACH Baumarkt AG subgroup also works with comparable dual work-study training programs in Austria and Switzerland. Not only that, in Romania we are working with other retailers and the International Chamber of Commerce to permanently establish a dual vocational training system. HORNBAACH does not offer comparable training schemes in the other countries in which it operates.

We also access potential applicants by participating in recruitment fairs and applicant training programs across Europe in cooperation with local or regional organizations, as well as with our presence in numerous digital media.

Our new hire structure data is presented in summarized form in the following table:

	2021/22	in %	2020/21	in %
<b>Newly hired employees</b>	<b>6,194</b>	-	<b>5,490</b>	-
of which in Germany	2,505	40.4	2,517	45.8
of which outside Germany	3,689	59.6	2,973	54.2
of which women	2,373	38.3	1,918	34.9
of which men	3,820	61.7	3,572	65.1
of which aged up to 30 years	3,354	54.1	3,142	57.2
of which aged 31 to 50 years	2,078	33.5	1,768	32.2
of which aged over 50 years	762	12.3	580	10.6



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**2.4 Employer attractiveness  
2.5 Employee recruitment  
and development**

Practical knowledge about the products and their applications is communicated in practical and product-based training sessions offered in cooperation with suppliers. In addition, HORNBAACH offers its own product and project-based training at on-site events or by video or print media. HORNBAACH Baustoff Union GmbH offers regular module training for its total of more than 130 professional drivers. Where necessary, it also enables further employees to acquire their professional driving qualification.

Working together with Chambers of Industry and Commerce, we enable our employees to participate in certified training programs. These include qualification as a retail specialist, for example. Furthermore, internal and external seminars are also offered across the Group. These employee development measures are managed by the relevant personnel departments at HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH. In the year under report, a total of 365 virtual product and other training sessions were held at HORNBAACH Baumarkt AG (2020/21: 380), while 91 employees took part in certified training programs (2020/21: 138).

We prepare upcoming management staff at the HORNBAACH Baumarkt AG subgroup for their new tasks with a separate training program. To this end, qualification modules have been developed for all store management positions. HORNBAACH offers corresponding development opportunities to employees at its central administration departments and logistics centers as well. These management training sessions were attended by 309 employees (2020/21: 294). Of the 177 management positions (2020/21: 153) filled in the year under report, 112, or 63.3 %, were occupied with internal employees (2020/21: 114).

By holding regular meetings between HORNBAACH managers and their employees, we aim to help make sure that all employees can develop their skills further in line with their needs and strengths. We believe that offering individual development opportunities is an effective way to boost employees' commitment to HORNBAACH.

### 2.5.3 Target achievement status

We collect quantitative key figures on trainees and current vacancies. We do not have any specific targets in respect of the key figures thereby collected. The recruitment of new employees is always based on current requirements.

The figures below include trainees at the HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH subgroups in Germany, Austria, Switzerland, and Luxembourg.

In the 2021/22 financial year, HORNBACH employed 1,048 trainees and participants in dual work-study programs (2020/21: 1,055). A group-wide total of 401 trainees completed their training in the year under report (2020/21: 405); this corresponds to 38.3% (2020/21: 38.4%). A total of 265 trainees were accepted for regular employment or for a third year of training (2020/21: 275); this corresponds to an acceptance rate of 66.1% (2020/21: 67.9%).

The structure data for trainees and participants in dual work-study programs at the HORNBACH Group is summarized and compared with the previous year's figures in the following table:

	2021/22	in %	2020/21	in %
<b>Total number of trainees and participants in dual work-study programs</b>	<b>1,048</b>	-	<b>1,055</b>	-
of which in Germany	796	76.0	792	75.1
of which outside Germany	252	24.0	263	24.9
<b>Training completed in year under report</b>	<b>401</b>	<b>38.3</b>	<b>405</b>	<b>38.4</b>
of which accepted for regular employment or for a third year of training	265	66.1	275	67.9

As training needs may vary over time, the company does not have any quantitative targets to measure employee development.

## 2.6 Employee health

### 2.6.1 Targets and strategy

Healthy and motivated employees form the basis for the company's success. It is therefore important to the company that its employees should comply with safety measures, be circumspect when at work, and familiarize themselves with any hazards. In our work environment, it is just as important to be alert as it is to wear personal protective equipment.

Health protection is an established aspect of our daily work at the company and ranges from identifying the causes of any accidents, taking suitable preventive measures, through to effectiveness checks. The mental health of our employees is also increasingly in focus, not least due to the additional burdens placed on them by the periods of uncertainty during the coronavirus pandemic, lockdowns, and restrictions on contact. The company has set itself the explicit target of protecting not only the physical integrity, but also the mental health, of its workforce.

### 2.6.2 Management approach and measures

The work safety department coordinates all health protection measures in place across the Group. The respective store manager or location director is responsible for implementing these measures. Consistent with legal requirements, HORNBACH has also formed a Work Safety Committee comprising representatives of the operating locations and the works council (where applicable), as well as the company physician and occupational health and safety specialists. The Work Safety Committee meets once a quarter and discusses strategies, measures, and current incidents.

The basic principles of safe conduct and work are summarized in HORNBACH's Safety Manual. This serves as a basis for annual instruction sessions and is made available as a point of reference to all of the company's employees in Germany. For the other countries in which HORNBACH operates, the Safety Manual serves as a minimum standard and can be supplemented with country-specific aspects. This also applies when local legislation permits lower safety standards. Those employees who are exposed to specific risks on account of



their activities receive regular training relevant to their activity. Additional instruction is provided in the event of accidents or other safety-relevant incidents.

Safety officers have been appointed from among the workforce at all operating units (DIY stores and garden centers, HBU outlets, and logistics centers). One example of their responsibilities is a monthly inspection of the relevant site. The Group also has a fire protection officer who is in turn supported by fire protection assistants at all locations. Additional functions, such as evacuation assistants and first-aid specialists, are also covered within the organization. Employees performing these functions receive regular training, as a minimum every three years.

A risk assessment has to be performed and documented at least once a year. Additional event-specific risk assessments are required, for example when conversion measures are implemented, new work equipment is introduced, and when changes arise in employees' performance capacity.

HORNBACH provides all of its employees with the personal protective equipment they need for their roles, such as gloves, protective shoes, ear protection, safety glasses, safety knives, and back support belts. For lifting and carrying heavy goods, work equipment such as floor conveyors and lift trucks are available. These topics are particularly relevant to employees in the operating units. Alongside these, there is the matter of ergonomic setups for computer screen workplaces. Here, special recommendations are available for HORNBACH employees who are also able to perform their work on a mobile basis. To reduce psychological strain, training is offered to all employees via "HORNBACH Campus", the company's internal learning platform. A team from work safety and HR is currently compiling further concepts and programs in cooperation with the company physician and medical service.

### **2.6.3 Target achievement status**

No quantitative targets are in place to measure employee health. The number of work-related accidents requiring report (>3 workdays lost) amounted to 749, resulting in an accident incident rate (accidents per 1,000 employees) of 32.5. The accident rate relates to 23,026 active employees (excluding Hong Kong and Hornbach Baustoff Union in France). There were no fatal accidents. The sickness rate at the HORNBACH Baumarkt AG Group stood at an annual average of 8.2 percent (2020/21: 8.0%).

## **2.7 CO<sub>2</sub> emissions**

### **2.7.1 Targets and strategy**

HORNBACH is committed to combating climate change and takes responsibility for the emissions directly and indirectly resulting from its business activities. The largest share of the CO<sub>2</sub> emissions we are able to influence directly relate to the operation of our retail outlets and logistics locations. We measured the CO<sub>2</sub> footprint of our stores and logistics centers, as well as of the vehicles and equipment we ourselves operate (Scopes 1 and 2) at the HORNBACH Group, for the first time for the 2021/22 financial year. On this basis, we will identify potential reductions in the current financial year.

### **2.7.2 Management approach and measures**

CO<sub>2</sub> emissions resulting from the operation of proprietary stores and logistics centers can largely be reduced by consuming less energy. In recent years, HORNBACH has saved substantial volumes of energy by deploying smart lighting management and building control technology, as well as by converting nearly all stores and logistics centers to LED lighting. Furthermore, the forklift truck fleet at the logistics centers has been updated, leading to a significant reduction in the volume of energy consumer per truck. These measures are already reflected in the energy consumption figures for the 2021/21 base year.

The CO<sub>2</sub> emissions calculated for 2021/22 are presented in the following table.

Greenhouse gas emissions in tonnes of CO <sub>2e</sub>	2021/22	2020/21
<b>Scope 1<sup>1)</sup></b>	<b>40,308</b>	<b>32,185</b>
Natural gas	25,791	21,736
Heating oil	2,725	2,462
Vehicle pool	11,792	7,987
<b>Scope 2 (market-based)<sup>2)</sup></b>	<b>35,113</b>	<b>39,767</b>
Electricity	30,046	35,634
District heating	5,067	4,133
<b>Scope 2 (location-based)<sup>3)</sup></b>	<b>46,557</b>	<b>51,012</b>
<b>Total greenhouse gas emissions Scopes 1 and 2 (market-based) in tonnes</b>	<b>75,421</b>	<b>71,951</b>
<b>Greenhouse gas emissions Scopes 1 and 2 (market-based) per m<sup>2</sup> of sales area<sup>4)</sup> in kg, market-based, excluding vehicle pool</b>	<b>26.79</b>	<b>27.87</b>

<sup>1)</sup> Excluding coolants

<sup>2)</sup> Market-based figures refer to emission factors at the electricity supplier.

<sup>3)</sup> Location-based figures refer to average emission factors for the region (country) in which the electricity is consumed.

<sup>4)</sup> DIY stores and logistics: BHB definition (closed hall 100%, roofed-over open space/building material drive-in: 50%, uncovered open space: 25%), administration: gross floor space, HBU: heated surfaces

### 2.7.3 Target achievement status

Based on the CO<sub>2</sub> measurement introduced for Scopes 1 and 2 in the year under report, reduction measures and quantitative measures will now be defined in the current 2022/23 financial year.

## 2.8 Disposal and recycling

### 2.8.1 Targets and strategy

For HORNBAACH as a retail company, the resources used to transport and package products are indispensable. By ensuring that these materials are handled in resource-effective ways, HORNBAACH is making an active contribution to building a circular economy. We aim to use as little packaging material as possible for our private label products and our own imports and to design unavoidable packaging in such a way that it is as fully recyclable as possible.

In our business operations, we have adopted an end-to-end waste concept which promotes the separation and thus recycling of resources as secondary resources while simultaneously minimizing the volume of non-recyclable materials. Furthermore, we pursue various approaches to manufacture new products directly from our waste. In the year under report, we succeeded in this for the first time in cooperation with suppliers. We aim to expand this commitment. Given the consistent rise in disposal costs, we see well-considered resource management as indispensable.

To promote the environmentally-compatible disposal of the products we sell, we provide all our customers across the Group with the opportunity to return and dispose of lighting materials, old electrical appliances, waste oil, and batteries.

### 2.8.2 Management approach and measures

To simplify disposal and gain a precise overview of all material flows, HORNBAACH operates its own online recycling portal that is currently used by 315 points of contact at HORNBAACH Baumarkt AG in six countries and at HORNBAACH Baustoff Union. Each location connected to the portal has an overview of all waste classes and

is able to commission professional disposal services exactly when required. The portal also serves to manage collection of proprietary resources by HORNBAACH's fleet of "Resource Liners".

In 2014, we began the proprietary collection of resources from our stores using our HORNBAACH "Resource Liners". These now travel across large parts of Germany, the Netherlands, Luxembourg, and Switzerland. By consistently gathering waste from all sources, we are able to collect large quantities of resources at the stores and then to deliver them to the desired recycling locations, such as paper factories. This way, HORNBAACH can on the one hand ensure that further processing of the resources takes place directly. On the other hand, this approach also reduces disposal charges. A further benefit is that these trucks, when they are not loaded with resources, can be integrated into the store delivery network. This way, empty runs can be avoided and stores that are in any case located on the trucks' disposal routes can be supplied with the necessary merchandise. To minimize the number of runs as far as possible, the HORNBAACH stores and logistics centers work with baling presses for the high-volume waste classes of paper and plastics.

In the year under report, the company disposed of the following volumes of waste and resources via the waste points connected to the disposal portal. The HORNBAACH locations in Romania, Slovakia and the Czech Republic, as well as the central warehouse in Soltau (Germany), are currently not connected to the supply portal.

Resources in tonnes (rounded total)	2021/22
Plastics	2,800
Paper, paperboard, cardboard	11,700

Waste in tonnes (rounded total)	2021/22
Waste for recycling	9,000
Old paint, old varnish (containing dispersion and solvents)	340
Waste metal & aluminum	2,800
Rubble (pure)	16,000
Electrical waste (small appliances, large appliances, cooling appliances, lighting materials)	650
Gypsum-based waste	2,800
Timber (A1 - A3)	35,000
Compost material / green waste	3,100

Within the product development process, in the 2021/22 financial year we stepped up our efforts to reduce the volume of packaging used for private label products and proprietary import articles. Where this is not possible, we are working on more environmentally-friendly alternative solutions. One special focus in the year under report was on reducing the volume of plastic packaging and packaging material within our proprietary sales packaging. A further target is to replace packaging made of paper-plastic composites with packaging made of just one material. Optimization measures are implemented on a gradual basis in line with scheduled product range revisions. The licensing of packaging materials is managed on a Group-wide basis by the central administration in Germany.

### 2.8.3 Target achievement status

No quantitative targets are in place to measure waste reduction. In the year under report, HORNBAACH Bau- markt AG managed to exploit potential savings for plastics in particular - on the one hand by leaving out packaging components and on the other by completely revising individual product packaging lines in terms of the materials and design used.

## 2.9 Compliance

Our compliance-related objectives, measures, and results are presented in the Corporate Governance Statement, Chapter 6.2 Compliance, of the HORNBAACH Holding AG & Co KGaA Group. This chapter forms part of the Non-Financial Group Report.

Neustadt an der Weinstrasse, May 11, 2022

HORNBAACH Holding AG & Co. KGaA  
represented by its general partner HORNBAACH Management AG,  
represented by its Board of Management

Albrecht Hornbach

Karin Dohm

## Limited assurance report of the independent practitioner regarding the non-financial statement

To HORNBAACH Holding AG & Co. KGaA, Neustadt an der Weinstrasse

### Our Engagement

We have performed a limited assurance engagement on the separate consolidated non-financial report of HORNBAACH Holding AG & Co. KGaA, Neustadt an der Weinstraße, (hereafter referred to as “the Company”) for the financial year from 1 March 2021 to 28 February 2022 (hereafter referred to as “non-financial statement”).

### Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial statement in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as “EU Taxonomy Regulation”) and the delegated acts adopted thereon, as well as with their own interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section “EU Taxonomy” of the non-financial statement.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the non-financial statement and the use of assumptions and estimates for individual non-financial disclosures of the Group which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a non-financial statement that is free from material misstatement due to fraudulent behaviour (manipulation of the non-financial statement) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section “EU Taxonomy” of the non-financial statement. They are responsible for the reasonableness of this interpretation. As there is the inherent risk that indefinite

legal concepts may allow for various interpretations, the legal conformity of the interpretation is prone to uncertainty.

The preciseness and completeness of the environmental data in the non-financial statement is subject to inherent restrictions resulting from the manner in which the data was collected and calculated as well as from assumptions made.

### **Independence and Quality Assurance of the Audit Firm**

We have complied with the German professional requirements on independence and other professional rules of conduct.

Our firm applies the national statutory rules and professional announcements – particularly of the “Professional Charter for German Public Auditors and German Sworn Auditors” (BS WP/vBP) and of the IDW Quality Assurance Standard “Quality Assurance Requirements in Audit Practices” (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW) and does therefore maintain a comprehensive quality assurance system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

### **Responsibilities of the Practitioner**

Our responsibility is to express a conclusion on the non-financial statement based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial statement of the Company, with the exception of the external sources of documentation or expert opinions referenced therein, has not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section “EU Taxonomy” of the non-financial statement.

The procedures performed in a limited assurance engagement are less in extent than in a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner’s professional judgment.

Within the scope of our limited assurance engagement, which we performed primarily during the months from February to May 2022, we performed, among others, the following procedures and other work:

- Obtaining an understanding of the structure of the Group’s sustainability organisation and of the stakeholder engagement,
- Interviewing relevant employees involved about the process of preparation, including the arrangements and measures in place, for the preparation of the non-financial statement as well as about disclosures contained in the non-financial statement,
- Identification of probable risks of material misstatements in the non-financial statement,
- Analytical evaluation of selected disclosures contained in the non-financial statement,
- Cross validation of selected disclosures and the corresponding data in the consolidated financial statements as well as in the group management report,
- Evaluation of the presentation of the non-financial statement,

- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the non-financial statement.

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

#### **Practitioner's Conclusion**

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of the Company for the financial year from 1 March 2021 to 28 February 2022 has not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU Taxonomy" of the non-financial statement.

#### **Restriction of Use**

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of 1 January 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was performed for the purposes of the Company and the report is solely designed for informing the Company about the findings of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Hence, this report should not be used by third parties as a basis for any (asset) decision.

We are liable sole to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Düsseldorf/Germany, 11 May 2022  
Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

(Patrick Wendlandt)  
Wirtschaftsprüfer

(Sebastian Dingel)