

## Corporate Governance Statement

Our actions are guided by the principles of responsible, transparent corporate management and control (corporate governance). HORNBAACH has always accorded priority to high-quality corporate governance. It forms the basis for sustainable economic success and helps us to enhance the trust placed in our company by our customers, business partners, investors, employees, and the financial markets. In what follows, you will find the Corporate Governance Statement pursuant to § 289f and § 315d of the German Commercial Code (HGB). The Corporate Governance Statement forms the core of our reporting on corporate governance (cf. Principle 22 of the German Corporate Governance Code dated December 16, 2019 and published in the Federal Official Gazette on March 20, 2020). The Corporate Governance Statement forms part of the Combined Management Report pursuant to § 289f and § 315d HGB.<sup>1</sup>

### 1. Declaration of Conformity with the German Corporate Governance Code dated December 2020 pursuant to § 161 AktG

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

#### I. Preliminary remarks

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

#### 1. Management

Many of the 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, in this case HORNBAACH Management AG.

#### 2. Supervisory Board

The Code recommendations concerning the Supervisory Board also do not account for the legal form of a KGaA, where the rights and obligations of the Supervisory Board differ from those at an AG. Specifically, the Supervisory Board of a KGaA does not have any personnel competence in respect of any Board of Management at the general partner 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. These include the adoption of the company’s annual financial statements.

<sup>1</sup> The Corporate Governance Statements pursuant to § 289f and § 315d HGB constitute an unaudited component of the Combined Management Report pursuant to § 317 (2) Sentence 6 HGB.

## II. Declaration in respect of the DCGK in the version dated February 7, 2017

The company basically complied with the recommendations of the Code in the version dated February 7, 2017 and published in the Federal Official Gazette on April 24, 2017 since the submission of its previous Declaration of Conformity in December 2019 through to the publication of the DCGK in its version dated December 16, 2019 and published in the Federal Official Gazette on March 20, 2020.

No application was made of the recommendations in Points 3.4 (1) Sentence 3, 3.8 (3), 4.1.3 Sentence 2, 4.1.5 Sentence 1, 4.2, 4.3, 5.1.2, and 5.2 (3). These deviations from the recommendations are due to the following considerations:

### a) Point 3.4 (1) Sentence 3:

The KGaA does not have a Board of Management. By resolution dated October 9, 2015, the Supervisory Board laid down the general partner's disclosure obligations in a code of procedure.

### b) Point 3.8 (3):

In Point 3.8 (3), the Code recommended agreeing a specified deductible in any D&O insurance policy taken out for the Supervisory Board. No such deductible has been agreed at the expense of Supervisory Board members. This would reduce the attractiveness of Supervisory Board activities, and thus also the company's chances in the competition to attract qualified candidates. The recommendation made in Point 3.8 (3) was therefore not followed.

### c) Point 4.1.3 Sentence 2:

According to Point 4.1.3 Sentence 2, the Board of Management should institute appropriate measures reflecting the company's risk situation (compliance management system) and disclose the main features of those measures. The KGaA does not have a Board of Management. Irrespective of this, the company has a compliance management system and discloses its main features.

### d) Point 4.1.5 Sentence 1:

According to Point 4.1.5 Sentence 1, when appointing the company's executives the Board of Management should consider diversity and in particular endeavor to achieve the appropriate consideration of women for such positions. The KGaA does not have a Board of Management.

### e) Point 4.2:

In Point 4.2, the Code made several recommendations concerning the composition and remuneration of the Board of Management. The KGaA does not have a Board of Management. The Supervisory Board of HORN-BACH Holding AG & Co. KGaA has no responsibility for appointing and dismissing the members of the Board of Management at the general partner, HORN-BACH Management AG, or for specifying their contractual terms and conditions.

### f) Point 4.3:

In Point 4.3, the Code made several recommendations concerning the treatment of conflicts of interest 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, transactions with persons and companies closely related to such and any sideline activities are dealt with by the general partner. Pursuant to § 8 (1) Sentence 2 of the Articles of Association, however, the Supervisory Board represents the company in its dealings with the general partner in respect of all transactions.

**g) Point 5.1.2:**

The KGaA does not have a Board of Management. The Supervisory Board of a KGaA does not have any personnel competence in respect of the Board of Management of the general partner.

**h) Point 5.2 (3):**

The KGaA does not have a Board of Management. The Supervisory Board Chairman nevertheless maintained contact with the general partner and informed the Supervisory Board and would, if necessary, also have convened extraordinary meetings for this purpose.

**III. Declaration in respect of the DCGK in the version dated December 16, 2019****1. Future-related section**

The company will in future basically comply with the recommendations of the Code in the version dated December 16, 2019 and published in the Federal Official Gazette on March 20, 2020 with the exception of the deviations listed below.

No application is made of the following recommendations: A.1, A.2, B.1 to B.5, D.6, E.2, E.3, G.1 to G.13, G.15, and G.16. These deviations from the recommendations are due to the following considerations:

**a) Recommendation A.1:**

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:**

According to Recommendation A.2, the Board of Management should institute an appropriate compliance management system 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:**

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.6:**

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 December 16, 2019 and published in the Federal Official Gazette on March 20, 2020 with the exception of the deviations already stated and substantiated for the future in Section III.1 above.

Furthermore, the company did not comply with the new Recommendation D.1 Clause 2, according to which the Supervisory Board should publish its rules of procedure on the company's website. The Supervisory Board did not deem this necessary and viewed its rules of procedure as an internal matter. In addressing the first Declaration of Conformity with the Code in its version dated December 16, 2019, the Supervisory Board nevertheless decided to comply with the recommendation to publish the rules of procedure and initiated the publication of such.

Bornheim bei Landau, December 2020

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

The above Declaration of Conformity dated December 2020 has been published on our website together with all earlier Declarations of Conformity and is also available as a download.



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

HORNBACH Holding AG & Co. KGaA, based in Neustadt an der Weinstrasse, is a partnership limited by shares (KGaA). Like a stock corporation, the KGaA is a corporation whose capital is divided into shares. Like a stock corporation, the KGaA is thus suited to a broad group of investors and to simple tradability of its shares. Like a limited partnership, the KGaA has two different groups of shareholders, the personally liable shareholder(s) on the one hand and limited shareholders on the other. HORNBACH Holding AG & Co. KGaA is governed by the requirements of German law and the provisions of its Articles of Association.

**1.1 Share capital and share class**

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

**1.2 Group management and supervisory structure and bodies**

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



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

### 1.2.1 General partner

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. Pursuant to the Articles of Association, the authorization of the general partner to manage the business also extends to exceptional management measures not requiring the approval of limited shareholders at the Annual General Meeting.

The general partner does not participate either in the profit or loss or in the assets of the KGaA. The general partner is required to report regularly to the Supervisory Board of the KGaA.

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

### 1.2.2 Supervisory Board

The supervisory board of a KGaA is essentially constituted in the same way as that of a stock corporation (AG). The Supervisory Board of HORNBAACH Holding AG & Co. KGaA is obliged to supervise the company's management. However, it is not entitled to appoint the board of management of the general partner. Furthermore, as a general rule the supervisory board of a KGaA may not issue any code of procedure for the management or compile any list of transactions requiring its approval. Like at a stock corporation, members of the supervisory board are elected by the annual general meeting.

### 1.2.3 Annual General Meeting

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

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

The requirements governing the preparation and execution of the Annual General Meeting are basically analogous to those at stock corporations. Pursuant to the Articles of Association, the meeting is generally chaired by the Supervisory Board Chairman.

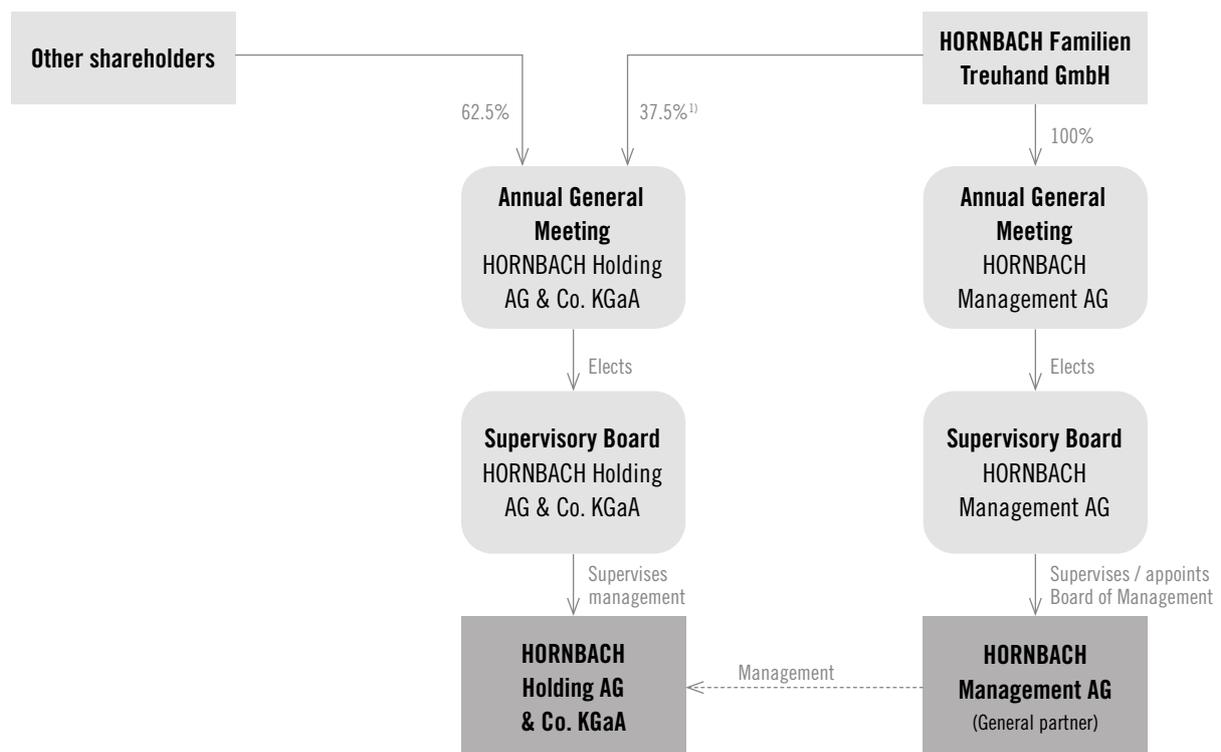
Unlike at the annual general meeting of a stock corporation, subject to the approval of the general partner the Annual General Meeting of HORNBAACH Holding AG & Co. KGaA also resolves on the adoption of the annual financial statements. The Annual General Meeting also decides on the appropriation of net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

Consistent with legal requirements, resolutions adopted by the Annual General Meeting require the approval of the general partner unless this is prohibited from voting on the individual matter in hand. This approval requirement applies to all matters for which the limited partnership requires the approval both of its general partner and of its limited shareholders. Resolutions adopted by the Annual General Meeting to amend the Articles of Association and other fundamental resolutions therefore basically require the approval of the general partner. At the Annual General Meeting, the general partner declares whether it approves the resolutions or intends to exercise its veto right. Such declarations are recorded in the minutes of the meeting.

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

**Structure of HORNBACH Holding AG & Co. KGaA**

Status: February 28, 2021



<sup>1</sup> directly and indirectly; no voting rights for specific resolution items, such as the election of the Supervisory Board of HORNBACH Holding AG & Co. KGaA, formal approval of the actions of the general partner and Supervisory Board of the KGaA, election of the auditor: status: February 28, 2021

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

Unlike at a stock corporation, the dualistic system at a partnership limited by shares does not comprise a board of management and a supervisory board, but rather a general partner and a supervisory board.

#### 3.1 Supervisory Board

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

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

The general partner and the Supervisory Board work together closely in the interests of the company. The Supervisory Board of HORNBAACH Holding AG & Co. KGaA monitors the management of the company by the general partner. To this end, the Board of Management of HORNBAACH Management AG is required to report regularly, promptly, and extensively on its intended business policy, real estate strategy, and corporate planning, as well as on the company's current sales and earnings performance. Its duties to provide information include reports on the company's profitability, planned transactions with a material influence on the company's net asset, financial, and earnings position, and reports on the company's risk management and risk situation, and on compliance.

Supervisory Board members are solely bound by the company's best interests. They are not dependent on any assignments or instructions. In their decisions, they may not pursue personal interests or exploit business opportunities available to the company for their personal benefit. Supervisory Board members are obliged to immediately disclose any conflicts of interest to the Supervisory Board Chairman, especially any such conflicts arising due to their performing any consultant or directorship function at the general partner, customers, suppliers, lenders or other business partners of the company. Any conflicts of interest on the part of a Supervisory Board member that are material and not only temporary result in the resignation of such member. No conflicts of interest arose in the year under report. Advisory and other service agreements and contracts for work between a Supervisory Board member and the company require approval by the Supervisory Board. The same applies to equivalent contracts with the general partner to the extent that the company is obliged by its Articles of Association to reimburse any resultant expenses. There were no contracts requiring such approval with Supervisory Board members of HORNBAACH Holding AG & Co. KGaA in the 2020/21 financial year.

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

- Nomination Committee
- Audit Committee
- Special Committee

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

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



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Corporate Governance >

Supervisory Board



Directors and Officers

Supervisory Board

committees

The Audit Committee particularly prepares the deliberations and resolutions to be adopted by the Supervisory Board for all issues of accounting and specifically of the annual financial statements. It also addresses matters of risk management and compliance, the necessary independence of the auditor, the award of the audit assignment to the auditor, the setting of audit focuses, fee arrangements, and the other tasks assigned to it pursuant to § 107 (3) Sentence 2 AktG. The Audit Committee monitors the auditor and regularly assesses the quality of its services. It takes suitable measures to establish and monitor the independence of the auditor and to supervise any additional services performed by the auditor. The Audit Committee prepares a recommendation for the proposal submitted by the Supervisory Board to the Annual General Meeting in respect of the election of the auditor. In preparing this recommendation, it obtains a declaration from the designated auditor in respect of any relationships in the previous financial year between the auditor, its governing bodies, and audit managers on the one hand and the company and the members of its governing bodies on the other. The Audit Committee holds regular meetings.

Unless otherwise determined by the Audit Committee Chairwomen, meetings of the Audit Committee are also attended by the CEO of the general partner and the member of the Board of Management responsible for accounting.

The Special Committee is responsible for representation towards the general partner and in particular also for reviewing and approving the invoices submitted by the general partner in connection with its management of the company's business. The Special Committee holds regular meetings.

The committee chairs exchange information with the Supervisory Board Chairman and the Board of Management of the general partner, also outside the meeting framework.

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

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

Taking due account of the recommendations made in Point 5.4.1 of the German Corporate Governance Code (in the version dated February 7, 2017; corresponds to Recommendation C.1 in the version dated December 16, 2019), on December 20, 2017 the Supervisory Board adopted the targets for its composition, including a competence profile for the overall board. The corresponding Supervisory Board resolution also includes the diversity concept for the Supervisory Board. The objective here is to continually develop the specific composition, and thus the expertise and experience, of the Supervisory Board and to achieve a good balance between continuity and renewal. Given the diverse composition thereby envisaged, the concept is intended to ensure that the Supervisory Board can optimally perform its tasks thanks to the resultant variety of viewpoints and perspectives considered.

Pursuant to the competence profile, the Supervisory Board of HORNBAACH Holding AG & Co. KGaA must possess the expertise needed to fulfill its supervisory function and to assess and monitor the transactions performed by the company. To this end, the Supervisory Board members must collectively be familiar with the sector in which the company operates. This particularly includes knowledge, skills, and professional expertise in managing a retail, service, and real estate group with activities in the fields of (a) building, acquiring and/or operating large-scale retail stores, especially DIY stores and home improvement centers, with or without garden centers, specialist stores, other specialist retail businesses, and e-commerce; (b) similar or other areas of the retail and wholesale sector; (c) manufacturing and processing products sold at the retail stores;

(d) managing assets and acquiring, managing, and disposing of participating interests in domestic and foreign subsidiaries; (e) performing management and other services for subsidiaries and participating interests; and (f) acquiring, developing, planning, building, using, administering, disposing of and/or otherwise using land, whether built on or not, and leasehold rights. This also includes expertise in the fields of digitalization and technology, as well as in accounting, auditing, financing, and corresponding legal expertise, including expertise in the field of tax law.

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

- Supervisory Board members must be reliable, possess the expertise needed to fulfill their supervisory function and to assess and monitor the transactions performed by HORNBAACH Holding AG & Co. KGaA, and must have sufficient time to dedicate to their duties as members of the Supervisory Board.
- The Supervisory Board must collectively have the knowledge, skills, and professional expertise required to properly perform its duties. In particular, expertise in matters relating to the operation of a retail company, asset and investment management, and real estate management must be available in the Supervisory Board, as must management experience, experience in managing and organizing companies, and experience in working in supervisory boards.
- The Supervisory Board must avoid potential conflicts of interest, and will continue to do so in future.
- The Supervisory Board should not include any members who hold directorships or perform advisory functions at any significant competitors.
- The composition of the Supervisory Board accounts for the diversity criterion, in particular with regard to the ages, genders, educational and career backgrounds of its members. The target share of women in the Supervisory Board to be reached by February 28, 2022 may of course be exceeded, but has been set at its existing level of no less than 1/6.
- As a general rule, the Supervisory Board should only include individuals who were no older than 70 at the time of their election.
- As a general rule, the Supervisory Board should only include individuals who have not been members of the Supervisory Board for four full terms already at the time of their election.
- The Supervisory Board should include a suitable number of independent members. The Supervisory Board believes that it is sufficient in this respect if at least half of its members are independent.
- Supervisory Board members who have sat on the Supervisory Board for more than three terms in office are now longer deemed as independent.

With regard to the two final objectives and to the recommendations made in the German Corporate Governance Code in the version dated December 16, 2019, the Supervisory Board resolved on May 20, 2020 that since publication of the aforementioned recommendations in the Federal Gazette on March 20, 2020 more than half of the shareholder representatives should be independent of the company and of the general partner and that Supervisory Board members who have been members of the Supervisory Board for longer than 12 years should, as a general rule, no longer be viewed as independent.

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

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

The current composition of the Supervisory Board meets the aforementioned composition-related objectives, complies with the diversity concept, and satisfies the competence profile. The members of the Supervisory Board complement one another in terms of their ages, educational, and career backgrounds, experience, and expertise in such a way that the Board as a whole can draw on a highly varied wealth of experience and broad range of skills. The Supervisory Board currently includes four female members (status: May 2021), as a result of which the target of 1/6 set for February 28, 2022, while upholding the current status, has been met (c.f. "Share of Women in Senior Management Positions" in Section 3.3). No members of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA hold any directorships or perform advisory functions at significant competitors. The regular periods of membership and regular age limits are laid down in the Code of Procedure of the Supervisory Board and are complied with as such. The Code of Procedure of the Supervisory Board is published on the company's website.

The Supervisory Board currently includes four independent shareholder representatives. These are Dr. John Feldmann, Simone Krah, Simona Scarpaleggia, and Melanie Thomann-Bopp.



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### 3.1.3 Allocation of competences in Supervisory Board of HORNBAACH Holding AG & Co. KGaA

Management	Retail	Marketing / services	Technology / digitalization
Dr. John Feldmann Martin Hornbach Simone Krah Simona Scarpaleggia Melanie Thomann-Bopp Dr. Susanne Wulfsberg	Martin Hornbach Simone Krah Simona Scarpaleggia Melanie Thomann-Bopp Dr. Susanne Wulfsberg	Simone Krah Simona Scarpaleggia	Dr. John Feldmann Martin Hornbach Simone Krah Simona Scarpaleggia Melanie Thomann-Bopp

Accounting / auditing	Capital market / financing	Corporate governance / compliance / risk management	Personnel management / communication
Dr. John Feldmann Melanie Thomann-Bopp	Dr. John Feldmann Melanie Thomann-Bopp	Dr. John Feldmann Simona Scarpaleggia Melanie Thomann-Bopp	Dr. John Feldmann Martin Hornbach Simone Krah Simona Scarpaleggia Melanie Thomann-Bopp Dr. Susanne Wulfsberg

Investment management	Real estate management
Dr. John Feldmann Martin Hornbach Melanie Thomann-Bopp	Dr. John Feldmann Martin Hornbach Melanie Thomann-Bopp

### 3.1.4 Individualized disclosure of meeting attendance

Supervisory Board	Meetings attended	Attendance in %
Dr. John Feldmann, Chairman	4/4	100.00
Martin Hornbach, Deputy Chairman	4/4	100.00
Simone Krah	4/4	100.00
Simona Scarpaleggia, since March 24, 2020	4/4	100.00
Melanie Thomann-Bopp	4/4	100.00
Dr. Susanne Wulfsberg	4/4	100.00
<b>Total</b>		<b>100.00</b>

Audit Committee	Meetings attended	Attendance in %
Melanie Thomann-Bopp, Chairwoman	5/5	100.00
Dr. John Feldmann	5/5	100.00
Martin Hornbach	5/5	100.00
Simone Krah	5/5	100.00
<b>Total</b>		<b>100.00</b>

Special Committee	Meetings attended	Attendance in %
Melanie Thomann-Bopp	2/2	100.00
Dr. John Feldmann	2/2	100.00
Simone Krah	2/2	100.00
<b>Total</b>		<b>100.00</b>

Nomination Committee	Meetings attended	Attendance in %
Dr. John Feldmann, Chairman	1/1	100.00
Simone Krah	1/1	100.00
Melanie Thomann-Bopp	1/1	100.00
<b>Total</b>		<b>100.00</b>

### 3.2 Composition and modus operandi of the Board of Management of the general partner

The Board of Management of the general partner, HORNBACH Management AG, comprised three members at the end of the 2020/21 financial year. Since April 1, 2021, and thus since Roland Pelka stood down from his position to enter retirement, the Board of Management has been reduced to two members once again. His successor, Karin Dohm, has been a member of the Board of Management since January 1, 2021 already. Members of the Board of Management are bound to uphold the company's best interests. Compliance activities to ensure that the company adheres to laws, legal requirements and its own internal guidelines represent a key management task. The Supervisory Board of HORNBACH Management AG has imposed a Code of Procedure on the Board of Management of the general partner governing its management of HORNBACH Holding AG & Co. KGaA. The composition and areas of responsibility of the Board of Management are presented in the "Directors and Officers" chapter in this report.

In performing its duties, the Board of Management is required to work together with the other boards at the general partner and the company on a basis of trust. The members of the Board of Management bear joint



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

responsibility for the overall management of the company. They work together as colleagues and inform each other about all key measures and developments in their areas of responsibility. The Board of Management meets at least twice a month and on an ad-hoc basis when required in the interests of the company and/or the general partner.

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

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



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### 3.3 Share of women in senior management positions

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

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

At a meeting in July 2015, the Supervisory Board of HORNBAACH Holding AG & Co. KGaA had set the target share of women on the Supervisory Board to be reached by June 30, 2017 at no less than 1/6 pursuant to § 111 (5) AktG. At its meeting on May 24, 2017, the Supervisory Board confirmed this target, which was achieved, and extended the target of no less than 1/6, while upholding the current status, through to February 28, 2022. The Supervisory Board currently has four female members (status: May 2021).

As the Supervisory Board is not responsible for personnel-related topics on the Board of Management at the general partner HORNBAACH Management AG, it was not able to set any targets for that body. The Board of Management at the general partner currently comprises one woman and one man (status: May 2021).

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

At a meeting in July 2015, the Board of Management of the general partner HORNBAACH Management AG had set the target share of women in the management tier beneath the Board of Management at the general partner, which only comprises one manager reporting to the Board of Management, to be reached by June 30, 2017 at a level of at least 0 %. By resolution adopted pursuant to § 76 (4) AktG in the year under report, the Board of Management of the general partner confirmed this target, which was achieved, and extended the target of at least 0 %, while upholding the current status, through to February 28, 2022. The company does not have any other management tiers.

## 4. Reporting and Auditing of Financial Statements

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

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

## 5. Transparency

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

- Quarterly statements and half-year financial report
- Annual report
- Annual results press conference
- Conference calls with international financial analysts and investors
- Events with financial analysts and investors in Germany and abroad.

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

Members of the Board of Management of the general partner and the Supervisory Board of HORNBAACH Holding AG & Co. KGaA, and individuals closely related to such, are required by Article 19 of the Market Abuse Regulation (MAR) to disclose transactions involving shares in the company or related financial instruments. In the year under report, the company was not notified of any transactions by directors or individuals closely related to such.



## 6. Relevant Corporate Governance Practices

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



[www.hornbach-group.com](http://www.hornbach-group.com)  
Investor Relations >  
Corporate Governance

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

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

### 6.2 Compliance

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

HORNBAACH has a value-based compliance system which primarily pursues the objective of preventing compliance infringements before they arise, where possible. The “HORNBAACH Foundation” forms the basis for HORNBAACH's system of values. The principles included in the “HORNBAACH Foundation” are fleshed out in the “HORNBAACH Values”. These formulate the standards of conduct expected of managers and employees with regard to the stakeholder groups of “Government and Society”, “Managers and Employees”, “Customers, Suppliers and Competitors”, and “Providers of Equity and Debt Capital”. Among other factors, they set out how we meet our responsibility towards society, treat each other with respect, are committed to fair competition, act with integrity, and manage our financial reporting. The “HORNBAACH Values” have been translated into all languages relevant to the Group and made available to all employees.



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Investor Relations >  
Corporate Governance >  
Compliance

The “Accepting and Granting Gratuities” code of conduct sets out guiding principles which make clear what HORNBAACH expects of its managers and employees in this regard. This code of conduct has been communicated on a top-down basis and distributed to employees in the form of a leaflet compiled in the relevant national language.

Upon joining the company, our employees are informed about compliance-related topics with the assistance of the HORNBAACH Values and the codes of conduct.

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

and departments. HORNBACH's compliance system is subject to regular reviews and enhancements. In general, the Chief Compliance Officer holds a meeting with the compliance officers once a year to coordinate compliance-related topics. Due to the coronavirus pandemic, this on-site meeting did not take place at HORNBACH Baumarkt AG in the year under report.

Compliance activities have a particular focus on the risks of “Improper conduct/corruption” and “Cartel law violations”. Compliance Officers are surveyed in a structured manner to assess the development in risks which are already known and the potential materialization of new risks. Meetings between Compliance Officers and the respective managers were mostly held on a virtual basis in the 2020/21 year under report. These meetings discussed any changes in risks already reported, adjusted the relevant assessments where necessary, and included new risks. Suitable measures are laid down to reduce the risks.

Since mid-2017, the compliance system has been supported by an internet-based whistleblower system. This provides employees, service providers, and suppliers worldwide with a further possibility of communicating directly with the Chief Compliance Officer. This way, potential infringements of compliance requirements can be reported, also anonymously if preferred. Two such notifications were received in the year under of report, neither of which was subsequently substantiated.

Notifications received via existing channels of communication – for example by employees informing their direct managers or their departmental compliance officers – and those received via the whistleblower system are assessed by the Chief Compliance Officer. Where there are legitimate grounds to suspect a compliance-related infringement, the Group Internal Audit department investigates the matter. In this regard, measures are identified to prevent similar compliance infringements from arising at the outset. Where compliance infringements are actually detected, the company generally initiates labor law, criminal law, and civil law proceedings. In the year under report, there was a mid single-digit number of confirmed compliance infringements at the HORNBACH Holding AG & Co. KGaA Group.

## 7. Remuneration Report

The remuneration report presents the basic features and structure of the remuneration of the Board of Management of the general partner and the Supervisory Board. It forms a constituent component of the Group Management Report and is available on our website at [www.hornbach-group.com/remuneration\\_report/Holding](http://www.hornbach-group.com/remuneration_report/Holding).



[www.hornbach-group.com](http://www.hornbach-group.com)

Investor Relations >

Corporate Governance >

Remuneration Report

## 8. Directors and Officers

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

#### Dr. John Feldmann

Chairman  
Former Executive Board member of BASF SE

#### Martin Hornbach

Deputy Chairman  
Managing Partner  
Corivus Gruppe GmbH

#### Simone Krah

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

#### Simona Scarpaleggia (since March 24, 2020)

Director of Global Initiative "Future of Work" at Ingka Group (IKEA) (until August 31, 2020)  
Global CEO of EDGE Strategy AG (since September 1, 2020)

#### Melanie Thomann-Bopp

Chief Financial Officer (CFO) at Sonova Retail Deutschland GmbH (until April 14, 2021)  
Commercial Director at Nolte Küchen GmbH & Co. KG and Express Küchen GmbH & Co. KG (since April 15, 2021)

#### Dr. Susanne Wulfsberg

Director of Floggensee Stud, Veterinary Surgeon

### Supervisory Board committees

#### Audit Committee

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

#### Nomination Committee

Dr. John Feldmann      Chairman  
Simone Krah  
Melanie Thomann-Bopp

#### Special Committee

Melanie Thomann-Bopp  
Dr. John Feldmann  
Simone Krah

### Board of Management of HORNBAACH Management AG

(general partner of HORNBAACH Holding AG & Co. KGaA)

### Members and areas of responsibility

#### Albrecht Hornbach

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

#### Karin Dohm

since January 1, 2021  
since April 1, 2021 responsible for Finance,  
Accounting, Tax, Group Controlling, Risk Management,  
Internal Audit, Legal, Compliance, Group Communications

#### Roland Pelka

until March 31, 2021  
Finance, Accounting, Tax, Group Controlling,  
Risk Management, Internal Audit, Legal, Compliance,  
Group Communications

**Supervisory Board of HORNBACH Management AG**

(general partner of HORNBACH Holding AG & Co. KGaA)

**Dr. Wolfgang Rupf**

Chairman  
Managing Partner, Rupf Industries GmbH  
and Rupf ATG Casting GmbH

**Dr. John Feldmann**

Deputy Chairman  
Former Executive Board member of BASF SE

**Albert Hornbach**

SAP Interim Manager

**Christoph Hornbach**

School Director

**Georg Hornbach**

Head of Controlling Department and  
Head of Finance and Procurement Department  
Universitätsklinikum Köln

**Steffen Hornbach**

since November 27, 2020

Former CEO of HORNBACH Baumarkt AG

**Joerg Walter Sost**

Managing Partner  
J.S. Consulting GmbH

**Prof. Dr.-Ing. Jens P. Wulfsberg**

Professor of Production Technology  
Helmut-Schmidt-Universität/Universität der Bundeswehr  
Hamburg

**Dr. Susanne Wulfsberg**

Director of Flogensee Stud, Veterinary Surgeon