

HORNBACH Holding AG & Co. KGaA
Group

Non-Financial Group
Report 2023/24

as of February 29, 2024

Non-Financial Group Report

1. Fundamentals of Non-Financial Group Report

About this report

HORNBACH Holding AG & Co. KGaA is obliged pursuant to § 315b (1) - (3) of the German Commercial Code (HGB) to prepare a non-financial Group declaration. This report has been prepared in accordance with § 315b-c in conjunction with § 289b-e HGB and with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment and Amending Regulation (EU) 2019/2088 and the delegated acts issued in this respect. 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 explanation of the materiality analysis of the HORNBACH Group has been presented in detail in Chapter 1.2. of this report.

In a separate assignment, Deloitte GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance review on the contents of this non-financial Group report pursuant to ISAE 3000 (Revised). The non-financial disclosures marked with the symbol, namely "Customer satisfaction", "Labeling sustainable articles", "Diversity", "Customer satisfaction", and "Reduction in Scope 1 and 2 CO₂ emissions", which form part of the multiyear variable remuneration (MVR) of the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG, have been subject to a reasonable assurance review.

References to disclosures outside the combined management report constitute additional information and do not form part of the non-financial Group report. They have therefore not been audited.

1.1 Group structure and business model

The structure and business model of the HORNBACH Group (hereinafter also "HORNBACH") are presented below.

HORNBACH Holding AG & Co. KGaA is the parent company of the HORNBACH Group. It does not have any operations itself, but has a number of major subsidiaries. In addition to HORNBACH Baumarkt AG, the largest operating Subgroup at which the do-it-yourself (DIY) retail activities across Europe are pooled, the HORNBACH Group also comprises the HORNBACH Baustoff Union GmbH Subgroup (regional builders' merchants) and the HORNBACH Immobilien AG Subgroup (real estate and location development). At the balance sheet date on February 29, 2024, the Group had a total of 24,783 employees. In the 2023/24 financial year (March 1, 2023 to February 29, 2024), the HORNBACH Group generated net sales of around € 6.2 billion. The HORNBACH 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 listed in the Regulated Market of the Frankfurt Stock Exchange and a member of the SDAX index.

In accordance with the Articles of Association, the General Partner of HORNBACH Holding AG & Co. KGaA is HORNBACH Management AG, represented by its Board of Management, which currently comprises three members. The Board of Management of the General Partner manages the business of HORNBACH Holding AG & Co. KGaA and represents the company to third parties. Hornbach Familien-Treuhandgesellschaft mbH holds all shares in the General Partner of HORNBACH 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 (business-to-business: B2B). The DIY product range, which comprises around 50,000 articles stocked at the stationary stores and up to around 286,000 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. Furthermore, in October 2023 HORNBAACH launched a curated online marketplace via which third-party providers are able to offer supplementary DIY product ranges.

HORNBAACH is active in the regional stationary builders’ merchant business via the HORNBAACH Baustoff Union GmbH Subgroup, 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 the B2B segment at HORNBAACH Baustoff Union comprises around 170,000 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 € 5.8 billion in the 2023/24 financial year, the HORNBAACH Baumarkt AG Subgroup contributed 94% of consolidated sales and employed around 95% of the HORNBAACH Group’s workforce at the balance sheet date. The HORNBAACH Baustoff Union GmbH Subgroup accounts for € 381 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

HORNBAACH updated its materiality analysis pursuant to the German Commercial Code (HGB) in the 2023/24 financial year. Pursuant to § 289c (3) HGB, non-financial topics count as material when they have both significant implications for the aspects stated in § 289c (2) HGB (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).

Current developments were accounted for by updating the context analysis performed in the previous year. In the context of the annual materiality workshop, the managers responsible for the respective topics at the Group, including representatives of HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, HORNBAACH Immobilien AG, and HORNBAACH Baustoff Union GmbH, reviewed whether their assessment of 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 findings of the stakeholder survey conducted in the previous year were included.

The managers responsible for the topics concluded that, compared with the previous year, no new topics had arisen that were material both in terms of business activities and of the aspects defined in § 289c (2) HGB. The material topics on which the 2023/24 Non-Financial Group Report has been based are presented in the table below.

Aspects pursuant to § 289c HGB	Material topics
Environmental aspects	CO ₂ emissions
	Disposal and recycling
	Product responsibility
Employee aspects	Employer attractiveness
	Employee recruitment and development
	Employee health
Social aspects	Product range and customer information
Respect for human rights	Responsible procurement
Combating corruption and bribery	Compliance – voluntary disclosures, as not material pursuant to § 289c (3) HGB

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) Nos. 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.

Further information can be found in the Group Management Report, Risk Report, and Outlook of HORNBAACH Holding AG & Co. KGaA.

1.4 Sustainability strategy and management

We base our Group-wide entrepreneurial actions on the principles set out in the “HORNBAACH Foundation” and the specification of these in greater detail in the “HORNBAACH Values”. These have been published on our website (www.hornbach-holding.de/en/company/corporate-governance/hornbach-values). They provide a firm foundation for the values underpinning our dealings with customers, as well as our conduct towards our fellow employees.

We are convinced that responsible activities are a prerequisite for our long-term economic success and for the HORNBAACH Group’s future prospects. Our sustainability strategy is intended to secure the company’s success on a long-term basis to the benefit of our employees and with respect for the environment and society in which we operate. Within our company organization, we have defined areas of action on which we base our sustainability strategy:

- Our **product range** provides our customers with the opportunity to consider ecological, health-related, and social aspects when making their purchases and facilitates more sustainable construction, renovation, and design. Relevant factors include the environmentally-friendly and socially responsible manufacture of the products, durability, sustainable product features, and environmentally-friendly packaging and transport.
- By offering **product-related services**, we help our customers to benefit from products for as long as possible and thus save resources. These include repair services and spare parts, as well as the professional disposal of products no longer suitable for use.

- We make people the focus of our activities and invest in long-term relationships. We aim to create a working environment in which all **employees** have the same opportunities, stay healthy, and are encouraged to take decisions under their own responsibility.
- We protect resources in our **own business operations**, for example by avoiding waste, promoting the renewed use of resources, and saving energy or procuring it from more environmentally-friendly sources or generating it ourselves. When we build new stores and logistics centers or purchase vehicles and operating materials, sustainability criteria are factored into the respective planning and procurement processes.

The topics resulting from the areas of action are presented in detail in the CSR Policy, which is valid throughout the Group. By setting mandatory CSR standards, the companies in the HORNBAACH Group also require their business partners to comply with ecological, social, and ethical standards of conduct. Furthermore, the HORNBAACH Group has published a policy statement on its human rights strategy. These documents are published on the company website at www.hornbach-holding.de/en/responsibility.

An internal CSR team comprising a core CSR team and members of the relevant departments from across the Group is responsible for further developing the company's strategic non-financial topics. The core CSR team coordinates and supports the work on sustainability topics at the overall Group and reports to the Boards of Management of HORNBAACH Management AG and HORNBAACH Baumarkt AG. The strategies, targets, and management of non-financial topics are largely defined by HORNBAACH Baumarkt AG as the largest operating Subgroup and are the responsibility of that company's Board of Management. The Board of Management is regularly involved in topic-specific measures and kept informed of 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 services, expansion, and public relations. 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. The Chief Executive Officer of HORNBAACH Baumarkt AG is also a member of the Board of Management at HORNBAACH Management AG.

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 HORNBAACH Baustoff Union GmbH subsidiary.

2. Material Non-Financial Aspects

The HORNBAACH Baumarkt AG Subgroup holds a dominant position within the HORNBAACH 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 HORNBAACH Holding AG & Co. KGaA Group. The B2C retail business at HORNBAACH 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 topics identified for the Group are also relevant to the HORNBAACH Baustoff Union GmbH Subgroup.

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 HORNBAACH Holding AG & Co. KGaA Group. In what follows, the terms “we”, “HORNBAACH” and “Group-wide” are synonymous with the entire HORNBAACH Group. Diverging from this, we explicitly refer to any concepts pursued solely on the level of the HORNBAACH Baumarkt AG or HORNBAACH Baustoff Union GmbH Subgroups.

2.1 Product range and customer information

2.1.1 Targets and strategy

HORNBAACH aims to satisfy the needs of its customers as closely as possible and consistently increase their satisfaction. Our DIY stores with garden centers, 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.

With our permanently low price strategy across the whole product range, we position ourselves as a reliable partner for all projects in customers’ homes and gardens. We calculate permanently fair prices for the entire product range and therefore do not offer discounts or promotional prices.

One increasingly important aspect is the range of services we offer, which include trade work, tool and transporter rental, and repair services. With these, we on the one hand address customers who do not wish to or cannot implement the DIY projects themselves. On the other hand, we support customers in making longer use of products and not having to purchase machines and tools that are rarely used.

We obtain indications as to how satisfied our customers are with our product range, information, advice, and services from internal assessments and external customer surveys. To assess customer satisfaction, the HORNBAACH Baumarkt AG Subgroup refers to the Kundenmonitor customer survey (ServiceBarometer AG) in Germany, Austria, and Switzerland and to other independent external studies conducted by prestigious institutes in the Netherlands and Sweden. [With regard to customer satisfaction, measured by reference to the Kundenmonitor surveys in Germany, Austria, and Switzerland, the company aims to achieve a score better than the sector average in a sales-weighted scale ranging from 1 (extremely/perfectly satisfied) to 5 (unsatisfied). This target forms part of the multiyear variable remuneration (MVR) for the Board of Management. ✓]

Target year	Target value
[2026/27 (MVR 1: 2023/24 - 2026/27)	2.04 to 2.10 ✓]
2027/28 (MVR 2: 2024/25 - 2027/28)	2.04

By offering the maximum possible transparency concerning the source, contents, and environmental impact 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 services, as well as the range of information and advice on offer also harbors growth opportunities for the company.

[The HORNBAACH Baumarkt AG Subgroup is currently investigating the products in its listed stock range to identify sustainability benefits compared with alternative products in its own product range, for example in terms of production, product qualities, logistics, and/or application. These products will be provided with a

label in the internal article master data. The targets relating to the share of articles investigated also form part of the multiyear variable remuneration (MVR) for the Board of Management (see table). ✓]

Target year	% of stock range investigated and labeled as applicable in the internal article master data
[2026/27 (MVR 1: 2023/24 - 2026/27)	75%✓]
2027/28 (MVR 2: 2024/25 - 2027/28)	80%

2.1.2 Management approach and measures

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 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 selection, product quality, specialist advice, and value for money/prices. Our aim is to maintain our very good rankings across Europe and to improve those rankings that are less good.

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 and services used in energy-efficient construction or for energy refurbishments. The product ranges relating to sustainable energy generation were extended in all countries in the year under report. Examples here include complete photovoltaics systems, balcony power plants, and micro wind turbines. We supplemented these by further expanding the range of information and advice on energy efficiency and generation available at the web shop. In some countries (Germany, Austria, Romania), the installation of photovoltaics is also offered, either via HORNBACH's trade service or purely as an intermediary for external partners.

A further focus topic in the year under report involved expanding our range of services for senior-friendly refurbishment. Thanks to the acquisition of Seniovo GmbH, a startup specializing in serial bathroom conversions, as of December 1, 2023, HORNBACH's trade service was extended to include a full-service solution for barrier-free bathroom conversion.

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. In addition, 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). We are gradually converting our range of plant protection products to environmentally-friendly alternatives to chemical insecticides. Since the 2023/24 financial year, the range of organic plants and seeds offered under our private label "Floraself" has been certified and designated with the EU's eco label in all nine countries in which we operate.

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 where we operate our retail business, the procurement organizations account for both central and regional requirements when listing suppliers.

When selecting its products, HORNBACH is guided by its CSR Policy and CSR Standards. Conversely, that means we reserve the right to delist product ranges when they clearly infringe the CSR Policy or Standards or do not fit in with the company's ethos on other ethical or ecological grounds.

2.1.3 Target achievement status

In the 2023/24 financial year, the HORNBACH Baumarkt AG Subgroup was ranked first for overall satisfaction among customers for DIY and home improvement stores in the Netherlands, and Sweden and achieved second place in Germany. Furthermore, in most regions for which studies are available HORNBACH's DIY stores and garden centers held first or second position in the criteria relating to product range, value for money, and willingness to recommend to others. [The Kundenmonitor surveys in Germany, Austria, and Switzerland in the 2023/24 financial year resulted in a sales-weighted average score of 2.10 on the Scale of 1 (extremely/perfectly satisfied) to 5 (unsatisfied), meaning that the target value is currently met. ✓]

In addition to sector studies, the company also continually organizes proprietary surveys of DIY store customers in all countries where it operates (except Luxembourg). These are performed by an external provider on behalf of HORNBACH Baumarkt AG. Based on these surveys, in the catchment areas relevant to our business HORNBACH was most frequently the "first choice" for DIY store purchases among customers in Germany, the Netherlands, the Czech Republic, and Slovakia in the 2023/24 financial year. HORNBACH was ranked second in Austria, Switzerland, and Sweden. Moreover, HORNBACH was assessed as offering the best value for money in nearly all countries.

[The company pressed further ahead in the year under report with developing internal labeling for more sustainable products in its article master data. A systematic collection of sustainability attributes was compiled together with the respective definitions. On this basis, in the next stage the company intends to perform an assessment of sustainability benefits on article level. ✓]

2.2 Responsible procurement

2.2.1 Targets and strategy

Consistent, reliable product availability influences both HORNBACH's sales and its customers' satisfaction. One basic prerequisite involves ensuring the supply capability and reliability of our suppliers and of the supply chain at all times. Within our supply chain, we attend to compliance with minimum social and environmental standards. As the distributor, HORNBACH bears a particular responsibility in this respect for private label and imported goods.

Timber is a commodity of great importance for the Group's product range. HORNBACH's CSR Policy requires HORNBACH Baumarkt AG to ensure that the timber contained in all its products comes exclusively from sustainable production. For timber and timber products that were felled outside the European Union or in Romania, HORNBACH requires certification by the Forest Stewardship Council (FSC®). Timber and timber products from the EU are subject to the European Timber Regulation (EUTR) and therefore, as a general rule, do not require additional certification unless they come from a country with an increased risk of EUTR infringements (Romania). When importing natural stones, HORNBACH ensures that these come from compa-

nies that can document their compliance with international social and work safety standards in regular factory audits. Furthermore, HORNBAACH delisted all hand-hewn natural stone from its product range in 2013 already.

For us, one basic rule of social responsibility involves recognizing international standards and conventions, such as:

- The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles)
- The United Nations Universal Declaration on Human Rights
- The Conventions and Recommendations of the International Labour Organization (ILO) on labor and social standards.

Our quality management also monitors compliance with environmental legislation and threshold values and bases this on the following standards and conventions including:

- The Stockholm Convention on Persistent Organic Pollutants (POPs Convention)
- The Minamata Convention and the EU's Mercury Regulation (EU) 2017/852
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- RoHS (Restriction of Hazardous Substances) Directive
- WEEE (Waste of Electrical and Electronical Equipment) Directive
- REACH (Registration, Evaluation, Authorisation of Chemicals) Directive.

The specific requirements we place in our suppliers are laid down in our CSR Standards for Business Partners of the HORNBAACH Group. These standards are applicable to all companies within the overall Group and their business partners.

We are obliged to account for and implement the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in our Group-wide procurement processes. These comprise:

- Analyzing the supply chain in terms of human rights risks
- Adopting a policy statement on the company's human rights strategy
- Appointing a human rights officer
- Embedding preventive measures in our own business operations and for direct business partners
- Taking immediate measures to remedy any legal infringements identified
- Establishing a complaints mechanism for legal infringements
- Complying with documentation and reporting obligations.

2.2.2 Management approach and measures

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 online DIY shops the HORNBAACH Baumarkt AG Subgroup stocked 54 private labels from across all five product divisions. These accounted for around 24% of total product sales. Compared with its sister company HORNBAACH Baumarkt AG, the HORNBAACH Baustoff Union Subgroup has a significantly lower share of imports and private labels, which account for a medium single-digit percentage share. As of the reporting date, HORNBAACH Baustoff Union 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 generally valid for one year, with a renewed audit subsequently commissioned. The key focus of the audit is to check compliance with environmental and social

standards. Should any failure to comply with these standards be identified, then an action plan is agreed with the respective supplier. If the remedial actions do not show any effect, then the termination of the business relationship is foreseen. Merchandise deliveries may only be organized by those private label and import suppliers that meet HORNBACH's criteria and pass all factory audits. Compliance with requirements in the order process for imported articles is safeguarded by our SAP quality management system and managed by the "Quality Management and Environment" team. Audits are commissioned and monitored, also for HORNBACH Baustoff Union, by the HORNBACH Baumarkt AG Subgroup.

To monitor the supply chain for timber and track potential supply risks for its imported products, the HORNBACH Baumarkt AG Subgroup works with an early-warning risk detection system ("CSR map"). This system on the one hand includes the article master data for HORNBACH's DIY product range, as well as supplier audit reports. On the other hand, it provides country-specific information, such as corruption indices. Based on this data, 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 risks in the supply chain can be rapidly detected and avoided or reduced.

To document the source of the timber used and identify timber products from illegal or disputed sources, HORNBACH works closely with suppliers and environmental protection organizations. HORNBACH Baumarkt AG has been certified by the 2007 FSC® Chain of Custody certificate GFA-COC-002007 / FSC® C010062 since 2007. This certifies that the supply chain is consistently checked and traceable from the origin of the timber through to the end product at our DIY stores. Annual auditing by an independent audit institute confirms our entitlement to bear this certificate. Our range of charcoal products is also fully FSC®-certified.

2.2.3 Target achievement status

On the level of the HORNBACH Baumarkt AG Subgroup, a total of 524 factory audits were conducted, mainly at suppliers of private label products and of products directly imported from non-EU countries, in the 2023/24 financial year (2022/23: 585). In the year under report, there were no cases (2022/23: none) in which the Subgroup was required to terminate the business relationship with the supplier as a result of these audits.

The HORNBACH Baustoff Union GmbH Subgroup performed three factory audits at private label suppliers in the past financial year (2022/23: none). HORNBACH Baustoff Union also did not report any cases in the 2023/24 year under report in which the Subgroup was required to terminate the business relationship with its supplier (2022/23: none).

2.3 Product responsibility

2.3.1 Targets and strategy

The standard we have set ourselves as a sustainable retailer is to ensure that all products sold by HORN-BACH are of flawless quality. We bear a particular responsibility as the distributing company for private labels, as well as for other imported articles. Defective products always also involve a reputational risk for the retailer. High product quality and durability make a key contribution to customer satisfaction and loyalty. We regularly conduct product quality tests to ensure flawless product quality across the whole of the product range.

We are also convinced that sustainable product features (e.g. water-saving, energy-saving, low in harmful substances, etc.), environmentally compatible packaging, and product recyclability are playing an ever more important role in how customers perceive companies.

2.3.2 Management approach and measures

HORN-BACH's quality management covers the entire procurement chain, with a particular due diligence obligation for imported and private label products.

At the HORN-BACH Baumarkt AG Subgroup, these activities are located at the "Quality Management and Environment" department. At HORN-BACH 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
- Merchandise inspection once the containers arrive at our logistics locations.

The HORN-BACH 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 HORN-BACH DIY stores and garden centers. Further tasks include complaints monitoring, taking any corrective measures required, such as effecting improvements in the products, enforcing halts on sales, through to product recalls if defects arise in products already in circulation.

Furthermore, the quality management team monitors compliance with European standards and directives governing the registration, evaluation, authorization, restriction, and threshold values for chemicals and specified hazardous substances and so-called substances of concern (please see "Responsible procurement").

2.3.3 Target achievement status

In the 2023/24 financial year, quality management staff at HORN-BACH Baumarkt AG and accredited, certified, and independent audit institutes performed 1,328 (2022/23: 1,128) product quality tests (safety, contaminants, suitability for use) and 1,789 (2022/23: 1,644) article acceptance audits. Together, these correspond to 2,511 person-days (2022/23: 2,400) performed by independent audit institutes on behalf of HORN-BACH. The number of these tests is dependent in each case on order volumes.

The company made it possible once again in 2023/24 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 HORN-BACH, 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 6 suppliers (2022/23: 13).

2.4 Employer attractiveness

2.4.1 Targets and strategy

We are convinced that highly motivated and loyal 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 HORNBAACH, a corporate culture which is characterized by open communications, appreciation, and diversity is therefore a basic requirement for upholding a high level of commitment. HORNBAACH is convinced that all business relationships are based on trust. Trust is a core message in the HORNBAACH Foundation and thus shapes our work relationships.

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. Furthermore, HORNBAACH Baumarkt AG has signed the "Diversity Charter" and thus made a public commitment to treat all its employees with respect regardless of their gender, nationality, ethnic background, religion, disability, age, or sexual orientation. In Germany, the relevant legislation particularly requires cases of discrimination which involve an infringement of the German General Equal Treatment Act (AGG) to be registered and evaluated. In the financial year under report, twelve cases of discrimination involving an infringement of the AGG legislation were ascertained.

HORNBAACH is committed throughout the Group to the core labor standards of the International Labour Organization (ILO) and in particular to those governing the freedom and right to association. Due to the variety of legal and contractual requirements in the respective countries, co-determination topics are managed on a decentralized basis with unions and employee representatives. At HORNBAACH 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.

Furthermore, HORNBAACH aims to maximize the diversity of its teams on all levels. Women currently hold 67% of the positions on the Supervisory Board of HORNBAACH Holding AG & Co. KGaA and 33% of the positions on the Board of Management. At HORNBAACH Baumarkt AG, the largest Subgroup, 3 of the 9 members of the Board of Management are women. Accounting for and respecting existing employment contracts, the diversity in the two management levels below the Board of Management at HORNBAACH Holding AG & Co. KGaA is also to be increased. As of February 29, 2024, women accounted for 24.0% of the managers in the two management levels below the Board of Management at the HORNBAACH Holding AG & Co. KGaA Group (69 of 288 positions). [Targets have been defined for the share of women managers in the two management levels below the Board of Management at the HORNBAACH Baumarkt AG Subgroup; these form part of the multiyear variable remuneration (MVR) for the Board of Management (see table). ✓]

Target year	% of first management level at HORNBAACH Baumarkt Group	% of second management level at HORNBAACH Baumarkt Group
[2026/27 (MVR 1: 2023/24 – 2026/27)	25% (both management levels) ✓]	
2027/28 (MVR 2: 2024/25 – 2027/28)	27.5%	30%

To measure and manage our attractiveness as an employer, we refer to the personnel turnover rate as a quantitative indicator. The aim is to keep personnel turnover at the company stable at a low level or to reduce this. [For the multiyear variable remuneration for the Board of Management, target values were set in the 2022/23 and 2023/24 financial years which were based on the average personnel turnover rate at the HORNBAACH Baumarkt AG Subgroup in the past five financial years (see table). ✓]



www.hornbach-group.com

Company >

Corporate Governance >
HORNBAACH Values

Target year	Personnel turnover (as average for the five previous financial years ¹⁾)
[2026/27 (MVR 1: 2023/24 – 2026/27)	12% (terminations by employee and employer) ✓
2027/28 (MVR 2: 2024/25 – 2027/28)	10.1% (terminations by employees)

¹⁾ Based on average number of employees in permanent regular employment relationships

2.4.2 Management approach and measures

The measures to uphold and increase our attractiveness as an employer are managed by the respective Personnel Departments at HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH.

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

	2023/24	in %	2022/23	in %
Number of employees	24,783	100.0	25,118	100.0
of which in Germany	13,440	54.2	13,731	54.7
of which in Other European Countries	11,343	45.8	11,387	45.3
of which women	10,137	40.9	10,284 ¹⁾	40.9
of which men	14,645	59.1	14,806 ¹⁾	58.9
of which aged up to 30 years	6,075	24.5	6,451 ¹⁾	25.7
of which aged 31 to 50 years	11,312	45.6	11,599 ¹⁾	46.2
of which aged over 50 years	7,396	29.8	7,040 ¹⁾	28.0
of which part-time	6,832	27.6	6,597 ¹⁾	26.3
of which with a temporary employment contract	4,885	19.7	5,958 ¹⁾	23.7

¹⁾ No structure data was available in the previous year for the employees at HORNBAACH Baustoff Union in France (number of employees in previous year: 28).

²⁾ Including employees in Hong Kong (Group procurement)

Fair remuneration is a component of any trust-based work relationship. 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 HORNBAACH stores HORNBAACH 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 HORNBAACH's logistics. Overall, this means that around 75% of HORNBAACH's employees are paid at or above the collectively agreed rates. 25% of HORNBAACH's employees, namely those working in countries where no collectively agreed pay rates apply for the retail sector, are paid on the basis of agreements customary to the market and as a minimum in accordance with the statutory minimum wage. As in the previous year, in the 2023/24 financial year HORNBAACH supported its employees in Germany by making inflation compensation payments to cushion the effects of the sharp rise in inflation across Europe.

HORNBAACH offers its (full-time and part-time) employees numerous additional benefits in all nine countries in which it operates. In nearly all regions (figures in brackets denote coverage for additional benefit in %), these include:

- Profit sharing (95.0%)
- Vacation and/or Christmas allowances or a 13th monthly salary (99.8%)
- Company pension scheme or contribution to pension insurance (87.8%)
- Employee shares in HORNBAACH Holding AG & Co. KGaA (100%).

Furthermore, in some of the countries in which the company operates it offers further additional benefits in line with practices typical to the respective country, such as:

- Occupational disability insurance
- Healthcare promotion (e.g. company physician, mental health support services, physiotherapy, fitness)

- Advice on nursing care
- Work bicycle
- Anniversary payments.

The company grants maternity protection and parental leave in accordance with statutory requirements in all countries in which it operates. In Switzerland, it even goes beyond legal requirements in this respect.

HORNBAACH enables its employees to organize their working hours themselves, provided that this is compatible with the stipulated working processes. At the Group's administration locations, flextime and mobile work are possible at all locations. In some cases and in liaison with their respective managers, however, employees have to be present for core working hours.

Employees at HORNBAACH's DIY stores and garden centers have shift-based working hours, mostly in three shifts, as do employees at the outlets of HORNBAACH 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. In connection with the introduction of the "Work Made to Measure" model, employees in Germany also have the option of converting vacation or Christmas allowances into additional days off or to have overtime paid as a 13th monthly salary.

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 option 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.

To offer employees a neutral point of contact, HORNBAACH has created the position of ombudsperson. They act as a contact partner to all HORNBAACH employees in difficult situations. Their 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

[In the 2023/24 financial year, the personnel turnover rate at the HORNBAACH Baumarkt AG Subgroup (terminations by employer and employees) amounted to 17.7% (2023/24: 16.7%), meaning that the target is currently not met. ✓] The personnel turnover rate at the HORNBAACH Holding AG & Co. KGaA Group amounted to 17.4% (2022/23: 16.4%).

[The share of women in the two management levels below the Board of Management at the HORNBAACH Baumarkt AG Subgroup amounted to 25.6% (63 of 246 positions), meaning that this target is currently met. ✓]

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.

As training requirements may vary over time, the company does not have any quantitative targets in respect of training measures. We nevertheless record the number of employees participating in certified further training programs and management training, as well as the number of virtual training and product training sessions at HORNBACH Baumarkt AG.

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. When necessary, we draw on targeted recruitment on the free labor market.

A further declared aim of HORNBACH 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 with HORNBACH's product range and services.

Given low unemployment rates across large parts of Europe, recruiting new employees is a challenge. As well as ensuring good working conditions (see "Employer attractiveness"), it is therefore essential for us to provide all employees with attractive opportunities for further training and development.

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

2.5.2 Management approach and measures

We recruit a large share of our fresh talent from HORNBACH'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 HORNBACH Baumarkt AG Sub-group 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. HORNBACH 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:

	2023/24	in %	2022/23	in %
Newly hired employees	5,105	100.0	6,233	100.0
of which in Germany	1,841	36.1	2,471	39.6
of which in Other European Countries	3,264	63.9	3,762	60.4
of which women	1,820	35.7	2,239	35.9
of which men	3,284	64.3	3,994	64.1
of which aged up to 30 years	2,836	55.6	3,430	55
of which aged 31 to 50 years	1,543	30.2	1,926	30.9
of which aged over 50 years	726	14.2	877	14.1

¹⁾ Including employees in Hong Kong (Group procurement)

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 product and project-based training at on-site events or by video or print media, as well as further training for professional drivers. Where necessary, HORNBAACH 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 measures are managed by the relevant personnel departments at HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH.

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.

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

In the 2023/24 financial year, HORNBAACH employed 1,088 trainees and participants in dual work-study programs at the HORNBAACH Baumarkt AG and HORNBAACH Baustoff Union GmbH Subgroups in Germany, Austria, Switzerland, and Luxembourg (2022/23: 1,124). A Group-wide total of 449 trainees completed their training in the year under report (2022/23: 435); this corresponds to 41.3% (2022/23: 38.7%). A total of 312 trainees were accepted for regular employment or for a third year of training (2022/23: 295); this corresponds to an acceptance rate of 69.5% (2022/23: 67.8%).

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

	2023/24	in %	2022/23	in %
Total number of trainees and participants in dual work-study programs	1,088	100.0	1,124	100.0
of which in Germany	841	77.3	885	78.7
of which in Other European Countries	247	22.7	239	21.3
Training completed in year under report	449	41.3	435	38.7
of which accepted for regular employment or for a third year of training	312	69.5	295	67.8

In the year under report, a total of 669 virtual product and other training sessions were held at HORNBAACH Baumarkt AG (2022/23: 534), while 136 employees took part in certified training programs (2022/23: 118). Management training sessions were attended by 505 employees (2022/23: 506). Of the 165 management positions (2022/23: 172) filled in the year under report, 136 (2022/23: 126), or 82.4% (2022/23: 73.3%), were awarded to internal employees.

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 careful 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. The company has set itself the explicit target of protecting not only the physical integrity, but also the mental health, of its workforce.

The company does not have any quantitative targets concerning employee health.

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, HORNBAACH 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 HORNBAACH's Safety Manual. This serves as a basis for annual instruction sessions and is made available as a point of reference to all company employees in Germany. For the other countries in which HORNBAACH 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, outlets of HORNBAACH Baustoff Union, and logistics centers). One example of their responsibilities is a monthly safety 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, accidents have occurred, and when changes arise in employees' performance capacity.

HORNBACH provides all 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.

In Germany, HORNBACH cooperates with the "Evermood" health platform, which offers information, tips, and personal support with mental health issues, including a range of psychological advice. This service is available to employees at headquarters and in the logistics centers.

2.6.3 Target achievement status

The number of work-related accidents requiring report (>3 workdays lost) amounted to 698 in the year under report (2022/23: 644), resulting in an accident incident rate (accidents per 1,000 employees) of 29.8 (2022/23: 27.1). The accident rate is based on 23,416 active employees (excluding Hong Kong and HORNBACH Baustoff Union in France). There were no fatal accidents in the year under report (2022/23: one). The sickness rate at the HORNBACH Baumarkt AG Subgroup stood at an annual average of 8.7% (2022/23: 8.9%).

Employee health	2023/24	2022/23
Number of work-related accidents requiring report (>3 workdays lost)	698	644 ¹⁾
of which accidents on way to/from work	141	106 ¹⁾
Accident rate (accidents per 1,000 employees)	29.8	27.1 ¹⁾
Number of fatal accidents	0	1
Sickness rate (HORNBACH Baumarkt AG)	8.7%	8.9%

¹⁾ Previous year's figures adjusted due to retrospective report

2.7 CO_{2e} emissions

2.7.1 Targets and strategies

HORNBACH is making a contribution towards achieving the climate targets agreed by the government. The company records and documents the CO_{2e} emissions directly and indirectly resulting from its business activities. Since the 2020/21 financial year, we have measured the CO₂ footprint of our buildings and of the vehicles and equipment we ourselves operate (Scopes 1 and 2) at the HORNBACH Group. The largest share of these emissions relates to the operation of our retail outlets and logistics locations. The company plans to continually reduce its CO_{2e} emissions (Scopes 1 and 2) in the coming years. By the 2030/31 financial year, it plans to achieve a reduction in Scope 1 and 2 CO_{2e} emissions on Group level of 42% compared with the 2021/22 base year, with this reduction being consistent with the 1.5-degree target of the Paris Climate Agreement. [In the context of multiyear variable remuneration (MVR) for the Board of Management, reduction targets have initially been set for the HORNBACH Baumarkt AG Subgroup (see table). The reduction target for

MVR 2 has been adjusted compared with MVR 1 in order to comply with the Group's target (1.5-degree target). ✓

Target year	Reduction
[2026/27 (MVR 1: 2023/24 – 2026/27)	20% reduction per m ² of heated space (base year 2020/21), based on HORNBAACH Baumarkt Subgroup) ✓
2027/28 (MVR 2: 2024/25 – 2027/28)	28% overall reduction (base year 2021/22), based on HORNBAACH Baumarkt Subgroup)

HORNBAACH is also working towards recording indirect CO_{2e} emissions in its value chain (Scope 3). It plans to report its complete Scope 3 emissions for the first time for the 2024/25 financial year. In the current financial year, we have already reported on select categories of upstream Scope 3 emissions (see table below).

2.7.2 Management approach and measures

CO_{2e} emissions resulting from the operation of proprietary stores and logistics centers can largely be reduced by avoiding or lowering energy consumption. In recent years, HORNBAACH already 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.

In the financial year under report, the company significantly expanded its proprietary electricity generation from photovoltaics systems. A Group-wide total of 40 photovoltaics systems with a capacity of around 19,400 KWp were in operation or construction as of the balance sheet date. Of these, 34 systems with a capacity of around 18,100 KWp were newly installed in the 2023/24 financial year. Furthermore, two stores previously heated with gas or oil were converted to district heating in the year under report.

In calculating its CO_{2e} emissions (Scopes 1, 2, and 3), HORNBAACH refers to estimates, assumptions, and projections when no real data are available.

The CO_{2e} emissions (Scopes 1 and 2) are presented in the following tables:

Greenhouse gas emissions in tonnes of CO _{2e}	2023/24	2022/23 ⁴⁾	2021/22 (base year for 1.5° target; MVR 2) ⁴⁾
Scope 1¹⁾	28,455	30,518	35,417
Stationary combustion	18,253	19,760	25,995
Mobile combustion (vehicle pool)	10,202	10,758	9,421
Scope 2 (market-based)²⁾	35,891	35,219	33,026
Electricity	33,442	32,826	30,483
District heating	2,448	2,393	2,543
Scope 2 (location-based)³⁾	40,667	38,615	49,001
Total greenhouse gas emissions in Scopes 1 and 2 (market-based) in tonnes	64,346	65,737	68,443

(Differences due to rounding up or down)

¹⁾ Excluding coolants

²⁾ Market-based figures refer to emission factors at the electricity supplier.

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

⁴⁾ Due to a change in the calculation methodology (change of provider), the figures calculated for the previous years have been recalculated. Figures previously reports for total Scope 1 and Scope 2: 2022/23: 65,611; 2021/22: 75,421

Greenhouse gas emissions in tonnes of CO _{2e} /m ²	[2023/24] ✓	2022/23 ¹⁾	2021/22 ¹⁾	[2020/21 (base year MVR 1) ¹⁾ ✓]
Greenhouse gas emissions in Scopes 1 and 2 (market-based) per m ² of heated space ²⁾ in kg, excluding vehicle pool	31.6	32.0	35.8	37.8

¹⁾ Previous year's figures adjusted due to a change in the calculation methodology (definition, change of provider)

²⁾ HORNBACH Baumarkt Subgroup: stores, logistics centers, administration

The following measures to reduce Scope 1 and 2 emissions further have been defined:

- The installation of photovoltaics systems at store, logistics, and administration locations is to be further rolled out across the Group.
- The consumption of fossil fuels (gas, oil), which are used above all for heating, is to be further reduced by converting stores to other heating systems. The available technical options are currently being analyzed, taking due account of the lifecycles of existing heating systems.
- A new company car policy promoting the use of emission-free and low-emission vehicles was developed in the year under report and is valid from March 1, 2024.

The Scope 3 categories already recorded in the 2023/24 financial year are presented in the table below:

Greenhouse gas emissions in tonnes of CO _{2e}	2023/24
Category 1: Purchased goods and services (only packaging)	98,047
Category 2: Capital goods	71,246
Category 3: Fuel and energy-related activities	17,145
Category 5: Waste generated in operations (excluding wastewater)	5,447
Category 6: Business travel	1,690
Category 7: Employee commuting	21,062

2.7.3 Target achievement status

In the 2023/24 financial year, the company reduced its Group-wide greenhouse gas emissions (CO_{2e}, Scopes 1 and 2) by 2.1% compared with the previous year and by 6.0% compared with the 2021/22 base year (MVR 2; 1.5-degree target). [Per square meter of heated space, the HORNBACH Baumarkt AG Subgroup achieved a reduction of 1.2% compared with the previous year and of 16.5% compared with the 2020/21 base year (MVR 1). The reduction target for MVR 1 has thus currently not yet been met. ✓]

2.8 Disposal and recycling

2.8.1 Targets and strategy

As a retail company, HORNBACH is responsible for the product packaging of its private labels and own imports, as well as for transport packaging and article repackaging. By ensuring that these materials are handled in resource-effective ways, HORNBACH is making an active contribution to building a circular economy. We aim to use as little packaging material as possible and to design unavoidable packaging in such a way that it is as 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. Not least in view of the consistent rise in disposal costs, we see well-considered resource management as indispensable.

We support our customers in using the products they buy from us for as long as possible by offering repair services and spare parts. Products and materials that can no longer be used can be disposed of in an environmentally compatible manner at HORNBAACH. We provide customers across the Group with the opportunity to return and dispose of lighting materials, old electrical appliances, waste oil, and batteries. We also support them in correctly disposing of construction rubble.

The company currently does not have any specific targets with regard to packaging design, reducing waste in its proprietary business operations, or taking back and disposing of products. The volume of waste and recyclable materials incurred in business operations was recorded for 87% of retail outlets and logistics locations in the year under report.

2.8.2 Management approach and measures

Within the product development process, in the 2023/24 financial year we stepped up our efforts to further 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 is 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.

As a member of the "Euro Plant Tray" association, HORNBAACH cooperated with other retailers in the year under report to press ahead with introducing a multiple-use system for plant transport packaging that is valid across Europe. The multiple-use plant trays will enter circulation from 2024 onwards.

To simplify disposal and gain a precise overview of all material flows, HORNBAACH operates its own online recycling portal that is used by HORNBAACH Baumarkt AG and its subsidiaries 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 the countries in which we operate. This way, 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. HORNBAACH can thus 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 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, HORNBAACH's stores and logistics centers work with baling presses for the high-volume waste classes of paper and plastics.

HORNBAACH pursues a variety of approaches to directly make new products out of resources. Wood chippings, for example, are offered as an alternative to mulch at HORNBAACH's stores. Furthermore, new products such as water butts are made out of recycled hard plastic.

2.8.3 Target achievement status

In the year under report, the company disposed of the following volumes of waste and resources via the locations connected to the disposal portal. HORNBAACH's locations in Romania, Slovakia, and the Czech Republic are currently not connected to the portal.

Resources in tonnes (rounded total)	2023/24	2022/23
Plastics	2,550	2,800
Paper, paperboard, cardboard	10,515	11,200

Waste in tonnes (rounded total)	2023/24	2022/23
Waste for recycling	8,595	8,400
Old paint, old varnish (containing dispersion and solvents)	331	315
Waste metal & aluminum	2,420	2,700
Rubble (pure)	12,435	14,000
Electrical waste (small and large appliances, cooling appliances, lighting materials)	672	680
Gypsum-based waste	1,985	2,450
Timber (A1 - A3)	29,085	29,750
Compost material / green waste	2,480	2,850

2.9 Compliance

2.9.1 Targets and strategy

HORNBACH's compliance management system is built on a value-based approach. The principles set out in the "HORNBACH Foundation" and their specification in the "HORNBACH Values" form the defining basis for HORNBACH's system of values. These have been translated into all relevant languages at the Group and made available to all employees. Compliance with legal requirements and internal company policies and ethical principles is indispensable to HORNBACH and the company has aligned its corporate culture to these principles. In particular, these also include internal anticorruption regulations.

Corruption and bribery/corruptibility may have substantial implications for the company and its employees, cause enormous harm to the company's reputation, and lead to a long-term loss of trust. In view of this, combating corruption and bribery/corruptibility is one of the focus compliance topics. As with all compliance infringements, HORNBACH has a zero-tolerance policy towards corruption.

2.9.2 Management approach and measures

HORNBACH's compliance management system has a primarily preventive focus with the aim, wherever possible, of avoiding infringements in the first place. The Compliance Unit manages the coordination and continuous optimization of Group-wide compliance activities. The Head of Compliance reports directly to the Chief Compliance Officer. The Compliance Department is further supported by compliance officers responsible for the regions and specialist departments.

As a general rule, individual one-to-one meetings are held with compliance officers from the regions several times a year. In addition, joint Group meetings with all compliance officers from the specialist departments and regions take place twice a year.

These regular meetings address individual topics, such as training requirements or the existence of compliance-relevant topics. This ensures that the Compliance Unit is kept informed of system-relevant developments in the regions and specialist departments over and above the matters reported on an ad-hoc basis. Furthermore, the Compliance Committee, which is the topmost advisory body within the compliance organization, also meets regularly and discusses relevant compliance-related developments.

In addition to the bodies and contact partners directly involved, the compliance management system is also supplemented by a web-based whistleblower system. This offers a further system that is available worldwide

to enter into dialog with the compliance organization, anonymously if preferred. It provides a channel for submitting notifications of potential compliance infringements, particularly those relating to corruption and bribery/corruptibility.

The standards of conduct set out in the “HORNBAACH Values” place explicit expectations in the company’s managers and employees. Among others, these include a commitment to fair competition and conduct based on integrity. They also explicitly condemn conflicts of interests and corruption. This approach is set out in greater detail in the document “HORNBAACH’s Standards of Conduct – Acceptance and Granting of Gratuities”. The corresponding expectations in managers and employees are formulated on the basis of various guiding principles.

The HORNBAACH Foundation, the HORNBAACH Values and “HORNBAACH’s Standards of Conduct – Acceptance and Granting of Gratuities” are provided to all employees when they start working at HORNBAACH and are also permanently available in digital form on the Group’s intranet.

2.9.3 Target achievement status

The anticorruption concept presented above is intended to avoid all kinds of corruption and bribery/corruptibility and to fully prevent any such cases arising. No incidents of corruption or bribery/corruptibility were identified in the 2023/24 financial year.

3. EU Taxonomy

3.1 Background

As a result of the European Green Deal, the topics of climate protection, ecology, and sustainability are becoming a key focus of political measures taken by the European Union with the overriding objective of achieving climate neutrality by 2050. In March 2018, the European Commission presented the “Sustainable Finance” Action Plan to channel funding into sustainable investments, tackle the financial risks resulting from climate change, the shortage of resources, environmental destruction, and social problems, and increase transparency and long-termism in financial and economic activity. One specific measure in the Action Plan involves introducing a taxonomy of sustainability, which was subsequently established in Regulation (EU) 2020/852 (hereinafter: “EU Taxonomy”). The EU Taxonomy, which entered effect in 2020, provides a system for classifying environmentally sustainable economic activities. According to this system, an economic activity is to be classified as sustainable if it particularly makes a substantial contribution to one of the six following environmental objectives:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- The sustainable use and protection of water and marine resources (WTR)
- The transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- The protection and restoration of biodiversity and ecosystems (BIO).

In 2023, the EU officially published Delegated Regulation 2023/2486 (hereinafter “Environmental Delegated Act”) and Delegated Regulation 2023/2485. The Environmental Delegated Act comprises economic activities in the four remaining environmental objectives and contains amendments to the previously published Delegated Regulation (EU) 2021/2178 (hereinafter “Disclosures Delegated Act”). Delegated Regulation 2023/2485 contains amendments to the previously published Delegated Regulation (EU) 2021/2139 (hereinafter “Climate Delegated Act”). Furthermore, Delegated Regulation (EU) 2022/1214, which addresses specific gas and nuclear energy activities, continues to apply (hereinafter “Complementary Climate Delegated Act”).

If an economic activity is recorded and described in these delegated acts, then in the first stage it is to be classified as “taxonomy-eligible”. For a taxonomy-eligible economic activity to be viewed in the second stage as “taxonomy-aligned”, it must cumulatively meet the requirements presented below:

- The economic activity makes a substantial contribution to at least one of the environmental objectives by meeting the technical screening criteria stipulated by the EU Taxonomy for a substantial contribution.
- The economic activity does not significantly harm one or more of the other environmental objectives and therefore meets the technical screening criteria for the avoidance of significant harm (the “do not significantly harm” (DNSH) criteria) of the EU Taxonomy.
- Minimum safeguards are basically complied with across the respective activities.

Pursuant to the EU Taxonomy and the supplementary delegated acts, in our Non-Financial Group Report we report the proportions of taxonomy-eligible turnover, capital expenditure (CapEx), and operational expenditure (OpEx) for all environmental objectives and the proportions of taxonomy-aligned turnover, capital expenditure (CapEx), and operational expenditure (OpEx) for the first two environmental objectives of “climate change mitigation” and “climate change adaptation” for the 2023/24 financial year. HORNBAACH is not affected by any economic activities relating to the generation of energy from fossil gas or nuclear energy. It has therefore foregone disclosing the specific templates for these activities. The EU Taxonomy and the delegated acts issued on this include formulations and concepts whose interpretation is still subject to significant uncertainty and for which clarifications have not yet been published in all cases.

Some economic activities may possibly contribute towards several environmental objectives. Where an economic activity contributes to several environmental objectives, it has been allocated to just one environmental objective in order to avoid double counting.

The key performance indicators requiring report for the EU Taxonomy in the 2023/24 financial year are summarized in the table below:

2023/24	Total in € 000s	Taxonomy-eligible proportion in %	Taxonomy-aligned proportion in %
Turnover	6,160,886	0.7%	0.0%
Capital expenditure (CapEx)	236,790	39.8%	13.8%
Operational expenditure (OpEx)	101,312	78.3%	26.9%

3.2 HORNBAACH's economic activities

The sales of the HORNBAACH Group recognized pursuant to IFRS 15 were analyzed to assess whether they can be allocated to one of the economic activities listed in the annexes to the Climate Delegated Act, the Complementary Climate Delegated Act, or the Environmental Delegated Act and thus viewed as taxonomy-eligible.

The business activities which generate HORNBAACH's sales are primarily those of a traditional commodity dealer: procurement and sale of goods and related services. By analogy with the previous year, the analysis established that HORNBAACH's retail activities are not presented within the environmental objectives of "climate change mitigation" or "climate change adaptation". Within the "transition to a circular economy" environmental objective, the company identified economic activity 5.2. "Sale of spare parts" and therefore classified this as taxonomy-eligible. As a result, the environmental sustainability of HORNBAACH's retail activities can only be assessed to a limited extent. In addition to its traditional retail activities, HORNBAACH also offers various project services in its trade services. Part of the resultant trade service sales may be allocated to economic activity 7.3. "Installation, maintenance and repair of energy efficiency equipment" in connection with the "climate change mitigation" environmental objective and therefore classified as taxonomy-eligible.

In the 2023/24 financial year, the key performance indicators presented below for turnover, capital expenditure (CapEx), and operational expenditure (OpEx) were calculated with due application of a materiality approach. Only those economic activities for which the taxonomy-eligible key figure reached the threshold of 1% were assessed to ascertain their taxonomy-alignment. For the financial year under report, it is only necessary to report taxonomy eligibility for the economic activities covered by the Environmental Delegated Act (environmental objectives 3-6) and the amendments to the Climate Delegated Act.

3.3 Turnover

Turnover as defined in the EU Taxonomy corresponds to the consolidated net sales recognized pursuant to IAS 1.82(a) in the IFRS consolidated financial statements. The income statement in the consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for the 2023/24 financial year reports sales of € 6,160,886k (please see the comments on the "Basis of accounting" and Note (1) "Sales" in the consolidated financial statements).

The key performance indicators reported in the table on turnover present taxonomy-eligible and taxonomy-aligned turnover as a proportion of the Group's total sales.

Taxonomy-eligible turnover

HORNBAACH generates sales from trade services that may be allocated to economic activity 7.3 “Installation, maintenance and repair of energy efficiency equipment” in connection with the “climate change mitigation” environmental objective and therefore classified as taxonomy-eligible. These sales of € 30,203k (2022/23: € 32,147k) primarily result from the installation of door and window elements, the installation of water and energy-saving fittings, and insulation measures. Furthermore, HORNBAACH generates sales in economic activity 5.2 “Sale of spare parts” that are associated with the “transition to a circular economy” environmental objective and, in view of this, are to be classified as taxonomy-eligible for the first time in the 2023/24 year under report. At the end of the year, sales from the new economic activity 5.2 “Sale of spare parts” amounted to € 15,067k.

In the 2023/24 financial year, the Group’s taxonomy-eligible turnover amounted to € 45,270k. Taxonomy-eligible turnover thus accounted for a 0.7% proportion of total sales (2022/23: 0.5%). The increase in taxonomy-eligible turnover is chiefly due to the inclusion of a new economic activity, “Sale of spare parts”, which has been reported for the first time for the 2023/24 financial year.

Taxonomy-aligned turnover

The taxonomy-eligible turnover resulting from the trade service comprises a large number of very small orders. Assessing the taxonomy alignment of this turnover would require specific consideration of each individual order. Given due application of the materiality approach, the company currently only assesses the taxonomy alignment of those activities for which the taxonomy-eligible turnover accounts for at least 1% of total sales. As a result, taxonomy-aligned turnover accounts for a 0% proportion of total sales.

The taxonomy assessment for economic activity 5.2 “Sale of spare parts” only has to be performed in the next financial year.

3.4 Capital expenditure (CapEx)

According to the definition in the EU Taxonomy, capital expenditure comprises additions to tangible and intangible assets during the financial year before depreciation, amortization, and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The capital expenditure of the HORNBAACH Group comprises additions to property, plant and equipment (IAS 16), intangible assets (IAS 38), investment property (IAS 40), and right-of-use assets (IFRS 16) (please see the comments on the “Basis of accounting” and the relevant Notes (11), (12), and (13) in the consolidated financial statements). Due account also has to be taken of additions resulting from business combinations (IFRS 3) except for any goodwill arising thereby.

In the 2023/24 financial year, total capital expenditure at the Group amounted to € 236,790k (2022/2023: € 349,637k). Of capital expenditure, € 18,483k involved intangible assets (2022/23: € 8,811k) (please see Note (11) “Intangible assets” in the consolidated financial statements), € 145,491k involved property, plant and equipment (2022/23: € 188,144k) (please see Note (12) “Property, plant and equipment, right-of-use assets, and investment property” in the consolidated financial statements), and € 72,815k involved right-of-use assets (2022/23: € 152,682k) (please see Note (12) “Property, plant and equipment, right-of-use assets, and investment property” in the consolidated financial statements). Total capital expenditure can be derived from the respective asset schedules in the consolidated financial statements and comprises the “Additions” line item. Of capital expenditure in the 2023/24 financial year, an amount of € 73k related to an acquisition in the context of business combinations (2022/23: € 10,505k).

The key performance indicators reported in the table on capital expenditure present taxonomy-eligible and taxonomy-aligned capital expenditure as a proportion of the Group's total relevant capital expenditure. A distinction has to be made between the three following categories of taxonomy-eligible or taxonomy-aligned capital expenditure:

- a) capital expenditure that relates to assets or processes that are associated with taxonomy-eligible or taxonomy-aligned economic activities (CapEx a)
- b) capital expenditure that forms part of a CapEx plan to expand taxonomy-eligible or taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx b))
- c) capital expenditure that relates to the purchase of output from taxonomy-eligible or taxonomy-aligned economic activities and individual measures to reduce greenhouse gas emissions provided that such measures are implemented and operational within 18 months (CapEx c)).

Taxonomy-eligible capital expenditure

At the HORNBAACH Group, taxonomy-eligible capital expenditure currently relates exclusively to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (CapEx c)) in connection with the "climate change mitigation" environmental objective. As a result, the multiple counting of individual items of capital expenditure can be excluded. The taxonomy-eligible capital expenditure of the HORNBAACH Group is presented in summarized form in the table below:

Economic activities for the "climate change mitigation" environmental objective	Description of taxonomy-eligible capital expenditure
3.6. Manufacture of other low-carbon technologies	Purchase and long-term rental of electric forklift trucks
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Purchase and long-term rental of passenger cars and light commercial vehicles
6.6. Freight transport services by road	Purchase and long-term rental of freight transport vehicles
7.3. Installation, maintenance and repair of energy efficiency equipment	LED lighting Air conditioning systems
7.6. Installation, maintenance and repair of renewable energy technologies	Photovoltaics systems
7.7. Acquisition and ownership of buildings	Purchase, construction, and long-term rental of properties

In the 2023/24 financial year, the Group's taxonomy-eligible capital expenditure amounted to € 94,285k. Of this total, € 29,071k related to property, plant and equipment pursuant to IAS 16, while € 65,214k involved leases pursuant to IFRS 16. Taxonomy-eligible capital expenditure mainly relates to additions from the purchase, construction, and long-term rental of buildings, including any associated individual measures, as well as to additions from the purchase or long-term rental of vehicles, including electric forklift trucks.

In connection with the construction of buildings, part of the capital expenditure made in the 2023/24 financial year cannot be reported as taxonomy-eligible capital expenditure as the underlying measures had not been completed within 18 months pursuant to the EU Taxonomy, as a result of which the definition of CapEx c) was not relevant (please see FAQ 11 from Commission Notice on the Interpretation of Certain Legal Provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the Reporting of Eligible Economic Activities and Assets (2022/C 385/01)). For these cases, CapEx plans will be compiled in future, thus facilitating reporting as CapEx b).

Taxonomy-aligned capital expenditure

The capital expenditure in category c) refers to the purchase of output from taxonomy-eligible or taxonomy-aligned economic activities and individual measures to reduce greenhouse gas emissions. HORNBAACH classifies any products or services acquired that are named in an activity description as the purchase of output. In these cases, it is regularly necessary to provide evidence of the taxonomy alignment of the respective capital expenditure by involving the relevant supplier or manufacturer. In the 2023/24 financial year, HORNBAACH identified taxonomy-eligible capital expenditure in connection with vehicles, photovoltaics systems, and properties that were reviewed in respect of their taxonomy alignment.

This review involved analyzing the technical screening criteria defined in the EU Taxonomy, namely substantial contribution to an environmental objective, do not significantly harm another environmental objective, and minimum safeguards.

For the taxonomy-eligible capital expenditure presented in the table above, a review of its taxonomy alignment was performed with due consideration of materiality perspectives.

The review of taxonomy alignment resulted in the identification for the first time of reportable taxonomy-aligned capital expenditure of € 661k (property, plant and equipment pursuant to IAS 16) for 3.6. "Manufacture of other low carbon technologies", € 3,434k (property, plant and equipment pursuant to IAS 16) for 7.6. "Installation, maintenance and repair of renewable energy technologies", and € 28,621k (leases pursuant to IFRS 16) for 7.7. "Acquisition and ownership of buildings".

3.5 Operational expenditure (OpEx)

The definition of operational expenditure in the EU Taxonomy covers only part of the expenses recognized in the income statement. It covers direct, non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

- The HORNBAACH Group currently does not have any research or development activities.
- Short-term lease expenditures (as well as short-term, these include low-value leases pursuant to IFRS 16).
- Maintenance and repair expenditures as defined in the EU Taxonomy are recognized in all functional areas of the income statement. The same applies to expenses incurred to renovate existing buildings.
- Other expenditures relating to the day-to-day servicing of assets of property, plant and equipment particularly include maintenance expenditures and repairs.

In the 2023/24 financial year, total operational expenditure at the Group relevant in connection with the EU Taxonomy amounted to € 101,312k.

The key performance indicators reported in the table below on operational expenditure present taxonomy-eligible and taxonomy-aligned operational expenditure as a proportion of the Group's total relevant operational expenditure. By analogy with capital expenditure, a distinction has to be made here between three categories of taxonomy-eligible and taxonomy-aligned operational expenditure ((OpEx a), OpEx b), and OpEx c)). In allocating operational expenditure to taxonomy-eligible and taxonomy-aligned capital expenditure, reference is made to suitable allocation codes based, for example, on cost centers or the composition of the relevant assets.

Taxonomy-eligible operational expenditure

At the HORNBAACH Group, taxonomy-eligible operational expenditure currently relates exclusively to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (OpEx c) in connection with the “climate change mitigation” environmental objective. As a result, the multiple counting of individual items of operational expenditure can be excluded. The taxonomy-eligible operational expenditure of the HORNBAACH Group is presented in summarized form in the table below:

Economic activities for the “climate change mitigation” environmental objective	Description of taxonomy-eligible operational expenditure
3.6. Manufacture of other low-carbon technologies	Maintenance expenditure in connection with electric forklift trucks
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Maintenance expenditure in connection with passenger cars and light commercial vehicles
6.6. Freight transport services by road	Maintenance expenditure in connection with freight transport vehicles
7.7. Acquisition and ownership of buildings	Maintenance and cleaning of buildings

In the 2023/24 financial year, the Group’s taxonomy-eligible operational expenditure amounted to € 79,316k and was thus slightly higher than the previous year’s figure.

Taxonomy-aligned operational expenditure

In the 2023/24 financial year, the HORNBAACH Group identified taxonomy-eligible operational expenditure in connection with vehicles and properties that require review in respect of their taxonomy alignment. The assessment of the taxonomy alignment of operational expenditure is basically analogous to that performed for capital expenditure.

The analysis resulted in the identification for the first time of reportable taxonomy-aligned operational expenditure of € 27,302k in connection with 7.7. “Acquisition and ownership of buildings”.

3.6 Review of “do not significantly harm” (DNSH) criteria

One component of the taxonomy alignment review involves performing an evaluation to ensure that none of the activities and services identified significantly harms the achievement of other environmental objectives. To this end, the respectively relevant DNSH criteria have to be reviewed and satisfied for each economic activity. For the economy activity 3.6. “Manufacture of other low carbon technologies” within the climate change mitigation environmental objective, the relevant documentary evidence was obtained from the corresponding suppliers. For the economic activities 7.6. “Installation, maintenance and repair of renewable energy equipment” and 7.7. “Acquisition and ownership of buildings” in the climate change mitigation environmental objective, it was only necessary to satisfy the DNSH criterion for climate change adaptation.

In order to satisfy the DNSH criterion of “climate change adaptation”, climate risk analyses were performed for the HORNBAACH DIY stores and garden centers. The query was handled using a climate risk tool to present the risks based on the stipulated climate scenarios (RCP 2.6, RCP 4.5, RCP 7.0, and RCP 8.5) although, according to the United Nations assessment, Scenario 4.5 (moderate temperature increase) is the most likely scenario given current national contributions to climate protection. Based on the climate risk analyses performed, no material risk for which the EU Taxonomy would require an immediate adaptation plan was identified for any of the relevant climate hazards. Furthermore, risks for the end of the current century were identified (e.g. forecast reduction in precipitation in Central and South-Eastern Europe). On this basis, measures and investigations are being derived for new location developments and replacement locations (including

rainwater recovery, soil diversity areas, green roofs, cisterns). As a result of the climate risk analyses, existing climate risks already applicable today were identified, and here in particular “cold stress”. However, no additional adaptation measures have been derived, as these risks are already reflected in the current qualities and fittings of the buildings. The real estate portfolio is reviewed at regular intervals to ascertain any need for action or adaptation. Measures identified are implemented where necessary. The HORNBAACH Group is pursuing further developments based on the climate reports of the United Nations and adapting its approach as appropriate.

3.7 Minimum safeguards

Minimum safeguards involve the implementation of procedures to ensure alignment with the following sets of rules and principles:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Declaration of the International Labour Organization on Fundamental Principles and Rights at Work
- International Bill of Human Rights.

There are currently no legally binding application instructions concerning compliance with minimum safeguards. In view of this, HORNBAACH has taken due account of the instructions contained in the “Final Report on Minimum Safeguards” of the Platform on Sustainable Finance (PSF), which was published in October 2022. For minimum safeguard requirements, this formulates four pertinent core topics:

- Human rights (including labor and consumer rights)
- Bribery, bribe solicitation and extortion
- Taxation
- Fair competition.

In accordance with the framework selected above, the review as to whether the company complies with minimum safeguards in respect of these four topics is to be performed using a two-dimensional approach. Alongside (1.) the existence of appropriate due diligence procedures to safeguard compliance with the relevant requirements (process dimension), there may be (2.) no indications that the company has violated minimum standards in respect of any of the four core topics (results dimension). Any such violation would indicate the inadequate effectiveness of the processes in place. This would particularly be the case if a violation of one of the four topics were to be established by a court or if a company were to reject involvement in the mechanisms of stakeholder dialog.

Overall, our systems and processes contribute to compliance with the frameworks stipulated in Article 18 of the Taxonomy Regulation. They are regularly reviewed in terms of their appropriateness and effectiveness and subject to continuous further development. This safeguards process compliance at HORNBAACH with minimum social standards in the fields of human rights, including labor and consumer rights, bribery and corruption, taxation, and fair competition.

3.8 Explanatory comments on disclosure tables

To disclose the key performance indicators (KPIs) pursuant to the Taxonomy Regulation, we use the templates stipulated in the annexes to Delegated Regulation (EU) 2021/2178 on taxonomy reporting (status: 6.27.2023, published in the EU Official Journal on November 21, 2023; cf. Delegated Regulation (EU) 2023/2486).

Abbreviations in columns 5-10:

- Y - Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective
- N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective
- N/EL - Taxonomy-non-eligible activity for the relevant objective
- EL - Taxonomy-eligible activity for the relevant objective

Crossed-out fields in the templates do not require filling in.

	Proportion of turnover / total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.5%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.2%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

	Proportion of CapEx / total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	13.8%	39.8%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

	Proportion of OpEx / total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	26.9%	78.3%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

In the disclosure tables presented above, we use the following abbreviations for the six environmental objectives:

- Climate change mitigation: CCM
- Climate change adaptation: CCA
- Pollution prevention and control: PPC
- Water and marine resources: WTR
- Circular economy: CE
- Biodiversity and ecosystems: BIO

Neustadt an der Weinstrasse, May 15, 2024

HORNBACH Holding AG & Co. KGaA
represented by its General Partner HORNBACH Management AG,
represented by its Board of Management

Albrecht Hornbach

Karin Dohm

Erich Harsch

LIMITED AND REASONABLE ASSURANCE REPORT OF THE INDEPENDENT PRACTITIONER REGARDING THE CONSOLIDATED NON-FINANCIAL REPORT FOR THE FINANCIAL YEAR FROM 1 MARCH 2023 TO 29 FEBRUARY 2024

To HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany

Our Engagement

We have performed a limited and reasonable assurance engagement on the separate non-financial group report of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße, (hereafter referred to as “the Company”) for the financial year from 1 March 2023 to 29 February 2024 (hereafter referred to as “non-financial reporting”). In accordance with our engagement, we have performed a reasonable assurance engagement on the disclosures on “customer satisfaction”, “labeling sustainable articles”, “diversity”, “employee satisfaction” and “reduction in Scope 1 and 2 CO2 emissions” marked with the symbol [✓] that are presented individually in the non-financial reporting and have performed a limited assurance engagement on all other disclosures contained in the non-financial reporting.

Our assurance engagement did not cover the references to websites contained in the non-financial reporting, including their contents, which are referenced in the non-financial reporting.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with the requirements of Section 315c in conjunction with Sections 289c to 289e German Commercial Code (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 thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section “EU Taxonomy” of the non-financial reporting.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the non-financial reporting 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 reporting that is free from material misstatement, whether due to fraud (fraudulent non-financial reporting) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section “EU Taxonomy” of the non-financial reporting. They are responsible for the reasonableness of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties. The preciseness and completeness of the environmental data in the non-financial reporting is subject to inherent existing limitations associated with the manner in which the data was collected and calculated as well as assumptions made.

Independence and Quality Assurance of the Independent Practitioner’s Firm

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

Our firm applies the national legal requirements and professional pronouncements, in particular the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) and the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional rules of conduct, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion with reasonable assurance on individual disclosures on “customer satisfaction”, “labeling sustainable articles”, “diversity”, “employee satisfaction” and “reduction in Scope 1 and 2 CO₂ emissions” marked with the symbol [✓] that are presented in the non-financial reporting, and a conclusion with limited assurance on all other disclosures contained in the non-financial reporting. In each case, our conclusion is based on our work performed within our 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”, issued by the IAASB. This standard requires that we plan and perform the assurance engagement so that we

- can conclude with reasonable assurance whether the individual disclosures marked with the symbol [✓] presented in the non-financial reporting for the period from 1 March 2023 to 29 February 2024 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors; this does not mean that a separate conclusion is expressed on each of the disclosures; and
- can conclude with limited assurance whether matters have come to our attention that cause us to believe that all other disclosures contained in the non-financial reporting, except the websites referenced in the non-financial reporting, including their contents, have 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 thereunder as well as the interpretation by the executive directors disclosed in the section “EU Taxonomy” of the non-financial reporting.

The procedures performed in the limited assurance part of our engagement are less in extent than for 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 judgement.

Within the scope of our assurance engagement, which we performed primarily between December 2023 and May 2024, we notably performed the following procedures and other work:

- Obtaining an understanding of the structure of the Group's sustainability organisation and of the stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation process about the preparation process, about the internal control system related to this process and about disclosures in the non-financial reporting,
- Identification of likely risks of material misstatements in the non-financial reporting,
- Analytical evaluation of selected disclosures in the non-financial reporting,
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report,
- Assessment of the presentation of the non-financial statement reporting,
- Assessment of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial reporting.

In the course of our reasonable assurance engagement part on the disclosures made in the Company's non-financial reporting, we have performed the following assurance procedures and other activities in addition to those described above:

- Assessment of the concept and implementation of the systems and processes for determining, processing and monitoring the disclosures,
- Assessment of the risks,
- Tests of details on the basis of samples.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Practitioner's Conclusion

In our view, the individual disclosures on "customer satisfaction", "labeling sustainable articles", "diversity", "employee satisfaction" and "reduction in Scope 1 and 2 CO₂ emissions" marked with the symbol [✓] that are presented in the separate non-financial group report for the period from 1 March 2023 to 29 February 2024 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors.

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that, regarding the disclosures not subject to the reasonable assurance engagement, the separate non-financial group report of the Company for the financial year from 1 March 2023 to 29 February 2024 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 thereunder, as well as with the interpretation by the executive directors presented in the section "EU Taxonomy" of the non-financial reporting.

We do not express a conclusion on the references to websites contained in the non-financial reporting, including their contents.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” of 1 January 2024 of the Institute of Public Auditors in Germany). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it.

Our responsibility is to the Company alone. We assume no responsibility with regard to any third parties. Our conclusion is not modified in this respect.

Düsseldorf/Germany, 15 May 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

Patrick Wendlandt

Wirtschaftsprüfer

(German Public Auditor)

Signed:

Sebastian Dingel