



**Declaration of Conformity with the German Corporate Governance Code
pursuant to § 161 of the German Stock Corporation Act (AktG)**

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

I. Preliminary remarks

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

1. Management

Many of the Code recommendations refer to the Board of Management. Unlike an AG, however, the KGaA does not have a Board of Management. At a KGaA, the tasks incumbent on the Board of Management are performed by the general partner, in this case HORNBAACH Management AG.

2. Supervisory Board

The Code recommendations concerning the Supervisory Board also do not account for the legal form of a KGaA, where the rights and obligations of the Supervisory Board differ from those at an AG. Specifically, the Supervisory Board of a KGaA does not have any personnel competence in respect of any Board of Management at the general partner and also cannot obligate the latter in terms of the company’s management by laying down transactions subject to approval requirements.

3. Annual General Meeting

The Annual General Meeting of a KGaA basically has the same rights as that at an AG; it additionally passes resolution on the adoption of the company’s annual financial statements. Unlike at an AG, some of the resolutions adopted by the Annual General Meeting require the approval of the general partner. These include the adoption of the company’s annual financial statements.

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

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

No application was made of the recommendations in Points 3.4 (1) Sentence 3, 3.8 (3), 4.1.3 Sentence 2, 4.1.5 Sentence 1, 4.2, 4.3, 5.1.2, and 5.2 (3).

These deviations from the recommendations are due to the following considerations:

a) Point 3.4 (1) Sentence 3:

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

b) Point 3.8 (3):

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

c) Point 4.1.3 Sentence 2:

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

d) Point 4.1.5 Sentence 1:

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

e) Point 4.2:

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

f) Point 4.3:

In Point 4.3, the Code made several recommendations concerning the treatment of conflicts of interest on the part of members of the Board of Management. The KGaA does not have a Board of Management. Conflicts of interest on the part of members of the Board of Management of the general partner, transactions with persons and companies closely related to such and any sideline activities are dealt with by the general partner. Pursuant to § 8 (1) Sentence 2 of the Articles of Association, however, the Supervisory Board represents the company in its dealings with the general partner in respect of all transactions.

g) Point 5.1.2:

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

h) Point 5.2 (3):

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

III. Declaration in respect of the DCGK in the version dated December 16, 2019

1. Future-related section

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

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

These deviations from the recommendations are due to the following considerations:

a) Recommendation A.1:

When making appointments to executive positions at the company, the Board of Management should consider diversity. The KGaA does not have a Board of Management.

b) Recommendation A.2:

According to Recommendation A.2, the Board of Management should institute an appropriate compliance management system and disclose the main features of this system. Employees should be given the opportunity to report, in a protected manner, suspected breaches of the law within the company. The KGaA does not have a Board of Management. Irrespective of this, the company has a compliance management system whose main features are disclosed and which also gives employees the opportunity to report, in a protected manner, suspected breaches of the law within the company.

c) Recommendations B.1 to B.5:

In B.1 to B.5, the Code makes several recommendations concerning the composition of the Board of Management, including succession planning. The KGaA does not have a Board of Management. The Supervisory Board does not have the powers to appoint members of the Board of Management at the general partner.

d) Recommendation D.6:

The KGaA does not have a Board of Management. The Supervisory Board Chairman is nevertheless in regular contact with the general partner and discusses with that company's Board of Management issues of strategy, business development, the risk situation, risk management, and compliance at the company.

e) Recommendations E.2 and E.3:

E.2 and E.3 include recommendations concerning the handling of conflicts of interests on the part of members of the Board of Management. The KGaA does not have a Board of Management. Conflicts of interest on the part of members of the Board of Management of the general partner and any sideline activities are dealt with by the general partner.

f) Recommendations G.1 to G.13, G.15, and G.16:

In G.1 to G.13, G.15, and G.16, the DCGK sets out several recommendations concerning the remuneration of the Board of Management. The KGaA does not have a Board of Management and the Supervisory Board does not have the powers to determine the remuneration of members of the Board of Management at the general partner.

2. Past-related section

The company basically complied with the recommendations of the Code in the version dated December 16, 2019 and published in the Federal Official Gazette on March 20, 2020 with the exception of the deviations already stated and substantiated for the future in Section III.1 above.

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

Bornheim bei Landau, December 2020

HORNBACH Holding AG & Co. KGaA

The Supervisory Board of
HORNBACH Holding AG & Co. KGaA

The Board of Management of
HORNBACH Management AG