

HORNBACH Holding AG & Co. KGaA

Rules of Procedure for the Supervisory Board

§ 1 General Provisions, Composition

- (1) The Supervisory Board performs its activities in accordance with the requirements of the law, the company's Articles of Association, and these Rules of Procedure. In discharging its duties, it works together with the company's other governing bodies on a basis of trust. In its activities, the Supervisory Board should be aware of the role played by the company within society and its responsibility toward society. Social and environmental factors impact on the company's performance while the company's activities impact on people and the environment. The Supervisory Board accounts for this in its governance and supervision in the best interests of the company.
- (2) Taking due account of the recommendations made by the German Corporate Governance Code, the Supervisory Board states specific objectives for its composition, compiles a skills and expertise profile for the entire board that also comprises expertise regarding sustainability issues relevant to the company, and sets a target for the share of women. As a general rule, only candidates who at the time of their election are no older than 70 and have not already been members for four full terms should be proposed for election as members of the Supervisory Board.
- (3) To ensure that the advice and supervision provided by the Supervisory Board to the General Partner and its Board of Management is independent, at least half of the members of the Supervisory Board should be independent of the company and the General Partner.
- (4) Supervisory Board members are obliged to assist the Supervisory Board in satisfying the duties incumbent on it. In this, they are solely bound by the company's best interests. Supervisory Board members are not dependent on any assignments or instructions. In their decisions, they may not pursue personal interests or exploit business opportunities available to the company for their own interests.
- (5) Each Supervisory Board member is obliged to disclose any conflicts of interest, especially any such conflicts arising due to their performing any consultant or directorship function at the General Partner, customers, suppliers, lenders, or other business partners, without delay to the Supervisory Board Chair, who may report on such to the Supervisory Board. The Supervisory Board Chair discloses any conflicts of interest directly to the Supervisory Board.
- (6) If a member of the Supervisory Board is subject to material conflicts of interest that are not merely temporary, he/she will stand down from his/her position.
- (7) Advisory and other service agreements and contracts for work between a Supervisory Board member and the company or one of its subsidiaries require approval by the Supervisory Board.

The same applies to corresponding contracts with the General Partner to the extent that the company is obliged to reimburse the resultant expenses pursuant to § 8 of the Articles of Association.

§ 2 Confidentiality

- (1) Each Supervisory Board member is obliged to maintain confidentiality in respect of all confidential disclosures and company secrets, namely operating and business secrets, confidential reports received and confidential discussions of which he/she gains awareness as a result of his/her activities in the Supervisory Board. This obligation extends beyond the period of his/her activity in the Supervisory Board. Upon retiring from the Supervisory Board, all confidential documents must be returned to the Supervisory Board Chair.
- (2) If a Supervisory Board member would like to pass on to third parties any information obtained in his/her capacity as a Supervisory Board member, he/she must inform the Supervisory Board Chair in advance, and with sufficient advance notice to allow the latter to prohibit the passing on of such information.

§ 3 Election of Chair and Deputy Chair

- (1) The Supervisory Board elects a Supervisory Board Chair and Deputy Chair from among its members. The Supervisory Board Chair has the duties, rights, and obligations conferred and imposed by the law, the company's Articles of Association, and these Rules of Procedure. The Deputy Chair has the duties, rights, and obligations of the Chair when he/she is unavailable. In the adoption of Supervisory Board resolutions, however, the Deputy Chair does not have any second vote that may be available to the Chair.
- (2) The oldest member of the Supervisory Board chairs the election and determines the results.

§ 4 Convening of Meetings

- (1) The Supervisory Board is convened when necessary. It must meet twice in each half of the calendar year. As a general rule, it should be convened once in each quarter of the calendar year. The Supervisory Board should also be convened if so requested by the Supervisory Board member or the General Partner, with the purpose of and reasons for such being stated in the request.
- (2) Meetings of the Supervisory Board are convened by the Supervisory Board Chair in writing with a notice period of three weeks. When convening the meeting, the Chair may stipulate that the meeting be held as a telephone or video conference call. The day on which the invitation is sent out and the day of the meeting itself are not included in the calculation of the notice period. In urgent cases, the Supervisory Board Chair may reduce the notice period and, as appropriate, convene the meeting orally, by telephone, by facsimile, or using other electronic communications media (e.g. e-mail). The three-week notice period does not apply for meetings convened pursuant to § 110 (1) and (2) of the German Stock Corporation Act (AktG).

- (3) The agenda items are communicated together with the invitation to the meeting. Where possible, draft resolutions should be communicated with sufficient notice and in such a way that absent Supervisory Board members have the possibility to cast their votes in writing.
- (4) Supervisory Board meetings are held at the company's legal domicile unless the Supervisory Board Chair stipulates a different venue when convening the respective meeting.
- (5) If compelling reasons apply, the Supervisory Board Chair may cancel or postpone a meeting already convened.

§ 5 Meetings, Resolutions

- (1) Supervisory Board meetings are prepared and chaired by the Supervisory Board Chair, who also determines the person who is to take the minutes.
- (2) The Supervisory Board Chair determines the order in which the agenda items are to be addressed, as well as the nature and order of voting procedures. He/she may postpone the discussion and adoption of resolutions on individual agenda items due to compelling reasons.
- (3) The members of the Board of Management of the General Partner attend Supervisory Board meetings unless the Supervisory Board Chair stipulates otherwise, the Supervisory Board resolves otherwise, or such attendance is prohibited by statutory provisions. The Supervisory Board ensures that it also meets on a regular basis without the Board of Management of the General Partner.
- (4) The Supervisory Board Chair may stipulate that persons who are not members of the Supervisory Board of the company or the Board of Management of the General Partner may be invited for the discussion of individual agenda items.
- (5) Resolutions are adopted based on a simple majority of votes cast unless otherwise required by law, the company's Articles of Association, or these Rules of Procedure. Abstentions are not counted.
- (6) The Supervisory Board Chair determines the results of voting procedures and the resolutions thereby adopted.
- (7) Resolutions may also be adopted outside meetings, in this case in writing, telephone, facsimile, other electronic communications media (e.g. e-mail), or by a combination of these channels. The Chair determines the specific details of such procedure (§ 11 (3) of the Articles of Association).

§ 6 Information Rights of the Supervisory Board

- (1) The General Partner must report to the Supervisory Board:

- a) Regularly, and at least once a year, unless changes in the situation or new issues require immediate report, on the intended business policy and other fundamental matters of corporate planning (and in particular on financial and investment planning, including sustainability-related targets)
 - b) As a minimum in connection with the preparation of the annual financial statements on the company's profitability
 - c) Regularly, and at least once a quarter, on the course of business, and in particular on the company's sales and earnings position
 - d) Regularly, and at least once every half-year, on the company's risk management, risk situation, and compliance
 - e) On transactions that may be of material significance for the company's profitability or liquidity, and in this case with sufficient notice, where possible, for the Supervisory Board to respond to the information prior the execution of the transaction
 - f) In all other cases in which such information is specifically required by law, the company's Articles of Association, these Rules of Procedure, or a Supervisory Board resolution.
- (2) In its reports to the Supervisory Board, the General Partner must address any departures in actual developments to previous reports, including existing projections and agreed targets, and indicate the reasons for such departures.
 - (3) As a general rule, the reports by the General Partner to the Supervisory Board should be compiled in writing.

§ 7 Committees

- (1) The Supervisory Board should form committees to assist it in appropriately discharging its duties and to prepare its deliberations or resolutions. To the extent permitted by law, it may assign individual or specified types of tasks and resolutions for discussion and the adoption of resolutions on behalf of the Supervisory Board. The Supervisory Board appoints a member of a given committee as chair of that committee. The committee chair regularly reports to the Supervisory Board on the work performed by the respective committee.
- (2) The Supervisory Board should form from among its members: a Nomination Committee (§ 8), an Audit Committee (§ 9), and a Special Committee (§ 10).
- (3) Committee members are appointed for the duration of their terms in office.
- (4) The provisions applicable to the Supervisory Board by law, the company's Articles of Association, or these Rules of Procedure apply by analogy to the internal organization of the committees, unless specifically stipulated otherwise in the following provisions or in any rules of procedure adopted by the Supervisory Board for the respective committee.

§ 8 Nomination Committee

- (1) The Nomination Committee comprises the Supervisory Board Chair, his/her Deputy, and one further Supervisory Board member to be elected to the committee.
- (2) The Nomination Committee submits the names of suitable candidates to the Supervisory Board for its own proposals to the Annual General Meeting concerning the election of Supervisory Board members. In proposing candidates for election by the Annual General Meeting as new Supervisory Board members, it should ascertain that the respective candidates have sufficient time available to discharge their duties.
- (3) Furthermore, it should report to the Supervisory Board on the personal and business relationships between each candidate and the company, the governing bodies of the company, and any shareholder with a material interest in the company.

§ 9 Audit Committee

- (1) The Audit Committee comprises a minimum of three and a maximum of five members to be elected by the Supervisory Board. These may also include the Supervisory Board Chair or his/her Deputy. The Supervisory Board Chair should not chair the Audit Committee.
- (2) The Audit Committee prepares the audit by the Supervisory Board of the annual and consolidated financial statements submitted by the General Partner, of the report on relationships with associated companies, and of the audit reports submitted by the auditor of the (annual) financial statements.

It should also address matters of risk management and compliance, the necessary independence of the auditor, the granting of the audit assignment to the auditor, and the determination of key audit matters and fee agreements, as well as with the other tasks incumbent on it pursuant to § 107 (3) Sentence 2 of the German Stock Corporation Act (AktG).

The Audit Committee particularly discusses the intra-year financial information and half-year financial reports and prepares the audit of the non-financial declaration/separate non-financial report.

The Audit Committee is in particular also responsible for providing ongoing supervision and advice to the company and the Board of Management of the General Partner with regard to the sustainability topics relevant to the company.

- (3) Details of the duties incumbent on the Audit Committee are provided in rules of procedure to be issued by the Supervisory Board for the committee.

§ 10 Special Committee

- (1) The Supervisory Board forms a Special Committee from among its members. This comprises three members to be elected by the Supervisory Board who may not be shareholders of the General Partner nor shareholders or managing directors of a company that is directly or indirectly a shareholder of the General Partner.
- (2) The Special Committee discharges the duties incumbent on the Supervisory Board under § 8 (1) Sentence 2 of the Articles of Association. In particular, it is also responsible for checking and approving invoices submitted by the General Partner pursuant to § 8 (3) of the Articles of Association.

§ 11 Minutes

The meetings of and resolutions adopted by the Supervisory Board must be documented in minutes which are signed by the Chair of the respective meeting. Resolutions adopted outside the meeting framework must be recorded in the minutes of the next meeting.

§ 12 Efficiency Assessment, Amendments

- (1) The Supervisory Board should assess the efficiency of its activities on a regular basis, and at least once a calendar year.
- (2) The Supervisory Board may at any time amend or supplement these Rules of Procedure. The General Partner may propose to the Supervisory Board that amendments be made to the Rules of Procedure if it views such amendments to be necessary or expedient, for example due to legislative amendments.