

Declaration of Conformity 2023/2024

The management of H&R Komplementär GmbH in its capacity as general partner of H&R GmbH & Co. KGaA (hereinafter also referred to as the "Company") and the Supervisory Board of the Company declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the Company has complied, currently complies and will in future comply with the recommendations of the Government Commission on the German Corporate Governance Code (in its current version referred to as the "Code") as described in more detail in Section II, with the exception of the deviations stated therein:

I.

Legal form-specific features of H&R GmbH & Co. KGaA

The Code is aimed at companies in the legal form of a German stock corporation ("AG"). As the special features of the legal form of a partnership limited by shares ("KGaA") are not taken into account in the Code, many of its recommendations can only be applied to H&R GmbH & Co. KGaA can only be applied in a modified form. The main special features of the legal form of H&R GmbH & Co. KGaA are as follows:

- 1. Management:** In contrast to an AG, the management and representation of a KGaA is not the responsibility of the management board, but of the personally liable partners (general partners). In contrast to the management board of an AG, general partners are not appointed by the supervisory board, but by the articles of association and thus ultimately by the KGaA's shareholders' meeting. The sole general partner of H&R GmbH & Co. KGaA is H&R Komplementär GmbH. The management and representation of H&R Komplementär GmbH is in turn the responsibility of its managing directors. The decision on the appointment, discharge and dismissal of managing directors of H&R Komplementär GmbH and the conclusion of their service contracts as managing directors is the responsibility of the meeting of partners of H&R Komplementär GmbH. The remuneration of H&R Komplementär GmbH is set out in the Articles of Association of H&R GmbH & Co. KGaA and is therefore the responsibility of the KGaA's Annual General Meeting. The determination of the remuneration of the managing directors of H&R Komplementär GmbH is assigned to the advisory board of H&R Komplementär GmbH formed by shareholder resolution (this is to be distinguished from the purely advisory board at the level of H&R GmbH & Co. KGaA). Furthermore, the management may only undertake certain types of transactions with the consent of the advisory board of H&R Komplementär GmbH.
- 2. Supervisory Board:** The competences of the supervisory board of a KGaA are limited compared to the competences of the supervisory board of an AG. The supervisory board of H&R GmbH & Co. KGaA is purely a supervisory and advisory body. It has no personnel or remuneration authority with respect to the general partner and its managing directors (see 1. above) and is not authorized to issue rules of procedure for H&R Komplementär GmbH or its managing directors or to determine a catalog of transactions which the management may only undertake with the approval of the Supervisory Board. As described in detail under 1., these competences lie with the general meeting of the KGaA, the shareholders' meeting of H&R Komplementär GmbH or the advisory board of H&R Komplementär GmbH. In contrast to the supervisory board of an AG, the supervisory board of a KGaA does not decide on the adoption of the annual financial statements, but the shareholders' meeting with the consent of the general partner (see 3. below).
- 3. Annual General Meeting:** The Annual General Meeting of a KGaA basically has the same rights as the Annual General Meeting of an AG. It is therefore responsible, in particular, for resolutions on the appropriation of profits, the formal approval of the actions of the general partner and the members of the Supervisory Board, the election of shareholder representatives to the Supervisory Board, the election of the auditor, the approval of the remuneration systems for the Executive Board and the Supervisory Board, and the approval of the remuneration report. In addition, the KGaA's Annual

General Meeting always resolves by law on the adoption of the KGaA's annual financial statements. A number of resolutions of the Annual General Meeting, including the resolution on the approval of the annual financial statements, require the approval of the general partner by law.

Insofar as the Code contains recommendations that relate to the area of responsibility of the shareholders' meeting or the advisory board of H&R Komplementär GmbH due to the specific legal form of the company, the declaration of conformity is issued in coordination with the respective decision-making body of H&R Komplementär GmbH.

II. Recommendations of the Code

1. The general partner and the Supervisory Board of H&R GmbH & Co. KGaA issued the last Declaration of Conformity on December 20, 2022. The general partner and the Supervisory Board declare that since the last Declaration of Conformity was issued, all recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 ("**GCGC 2022**") published by the Federal Ministry of Justice and Consumer Protection in the Federal Gazette on June 27, 2022 have been complied with, with the exceptions listed below, and will continue to be complied with at present and in the future:
 - a. **Recommendation A.3 GCGC 2022:** Recommendation A.3 GCGC 2022 has not been and will not be complied with. According to recommendation A.3 GCGC 2022, the internal control system and the risk management system should also cover sustainability-related objectives, unless already required by law. This should include the processes and systems for recording and processing sustainability-related data. At H&R GmbH & Co. KGaA has an internal control system and a risk management system that are used to report and assess risks. The company has also set itself sustainability-related targets and collects data within the Group to compile sustainability-related key figures. At present, however, there is no query, recording and processing of sustainability-related data linked to the risk management system or the internal control system. However, the company intends to integrate this and fully comply with recommendation A.3 GCGC 2022.
 - b. **Recommendation B.5 GCGC 2022:** Recommendation B.5 GCGC 2022 has not been and will not be complied with. According to recommendation B.5 GCGC 2022, an age limit should be set for members of the Executive Board (or members of the management) and stated in the declaration on corporate governance. No age limit has been set for managing directors of H&R Komplementär GmbH, as there is currently no reason for such a regulation in view of the current age structure of the management. A formal age limit could also make the search for suitable managing directors unnecessarily difficult. Accordingly, no age limit is specified in the declaration on corporate governance.
 - c. **Recommendation G.10 GCGC 2022:** Recommendation G.10 GCGC 2022 has not been and will not be complied with. According to recommendation G.10 GCGC 2022, the variable remuneration amounts granted to a member of the Management Board (or member of the management) should be invested predominantly in shares of the company or granted on a share-based basis, taking into account the respective tax burden (sentence 1). In addition, the long-term variable amounts granted should only be available after four years (sentence 2). The regulatory objective of recommendation G.10 GCGC 2022 is to encourage the members of the Executive Board/Management Board to focus their actions on the long-term promotion of the company's well-being and the guarantee of sustainable and long-term corporate success. As H&R GmbH & Co. KGaA is a family-run company and the

current sole managing director of H&R Komplementär GmbH is the son of the controlling shareholder, there are sufficient incentives to meet this regulatory objective.

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Salzbergen, December 19th, 2023

**The General Partner
(H&R Komplementär GmbH) of
H&R GmbH & Co. KGaA**



Niels H. Hansen
Managing Director

**The Supervisory Board of
H&R GmbH & Co. KGaA**



Dr. Joachim Girg
Chairman of the Supervisory Board