

# CORPORATE GOVERNANCE STATEMENT

Brenntag has always attached great importance to good corporate governance. As a globally operating publicly listed company, we are particularly aware of our social responsibility in this area. The Board of Management and Supervisory Board jointly issue the corporate governance statement and report on the principles of responsible corporate governance at Brenntag, each being responsible for the parts of the report that relate to them. In accordance with Principle 22 of the German Corporate Governance Code in its current version of December 16, 2019, published on March 20, 2020, the corporate governance statement pursuant to section 289f, para. 1, sentence 2 and section 315d of the German Commercial Code (HGB) is the central instrument of corporate governance reporting.

## Corporate Governance

### COMMITMENT TO RESPONSIBLE CORPORATE GOVERNANCE

As in previous years, in this reporting year the Board of Management and the Supervisory Board thoroughly examined corporate governance and the requirements of the Code. On the basis of these deliberations and pursuant to Section 161, para. 1 of the German Stock Corporation Act (Aktiengesetz), they issued, on December 14, 2020, the following declaration of conformity with the recommendations of the Code as amended on February 7, 2017 as well as the recommendations of the revised Code as published on March 20, 2020:

### DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION "GERMAN CORPORATE GOVERNANCE CODE"

"The Board of Management and the Supervisory Board of Brenntag SE are obliged to resolve a Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz). The last Declaration of Conformity has been resolved on December 12, 2019. As of this time, the German Corporate Governance Code in the version as of February 17, 2017 ("GCGC 2017") was still in place. On December 16, 2019, the Government Commission "German Corporate Governance

Code" has resolved a new version of the GCGC, which has entered into force on March 20, 2020 ("GCGC 2020").

The Board of Management and the Supervisory Board hereby declare that since their last Declaration of Conformity as of December 12, 2019, Brenntag has complied with the recommendations of GCGC 2017, with the exception of the recommendations in number 4.2.3, para. 3 and number 5.4.1, para. 2 GCGC 2017. The exceptions are declared for the following reasons:

With regard to two members of the Board of Management until August 2020, and since September 2020 with regard to one member of the Board of Management, Brenntag follows the recommendation in number 4.2.3, para. 3 GCGC 2017. There have been three members of the Board of Management who receive payments of different forms, which are partially earmarked for their pension scheme, but also, apart from that, are at the free disposal of the specific board member. Therefore, the Supervisory Board has not established target levels of pension benefits for every pension commitment.

In addition, the Supervisory Board does not set a regular limit on length of membership, as recommended in number 5.4.1, para. 2 GCGC 2017. A regular limit on length of membership does not take into account the benefits of individual members' experience.

Furthermore, the Board of Management and the Supervisory Board hereby declare that Brenntag complies and will continue to comply with the GCGC 2020 with the exception of the recommendation in C.4 GCGC 2020:

With regard to the Supervisory Board's chairwoman Doreen Nowotne, there is a deviation from the recommendation in C.4 GCGC 2020. Ms Nowotne holds positions at two non-group companies and is chairwoman of the Supervisory Board at a further non-group company. With her position as chairwoman of the Supervisory Board of Brenntag SE which Ms Nowotne has intended to take over for a transition period of two years, her total number of seats would amount to six. Therefore in accordance with the GCGC's counting method, a deviation from C.4 GCGC is herewith declared for now. In any case, the Supervisory Board has ascertained that Ms Nowotne has sufficient time available to discharge her duties."

The latest declaration and the declarations made in previous years can be found on the Brenntag SE website. If there are any changes in the handling of the recommendations of the Code, the declaration of conformity will be updated during the year and posted on the website of Brenntag SE.

#### EXPLANATIONS OF THE DEVIATIONS FROM THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The declared deviations from the German Corporate Governance Code as amended on February 7, 2017 correspond to those deviations that were also declared in the past. In accordance with number 4.2.3, para. 3 of the Code as amended on February 7, 2017, for pension plans the Supervisory Board shall establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Board of Management member – and take into account the resulting annual and long-term expense for the company. However, some members of the Board of Management receive benefits which are structured differently and which are partly for the specific purpose of retirement provision but may otherwise be used freely. With regard to these pension awards, therefore, the Supervisory Board does not refer to a targeted level of provision. From the company's point of view, this approach is preferable to the approach of a defined benefit plan, as external risks and investment risks are not shifted to the company.

In accordance with number 5.4.1, para. 2 of the Code as amended on February 7, 2017, the Supervisory Board shall specify a regular limit on length of membership of the Supervisory Board. The Supervisory Board has not set such a limit as a regular limit on the length of membership of the Supervisory Board does not take into account the benefits of individual members' experience. Therefore, as was also the case in the previous year, a deviation was declared in the current declaration of conformity.

With regard to the Code published on March 20, 2020, only one deviation from its number C.4 was declared as, in addition to her office at Brenntag, the Chairwoman of the Supervisory Board, Doreen Nowotne, is a member of the Supervisory Board at two other companies and is the Supervisory Board Chair at a further company. Doreen Nowotne had already declared before her election to Chairwoman of the Supervisory Board that she intended to take over the office of Chairwoman for a transition period after the departure of Stefan Zuschke. The Supervisory Board is convinced that, despite her other offices,

Ms Nowotne has sufficient time available to discharge her duties at Brenntag and, thanks to her many years of experience both at Brenntag and as a business consultant, is extraordinarily well-suited to the position of Supervisory Board Chair.

#### DECLARATION ON THE SUGGESTIONS MADE IN THE GERMAN CORPORATE GOVERNANCE CODE

Brenntag complies in principle with all suggestions made in the version of the Code published on March 20, 2020. The members of the Supervisory Board regularly attend meetings physically so that, in line with the provision in D.8 of the Code, participation via telephone and video conferences is only an exception and not the rule. Due to the extraordinary restrictions in the reporting year caused by the COVID-19 pandemic, it was not possible to hold physical meetings over large parts of the reporting year so the majority of meetings during this period had to be held in virtual form. We hope that in 2021 it will again be possible to hold predominantly meetings with physical attendance.

#### DISCLOSURES ON CORPORATE GOVERNANCE PRACTICE

Responsible, prudent and sustainability-focused corporate governance has always been a high priority at Brenntag. Our paramount goal is to observe legal requirements and voluntary internal codes of conduct (compliance) so we always act honestly, fairly and in good faith. To ensure this, the management makes use of various internal control and risk management systems and has established a compliance organization in the company. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations. The information on corporate governance practice is also published on the website at [www.brenntag.com/compliance\\_at\\_brenntag](http://www.brenntag.com/compliance_at_brenntag).

**Compliance management and organization:** The compliance organization of Brenntag SE is headed by the Board of Management and, within the Board, by the Chairman. The Governance, Risk & Compliance (GRC) manager in the Compliance & Audit department of Brenntag SE regularly provides the Board of Management and the Supervisory Board with information on compliance matters. Reports on compliance and whistleblowing cases and the development of the Group-wide compliance management system are given in the regular Audit Committee meetings of the Supervisory Board so the GRC manager also has a direct reporting channel to the Supervisory Board. The GRC manager is supported by an internal advisory

committee, the Compliance Committee, which is composed of various department heads of Brenntag SE. The regional compliance managers, who are appointed by the regional executive management, ensure close networking with our business activities through the coordination of the compliance management system at regional level. Regional compliance managers examine and report all compliance cases and/or compliance questions which are brought to their attention and they regularly exchange information and experience with the GRC manager of Brenntag SE. In this way, we ensure close networking of compliance management with our business activities at regional level.

**Code of conduct and company guidelines:** As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance with rules and regulations, honesty and integrity are our top priorities. A comprehensive Code of Business Conduct and Ethics summarizes all fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation. The Code of Business Conduct and Ethics contains the standards Brenntag applies in the areas of health, safety and the environment, human rights and working conditions, dealings with business partners and public institutions, combating bribery and corruption, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The Code is available on the Internet and Intranet in various languages and applies to all employees at all levels of the company. Its aim is to give guidance in the legal and ethical challenges of their daily work and to encourage correct conduct. Every infringement of this code of conduct may lead to disciplinary action and have further consequences under employment law and even criminal law for employees committing an infringement. In addition to the Code of Business Conduct and Ethics, there are further Group guidelines detailing compliance requirements, including an Anti-corruption Guideline, an Insider Compliance Guideline and the Corporate Guideline on Foreign Trade Compliance. The Code, which was revised in January 2021, and all Group-wide guidelines can be accessed by all employees on the Group-wide Intranet. The Code can also be freely accessed on the Brenntag website at [www.brenntag.com/compliance\\_at\\_brenntag](http://www.brenntag.com/compliance_at_brenntag).

**Monitoring:** Compliance with the requirements of the Group guidelines at our Group companies is regularly reviewed as part of system-based controls, compliance risk assessments (six-monthly risk inventories) and audits by Internal Audit. Details on the six-monthly risk inventories and audits by Internal Audit can be found in the chapter “Description of the Internal Control/Risk Management System” in the combined management report. Compliance risks and counteraction are described in detail in the chapter “Report on Opportunities and Risks” in the management report.

**Training:** Adherence to our Code of Conduct and antitrust requirements, the prevention of corruption, and the protection of the environment and health are particular focal points of our compliance programme, as Brenntag sees the greatest risks here. Our employees receive regular training on these topics – either at in-person events or through e-learning systems at regional or global level. The aim is to keep all employees’ knowledge up to date, avoid any illegal actions as well as to protect the environment and employees from harm. There is a global online training program for all employees on the Code of Business Conduct and Ethics, which was continued in the reporting year. Participation is mandatory for all new employees when they join the Group. Employees can complete the approximately one-hour training course on the global e-learning platform at any time and from anywhere on the Internet. A total of twelve topics – including anti-corruption and respect for human rights – are explained using practical examples and practice questions. The employees do a final test as a knowledge check. In addition, there are in-depth compliance training courses at global and regional level on the topics of bribery and corruption, anti-trust law, data privacy and fraud prevention.

**Whistleblowing:** Brenntag has set up time-tested procedures for receiving and handling internal and external complaints and reports of compliance issues throughout the Group. Our employees can either make such reports to their direct supervisor or the regional compliance manager, or alternatively submit them via central or regional whistleblowing channels and whistleblowing systems. It is also possible to make an anonymous report using the whistleblowing system. Persons outside the company can submit complaints and report infringements by contacting the compliance contact mentioned on the website of Brenntag SE. The information received is always treated in strict confidence. The reports received are reviewed and appropriate action is taken if a compliance infringement has occurred.

## WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS THE COMPOSITION AND WORKING PRACTICES OF THEIR COMMITTEES

As a result of the conversion of Brenntag AG into a European company, termed a Societas Europaea (SE), the German parent company of the Brenntag Group has been operating under the trading name Brenntag SE since February 1, 2021. In line with the previous structure, Brenntag SE has a two-tier management system consisting of the Board of Management and the Supervisory Board in accordance with the legal requirements of Article 9, para. 1, number (c) (ii) of Regulation (EC) No. 2157/2001 on the Statute for a European company (SE) ("SE Regulation") and the German Stock Corporation Act. The management of business by the Board of Management and supervision by the Supervisory Board are therefore clearly separated. The Board of Management and the Supervisory Board are guided by the applicable legislation, the principles of the Code, the company's Articles of Association as well as their respective rules of procedure. The working practices of both bodies are geared to responsible corporate governance, which is characterized by open discussions and transparency.

# BOARD OF MANAGEMENT

**STEVEN TERWINDT**

CHIEF OPERATING OFFICER  
BRENNTAG ESSENTIALS

Brenntag Essentials  
Global Key Accounts

**HENRI NEJADE**

CHIEF OPERATING OFFICER  
BRENNTAG SPECIALTIES

Brenntag Specialties

**EWOUT VAN JARWAARDE**

CHIEF TRANSFORMATION OFFICER

“Project Brenntag”  
Digitalization Brenntag Group  
IT Brenntag Group  
Indirect Procurement &  
Procurement Excellence Brenntag Group  
Functional Excellence Brenntag Group



**DR CHRISTIAN KOHLPAINTNER**

CHIEF EXECUTIVE OFFICER

Corporate Board Office  
Global HR  
Corporate Planning & Strategy  
M & A Brenntag Group  
Global Communications  
Global Marketing  
Compliance & Audit Brenntag Group  
Sustainability Brenntag Group  
Corporate Relations & Government Affairs

**GEORG MÜLLER**

CHIEF FINANCIAL OFFICER

Corporate Controlling  
Accounting Brenntag Group  
Legal Brenntag Group  
Tax Brenntag Group  
Treasury Brenntag Group  
Corporate Investor Relations  
Corporate Insurance Management  
Shared Services Brenntag Group  
Brenntag International Chemicals





## BOARD OF MANAGEMENT

The Board of Management is responsible for managing the company with the aim of creating sustainable value. The company's management aims to achieve the company's goals by responsible corporate governance, to sustainably increase the value of the company and, taking account of the company's interests, to enforce the measures necessary to implement the company's policy. The members of the Board of Management bear joint responsibility for the entire management of the company's business. They work together in a spirit of collective responsibility and keep one another informed about all major business transactions and measures adopted in their respective areas of responsibility. Notwithstanding the joint responsibility of all Board of Management members for the conduct of Brenntag SE's business, each Board member is individually responsible for the areas assigned to him under the business responsibility plan or through other resolutions of the Board of Management.

The Board of Management manages the business of Brenntag SE independently. In doing so, it must act in the company's best interest, and therefore in the interest of the shareholders, employees and other stakeholders. The Board of Management operates in accordance with the applicable laws and the provisions of their individual service agreements as well as the company's Articles of Association, rules of procedure and the business responsibility plan. The Board of Management has set up a sustainable risk management and risk monitoring system in the Brenntag Group to ensure that the subsidiaries observe all applicable external and internal rules. It develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

Board of Management meetings are to take place every two weeks but at least once a month. The Board of Management has a quorum if all its members have received invitations to the meeting and at least half of its members participate in adopting resolutions. Resolutions may be adopted outside meetings either by circulating the documents or in another form, for example by video conference. The Board of Management must do everything in its power to ensure that its resolutions are adopted unanimously. Insofar as other majorities are not prescribed by law or by the Articles of Association of Brenntag SE, the Board of Management is to adopt resolutions with a simple majority of the members of the Board participating in the vote. In the event of a tie, the Chairman of the Board of Management has a second vote.

The Board of Management has currently not set up any committees. The transactions for which a resolution adopted by the Board of Management is required by law, the Articles of Association or the rules of procedure for the Board of Management of Brenntag SE include but are not limited to the following measures:

- Board of Management's reports to the Supervisory Board,
- fundamental organizational measures, such as the conclusion of company agreements, transformation measures within the meaning of the German Transformation of Companies Act or acquisitions, carve-outs or the sale of material parts of the company as well as strategy and business planning issues,
- measures related to the implementation and controlling of a monitoring system,
- issuance of the declaration of conformity,
- preparation of the annual financial statements and the management report,
- convening of the General Shareholders' Meeting as well as the Board of Management's requests and proposals for resolutions to be dealt with and voted on at the General Shareholders' Meeting,
- matters with respect to which the Chairman of the Board of Management or any two members have requested a resolution by the Board of Management.

Furthermore, internal guidelines applicable throughout the Group have been implemented which also lay down the requirement of a resolution passed by the entire Board of Management or by individual members of the Board of Management for certain matters. The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues of Brenntag SE and its subsidiaries with regard to strategy, corporate governance, the business policy it plans and other fundamental questions of corporate planning, the company's profitability, business performance and current position, risk management and compliance. The Board of Management addresses in particular any departures of business performance from the plans made or targets agreed, stating the reasons for such departures. In addition, the Board of Management requires the prior consent of the Supervisory Board for certain major matters which are described in detail in the chapter "Supervisory Board".

## COMPOSITION OF THE BOARD OF MANAGEMENT

Dr Christian Kohlpaintner has been a new member and Chairman of the Board of Management of Brenntag SE since January 1, 2020. In the reporting year, the Board of Management had five members until the end of July, and in the period from August to December four members. The Board of Management members Markus Klähn and Karsten Beckmann stepped down from the Board of Management and all other offices at Brenntag on July 31 and August 31, 2020 respectively. Steven Terwindt was appointed as a new member of the Board of Management with effect from August 1, 2020. Ewout van Jarwaarde joined the Board as Chief Transformation Officer on January 1, 2021.

Further information on the members of the Board of Management can be found on the website at [www.brenntag.com/board\\_of\\_management](http://www.brenntag.com/board_of_management). Information on the remuneration of the Board of Management is included in the remuneration report as part of the management report.

## WORKING PRACTICES OF THE SUPERVISORY BOARD

As the second governing body of a stock corporation (Aktien-gesellschaft), the Supervisory Board has the task of monitoring the management of the company by the Board of Management as well as advising the Board of Management on the management of the company. The Supervisory Board also appoints and dismisses the members of the Board of Management. The Supervisory Board bases the composition of the Board of Management on the company's strategy, the requirements of the recommendations of the Government Commission "German Corporate Governance Code" and on the internal diversity policy. The Supervisory Board regularly discusses the company's strategy with the Board of Management and the progress made in its implementation. Furthermore, the Board of Management regularly informs the Supervisory Board of all issues with regard to planning, business development, the risk situation and risk management of the company in compliance with Section 90 of the German Stock Corporation Act (AktG).

The Supervisory Board also decides on the Board of Management's business responsibility plan if the latter cannot decide on it unanimously itself. Furthermore, the prior consent of the Supervisory Board is required for some major Board of Management decisions, including but not limited to major changes in the business strategy of the Brenntag Group, the acquisition or sale of major plots of land, companies or business operations, the conclusion of agreements in connection with the

granting or raising of loans or the assumption of guarantees, the amount of which exceeds certain thresholds.

The Supervisory Board has adopted rules of procedure and, according to these rules, holds at least two meetings in the first two quarters and at least two meetings in the last two quarters of each calendar year. If necessary and on a case-by-case basis, additional meetings are held or circular resolutions are passed outside Supervisory Board meetings. The Supervisory Board has a quorum when at least three members participate in the voting. Insofar as other majorities are not prescribed by law, resolutions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote. He/she is also authorized to make any declarations on behalf of the Supervisory Board which are necessary to implement its resolutions.

The Supervisory Board members are in principle elected for a period up to the close of the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory Board may be re-elected. All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest. The rules of procedure for the Supervisory Board are published on the Brenntag website.

The Supervisory Board has regulated the work of the Board of Management in the rules of procedure for the Board of Management, in particular matters which have to be dealt with by the entire Board of Management as well as the necessary majority for Board of Management resolutions. Information on the remuneration of the Supervisory Board members can be found in the chapter "Remuneration Report" in the combined management report; this information can also be found on the website as part of the management report. The Supervisory Board performs an assessment of its activities on a regular basis, but at least every two years. The last routine efficiency review took place in December 2019 on the basis of internally created questionnaires. The efficiency review examined in particular whether the existing internal rules of procedure have proved to be appropriate for good corporate governance, how the activities of the Supervisory Board can be made even more efficient and whether there are further opportunities to implement the corporate governance requirements even more effectively. In addition, work in the committees themselves and



cooperation with the Supervisory Board as a whole was reviewed. The next efficiency review is expected in 2021.

The Supervisory Board had established two committees from among its members in the reporting year, namely the Presiding and Nomination Committee and the Audit Committee, and a third one was established in January 2021, the Transformation Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. Each chairperson reports regularly to the Supervisory Board on the committee's activities.

#### **PRESIDING AND NOMINATION COMMITTEE**

As was the case in the previous year, the Presiding and Nomination Committee set up by the Supervisory Board of Brenntag SE consists of the Supervisory Board chairperson, i.e. until June 10, 2020 Stefan Zuschke, and since the Supervisory Board meeting held directly after the close of the ordinary General Shareholders' Meeting Doreen Nowotne, as well as Dr Andreas Rittstieg and Wijnand P. Donkers. The chairperson of the Supervisory Board always also holds the chair of the Presiding and Nomination Committee.

The members of the Committee are constantly in contact with the Board of Management between the meetings of the Supervisory Board and advise the Board of Management on the strategic development of the company. The Committee coordinates the activities of the Supervisory Board as a whole and monitors compliance by the Board of Management with the rules of procedure. Furthermore, the Committee makes proposals regarding the appointment and removal of members of the Board of Management, the terms of the Board of Management service agreements within the framework of the remuneration system structure adopted by the Supervisory Board as well as any application to reduce the remuneration of a Board of Management member, and regularly provides the Supervisory Board with information for reviewing the remuneration system as a whole. Furthermore, the Committee represents Brenntag SE vis-à-vis former members of the Board of Management in accordance with Section 112 of the German Stock Corporation Act, consents to sideline activities of Board of Management members in accordance with Section 88 of the German Stock Corporation Act and grants loans to the persons named in Sections 89 and 115 of the German Stock Corporation Act. In addition, the Committee approves contracts with Supervisory Board members in accordance with Section 114 of the German Stock Corporation Act and proposes suitable candidates as Supervisory Board members to

the General Shareholders' Meeting in case of the election of Supervisory Board members, taking into account the concrete objectives for the composition of the Supervisory Board and the profile of skills and expertise for the Supervisory Board as a whole.

#### **AUDIT COMMITTEE**

The Supervisory Board of Brenntag SE has set up an Audit Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the audit of the annual financial statements. The Audit Committee has three members who were appointed by the Supervisory Board. As in the previous year, they are Ulrich M. Harnacke as its Chairman and Stefanie Berlinger. Doreen Nowotne was also a member of the Audit Committee until her election as Chairwoman of the Supervisory Board on June 10, 2020. As of that date, the newly elected member of the Supervisory Board, Richard Ridinger, has also been a member of the Audit Committee. The Chairman of the Audit Committee, Ulrich M. Harnacke, has special knowledge of and experience in applying accounting principles and internal control procedures. Furthermore, he is not a former member of the company's Board of Management.

The Chairman reports regularly to the Supervisory Board about the activities of the Committee. The Audit Committee prepares the resolutions of the Supervisory Board on the auditing and adoption of the annual financial statements as well as the approval of the consolidated financial statements, the proposal for the appropriation of profit and the Supervisory Board's proposal to the General Shareholders' Meeting on the election of the auditors for the consolidated financial statements and the auditors for the half-yearly and quarterly financial reports, insofar as the latter are audited or reviewed by auditors. For this purpose, the Audit Committee pre-reviews the documentation relating to the consolidated and annual financial statements, the combined group management report and the management report as well as the proposal for the appropriation of profit. The Audit Committee discusses the audit reports with the auditor. The Committee deals with accounting issues on behalf of the Supervisory Board, in particular the treatment of subjects of fundamental importance, such as the application of new accounting standards and the monitoring of the accounting process. It deals with half-yearly and quarterly financial reports as well as their audit or review. Furthermore, it reviews the adequacy and effectiveness of the company's internal control system, risk management system and internal audit system.

The Audit Committee also reviews observance of and compliance with the statutory provisions and internal company policies as well as compliance with the relevant rules of the German Corporate Governance Code. On behalf of the Supervisory Board, the Committee also monitors in particular the audit and the auditors' independence, including compliance with statutory requirements regarding the tendering process, proper awarding of non-audit services and observance of requirements to rotate the statutory auditor. In addition, the Committee engages the auditors to conduct the audit of the annual financial statements and, if necessary, a review of the half-yearly and quarterly financial reports. Furthermore, it discusses the scope and main points of the audit as well as cooperation between the statutory auditor and Corporate Internal Audit (since January 2021 Compliance & Audit Brenntag Group) and other departments involved in risk management. On behalf of the Supervisory Board, the Committee authorizes the auditors' fee. In addition, the Audit Committee discusses the financial, investment and liquidity plans with the Board of Management, including the plans with respect to the observance of financial covenants and the adequacy of interest hedging for the Group as well as deviations of the actual development from targets previously reported. The Audit Committee is responsible for the receipt and handling of complaints by employees and third parties about the accounting, the internal company control system, risk management, the audit of the financial statements and other accounting-related issues (whistleblowing). The Audit Committee may assume other tasks which the Supervisory Board assigns to it. It obtains regular reports about the work of the Corporate Internal Audit department, in particular about that department's audit focuses and audit findings. The same applies to risk management and the monitoring of compliance.

#### TRANSFORMATION COMMITTEE

The Supervisory Board has also established a so-called Transformation Committee with effect from January 2021. This committee deals in particular with the planning and implementation of "Project Brenntag" and the transformation process thus initiated in the company, a review of and changes to the corporate strategy and the corporate structure as well as the relevant organizational processes, and prepares the Supervisory Board meetings and resolutions on corresponding resolution items. The members of the Transformation Committee are Doreen Nowotne, who is also its Chairwoman, Wijnand P. Donkers and Richard Ridinger.

#### COMPOSITION OF THE SUPERVISORY BOARD

As in the previous year, the Supervisory Board of Brenntag SE consists of six members. The former Chairman of the Supervisory Board, Stefan Zuschke, stood down from the Supervisory Board at the end of his term of office at the close of the ordinary General Shareholders' Meeting on June 10, 2020. Richard Ridinger was elected by the shareholders as a new member of the Supervisory Board. Following the ordinary General Shareholders' Meeting, Doreen Nowotne was elected to serve as the Chairwoman of the Supervisory Board. There are no employee representatives on the Supervisory Board of Brenntag SE as the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable.

In the Supervisory Board's opinion, a suitable number of independent members is at least three. The Supervisory Board believes that all current members are to be regarded as independent as defined by the Code. The current composition of the Supervisory Board is in line with the self-imposed objectives and the profile of skills and expertise. The members of the Supervisory Board of Brenntag SE have been chosen for their professional qualifications, their knowledge and their particular experience. The members of the Supervisory Board as a whole are familiar with the business sector in which Brenntag operates and have the required experience. Independent members with expertise in the fields of accounting and auditing within the meaning of Section 100, para 5. of the German Stock Corporation Act (AktG) are Ulrich M. Harnacke, who is a Wirtschaftsprüfer (German public auditor) and tax consultant, and Doreen Nowotne by virtue of her business training, her work in the field of auditing and accounting as well as her many years as a member of the Audit Committee.

Further information on the members of the Supervisory Board can be found on the website at [www.brenntag.com/supervisory\\_board](http://www.brenntag.com/supervisory_board).

#### SHARES HELD BY THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

On December 31, 2020, no member of the Board of Management or the Supervisory Board held share packages of Brenntag SE or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag SE either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

## **AVOIDANCE OF CONFLICTS OF INTEREST ON THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD**

In the reporting year, there were no conflicts of interest of Board of Management or Supervisory Board members which are to be reported immediately to the Supervisory Board owing to the duty of loyalty to the company. Furthermore, as was also the case in the previous years, in the reporting year there were no advisory or other service agreements and contracts for work between a member of the Supervisory Board and the company or the other consolidated subsidiaries. No member of the Board of Management has accepted more than a total of three offices in non-Group listed companies or on supervisory bodies of non-Group entities that make similar requirements. A detailed list of the offices held by the members of the Supervisory Board on supervisory boards to be established by law or on comparable domestic and foreign supervisory bodies of business enterprises is given in the chapter “Members of the Supervisory Board”.

## **REPORTABLE SECURITIES TRANSACTIONS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS**

Pursuant to Section 26, para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the Regulation (EU) No. 596/2014, termed the Market Abuse Regulation, any persons working in a management capacity for an issuer of securities and any persons closely associated with said persons are obliged to report transactions involving shares of Brenntag SE or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 20,000. Transactions reported in financial year 2020 were duly published and are available on Brenntag’s website at [www.brenntag.com/managers\\_transactions](http://www.brenntag.com/managers_transactions). Transactions in previous reporting periods were also duly published and can also be accessed at any time on the website of Brenntag SE.

## **D&O INSURANCE DEDUCTIBLE**

For details on the D&O insurance (Directors & Officers insurance, liability insurance against financial losses), we refer you to the information given in the chapter “Remuneration Report”.

## **APPROPRIATE CONTROL AND RISK MANAGEMENT**

An effective risk management and control system is a prerequisite for the Board of Management and Supervisory Board of Brenntag SE to ensure that opportunities and risks arising from the business activities of Brenntag SE and its subsidiaries are handled appropriately. One particular focus remains the financial risks, in particular the liquidity and credit default risks. Systematic risk management enables potential uncertainties to be identified and assessed at an early stage and risk positions optimized. The Board of Management reports regularly to the Supervisory Board on any existing risks and their development. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process, effectiveness and efficiency of the company’s internal controls, risk management and the internal audit system. The Audit Committee’s work is described in detail in the chapter “Audit Committee”. Brenntag SE’s controlling, risk management and audit systems are continually refined and regularly adapted to changing conditions. Details on the internal control and risk management system can be found in the chapter “Description of the Internal Control/Risk Management System” in the combined management report.

## **TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE INFORMATION**

Brenntag SE aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag SE, constant dialogue with its shareholders and potential investors is a matter of course. Communications with the capital market are handled by the Board of Management and the Investor Relations team. An overview of the various activities in this area can be found in the chapter “Brenntag on the Stock Market”. In addition, in individual cases the Chairwoman of the Supervisory Board is available to discuss specific topics that fall within the scope of the Supervisory Board. As part of its transparent communications policy, Brenntag SE makes all material new information available to shareholders on its website without delay, including, in particular, financial reports, investor presentations, financial news, ad-hoc news, the Articles of Association as well as details on the General Shareholders’ Meeting and the financial calendar. The financial calendar contains important event and publication dates and can also be found at the end of this annual report.

## SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the body in which the shareholders exercise their membership rights and, as shareholders, express the collective will of the company. As provided for by law and in the Articles of Association, the shareholders of Brenntag SE exercise their rights before or during the General Shareholders' Meeting and, in this respect, may also exercise their voting rights. Each share of Brenntag SE carries one vote in the General Shareholders' Meeting. The General Shareholders' Meeting resolves, among other things, on the appropriation of profit, the discharge of the Board of Management and of the Supervisory Board and on the election of the auditors. As a rule, the Chair of the Supervisory Board presides over the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Shareholders who are registered with the share register of the company and whose application for attendance is received by the company in good time before the General Shareholders' Meeting are entitled to participate in the General Shareholders' Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders' Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions.

As was also the case in the previous year, shareholders were offered the option of exercising their right to vote at the 2020 General Shareholders' Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the option of postal voting for the 2021 ordinary General Shareholders' Meeting. To provide information for the shareholders, Brenntag SE posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As was also the case in the previous year, notice of the 2021 ordinary General Shareholders' Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming ordinary General Shareholders' Meeting are also available in good time for downloading from the website of Brenntag SE. After the General Shareholders' Meeting, Brenntag SE also publishes attendance and the results of votes on the Internet.

Due to the special restrictions imposed by the COVID-19 pandemic in the financial year 2020, shareholders were, for the first time, only able to attend the General Shareholder's Meeting virtually. However, in accordance with the provisions of the German Covid-19 Emergency Act, shareholders had the opportunity to submit questions in advance to the Board of Management and Supervisory Board until two days before the meeting. All questions were answered at the General Shareholders' Meeting. Due to the restrictions imposed by the pandemic, it is expected that the next General Shareholders' Meeting in June 2021 will also be held in the same way.

## ACCOUNTING AND FINANCIAL STATEMENT AUDITING

The consolidated financial statements of Brenntag SE are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial statements of Brenntag SE, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. All single-entity and consolidated financial statements of Brenntag SE since the IPO in 2010 have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The audit is managed centrally by the PwC branch at Moskauer Str. 19, 40227 Düsseldorf. The undersigned statutory auditors are Christiane Lawrenz (2020 for the first time, both for the single-entity and consolidated financial statements) and Reza Bigdeli (since 2019 for the single-entity and consolidated financial statements). The statutory requirements and requirements to rotate pursuant to Sections 319 and 319a of the German Commercial Code (HGB) are met. For financial year 2020, it was again agreed with the statutory auditors that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

## INFORMATION ON TARGETS FOR THE PERCENTAGE OF WOMEN AND DIVERSITY

In accordance with Section 111, para. 5 of the German Stock Corporation Act, Brenntag SE is required to set targets for the share of women on the Supervisory Board, Board of Management and on the first two management levels below the Board of Management. The Board of Management last set the target for the share of women on the only management level in the company below the Board of Management in 2017 at 30%. The deadline for implementing the target is June 30, 2022. As at December 31, 2020, there were three women on the only management level in the company below the Board of Management, making the proportion 25%.

The target for the share of women on the Supervisory Board in the reporting year was 33.3% and the target for the share of women on the Board of Management 0%. The Supervisory Board had also set these targets in 2017. Although the deadline for implementation of these targets was also June 30, 2022, the Supervisory Board passed a new resolution on the targets for the Supervisory Board and Board of Management on February 23, 2021. According to this resolution, the target for the share of women on the Supervisory Board remains 33.3%, and the target for the Board of Management is 20%. The deadline for implementation of these targets is January 31, 2026.

Since the resolution on the targets in 2017 and throughout the reporting year, there have been two women as members of the Supervisory Board, Doreen Nowotne and Stefanie Berlinger, so the share of women on the Supervisory Board was 33.3% over the entire period and still is. The percentage of women on the Board of Management from the date of the resolution on the target of 0% in 2017 until this report was prepared remained unchanged at 0%. Therefore, the targets set were achieved.

As the Supervisory Board believes that a target of 0% for the share of women on the Board of Management is no longer in keeping with the times, the Supervisory Board has now set the target of achieving a proportion of women on the Board of Management of at least 20% by the end of January 2026. The targets were chosen with a view to the relatively recent measures and internal initiatives to advance female managers. Our aim was not to set unrealistic targets. Nevertheless, the advancement of young women is a major priority at Brenntag. The percentage of women in management positions is also to be further improved by their participation in external programmes, such as the Initiative Women into Leadership. We

are confident that this will enable us to set the targets higher in the long term and on a sustainable basis.

Naturally, the aforementioned targets do not rule out the possibility that the share of women will increase more than that. Before the above-mentioned deadline for implementation expires, the Supervisory Board and Board of Management will pass a resolution setting new targets. Apart from Brenntag SE, Brenntag GmbH is the only Group company pursuant to Section 36 and Section 52 of the German Limited Liability Companies Act (GmbHG) required to set targets for the percentage of women on the Supervisory Board, in the managing director team and on the two management levels below the managing directors. Brenntag GmbH is not required to disclose a management report because it has applied the exemption provisions pursuant to Section 264, para. 3 HGB. In accordance with Section 289a, para. 4, sentence 2 in conjunction with para. 1, sentence 2 HGB, Brenntag GmbH publishes its declaration with the specifications and disclosures in accordance with Section 289a, para. 2, No. 4 HGB on its website at [www.brenntag.com/women\\_in\\_management](http://www.brenntag.com/women_in_management).

## DIVERSITY POLICY OF THE SUPERVISORY BOARD

The Supervisory Board has stated concrete objectives regarding its composition and prepared a profile of skills and expertise for the entire Board. Accordingly, the composition of the Supervisory Board shall ensure that it can effectively monitor and advise the Board of Management and can perform its duties prescribed by law and by the Articles of Association in the best-possible way. In the situation specific to the company, the composition of the Supervisory Board adequately reflects the international activities of the company, an appropriate number of independent Supervisory Board members, in particular independent from customers, suppliers or other business partners of the company, diversity and an appropriate percentage of women.

The Supervisory Board's self-imposed objectives for its composition have been fully implemented with regard to the current composition of the Supervisory Board. They remain as follows:

- At least 15% of the members of the Supervisory Board shall have particularly great experience gained abroad. This experience may also have been gained in other industries.
- At least 50% of the members of the Supervisory Board shall not hold offices at customers', suppliers' or lenders' of the company.



- At least 50% of the members of the Supervisory Board shall be independent within the meaning of the Code.
- At least 33.3% of the seats on the Supervisory Board shall be filled by women.
- No member of the Supervisory Board shall continue to hold office beyond the close of the General Shareholders' Meeting following his/her 70th birthday.

The profile of skills and expertise for Supervisory Board members resolved in December 2017 remains valid and was applied to the Supervisory Board elections in 2020. It must be ensured that the entire Supervisory Board has the knowledge, skills and expertise required to perform their duties in the best-possible way. As a global chemical distributor, the essential skills and expertise in this sense include in particular practical and professional experience in the chemical industry and the distribution sector as well as knowledge and experience of strategic and organizational development and of the management of a large international company. This includes in particular expertise in mergers & acquisitions. As a listed company, Brenntag SE is subject to capital market regulations. Therefore, it is important that the entire Supervisory Board is familiar with the functioning of the capital market and the relevant laws as well as with the requirements of corporate governance, corporate social responsibility and compliance management. It shall be ensured that the Supervisory Board in its entirety has the necessary knowledge and experience in financial reporting and accounting for a listed company and is familiar with controlling and risk management systems in an international business environment. Finally, the Supervisory Board shall have special professional expertise regarding digitization trends and processes, particularly to the extent that these are relevant for the chemical distribution sector.

The diversity policy that is being pursued with respect to the composition of the Supervisory Board consists of the aforementioned targets for the composition of the Supervisory Board and the profile of skills and expertise for the entire Board. The targets mentioned comprise information on age and gender of the Supervisory Board members, but also on experience gained abroad. The profile of skills and expertise for the entire Board specifies the skills and expertise considered important by the Supervisory Board and sets the specific requirements, in particular with regard to educational and professional background. The diversity policy is being implemented inasmuch as the proposals to the General Shareholders' Meeting for the election of Supervisory Board members take both the fulfilment of the targets and in future also the profile of skills and expertise into consideration. In its current

composition, the Supervisory Board fulfils the requirements of the diversity policy.

In the reporting period, the members of the Supervisory Board undertook training and professional development measures appropriate to their duties on the Board to enable them to best carry out their activities on the Supervisory Board. Training and development measures included the attendance of professional events, for example on financial reporting, or conferences on relevant topics.

#### DIVERSITY POLICY OF THE BOARD OF MANAGEMENT

The diversity policy that is being pursued with respect to the composition of the Board of Management comprises not only the above-mentioned target for the share of women but also an age limit of 65 for members of the Board of Management. When Board of Management member roles are filled, it is also ensured that at least one member worked in the chemical and/or chemical distribution industry, at least one member can prove professional experience gained abroad and at least one member has knowledge of financial reporting and accounting. The Supervisory Board takes these requirements into account when appointing new Board of Management members. Together with the Board of Management, the Supervisory Board ensures long-term succession planning that is geared to the company's interests. When appointing the new members of the Board of Management in financial year 2020, the Presiding and Nomination Committee took the above-mentioned criteria into consideration. The new members of the Board of Management in the reporting year, Dr Christian Kohlpaintner (CEO), Steven Terwindt and the further member joining the Board of Management on January 1, 2021, Ewout van Jarwaarde, were selected as new members in suitably well-structured processes. In its current composition, the Board of Management of Brenntag SE fulfils the requirements of the diversity policy.



## MEMBERS OF THE BOARD OF MANAGEMENT

The members of the Board of Management hold the following offices on statutory supervisory boards and comparable supervisory bodies of business enterprises.

Name	First appointed	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2020)	
		External positions	Group company positions
<b>Dr Christian Kohlpaintner</b> Chief Executive Officer	January 1, 2020		
<b>Karsten Beckmann</b>	July 1, 2015 until August 31, 2020		<ul style="list-style-type: none"> <li>• BRENNTAG GmbH</li> <li>• BRENNTAG SA (Chairman)</li> <li>• Brenntag Nederland B.V.</li> </ul>
<b>Markus Klähn</b>	July 1, 2015 until July 31, 2020		
<b>Georg Müller</b> Chief Financial Officer	April 1, 2012		<ul style="list-style-type: none"> <li>• BRENNTAG GmbH (Chairman)</li> </ul>
<b>Henri Nejade</b>	July 1, 2015		<ul style="list-style-type: none"> <li>• Brenntag (Shanghai) Enterprise Management Co., Ltd.</li> <li>• Brenntag Cangzhou Chemical Co., Ltd.</li> <li>• Brenntag (Zhangjiagang) Chemical Co., Ltd.</li> </ul>
<b>Steven Terwindt</b>	August 1, 2020		
<b>Ewout van Jarwaarde</b>	January 1, 2021		

- Membership of statutory supervisory boards as defined by Section 125 AktG
- Membership of comparable German and foreign supervisory bodies of business enterprises

## MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board hold the following offices on statutory supervisory boards and comparable supervisory bodies of business enterprises.

Name	Position held	Member from	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2020)
<b>Stefan Zuschke</b> Chairman	Independent Business Consultant	March 3, 2010 until June 10, 2020	
<b>Doreen Nowotne</b> Chairwoman since June 10, 2020	Independent Business Consultant	March 3, 2010	<ul style="list-style-type: none"> <li>• JENOPTIK AG</li> <li>• Lufthansa Technik AG</li> <li>• Franz Haniel &amp; Cie. GmbH (Chairwoman)</li> </ul>
<b>Dr Andreas Rittstieg</b> Deputy Chairman	Member of the Board of Management Hubert Burda Media Holding KG	March 19, 2010	<ul style="list-style-type: none"> <li>• New Work SE</li> <li>• Hubert Burda Media Holding Geschäftsführung SE</li> <li>• Huesker Holding GmbH</li> <li>• Kühne Holding AG</li> </ul>
<b>Stefanie Berlinger</b>	Managing Director Lilja & Co. GmbH	June 9, 2015	
<b>Wijnand P. Donkers</b>	Management Consultant	June 8, 2017	
<b>Ulrich Harnacke</b>	Chartered Accountant and Tax Consultant, Independent Business Consultant	June 8, 2017	<ul style="list-style-type: none"> <li>• Vossloh AG</li> <li>• Thüga Holding GmbH &amp; Co. KGaA</li> <li>• Zentis GmbH &amp; Co. KG</li> </ul>
<b>Richard Ridinger</b>	Independent Business Consultant	June 10, 2020	<ul style="list-style-type: none"> <li>• Firmenich International SA</li> <li>• Evolva Holding AG</li> <li>• SHL Medical AG</li> </ul>

- Membership of statutory supervisory boards as defined by Section 125 AktG
- Membership of comparable German and foreign supervisory bodies of business enterprises