

**SUSTAINABILITY REPORT
FOR THE FINANCIAL YEAR**

2019



**We're
Connecting**Chemistry

BRENNTAG WORLDWIDE

END-MARKET INDUSTRIES



Coating &
Construction



Cleaning



Cosmetics



Polymers



Food & Nutrition



Pharma



Oil & Gas



Water
Treatment

NORTH AMERICA

5,257

Employees

EUR 4.8 BN

External sales



READING
Pennsylvania

HOUSTON
Texas

LATIN AMERICA

1,934

Employees

EUR 0.9 BN

External sales



- Regional headquarters
- More than 640 locations worldwide

EMEA

7,720

Employees

EUR 5.2 BN

External sales

ESSEN
Germany

ASIA PACIFIC

2,581

Employees

EUR 1.5 BN

External sales

SINGAPORE
Republic of
Singapore

KEY FIGURES

IN EUR M	2019	2018	2017
Sales	12,821.8	12,550.0	11,743.3
Operating gross profit	2,821.7	2,660.9	2,554.1
Operating EBITDA	1,001.5	875.5	836.0
Profit after tax	469.2	462.3	362.0
Free cash flow	837.3	525.2	440.3
Employees at Dec. 31	17,492	16,616	15,416
Personnel expenses including social insurance contributions	1,072.6	1,004.7	990.8
Accident rate (LTIR) ¹⁾	1.9	1.5	1.7
Employee fluctuation in %	7.6	8.5	7.7
ISO 9001 certifications % of operating sites	91	91	86

¹⁾ Number of accidents resulting in at least 1 day's absence/1 million working hours

ABOUT BRENNTAG

Brenntag is the global market leader in the distribution of chemicals and ingredients. Connecting chemical manufacturers (our suppliers) and chemical users (our customers), we provide both complete distribution solutions as well as individual chemical products.

Brenntag distributes industrial and specialty chemicals for thousands of suppliers. We maintain a global network with more than 640 locations in 77 countries in the regions North America, Latin America, EMEA (Europe, Middle East & Africa) and Asia Pacific. We serve around 195,000 customers worldwide in various end-market industries.

With its corporate strategy¹⁾, Brenntag pursues the goal of being the preferred distributor for both specialty and industrial chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. A positive work environment and responsibility towards our almost 17,500 employees worldwide are fundamental aspects of our corporate strategy and therefore also of Brenntag's sustainability strategy.

¹⁾ For information on Brenntag's vision, objectives and strategy, please see Brenntag's 2019 Annual Report.

SUSTAINABILITY AT BRENNTAG

“ConnectingChemistry” – this is the brand promise of Brenntag and of each of its employees to our business partners. As the global market leader in the distribution of chemicals and ingredients, Brenntag connects chemical manufacturers and users in a value-creating partnership. Brenntag’s key role in the value chain offers huge potential – but also entails an obligation to contribute towards greater sustainability in the industry.

RESPONSIBLE CORPORATE BEHAVIOUR is part of Brenntag’s brand promise and self-image. For us, sustainability entails more than just commercial success. We also aim to achieve sustainable value creation. For this reason, Brenntag also considers the effects of its business activities on the environment and factors in social issues when making strategic decisions.


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online

 Denoted
Non-financial
Report (NFB)

 Brenntag 2019 Annual Report online:
annualreport2019.brenntag.com.

INTERVIEW WITH DR CHRISTIAN KOHLPAINNER, CHIEF EXECUTIVE OFFICER



“*Sustainability must be an elementary part of our corporate strategy and thus become part of our corporate culture.*”

Mr Kohlpaintner, you have many years’ experience as a manager in the chemical industry. How important is the issue of sustainability to you?

I have followed the debate about sustainability as it has developed during the meanwhile almost 30 years that I have worked in the chemical industry. It used to be about specific issues relating to environmental protection, such as efficient water usage. Today, it goes far beyond this: Sustainability is now a central issue that concerns a company’s long-term “licence to operate”.

How can companies ensure their future viability?

The question of acceptance is of particular importance for all industrial companies. The “licence to operate” requires that companies act sustainably in accordance with the expectations of society; in other words, a company must evolve with society and operate in harmony with social values. That is where their future viability comes from. And the expectations for a company that operates with chemicals are particularly high.

When I talk about society, I mean all relevant stakeholder groups – and that includes our investors in particular. The financial community pays a great deal of attention to the sustainable development of companies and formulates its expectations very clearly in public. Investors are placing more and more value on sustainable portfolios – primarily to achieve long-term investment objectives.

What does this mean for Brenntag?

I regard sustainability as an element of change and evolution that must take a sensible and comprehensible form – in terms of a cultural change within the company. Sustainability is not an additional task that simply needs to be completed. Sustainability must be an elementary part of our corporate strategy and thus become part of our corporate culture. Therefore, of central importance to me is the question: How do we embed sustainability within our corporate strategy?

In this regard, I view the issue in a very holistic way. Sustainability has to flow into our vision, our strategy, our value chain and day-to-day business, and our actions – and in doing so become a business driver. We need to evolve in this direction at Brenntag. Ensuring and driving this change is clearly the responsibility of the CEO. We will continue this journey together at all times at Brenntag. As a company, we must develop robust responses today so that we are still credible and accepted as a company in ten or fifteen years.



Brenntag is in a strong and solid position when it comes to sustainability. The next evolutionary stage now follows.

Dr Christian Kohlpaintner, CEO

What role will Brenntag have in the future in matters relating to sustainability?

The key factor is: Brenntag is the global market leader in chemical distribution and must take a stand on certain issues. Without the involvement and commitment of the major players, it won't work. Responsible actions extend far beyond the company's walls. We must ask ourselves: Where can we play our part in ensuring that value chains become more sustainable? Transformation is possible.

What conflicting objectives do you see? How do company growth and sustainability fit together?

I firmly believe that our holistic approach to sustainability is opening up further opportunities for growth. For a long time, it was widely believed that sustainability and successful business were mutually exclusive. Even in the past, I didn't share this view. Addressing sustainability is an essential part of securing the confidence of customers, investors, employees and suppliers. Sustainability must be regarded as a business driver. And it is also in line with my self-image that we operate sustainably in a dual sense, namely with a view to the future and in the interests of our stakeholders.



Which issues are particularly important to you in terms of future developments at Brenntag?

Brenntag is in a strong and solid position when it comes to sustainability. The next evolutionary stage now follows. It will start with us providing good sustainable programmes. In addition to strategic embedding, the integrated approach is important. This will also bring global business opportunities. Brenntag will have a competitive advantage wherever suppliers and customers place value on sustainability.



I firmly believe that our holistic approach to sustainability is opening up further opportunities for growth.

Dr Christian Kohlpaintner, CEO

For example, the topic of the circular economy with the possibilities for recycling and preventing waste offer opportunities to Brenntag and our customers. And sustainability is also important to recruit employees who want to work for a company that credibly pursues sustainability objectives. It is a fact that people will no longer want to perform certain activities in the future. For this reason, I am also addressing the future viability of our working conditions.

We will be working on these and other issues in the coming months with the goal of establishing a clear road map for the evolution of sustainability at Brenntag.

01



GLOBAL BUSINESS. OUR AGENDA.

Several
thousand
suppliers

More than
10,000
products

More than
640
sites globally

Around
17,500
employees

Around
195,000
customers




SUSTAINABILITY AT BRENTAG

We source, transport, store, blend and sell chemicals, chemical products and ingredients all over the world. While we are the global market leader in chemical distribution, our aim is to go beyond this: We want to make value creation sustainable. To achieve this, we address fundamentally important topics: safety and health, conservation of resources, waste prevention and recycling are just a few examples. Awareness of our responsibilities – including compliance at all times with laws and regulations – is deeply rooted in our company. It determines our behaviour towards our employees, suppliers and customers as well as society in general and it has a direct influence on the success of our company.

With this awareness in mind, we aim to factor in the effects of our business practices on the environment and society in both our day-to-day activities and strategic decision-making. To this end, we have established corresponding standards and processes in our international corporate structures. We raise our employees' awareness of these issues and provide them with corresponding training. In addition, we support sustainable development through our membership of various organizations and initiatives and regularly discuss sustainability issues with other players in our industry.

NFB

SEPARATE NON-FINANCIAL GROUP REPORT

Selected content in this sustainability report serves as the separate non-financial Group report (NFB) pursuant to Section 315c in conjunction with 289c ff. of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft pursuant to ISAE 3000 (Revised) to obtain limited assurance. The NFB is denoted with a blue line and the acronym NFB  in the sustainability report. **Detailed information on the NFB can be found in the Report Profile on page 57f.** Information on the business model can be found in the Combined Group Management Report and the Management Report of Brenntag AG of Brenntag's 2019 Annual Report on page 34. Information on environmental protection provisions amounting to EUR 97.8 million for the clean-up of soil and ground water at current and former own or leased locations can be found under note 26 to the consolidated financial statements for the 2019 financial year.

ConnectingChemistry

CREATING VALUE – BRENTAG'S ROLE IN THE SUPPLY CHAIN

Brenntag's slogan "ConnectingChemistry" stands for our self-image as well as our objective and the promise that we make to all of our partners in the supply chain. As a provider of a full-line product portfolio and as a "one-stop shop", Brenntag plays a key role in the chemical industry's value chain and, as a strategic partner, contributes to greater efficiency.

CHEMICAL MANUFACTURERS WORLDWIDE

- / Several thousand suppliers
- / > 10,000 industrial and specialty chemical products

PURCHASING

- / > 640 locations in 77 countries
- / Local purchasing teams and a global sourcing organization with more than 1,000 experts
- / Cost of materials in 2019: EUR 10 billion

TRANSPORT

STORAGE

SUSTAINABILITY STRATEGY AND MANAGEMENT

2019 MATERIALITY ASSESSMENT: In August and September 2019, we conducted a new materiality assessment in order to examine and document the extent to which the issues that are material for Brenntag need to be updated.

To meet the requirements of the Global Reporting Initiative (GRI) and the HGB, three dimensions have now been considered for the 2019 materiality analysis in addition to the 2015 materiality analysis: The importance for the stakeholders, the importance for understanding the business performance, the business result or the situation of the company and the impacts on the environment, society and the economy. Against this background, the previously selected 13 topics had to be assessed. Those surveyed included internal and external stakeholders. In addition to employees, customers, suppliers and association representatives, we included investors for the first time. The results of the survey, which were presented to and discussed with the Board of Management of Brenntag AG, affirm our current sustainability strategy and the activities that are based on it. The relevant topics are shown in the materiality matrix on page 8.

NFB

SUSTAINABILITY ISSUES AND TARGETS:

We are continuing to pursue our sustainability targets from 2016. In terms of the targets, we are initiating suitable projects aimed at improving our sustainability performance, prioritizing measures and quantifying our progress. Reformulating Group-wide targets from 2021 onwards is on our agenda. We are currently working to incorporate the findings obtained from the materiality analysis into our strategic considerations for future sustainability activities and objectives. Overall, we need to further develop our **sustainability approach** and better integrate it into our corporate strategy.

NFB



See also the **INTERVIEW WITH DR CHRISTIAN KOHLPAINTNER**, from page 2.

**FILLING
PACKAGING
LABELLING**

- / Repackaging
- / Filling, labelling, barcoding and palletizing
- / Local distribution and marketing teams comprising more than 5,000 experts
- / Product mixing in line with specific customer requirements
- / Blending and technical service in our own application laboratories

**MIXING AND
BLENDING**

**EXTENSIVE
TECHNICAL
SUPPORT**

**WAREHOUSE
MANAGEMENT**

- / Just-in-time delivery and inventory management
- / Return of packaging drums
- / Efficient logistics and transport management

**PACKAGING
TRANSPORT**



**CHEMICAL USERS
WORLDWIDE**

- Around 195,000 customers in various end-market industries, e.g.:
- / Coatings & Construction
 - / Cleaning
 - / Cosmetics
 - / Polymers
 - / Food & Nutrition
 - / Pharma
 - / Oil & Gas
 - / Water Treatment



More information on the **SDGs** can be found at: www.17ziele.de



See also page 55.

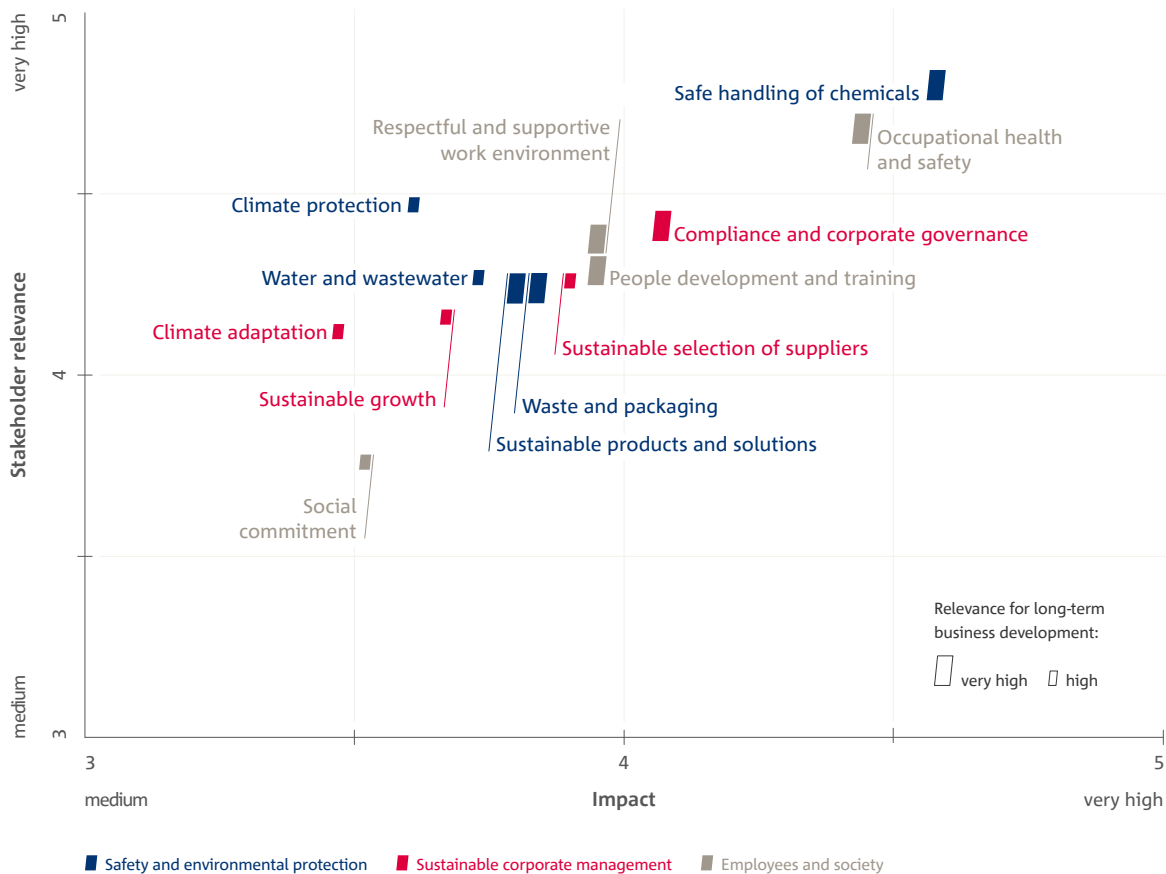
Our sustainability approach should be seen in a global context and it takes the guidelines of the UN Global Compact (UNGC) into consideration. With regard to the ongoing development of our sustainability strategy, we also incorporate the effects of our business activities on our natural and societal environment. We additionally want to make progress with the global **Sustainable Development Goals (SDGs)** of the United Nations. We will put more and more emphasis on these with our projects and sustainability activities. As a first step in the direction, three Brenntag employees from USA are taking part in the 10-month “**Young SDG Innovators Program**”. The programme will provide us with helpful impulses for the further development of our SDG approach.

NFB and objectives, Brenntag’s individual companies and sites pursue a large number of activities on their own and in line with local and regional requirements and commitments. We raise our employees’ awareness accordingly and provide them with further training.




Brenntag has two working groups in the area of sustainability: an international project team and a steering committee. The international project team which consists of representatives from HSE (Health, Safety and Environment), Compliance, Human Resources, Operations, Procurement and Communications, is responsible for the systematic development of sustainability at Group level. The group meets regularly on a project-related basis.

NFB **SUSTAINABILITY MANAGEMENT:** At Group level, there are numerous strategic guidelines, policies and projects in the area of sustainability that have a global focus. Standards and processes are implemented, established and optimized and responsibilities are allocated at the various levels of the Group. Moreover, in accordance with the Group’s guidelines

BRENNTAG MATERIALITY MATRIX



SUSTAINABILITY AT BRENNTAG: OUR TARGETS

	TARGETS	BY	STATUS
	SAFETY LTIR _{1 day/1 million} < 1.0 for the Brenntag Group	2020	Group accident rate LTIR _{1 day/1 million} in 2019 was 1.9 (2018: 1.5) (page 40).
	SUSTAINABLE PROCUREMENT Check 80% of our total chemical spend (in EUR) through sustainability assessments and audits as part of our membership in “Together for Sustainability”.	2020	The supplier assessments carried out by the end of 2019 cover some 72% of Brenntag's total chemical spend (in EUR) (2018: around 70%) (page 50–53).
	70% of our suppliers undergoing re-assessments should be able to improve their score by at least 1 point.	2020	The re-assessments carried out by the end of 2019 led to an improvement rate of 59% (page 50).
	ENVIRONMENTAL PROTECTION To reduce scope 1 and 2 CO ₂ emissions (per warehouse tonne of goods sold) by 6% (compared to 2016).	2020	2019 Brenntag Group (per 1,000 warehouse tonnes of goods sold): Scope 1: 19.21 tonnes (2018: 19.71 t) Scope 2: 4.78 tonnes (2018: 6.93 t) Change compared to base year 2016 ¹⁾ : -0.58% (page 44–45).
	COMPLIANCE To achieve and sustain full coverage in compliance training for the relevant employees.	2020	Coverage rate for e-learning at the end of 2019: Code of Business Conduct: approx. 95% Anti-corruption: approx. 93% EU cartel law: approx. 96% We have extended the target achievement period to the end of 2020 ²⁾ (page 15–16).
	EMPLOYEES To provide a working environment where the best people want to work.	ongoing	In 2019, Brenntag's new global employer brand “Explore Variety” was launched, further measures for our HR development strategy were implemented and the incorporation of our HR processes into our global HR portal was continuously expanded (page 22ff.).
	SUSTAINABLE SOLUTIONS To become the preferred distributor for sustainable solutions by setting up pilot projects with 10 selected key suppliers.	2020	BASF: project completed; Grüner Punkt: ongoing; Schütz IBCs: ongoing; Gas Engine Service Program: ongoing; Alumichem (Circular Economy): started (page 18–19).
	RATING To achieve and sustain an EcoVadis score of at least 62 points and gold status.	ongoing	Score in November 2018: 68 points, gold status (page 53)

¹⁾ The values given for base year 2016 have not been audited by PwC.

²⁾ Due to improved technical possibilities when using the e-learning platforms, the missing training courses will be carried out in 2020.

The steering committee comprising individual representatives of the top management from Brenntag's various regions. This is also consulted on a case-by-case basis for strategic discussions in particular and primarily serves as an interface to the operating units and is intended to reinforce integration relating to the issue of sustainability at an operational level. In addition to the two working groups Brenntag has established a sustainability unit. It consists of a team, which is based in Brenntag AG's Corporate Development department, and sustainability managers in the regions. The team initiates and coordinates global projects and initiatives in cooperation with

NFB

these two working groups, promotes the ongoing development of the company's sustainability strategy worldwide and maintains a dialogue with those colleagues responsible for sustainability issues at Group level and in Brenntag's regions. The Board of Management receives reports on a regular basis as well as on a case-by-case and project-related basis and supports the working groups and the sustainability unit in their tasks.

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In 2019, the sustainability team and the working groups focused on the following issues and projects:

- / Ongoing development of Brenntag's sustainability strategy: Tracking of Brenntag's sustainability targets for 2020 and development of new targets
- / Sustainable procurement: Initiating sustainability assessments and audits for suppliers, factoring sustainability aspects into purchasing decisions
- / Launch of a global solar project
- / Continuation and improvement of global energy reporting
- / Establishment of a best-practice platform to save energy by using new technology

QUALITY MANAGEMENT

Brenntag is a chemical distributor which differentiates itself from its competitors through the high level of quality of its products and services as well as its strong customer focus and the excellent level of service provided by its employees. Our Group's sustainability performance has now also become a competitive advantage. We increasingly receive enquiries from our customers who are themselves evaluating their suppliers according to sustainability criteria (for example, in the form of a "Sustainability Balanced Scorecard") and who factor this into their purchasing decisions. For example, we are asked for information about our carbon footprint or how we deal with the issues of recycling and waste. As a result of our sustainability monitoring and our participation in external ratings such as the [EcoVadis assessment](#) or the [CDP](#) climate rating, Brenntag is able to respond to these enquiries and meet the standards to which we are held.

Using [management systems](#), [certificates](#) and audits, we constantly ensure compliance with the quality standards required of us and which we define ourselves. Procedures are in place at our company which ensure that products are procured from reliable sources and meet quality standards. Through various mechanisms, we obtain customer feedback for the continuous monitoring and improvement of our service quality.

The basis for quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. We aim for a global coverage rate of at least 90% at the relevant Brenntag locations.

Year	Relevant Brenntag locations worldwide	Locations with ISO 9001 certifications	
		abs.	in %
2015	398	356	89
2016	395	354	90
2017	422	363	86
2018	387	353	91
2019	390	355	91

BRENTTAG EMEA: HARMONIZATION AND STANDARDIZATION WITH SHAPE

April 2019 saw the official launch of **SHAPE**, which stands for **S**tandardization, **H**armonization and **A**utomation of **P**rocesses within Brenntag EMEA. This project, which will run for several years, aims to standardize structures using new, state-of-the-art information technology, to reduce complexity and to pave the way for faster, streamlined processes throughout the region. It will be introduced in the Benelux countries in 2020 as a pilot region and then gradually rolled out in other regions. The entire introduction process will be accompanied by communication and training measures for employees.



For information on Brenntag's **ECOVADIS-RATING**, please see page 53.



www.cdp.net



For further information on **MANAGEMENT SYSTEMS AND CERTIFICATES**, please see the Safety chapter on page 35.

RISK MANAGEMENT AND COMPLIANCE

Brenntag has always attached great importance to responsible, prudent and sustainable corporate governance. Our top priority is to comply with statutory requirements and voluntary internal policies on conduct. To ensure this, the management uses various internal **control and risk management systems** and has established a compliance organization within the company. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations.

COMPLIANCE MANAGEMENT AND ORGANIZATION: At the top of Brenntag's compliance organization is the Board of Management and, within this body, its chairman. The Governance, Risk & Compliance (GRC) manager in Brenntag AG's Corporate Internal Audit department regularly reports to the Board of Management on compliance issues. The regular meetings of the Supervisory Board's Audit Committee also include reporting on compliance and whistle-blowing as well as on the ongoing development of the Group-wide compliance management system. The GRC manager is supported by the Compliance Committee as an internal advisory body. This committee comprises representatives from the departments Legal, Audit, Accounting & Tax, Controlling, Finance & Investor Relations, Communications, Risk Management, Information Security, HSE as well as Human Resources. Issues and measures aimed at observing human rights and fighting corruption are also on its agenda.

At a regional level, the Regional Executive Management is responsible for the compliance issues. Regional compliance managers have been appointed. They receive, assess and report any compliance issues and/or questions referred to them, coordinate the compliance management system at a regional level and regularly exchange information and experience with Brenntag AG's GRC manager. This ensures that our compliance management is closely interlinked with our business activities at regional level.

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RISK REPORTING: The risk inventories performed every six months by our Group companies are an important instrument for global risk control within the risk management system. They involve enquiring about existing risks and assessing these in terms of their probability of occurrence and their potential damage. The risk assessment includes risks and opportunities with a sustainability dimension, such as environmental risks, employee turnover or risks in the area of law/compliance. The Group risk management system also includes sustainability-related aspects concerning environmental and employee matters, human rights, and anti-corruption and bribery matters and the associated risks.

With regard to the non-financial aspects of the German CSR Directive Implementation Act (CSR-RUG), a net assessment of the risks did not identify any material risks which are associated with our business activities or our business relationships, products and services and which are very likely to have serious negative effects now or in the future.

CODE OF BUSINESS CONDUCT AND ETHICS

CODE OF BUSINESS CONDUCT AND ETHICS: As a global company, Brenntag is subject to a large number of laws, directives, regulations and provisions. In addition to compliance with regulatory frameworks, honesty and integrity are our top priority. All of our 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 are summarized in a comprehensive Code of Business Conduct and Ethics.

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For further information on Brenntag's **CONTROL AND RISK MANAGEMENT SYSTEM** as well its report on opportunities and risks, please see pages 75ff. of *Brenntag's 2019 Annual Report*.



The Brenntag **CODE OF BUSINESS CONDUCT AND ETHICS** is available on the company's website at www.brenntag.com/sustainability under Service & Contacts.

NFB The Code of Business Conduct and Ethics contains requirements for the following areas:

- / Health, safety and the environment
- / Human rights and working conditions
- / Relationships with business partners and public institutions
- / Fighting bribery and corruption
- / Competition and antitrust law
- / Avoidance of conflicts of interest
- / Data protection and information security

The Code is available on the internet and intranet in German, English, Spanish and French. It applies to all employees at all levels of the company and is intended to give them guidance in the legal and ethical challenges of their daily work and to encourage proper conduct. The Code has been distributed throughout the entire Brenntag Group and made available to all of our employees. Its observance is monitored by the management teams of Brenntag's various companies. Any infringement of the Code may lead to disciplinary action and have consequences under labour law or even criminal law for the employee in question.

As well as the Code of Business Conduct and Ethics, there are further Group guidelines which stipulate compliance requirements, including an anti-corruption guideline, an insider compliance guideline and an internal control guideline. The Code and all guidelines that are applicable Group-wide can be accessed by all the Group's employees on the intranet.

DATA PROTECTION: To meet the increasing requirements globally in the area of data protection, the Board of Management appointed a Group Data Protection Officer in 2018. As head of the Global Data Protection department she reports independently and directly to the Board of Management. The Global Data Protection department is responsible for developing, implementing and managing the data protection management system for the Group. Data protection coordinators in the various regions support the Global Data Protection department and report to the central unit. A Data Protection Committee was established in the reporting year comprising Board of Management members from Brenntag AG and Brenntag Holding GmbH as well as representatives from the departments Data Protection, Legal, Human Resources, IT, Internal Audit and Compliance. The participants hold regular meetings to discuss recommendations under data protection law and developments within the company. In the reporting

NFB year, the focus was on the fundamental right to data protection and the right to informational self-determination, in particular in relation to the processing of employee data. In addition to making information on data processing available to Brenntag employees, we do the same for our shareholders and customers through various channels of communication.

PREVENTING CORRUPTION: Preventing corruption is an essential element of Brenntag's compliance management system. Group-wide requirements relating to anti-corruption are specified in codes and guidelines. They apply to all employees equally and compliance with them is monitored. If our employees fail to comply with these requirements, this could have reputational and financial risks for Brenntag. Employee misconduct is not tolerated by Brenntag (zero-tolerance policy) and can lead to disciplinary measures or have consequences under labour law.

In addition to the Code of Business Conduct and Ethics, there is a world-wide [anti-corruption guideline](#) for the Brenntag Group which specifies what behaviors are expected of employees in this regard. It also provides guidance on how employees should behave in critical situations so that their conduct is compliant and risks are avoided.



The **ANTI-CORRUPTION GUIDELINE** is available on our website at www.brenntag.com/sustainability under Service & Contacts.

The anti-corruption guideline contains and specifies requirements for the following areas:

- / Prohibition of corruption and bribery
- / Gifts, hospitality and other benefits
- / Donations and sponsorship, including prohibition of political donations on behalf of the company
- / Prohibition of facilitation payments
- / Relationship with third parties (sales brokers, agents, etc.)

The internal control guideline contains further requirements and measures to counteract corruption and bribery, such as ensuring the separation of functions, complying with the double-check principle and adhering to the requirement to obtain comparative bids from suppliers and service providers.

Internal audits are regularly conducted at our Group companies to ensure compliance with these guidelines. The Internal Audit department conducted 27 audits in 2019. Further elements of the compliance management system relating to the prevention of corruption at Brenntag are target group-oriented training courses for employees, which are essentially rolled out via our e-learning systems, and a whistle-blowing system, which can be used to provide anonymous information. In the reporting year, no cases of corruption at Brenntag were reported.

EXTERNAL TRADE RESTRICTIONS: DUE DILIGENCE PROCESS AT BRENNTAG

As a global market leader in the distribution of chemicals and ingredients, Brenntag must adhere to all applicable laws on external trade and customs in its countries. This includes restrictions on the import and export of certain goods, services and technologies into or out of countries that are subject to sanctions or embargoes. The same applies to supplies to or from companies or persons that appear on sanction lists. Furthermore, all applicable trade restrictions resulting from international embargoes that typically restrict or prohibit funds transfers or capital transfers to or from certain countries must be adhered to.

In connection with this, Brenntag uses special software to regularly check whether our customers and suppliers are on the sanction lists of the United Nations, the European Union, the USA and various other countries where Brenntag operates. Even a mere suspicion leads to a diligent check being performed based on all available information. If the suspicion

NFB

proves to be founded, delivery of the product or service is suspended and, if necessary, additional action is taken in coordination with the authorities.

HUMAN RIGHTS: Observing human rights is one of Brenntag's top principles and is regarded as an essential element of its general compliance management system. Through its voluntary commitment to the principles of the UNGC, Brenntag seeks to lend further weight to its position. The Brenntag Code of Business Conduct and Ethics stipulates that our company and employees must avoid violations of human rights in any form. We oppose all forms of forced labour or child labour, advocate equal opportunities and fair work conditions, and reject discrimination of any kind.

Violations of human rights can be reported internally via our compliance organization and anonymously via our whistle-blowing system. External third parties can also use this system. If any suspected violations of human rights are confirmed, they are strenuously pursued and sanctions are incurred. In the reporting year, no violations of human rights within the corporate Group were reported.

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CHEMUK: “Sustainability is already a big topic in the supply chains of the chemical industry and will be more influential in the future as a driver for innovation, new products and services,” says Richard Ward, Commercial Vice President of Brenntag UK & Ireland at UK Chemical Industries Supply Chain Expo & Open Conference (CHEMUK) in May 2019, Harrogate.



For information on the **SUSTAINABILITY ASSESSMENTS** and the Supplier Code of Conduct, please see the chapter Responsibility in the supply chain on page 50.



www.unglobalcompact.org



The **SUPPLIER CODE OF CONDUCT** is available on our website at www.brenntag.com/sustainability under Service & Contacts.

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For several years, Brenntag has voluntarily undergone a **sustainability assessment** by the international rating agency EcoVadis every two years. In November 2018, the Brenntag Group achieved a score of 68 points, thereby reconfirming the gold status that it achieved in 2016. Another sustainability assessment began at the end of 2019 and will be completed at the start of 2020. The results will be provided in our sustainability report for 2020. EcoVadis evaluates the sustainability performance of companies in terms of four categories: environment, labour practices, fair business practices and sustainable procurement. The review of aspects in the area of human rights is an essential element of this external assessment of Brenntag.

Brenntag believes that a big risk of potential violations of human rights is in our supply chain. Within the framework of our membership of the industry’s “Together for Sustainability” initiative, we request that our suppliers undergo EcoVadis sustainability assessments, which also include a review of compliance with human rights. Brenntag’s **Supplier Code of Conduct** explicitly requests that our suppliers support the observance of international human rights and that they avoid violations of human rights. Furthermore, there are additional supplier assessments and audits based on standardized questionnaires that also deal with the observance of human rights.

NFB

A working group was formed in 2017 to concentrate on the issue of human rights in our company and our supply chain. In the year under review, we continued to work on pinpointing where human rights issues affect our company and identifying approaches for a detailed analysis of potential dangers.

UN GLOBAL COMPACT: As a signatory of the United Nations Global Compact (UNGC), Brenntag is required to make the UNGC’s principles in the areas of human rights, labour standards, environmental protection and fighting corruption an integral element of its corporate strategy. They supplement our own corporate values and principles which guide our activities. This Sustainability Report also serves as a progress report which must be published annually as part of our participation in the UNGC (“Communication on Progress”).

AUK

in Expo & Open Conference



UN GLOBAL COMPACT: THE TEN PRINCIPLES

1

HUMAN RIGHTS

Businesses should support and respect the protection of internationally proclaimed human rights and...

...ensure that they are not complicit in human rights abuses.

2

LABOUR STANDARDS

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,...

...commit themselves to eliminating all forms of forced labour, ...

4

...commit themselves to abolishing child labour and...

5

...commit themselves to eliminating discrimination in respect of employment and occupation.

6

ENVIRONMENTAL PROTECTION

Businesses should take a precautionary approach to dealing with environmental challenges, ...

... undertake initiatives to promote greater environmental awareness and ...

8

...encourage the development and distribution of environmentally friendly technologies.

9

FIGHTING CORRUPTION

Businesses should work against all forms of corruption, including extortion and bribery.

10

TRAINING: Our compliance programme focuses particularly on observing our Code of Business Conduct and Ethics and antitrust law requirements as well as on the prevention of corruption and environmental and health protection, since it is here that Brenntag sees the greatest risks. We hold regular employee training sessions covering these issues – through regional and global events which employees attend either in person or via e-learning systems. The aim is to keep all of Brenntag’s employees’ knowledge up to date and to avoid any illegal actions as well as to protect the environment from being damaged and employees from being injured.

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There is a global **online training module** on the Code of Business Conduct and Ethics for all employees which was continued in the reporting year. Participation is mandatory for all new employees when they join the Group. Employees can complete the one-hour training module on the internet via the e-learning platform at any time and from any location. A total of twelve topics are covered – including anti-corruption and the observance of human rights – using practical examples and exercise questions. The employees then take a test to ensure that the knowledge has been transferred. Between its launch date in 2016 and the end of 2019, a total of approximately 13,600 Brenntag employees worldwide completed this training module, representing around 95% of the relevant **employees**¹⁾.



¹⁾ In general, this excludes **employees** who do not have access to the e-learning platform (primarily warehouse employees). These employees will receive training on the Code of Business Conduct and Ethics using alternative methods.

NFB There are also in-depth compliance training modules at a regional and global level on the topics of bribery and corruption and on antitrust law. The training modules on European antitrust law and on bribery and corruption are mandatory for all commercially active employees and managers. Between its launch in 2017 and the end of 2019, some 2,300 employees in the EMEA region completed the training module on European antitrust law and around 5,400 employees completed the training module on bribery and corruption. This corresponds to approximately 96% of the relevant employees and managers for the antitrust law training module and approximately 93% for the global anti-corruption training module. Since the EU's General Data Protection Regulation (GDPR) came into force, there has been a multi-level training concept for the issue of data protection. Employees are informed of and trained on this issue through various channels. The focus of the data protection training modules was on the EMEA region. A total of around 4,500 employees (around 90%) received training via our e-learning platform. There were additional classroom training modules on this issue in some countries.

WHISTLE-BLOWING SYSTEM: Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints as well as compliance reports. Our employees can report relevant information either to their direct line manager or to the regional compliance manager, or alternatively via a central email address or a whistle-blowing system on the intranet or internet. The whistle-blowing system also provides the option of making anonymous reports, e.g. on violations of human rights or suspected cases of corruption. Third parties can submit complaints and report violations by getting in touch with the compliance contact indicated on Brenntag AG's website. The information received will always be dealt with on a strictly confidential basis. The reports received are examined and appropriate action taken if a compliance infringement has taken place. Email addresses and other whistle-blowing systems have also been set up at a regional level.

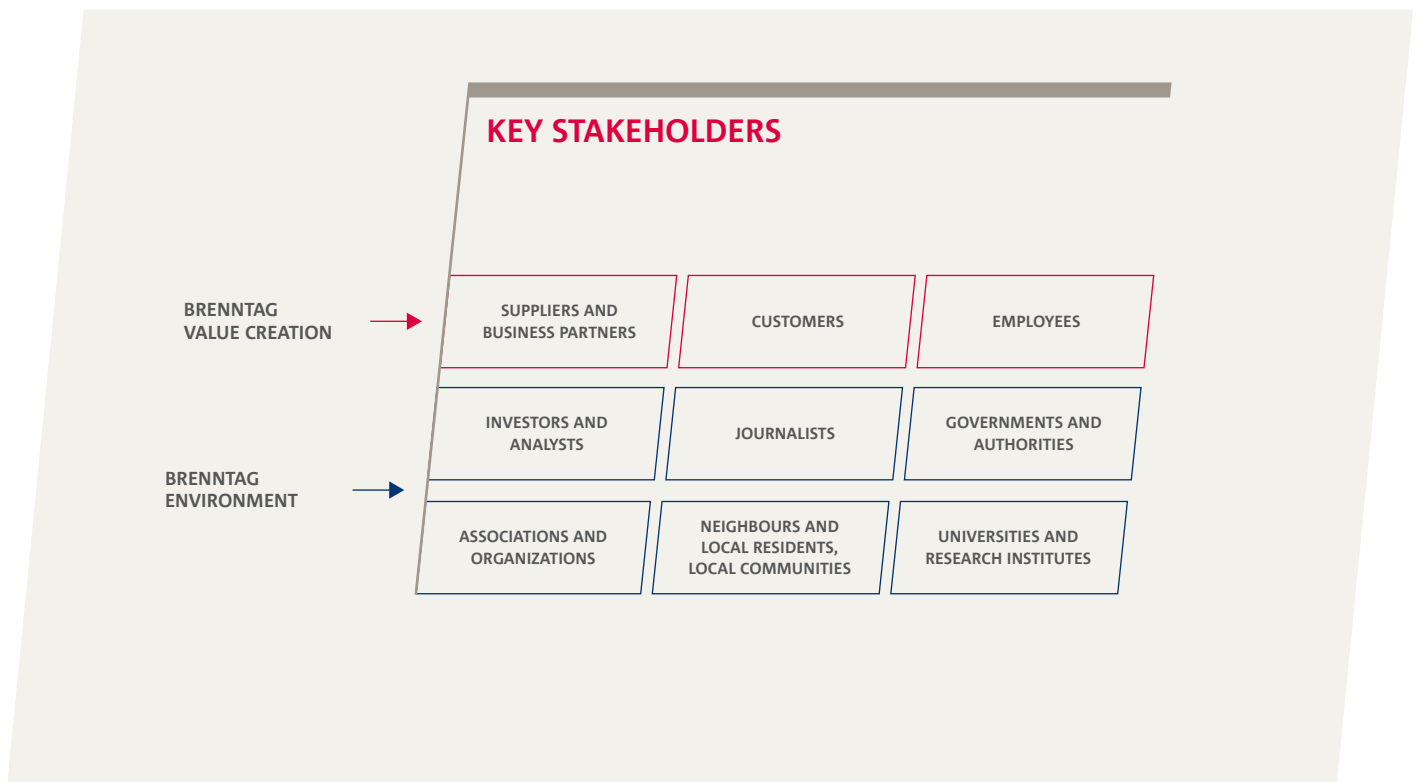
Incoming reports mainly concern cases of suspected fraud and theft. Violations of the Code of Conduct and Business Ethics (such as conflicts of interest and discrimination in the workplace) and reports concerning other compliance issues (such as violations of regulations) are also reported. Compliance managers also receive general inquiries, for example about possible conflicts of interest and requests to accept gifts or invitations. If a suspicion is confirmed, this will incur the sanctions permitted under labour law.

Year	Number of confirmed compliance incidents ¹⁾
2017	13
2018	11
2019	14

¹⁾ These are cases reported to the GRC manager for which sufficient evidence has been established. Compliance incidents may also occur which are reported, assessed and processed at a local or regional level but which are not reported centrally on grounds of insufficient relevance.

STAKEHOLDERS

Brenntag engages in regular, transparent and target group-specific dialogue with its stakeholders. These include the interest groups that are significantly affected by the economic, ecological or social impact of our business or who may be affected in the future. They also include groups that may influence the economic, ecological or social impact of Brenntag now and in the future.



We aim to notify our various target groups promptly and appropriately regarding developments at Brenntag and its objectives, thus enabling our stakeholders to obtain a comprehensive picture of our company and its business activities. In return, this dialogue enables Brenntag to identify the needs and expectations of our stakeholders, to evaluate them and to appropriately reflect them in our business decisions. As well as specific business-related issues, sustainability issues such as safety, the environment, the supply chain and compliance also regularly feature in the discussions.

The Brenntag Group pursues dialogue with its stakeholders in various ways. Our employees maintain close contact with suppliers and customers on a day-to-day basis. Systematic customer and supplier surveys are also regularly carried out. We pursue dialogue with business partners worldwide at the many trade fairs where Brenntag presents itself and its portfolio of services. As a member of relevant technical and industry associations at a local, regional and international level, Brenntag maintains an active dialogue concerning industry-specific issues, including sustainability.

Brenntag's Investor Relations and Corporate Communications departments regularly and promptly notify investors, analysts and journalists of developments within the company, e.g. by presenting the company at roadshows, in analyst conference calls, press conferences and events as well as via the company's website and various social media channels. At its various locations, Brenntag engages in active discussions with local residents and local authorities. For example, open days provide the opportunity to inform the general public about Brenntag and to get to know one another.



Information about our **INVESTOR RELATIONS ACTIVITIES** can be found at www.brenntag.com/investor-relations.



You will find a list of Brenntag's **KEY MEMBERSHIPS** in the Service & Contacts section of our website at www.brenntag.com/sustainability.

FOR A SUSTAINABLE FUTURE: CIRCULAR ECONOMY

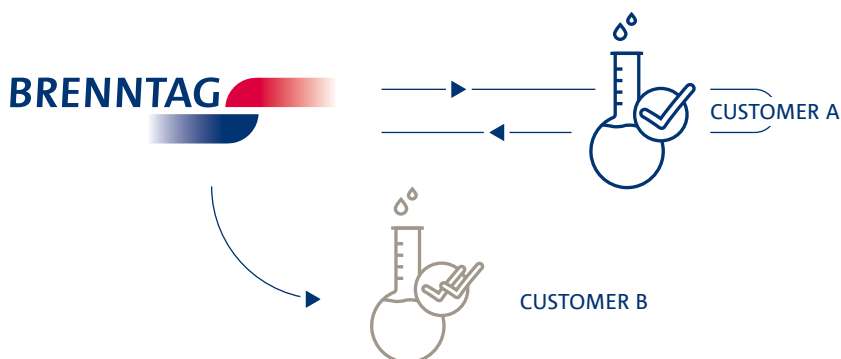
Brenntag's goal is to be the preferred distributor for sustainable solutions worldwide. To achieve this, we think and act in a forward-looking way and take a systematic approach to the issue of sustainability. Applying the concept of the circular economy will allow us to ensure that chemicals can be used more than once. We prevent and reduce waste and provide our customers with flexible opportunities with added value. We differentiate between two different models that create opportunities for Brenntag, our customers and society.

OPPORTUNITIES

- / Improved sustainability record
- / Conservation of resources
- / Prevention and reduction of waste
- / Efficiency increase/utilization of by-products
- / Promotion of innovations
- / Optimized customer benefit
- / New business opportunities/resales
- / Opportunity for new partnerships

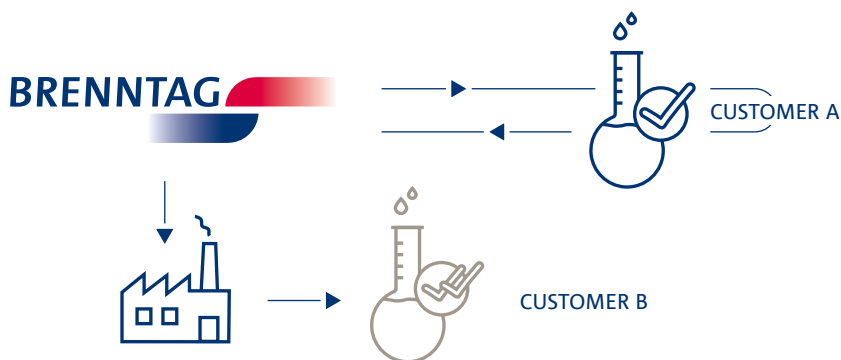
THE MODEL

MODEL 1



Model 1: A substance is sold and then returned to Brenntag after it has been used in the production process of the customer. It can then be used by another customer without being treated.

MODEL 2



Model 2: A substance is sold and then returned to Brenntag after it has been used in the production process of the customer. It is treated to remove impurities and then resold.

INNOVATION IN THE SUPPLY CHAIN: RECYCLABLE ACETIC ACID FOR USE AS A DE-ICER

Alumichem and **Brenntag Nordic** worked together on a trial project for a year and a half. The Danish company Alumichem specializes in developing and producing high-quality aluminates¹⁾ for water treatment processes, the concrete industry and winter maintenance services. Alumichem's research and development team conducted a trial project with "used" acetic acid provided by Brenntag to determine whether this acetic acid could be added to a de-icer without impairing the latter's effectiveness and quality. The acetic acid came from another company that had used it as a processing aid to produce a product. For Brenntag, there is an extensive scope for research and trial projects in relation to the treatment of products (such as acids and solvents) with the aim of restoring the quality of the substances as effectively as possible after their initial use.

The project team had to be patient. Success was uncertain for some time, as numerous undesired side effects occurred at several stages of the trial. In the end, they managed to eliminate all of these: The effectiveness of the de-icer was virtually the same; only its colour could not be aligned with the original product.

¹⁾ Salt of an aluminium compound

"This is due to the sugar residue from its initial use and is a defect that will be irrelevant for certain purchasers of the recycled product", says Tina Klarskov Olesen, COO of Alumichem.

The team is satisfied with the results, especially since the product has been accepted positively on the market. Nonetheless, there were concerns at the beginning of the project due to the complex network of laws regarding the handling of chemicals and waste. An essential aspect of the facilitation of the circular economy approach is that chemicals can be classified as chemical products even after their first use. Classification as waste would significantly complicate their further use. A positive development regarding the further promotion of circular economy models is emerging, particularly on the EU legislative level.

Following the successful pilot project, Brenntag and Alumichem have no doubt that this kind of business model will provide additional potential in the future.



Sourcing recycled acetic acid from Brenntag enables Alumichem to enhance its sustainability record. Circular economy is not a revolution that will happen overnight. I think it is important that we have patience here, while also playing an active part at each stage as developments occur.

*Tina Klarskov Olesen,
Chief Operating Officer, ALUMICHEM*



**TOM CORCORAN:**

Vice President Brenntag Food & Nutrition

Tom Corcoran has been leading our global Food & Nutrition organization since the end of 2018.



www.food-nutrition.brenntag.com

BRENNTAG FOOD & NUTRITION: CIRCULARITY WITH FOOD

The circular economy is an area that the Brenntag Food & Nutrition business unit established in 2018 also focuses on. Although food security is one of the pressing global issues of our time due to a growing world population, there are still challenges in the food industry such as food waste or its accumulation of vast volumes. For Tom Corcoran, Vice President of Brenntag Food & Nutrition, innovation and creativity are key to more sustainable solutions in the industry.

**With regard to the current challenges in the food industry:
How can Brenntag Food & Nutrition make a valuable contribution through circular economy?**

We are working intensively on solutions to reduce food waste. Our experts in the food development teams in all Brenntag regions are focusing on this problem. Next to our expertise, innovation and creativity play a decisive role. There was recently a series of trials at **Brenntag North America** in which apple and carrot peel were processed to form a powder that can be used to refine the taste of rusks. Apple or carrot powder is also used, among other things, because of its natural colour and texture.

Waste is also created if food spoils quickly. For this reason, we are working to make food more long-lasting. This primarily concerns microbial growth and the deterioration of quality through oxidation. We work with antimicrobial agents and antioxidants to increase shelf life and reduce waste.

In order to implement our ideas, we work closely with our suppliers. The complete traceability of Brenntag's entire supply chain is important to support our suppliers and customers and contribute to a circular economy.

In what other areas does Brenntag Food & Nutrition contribute to a more sustainable society?

We respond to trends within the sector. To changes in demand, for example, as the younger generation is more conscientious about what it eats and prefers vegetarian fare. Today's consumer values quality and is prepared to pay more for it. In addition to the health effects on people, a vegetarian diet has other benefits compared to the consumption of animal products such as fewer CO₂ emissions, since local production plays a bigger role, lower water and land usage, the preservation of biodiversity and the protection of animals.

THE PRINCIPLE: CLOSING THE LOOP

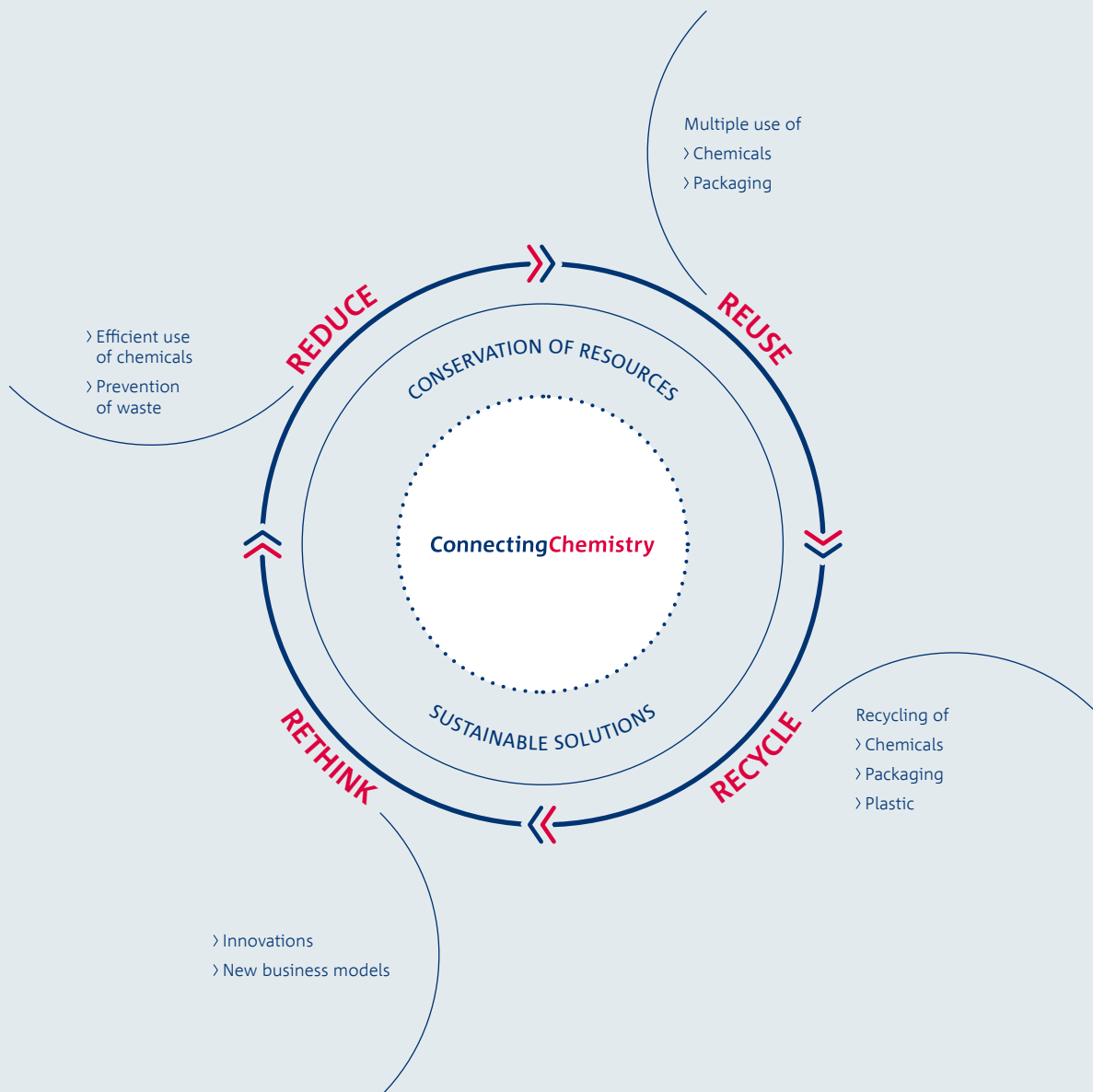
In implementing sustainable solutions, we try to think along the principles of the circular economy **reduce, reuse, recycle, rethink** and to use these principles across the entire value chain.

reduce: In consulting with its customers, Brenntag can contribute to the efficiency of their use of chemicals and thereby reduce both the amount of chemicals in use and the waste they produce.

reuse: Reusing chemicals and packaging is an attractive option in many ways. Alongside suppliers and customers, Brenntag can create a cycle that conserves resources and reduces costs.

recycle: Reprocessing and subsequent recycling are on the programme at Brenntag. At Brenntag's own plant in Switzerland, for example, the company can recycle chemical products themselves. In other countries, Brenntag works with specialised recycling companies for chemicals, plastics and packaging.

rethink: Thinking in loops and longer life cycles leads Brenntag to create new business models and promotes innovation.



02



THE PEOPLE AT BRENNTAG. OUR MOST IMPORTANT RESOURCE.

77 Countries
640 Sites
100 Nations

NUMBER OF
EMPLOYEES



North America
5,257

Latin America
1,934

Asia Pacific
2,581

EMEA
7,720

EMPLOYEES



HEALTH PROMOTION AT BRENNTAG UK & IRELAND:
 Become active, be healthy and feel good. The participants of the 2019 fitness day demonstrated this awareness with great sustaining power.

Nearly 17,500 people work at Brenntag worldwide. With their expertise and their dedication, they play a key role in the company's success and our long-term competitiveness. Embedded in Brenntag's corporate strategy and vision, the primary goal of our human resources strategy is for us to be regarded globally as the preferred employer in the field of chemical distribution – both for current and potential employees. We see it as our responsibility to offer fair working conditions and an attractive, safe and inspirational **working environment** while encouraging our employees' personal and professional development in a targeted manner.

HUMAN RESOURCES STRATEGY AND MANAGEMENT

A globally uniform HR strategy has been developed and the priorities for the coming years have been determined on the basis of our corporate strategy and our corporate values. A key aspect of our HR strategy is to promote employee retention and HR development at every level. This includes embedding globally standardized measures in relation to employee recruitment, employee retention, feedback dialogues, HR development, identification and development of potential, and succession planning.

The Chief Human Resources Officer is responsible for Brenntag's Global Human Resources area. The Chief Human Resources Officer reports directly to the CEO and also pursues discussions and dialogues regularly with the entire Board of Management of Brenntag AG, through Board of Management meetings and executive committees such as the Executive Staffing & Development Committee.

Together with the Global HR Leadership Team, which includes the HR officers for Global Development & Talent Management, Global Compensation & Benefits and for Brenntag's regions, the Chief Human Resources Officer is responsible for implementing our global HR strategy and for putting in place and centrally managing corresponding measures in the Group's various regions.

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For information on our **CORPORATE VISION**, please see page 35 of *Brenntag's 2019 Annual Report*.



EMPLOYEES

NFB



MARION MESTROM:
Chief Human Resources Officer

Marion Mestrom has been Chief Human Resources Officer at the Brenntag Group since 2015. She is also chair of the Committee for Diversity & Inclusion and is particularly focused on the advancement of women within the Group.

MARION MESTROM ON DIVERSITY, PERSONNEL DEVELOPMENT AND CAREER PLANNING AT BRENNTAG

Brenntag employs around 17,500 people from 77 countries worldwide. They work in sales, logistics, service and management, to name just a few examples. There is a diverse range of job profiles within the Group. Brenntag therefore needs people who have a wide range of interests and skills. To enable the company's long-term success, they also have to fit together and work as a team. How do you ensure that this happens within the context of the company's global HR strategy?

Diversity is very important to me, and it is also a permanent item on the Management Board's agenda. Diversity has to be lived within the company, as doing so creates enormous opportunities. We need to welcome and accept diversity, to be open and not prejudiced. If employees are diverse, in terms of their gender or ethnicity, or they bring in new and different ideas and experiences, this allows innovation to arise and creative solutions to be found. It is crucial here that everyone feels equally confident to put themselves and their ideas forward within the company.

In order to promote diversity and inclusion even further at Brenntag in the future, we established a Committee for Diversity & Inclusion in 2019. I work on this committee together with several top managers from various Brenntag regions. The members bring their experiences to the committee and, in return, put diversity on the region's agenda.

How do you provide suitable opportunities for personnel development in terms of the “qualified workforce of tomorrow”?

We can currently see how the world – including the world of work – is changing faster and faster. This makes it all the more important that our employees are prepared for future challenges. However, in order to remain viable in the future, a positive attitude towards change as well as individual initiative are needed: Employees who are open to developing themselves and learning will be given the corresponding opportunities by us. People also learn through new tasks or an exciting new project.



Advancing and developing our employees is important not just for the individual employee but also for the company so that it is in a strong position for the future.

*Marion Mestrom,
Chief Human Resources Officer,
Brenntag Group*

In addition, personnel development programmes play a key role. Our training options have a long-term focus and consist of a mix of internal and external training courses as well as “micro-learning”. This includes 15-minute videos, short online training modules and TED talks¹⁾. Nobody is excluded from personnel development. On the contrary, we see it as an opportunity for every employee who wants to develop further. With regard to our programmes for new employees and our management positions, for some time now our focus has been on the advancement of women to ensure a balanced and diverse group of participants.

¹⁾ TED stands for Technology, Entertainment, Design. Short lectures in which an idea is presented as appealing and entertaining as possible.

How does career and succession planning work at Brenntag?

At Brenntag, everyone who wants to should be able to develop themselves in a targeted manner and allow their talents to unfold. For those who want to make a career at Brenntag, performance is also important, of course. At least once a year, we conduct People Performance Dialogues with all employees. These dialogues take place between an employee and their manager, during which they discuss individual targets as well as growth potential. We want to provide our employees with further training in line with their potential. An employee's personal commitment and willingness to develop will also have a positive impact on potential career opportunities.

Our aim is to be able to provide individual and systematic support within this process, and we are working to achieve this. Advancing and developing our employees is important not just for the individual employee but also for the company so that it is in a strong position for the future.



More about **EXPLORE VARIETY** can be found on the Brenntag career pages at www.brenntag.com.

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HR PORTAL: In order to implement and manage our globally standardized HR processes in the areas of employee recruitment, employee retention, feedback dialogues, HR development, identification and development of potential, and succession planning, we have introduced a global HR management system and already replaced many of the previous applications in our heterogeneous HR system landscape by the new system. In the year under review, for example, our recruitment module including an external and internal job platform went live globally. The learning module in this system should be introduced by the end of 2020, replacing our existing e-learning system. This will enable us to manage all HR processes throughout the Group in an integrated system. In the year under review, our feedback dialogues and target agreements were made available via the system for approximately 90% of our employees, while annual salary reviews were conducted using the HR portal for almost half of our employees.

JOB ARCHITECTURE: A framework that comprises and organizes all positions worldwide at Brenntag. The global job architecture offers us the transparency to identify career opportunities within a job family and across several job families, for example, and to devise and offer needs-based training and development measures. At the same time, the global job architecture serves as a basis and resource for implementing and enhancing measures in relation to employee recruitment, employee retention, feedback dialogues, HR development, identification and development of potential, and succession planning, all of which are described in the following sections.

NFB

RECRUITMENT AND RETENTION OF TALENTS

We strive to provide a working environment where the best people want to work. It is the people who make up Brenntag, our market-leading position, safety culture and diversity. These are the foundations of our new “Explore Variety” employer brand that we introduced worldwide in the year under review. In doing so, we are taking another step towards positioning ourselves as the global employer of choice for current and future employees.

EMPLOYER BRAND: A modern, attractive employer brand with a uniform presence on all job markets is not just about the company’s external image, but also strengthens the common identity of the people within the company. “Explore Variety” is a promise to future employees as well as to those who have been working at Brenntag for a long time and are familiar with the company. It focuses attention on the people who contribute to the company’s success by passing on their knowledge and passion, by ensuring diversity and by energizing the employer brand. Team spirit, a familiar atmosphere, a good work culture and career opportunities are what set Brenntag apart as an employer, today and in the future.

JOB PORTAL: In addition to the new employer brand, a new global job applicant platform has been launched. It allows applicants to search for all vacant positions worldwide at Brenntag and apply directly online. The new applicant platform is thus a further indicator of the wide-ranging diversity that Brenntag has to offer. Brenntag employees from all over the world can also view job advertisements via the “Career Center” on Brenntag’s internal HR portal.



DIVERSITY THAT CONNECTS: By contributing with their different talents, Brenntag employees create a common identity.

FEEDBACK DIALOGUES: Annual feedback dialogues, which take place for all employees, are an instrument which is used to ensure long-term employee retention at our company. In all Brenntag companies, the dialogue between employees and their line managers promotes a feedback culture while also encouraging a change and performance culture. These meetings consider employees' performance and discuss their goals and personal expectations as well as individual development measures. By integrating our globally standardized "People Performance Dialogue" into the Brenntag HR portal, we are able to conduct and track the process efficiently.

HUMAN RESOURCES DEVELOPMENT AND TALENT MANAGEMENT

The objective of the Global HR Development & Talent Management Team is to develop and implement suitable human resources development concepts based on our global HR strategy and in line with our corporate strategy. Brenntag's HR development strategy includes measures for all groups of employees to ensure that our employees receive appropriate training and that crucial positions are filled at Brenntag in good time and in line with requirements.

Monitoring the level of **employee turnover** on the basis of employee termination provides an indicator which can be used to identify a specific need for action. This key figure is centrally determined every quarter for each Brenntag company and reported to the Group's HR management. Due to regional and country-specific variations, the figures are analyzed at local level. In the event of atypical deviations, the causes are identified, and suitable measures are considered as needed.

IDENTIFICATION AND DEVELOPMENT OF POTENTIAL: In order to foster internal careers and to ensure the emergence of a new generation of Brenntag managers and experts, there is a global concept for identifying high-potential employees who fulfil our global criteria and are distinguished by their particularly strong performance. This approach enables us to identify employees with strong development potential at an early stage so that we can enhance their skills and provide the structure to prepare them for the next potential step in their career.

Our global development programme "Connecting Potential" for high-potential employees who are at the start of their career takes place annually with a total of approximately 60 participants in all regions. We also initiated additional global development programmes for further management levels

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in the year under review. For example, our global programme "Leading with impact" for experienced high-potential employees was successfully launched and the customized "Leader Excellence Acceleration Program" was set up. The modular programme was developed in partnership with a renowned business school and tailored to the needs of our top management level. The programme will start for the first time in spring 2020.

SUCCESSION PLANNING: Succession planning and structured, proactive HR development are closely associated with the identification of potential, which puts these issues on the list of priorities for our HR strategy. As part of our global "People Review" process, management and HR officers proactively develop strategic succession scenarios, identify employees for vertical and horizontal career moves on a structured basis and devise corresponding development options and needs. Due to its importance, the Chief Human Resources Officer regularly discusses succession planning for global executive management with the Board of Management. The global standard process is continuously expanded to include key positions at additional levels.

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More information about the **LEADING WITH IMPACT** programme on page 28.



EMPLOYEE TURNOVER indicators can be found on page 33.



TEAM BRENNTAG KOREA: The Employee Engagement Workshop in Korea gave employees new impulses and promotes cooperation and open communication.

NFB PROGRAMMES AND TRAINING: At Brenntag, we want to create a working environment where each individual can recognize and take advantage of the development opportunities that exist at our company. In line with the Group's global concept, Brenntag-specific skills and expertise are taught through a globally uniform approach. Under the umbrella of the "Brenntag Academy", target group-specific and individual measures and training are offered at a global, regional and local level and, depending on the nature of this measure or training, are provided either in conventional events attended in person or through online training events.

Our global e-learning management system provides our employees with a flexible and digital-based opportunity to enhance their knowledge and skills independently and efficiently. By offering a comprehensive range of specific and interdisciplinary training with presentations, videos and additional reference materials for self-learning, we foster a culture of autonomous learning. We also reach all of our employees with access to a PC via our online platform, making it easier for them to take part in mandatory global and regional **compliance trainings**, such as on the Brenntag Code of Business Conduct and Ethics, anti-corruption, antitrust law, fraud prevention and the EU's General Data Protection Regulation. In 2020, the existing system will be replaced by the learning module in our Brenntag HR portal so that all HR processes and measures can be linked to each other in a standardized system. To facilitate this, we analyzed our employees' learning needs in the year under review based on current requirements and selected a corresponding range of training measures.

NFB At Group level and in Brenntag's regions, programmes are in place to meet the specific needs of our managers and junior staff, in order to prepare them for their responsibility as managers or experts and to support them in their role. As well as providing and enhancing management skills, in these development programmes Brenntag aims to encourage the systematic and sustainable sharing and transfer of knowledge.



PRACTICAL EXAMPLES

In the year under review, the new **global development programme** "Leading with impact" began for the first time with 24 participants. It is aimed at selected motivated and successful managers, team leaders, project managers and functional heads who have a decisive influence on our business. The programme brings together experienced high-potential employees at global level and helps them to further develop their personal and leadership skills so they can drive innovation and change and secure Brenntag's global success.



For information on **COMPLIANCE TRAININGS**, please see the Sustainability at Brenntag chapter on page 15f.

Various further training measures that place a particular emphasis on personal development in addition to expert knowledge are offered to our specialist employees and managers in **Germany, Austria and Switzerland**. For example, “MOVE” is a workplace-based development programme which is offered to dedicated employees in specialist careers. The programme, which has been in existence since 2008, was redesigned in 2019 due to advanced developments and changes in learning methods. The areas of focus in the new format include communication skills, self-reflection, personal autonomy and flexibility as well as digitalization. The new programme “MOVE – New Learning Journey” started at the end of 2019 with 12 participants. ■

In many countries, trainee programmes enable university graduates to combine their theoretical knowledge with practical experience while gaining an insight into our company’s many different areas. The specific trainee programmes for management or specialist careers which are offered in Germany, Austria and Switzerland also provide an incentive to gain international experience. To date, more than 30 career entrants have completed these trainee programmes.

Due to the various regional and local requirements of the working environment as well as cultural differences, Brenntag largely takes charge of and manages individual further training and development measures on a decentralized basis. Our employees receive training in accordance with their duties in the company and their personal development needs. The training measures, which take the form of face-to-face events, courses and workshops as well as online seminars, cover technical topics – including sales, logistics, chemistry, environmental protection and quality management – as well as personal development measures such as intercultural training, negotiating skills, presentation techniques and conflict management. In every Brenntag region, **occupational safety** is a core topic for training, since protecting our employees’ health and safety is a top priority for us.

APPRENTICESHIPS: As a recognized training company, Brenntag offers an extensive range of training positions in a forward-looking industry in Germany, Austria and Switzerland. Via the dual education and training system, we are currently training 80 young people to become management assistants in wholesale and foreign trade, management assistants in operations logistics, office managers, IT experts, warehouse staff, laboratory technicians, chemists, process mechanics and production staff. Alongside comprehensive apprenticeship opportunities and the acquirement of specific skills and expertise, priority is given to the transfer of our corporate culture and company-specific working processes as well as the personal development of the apprentices. Brenntag trains junior managers and experts in a targeted manner, thanks to the wide array of apprenticeships on offer in the various occupational areas. Once they have successfully completed their

apprenticeships, Brenntag offers young key players attractive prospects and challenges. In the year under review, Brenntag received 4 out of a possible 5 stars in the “Germany’s best trainers” survey by the business magazine Capital (issue 11/2019), making it one of Germany’s top training companies.

EMPLOYEE COMMUNICATION AND INVOLVEMENT

In addition to development prospects, open communication and an opportunity to play a part in shaping the company are important aspects which help to promote employee motivation and loyalty. Brenntag’s employees are regularly kept informed of current issues and company matters through their line managers and also through our internal print and online media. Conversely, our employees are able to discuss issues directly with their line managers or with the personnel managers responsible at any time.

Depending on the country-specific legislation, employees can also contact the persons representing their interests on elected co-determination bodies. Brenntag respects its employees’ right to freedom of association and collective bargaining and will not pursue or tolerate any measures which are intended to restrict these rights.

The internal online portal “LINK” supports and promotes the flow of information, communication and cooperation between Brenntag employees across different locations. This platform brings together our employees and facilitates the transfer of knowledge while offering an opportunity to share information, experiences and best-practice methods from different areas.



For information on training courses in the area of **OCCUPATIONAL SAFETY**, please also see the Safety chapter on page 39ff.

Brenntag also has idea management systems and platforms at many levels, which employees can use to become actively involved and submit their suggestions and ideas for improving organizational aspects, processes and operations.

The purpose of the “Brenntag Outstanding Performance Award” is to acknowledge and reward those employees who have delivered outstanding performance on an annual basis. Receiving the award, or simply being nominated for it, represents an award in itself, for both the individual employee and the Brenntag unit that he or she represents; it thus reflects the high standards in place in terms of leadership, training and commitment to achieving top performance. Each Brenntag region and the company’s headquarters in Essen presents the global and regional awards every year to employees who have achieved outstanding success in the areas of sales, safety or professional performance.

HEALTH AND WORK-LIFE BALANCE

Brenntag’s identity as an attractive and responsible employer includes promoting the health of our employees and their work-life balance. In all regions, we therefore offer measures which are in line with local social systems, while frequently going beyond national practices and statutory requirements. In countries with inadequate social security arrangements for example, supplementary private health insurance and life assurance policies are offered. In many countries, Brenntag also covers part of the cost of preventative measures or medical examinations and pays for vaccinations for its employees and their families. Brenntag also promotes its employees’ physical fitness. For instance, individual companies contribute towards gym memberships or initiate campaigns and events which provide tips on healthy eating and lifestyles. Joint participation in company runs and other sporting competitions are also very popular. Many Brenntag companies help their employees to reconcile work and family life by offering flexible working time models and holiday arrangements as well as other supportive services such as childcare or care for relatives. Regular initiatives also take place at many Brenntag locations, when employees can show their relatives where they work or when families are invited on group excursions.

DIVERSITY, EQUAL OPPORTUNITIES AND INTEGRATION

Our culture of fairness, of mutual appreciation and support, is the foundation of our day-to-day activities and is embedded in our core values. For us, diversity means recognizing, valuing and respecting differences. It fosters a dynamic work environment where everyone can learn from each other. **Diversity** is a fundamental feature of Brenntag. This also includes the cultural backgrounds, qualifications and needs of our

employees. At its more than 640 sites in 77 countries, Brenntag employs people from almost 100 different nations and a wide range of backgrounds. By sharing their knowledge, experience, ideas and passion, our employees contribute to the success of our company. We work in multinational, interdisciplinary teams around the world to create value for our partners and employees.

In order to firmly embed diversity, equal opportunities and inclusion, not just in our business strategy and our objectives but also in our culture, we launched an internationally organized committee for diversity and inclusion at the start of 2019. The committee is comprised of representatives from various areas across all regions and aims to increase awareness of diversity and inclusion in our daily business and at all levels of our organization. To support our managers with their duty to deal with differences appropriately and create an inclusive work environment on this basis, in 2019 we held a workshop on “dismantling subconscious prejudices” with the aim of increasing their awareness of this issue. We plan to focus more on this issue from 2020 onwards and raise its importance within the organization. As a first step, a mentoring programme and other employee training measures will be introduced.

We celebrate the wide-ranging diversity of our employees. Guaranteeing equal opportunities is a matter of course for Brenntag, as is counteracting and eliminating any form of discrimination and harassment. The recruitment, remuneration and development of employees solely reflect their qualifications and abilities in relation to their respective duties. For Brenntag, it is a matter of course and of the utmost importance that employees, business partners and third parties do not suffer any discrimination on grounds of their ethnic



See also the
**INTERVIEW WITH
MARION MESTROM**
on page 24f.



"INITIATIVE WOMEN INTO LEADERSHIP": Brenntag is a founding member of the "Initiative Women into Leadership" (IWIL). After a successful graduation, the first mentee year had their farewell with a festive ceremony at Brenntag's headquarters in Essen. The new mentee year of the IWIL programme will also take place with the participation and support of Brenntag.

origin, gender, marital status, age, religion or belief, skin colour, physical and mental abilities or sexual orientation. This is stipulated in our Code of Business Conduct and Ethics. Violations of this code are investigated by our [compliance organization](#) with the necessary rigour and, if a violation is found to have occurred, remedial and disciplinary action is taken.

REMUNERATION AND PENSION SCHEMES

Brenntag's remuneration policy is defined by factors such as attractiveness, fairness and competitiveness. Employees' qualifications, experience and level of responsibility are the main criteria. We offer a competitive remuneration and benefits package. Remuneration may vary in line with local market conditions, regulations and legislation. The value-based remuneration system for management level consists of three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The ratio of fixed to variable remuneration depends on a specific manager's influence on the company's success. Variable remuneration is closely linked to personal performance and the company's results, and is also dependent on whether targets for key performance indicators (KPIs) are met. In addition to the aforementioned remuneration components, managers receive contractually agreed non-cash remuneration and other benefits.

There are both defined benefit and defined contribution pension plans for the employees of the Brenntag Group. The pension commitments vary depending on the legal, tax and economic circumstances in the individual countries and the employee's years of service with the company and pay grade. In addition to employer-financed company pension schemes, Brenntag also supports private pension schemes through various options and pension plans. For instance, through a deferred compensation scheme employees are able to forgo payment of specific pay components in favour of an employee-funded company pension commitment.



See [COMPLIANCE INCIDENTS](#) on page 16.



EMPLOYEE STRUCTURE

The number of employees indicated is shown on the basis of the Group's headcount as at the end of the year (Dec. 31).

EMPLOYEES BY REGION AND GENDER

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
EMEA	7,524	43.0	7,162	43.1	7,023	45.6
Women	2,831	37.6	2,677	37.4	2,634	37.5
Men	4,693	62.4	4,485	62.6	4,389	62.5
North America	5,257	30.0	5,174	31.1	4,747	30.8
Women	1,183	22.5	1,162	22.5	1,034	21.8
Men	4,074	77.5	4,012	77.5	3,713	78.2
Latin America	1,934	11.1	1,610	9.7	1,453	9.4
Women	742	38.4	654	40.6	545	37.5
Men	1,192	61.6	956	59.4	908	62.5
Asia Pacific	2,572	14.7	2,486	15.0	2,043	13.2
Women	1,034	40.2	987	39.7	958	46.9
Men	1,538	59.8	1,499	60.3	1,085	53.1
Other segments	205	1.2	184	1.1	150	1.0
Women	91	44.4	87	47.3	73	48.7
Men	114	55.6	97	52.7	77	51.3
Brenntag Group	17,492	100.0	16,616	100.0	15,416	100.0
Women	5,881	33.6	5,567	33.5	5,244	34.0
Men	11,611	66.4	11,049	66.5	10,172	66.0

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
Sales	6,446	36.9	6,348	38.2	5,859	38.0
Women	3,242	50.3	3,079	48.5	2,897	49.4
Men	3,204	49.7	3,269	51.5	2,962	50.6
Distribution	2,528	14.5	2,305	13.9	2,160	14.0
Women	270	10.7	250	10.8	210	9.7
Men	2,258	89.3	2,055	89.2	1,950	90.3
Warehouses	5,318	30.4	4,977	29.9	4,647	30.2
Women	561	10.5	535	10.7	516	11.1
Men	4,757	89.5	4,442	89.3	4,131	88.9
Administration	3,200	18.3	2,986	18.0	2,750	17.8
Women	1,808	56.5	1,703	57.0	1,621	58.9
Men	1,392	43.5	1,283	43.0	1,129	41.1
Brenntag Group	17,492	100.0	16,616	100.0	15,416	100.0

EMPLOYEES IN MANAGEMENT POSITIONS¹⁾ BY GENDER

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
Women	72	19.1	78	20.1	58	15.3
Men	304	80.9	310	79.9	320	84.7
Brenntag Group	376	100.0	388	100.0	378	100.0

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
Full-time	16,838	96.3	15,978	96.2	14,805	96.0
Women	5,398	32.1	5,093	31.9	4,812	32.5
Men	11,440	67.9	10,885	68.1	9,993	67.5
Part-time	541	3.1	550	3.3	519	3.4
Women	438	81.0	441	80.2	394	75.9
Men	103	19.0	109	19.8	125	24.1
Apprentices	113	0.6	88	0.5	92	0.6
Women	45	39.8	33	37.5	38	41.3
Men	68	60.2	55	62.5	54	58.7
Brenntag Group	17,492	100.0	16,616	100.0	15,416	100.0

EMPLOYEES BY TYPE OF CONTRACT AND GENDER

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
Permanent contracts	15,401	88.1	15,881	95.6	14,367	93.2
Women	5,006	32.5	5,253	33.1	4,794	33.4
Men	10,395	67.5	10,628	66.9	9,573	66.6
Fixed-term contracts	1,978	11.3	647	3.9	957	6.2
Women	830	42.0	281	43.4	412	43.1
Men	1,148	58.0	366	56.6	545	56.9
Apprentices	113	0.6	88	0.5	92	0.6
Women	45	39.8	33	37.5	38	41.3
Men	68	60.2	55	62.5	54	58.7
Brenntag Group	17,492	100.0	16,616	100.0	15,416	100.0

¹⁾ Comprises the global executive management and local management groups.

NEW EMPLOYEES BY TYPE OF ENTRY

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
New hires	2,701	74.3	2,824	72.2	2,346	94.0
Company acquisitions	934	25.7	1,090	27.8	149	6.0
Brenntag Group	3,635	100.0	3,914	100.0	2,495	100.0

NEW EMPLOYEES BY REGION

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
EMEA	1,296	35.6	1,212	31.0	855	34.3
North America	1,107	30.5	1,321	33.8	908	36.4
Latin America	579	15.9	412	10.5	198	7.9
Asia Pacific	589	16.2	938	23.9	516	20.7
Other segments	64	1.8	31	0.8	18	0.7
Brenntag Group	3,635	100.0	3,914	100.0	2,495	100.0

EMPLOYEE TURNOVER²⁾ BY REGION

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
EMEA	529	6.2	501	6.1	446	5.6
North America	538	8.2	620	10.2	488	8.9
Latin America	135	6.1	122	6.5	131	7.4
Asia Pacific	353	11.4	385	13.0	326	12.7
Other segments	21	8.8	16	7.8	6	3.7
Brenntag Group	1,576	7.6	1,644	8.5	1,397	7.7

EMPLOYEES BY AGE³⁾

	2019		2018		2017	
	abs.	in %	abs.	in %	abs.	in %
< 20	48	0.4	33	0.3	26	0.2
20–29	1,598	13.1	1,562	13.7	1,453	13.6
30–39	3,792	31.0	3,580	31.3	3,216	30.1
40–49	3,499	28.6	3,297	28.8	3,124	29.3
50–59	2,706	22.1	2,461	21.5	2,322	21.8
> 59	592	4.8	509	4.4	528	5.0
Brenntag Group	12,235	100.0	11,442	100.0	10,669	100.0

AVERAGE AGE AND LENGTH OF SERVICE BY REGION³⁾

	2019			2018			2017		
	Ø-age in years	Ø-length of service in years		Ø-age in years	Ø-length of service in years		Ø-age in years	Ø-length of service in years	
EMEA	44	43	44	11	11	11			
Latin America	40	40	40	7	7	7			
Asia Pacific	39	38	38	7	6	6			
Other segments	43	43	45	9	10	11			
Brenntag Group	42	42	42	9	9	10			

²⁾ Termination of employees on the basis of the Schlüter formula.

³⁾ Excluding employees in the North America region; due to the legal situation in North America, the data in the region are not recorded in full for all employees and therefore cannot be evaluated on a valid basis.

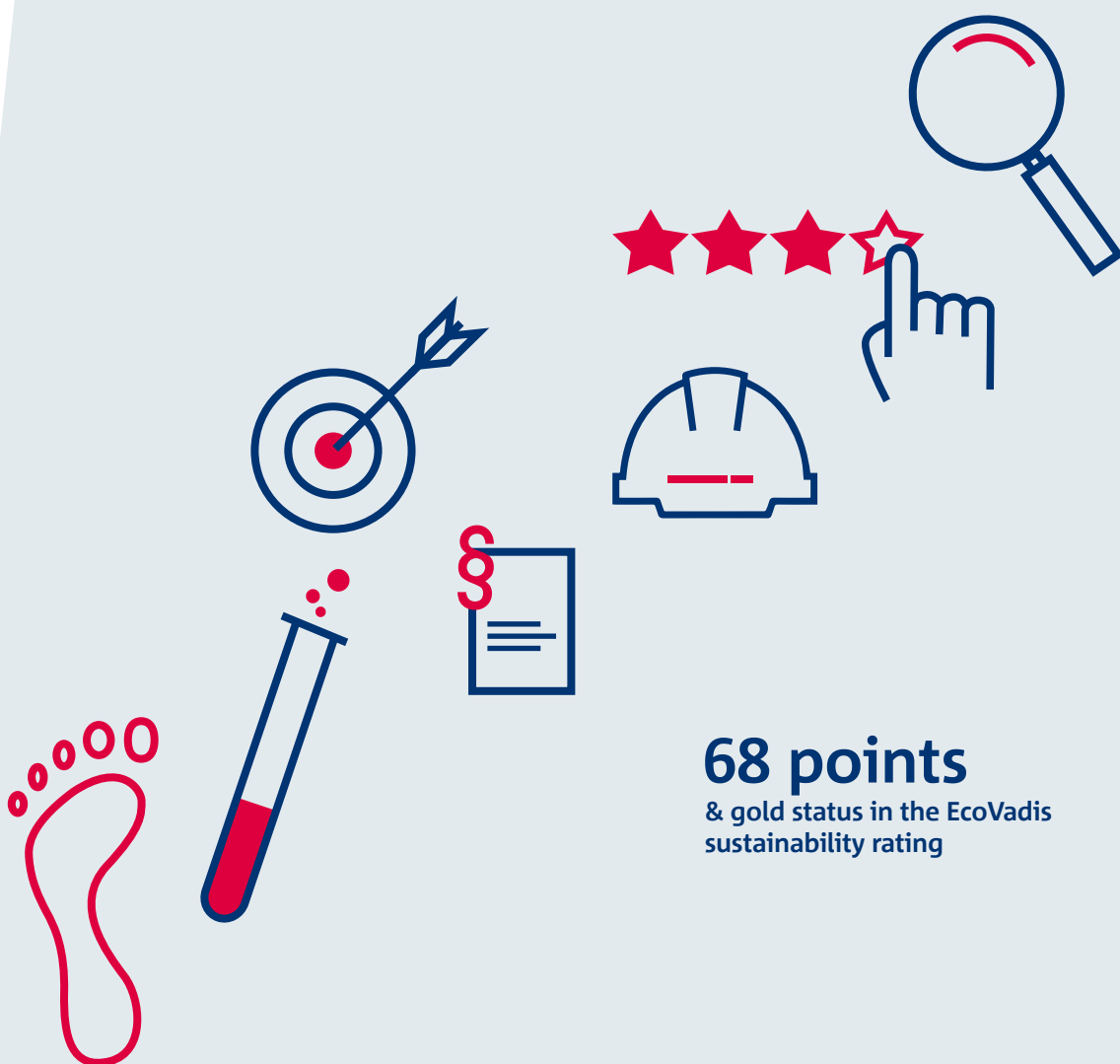
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03



GLOBAL IMPACT. OUR FUTURE IN MIND.



68 points

& gold status in the EcoVadis
sustainability rating

SAFETY

Safety is of paramount importance at Brenntag and is part of our corporate strategy. “We are the safest chemical distributor” – this is the primary objective of our corporate vision. Worldwide, we operate in accordance with the “Safety First” principle as our most important company value. This applies both to the safety and health of our employees, as well as to product safety and environmental protection. We are bound by the highest standards in the industry and adopt policies which often exceed statutory requirements. We are working continuously to further improve safety within our company. We invest in our infrastructure and train our employees with this goal in mind. Our goal is to keep our **Group accident rate** LTIR_{1 day/1 million} below 1.0 by 2020.

HSE STRATEGY AND MANAGEMENT

Brenntag has implemented a global health, safety and environment (HSE) strategy. This contains our principles in the areas of safety, product stewardship, the environment, adherence to laws (compliance) and quality. The global strategy is implemented in the regions as part of their own HSE programmes.

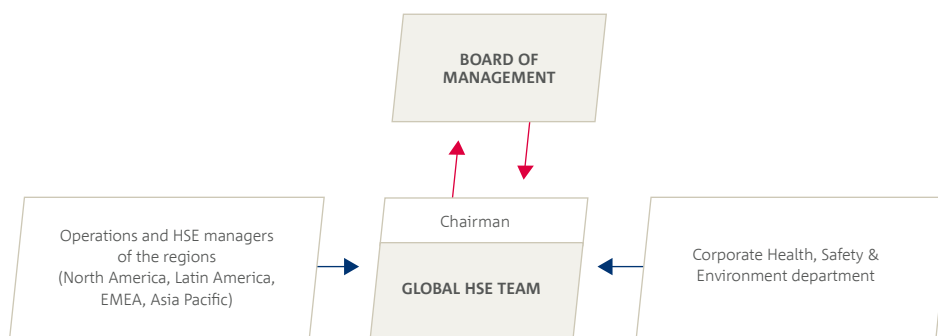
Brenntag’s global business operations and highly diversified customer and supplier structure imply a diverse range of operating conditions (legislation, cultures, industry standards and other demands). In order to fulfil the resulting requirements as effectively as possible, Brenntag adopts a predominantly decentralized approach to its HSE management.

The operations and HSE managers responsible at regional level, together with the central Corporate Health, Safety & Environment department, form Brenntag’s Global HSE Team. The team develops and coordinates globally applicable policies, programmes and other activities and regularly shares its experiences.

For information on the current **GROUP ACCIDENT RATE**, see page 40.



HSE ORGANIZATION AT BRENNTAG



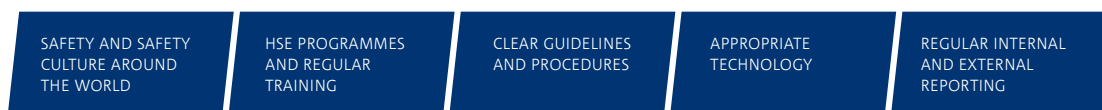
- ▶ Regular exchange
- ▶ Team composition

HSE AT BRENTAG: OUR APPROACH

COMMITMENT TO THE PRINCIPLES OF OUR RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION PROGRAMME



THE BRENTAG APPROACH



NFB The chairman of the team regularly reports to the Board of Management of Brenntag AG. In order to further deepen their working relationship, every Board of Management member takes part at least once a year in the Global HSE Team's regular phone conferences or meetings.

There are HSE organizations with similar structures within the regions, countries and down to the individual locations. All of this has created a global network of HSE managers and teams at the various levels within Brenntag. These experts regularly share their experiences in their teams, develop measures to remedy identified deficits and work together on further improving the company's safety culture.

Decisions taken by the teams are then incorporated into the regulations and programmes within the respective organization in a suitable format. The local management in the respective company unit or country is responsible for defining processes, procedures and measures in accordance with local regulations and taking account of local requirements.

Compliance with the HSE programme is reviewed through regular internal and external audits. The decision on the frequency of these audits depends on various factors, such as the risk potential being assessed, legal regulations and customer requirements.

NFB Brenntag manages HSE data in various databases at regional level that are forwarded to the company's central HSE department. Working together with external experts, the environmental risks including historical data are continuously examined and evaluated at each site. This allows conclusions to be drawn about potential contamination, among other things. This information is collated in a centralized environmental database and serves as a basis for the **environmental provisions** which are determined annually.

Brenntag has implemented various **management systems** in order to ensure its compliance with applicable HSE standards. Our performance is also regularly assessed and certified by independent third parties.

NFB To ensure effective chemicals management, data that are necessary for the safe handling of our products during

For information on the **ENVIRONMENTAL PROVISIONS**, see page 142f. of *Brenntag's 2019 Annual Report*.

For the **MANAGEMENT SYSTEMS** see page 37.

storage, transport and within the delivery chain are stored in central databases at Brenntag. In Europe, for example, a central SAP-based system is used for this purpose, making it possible to implement relevant changes to European legislation in all countries at the same time and provide employees with access to them. All European companies are connected to this database.

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compliance audit programme was developed for these instructions and an audit catalogue was created. An audit team of 18 Brenntag experts from several countries was then trained in accordance with this catalogue. In 2019, these experts audited a total of 29 Brenntag locations extensively. During these audits, risks were identified, assessed and classified, and the timeframe for eliminating the risk in question was specified. The auditors were also involved in implementing the agreed action plans. As a rule, the various locations welcome information about existing risks and how to improve process security. In turn, the auditors can expand their knowledge by auditing locations outside their own region. Since the auditors do not just document the risks but also collect best-practice solutions to specific problems, the entire Group benefits from this knowledge transfer. Management also regarded the results achieved as a success. A further 34 audits are planned for 2020.

Certified and assessed operating locations ¹⁾	ISO 14001		OHSAS 18001		SQAS-ESAD ²⁾ (Europe)	
	abs.	in % ¹⁾	abs.	in % ¹⁾	abs.	in %
2015	105	26	59	17	78	73
2016	108	27	67	19	80	77
2017	109	26	65	17	72	71
2018	108	28	64	19	72	73
2019	115	29	72	21	61	64

¹⁾ The percentage figures for ISO 14001 include purely sales-based locations as well as warehouse locations. The OHSAS 18001 figures exclusively refer to warehouse locations.

²⁾ SQAS-ESAD (Safety and Quality Assessment System, European Single Assessment Document) is a catalogue featuring more than 500 detailed questions on the handling of chemicals. It is intended to provide a uniform assessment of the HSE and quality management system of chemical distributors and is associated with the Responsible Care/Responsible Distribution industry initiative.

PROCESS SAFETY

Process safety measures depend on the particular type of process and the risks associated with it. Many requirements are regulated by local legislation and industry directives, although standards often vary widely from country to country. If Brenntag considers these regulations to be insufficient, we establish our own more stringent measures, which are defined in our HSE manuals.

The following aspects and levels of process safety are covered:

- / Use of suitable equipment
- / Work instructions on how to use the equipment correctly and safely and how to perform the process
- / Suitable technical and organizational safety measures that help to control process risks and prevent errors
- / Regular reviews (inspections, audits)
- / Regular checks of whether the specified inspections, audits and reviews have been conducted as scheduled and corrective measures have been implemented



PRACTICAL EXAMPLES

Brenntag EMEA has specified four of its procedural instructions as “Critical Procedures”. Failure to adhere to the measures described could lead to significant risks. These include the handling of flammable liquids. Additionally, in 2018 a special

The multi-stage plan to improve the fittings and safety of pallet shelves in accordance with the corresponding guidelines is now complete in **Europe** apart from a small number of exceptions. In **North America**, work in this area still requires more time.

The integrated IT system for stock management, product tracking and transport management at **Brenntag North America** and **Brenntag UK & Ireland** has been enhanced and an improved version developed. This system makes it possible to track goods on a paperless and real-time basis as they are moved from our suppliers to our plants and to the customer, thereby minimizing the risk of product mix-ups and incorrect deliveries. It is planned to gradually roll out the new version across Europe over the coming years.



FURTHER EXAMPLES are presented on our website at www.brenntag.com/sustainability under Projects Worldwide.



In 2018, the global Misload Control and Prevention programme was launched. To begin with, a globally standardized definition was specified and a data analysis was initiated: A misload occurs when Brenntag or a service provider operating on behalf of Brenntag delivers an incorrect product or a product in the incorrect packaging or a product to the incorrect location. In 2019, **Brenntag EMEA** increased its efforts to avoid and reduce misloads. It is a complex issue, as there are many points between ordering and delivery where an error could occur. Accordingly, an eight-member task force was established with representatives from HSE, Operations, Sales, HR, various EMEA national organizations and the Group headquarters. The task force gathers ideas and develops measures to reduce and prevent misloads. As part of a targeted campaign, training and communication measures are also conducted for the relevant employee groups from Sales, Customer Service, Production Planning, Storage, Logistics and Transport in order to increase awareness of the problem and attentiveness among them. The package of initiatives and measures developed by the task force also includes a new online training course and a range of information material. In addition, internal processes and IT are optimized and experiences are shared in detail within the countries of the EMEA region. ■

PRODUCT STEWARDSHIP AND SAFETY

Brenntag takes appropriate measures to ensure the proper handling of our products. This mainly relates to procurement, packaging, classification and labelling, handling, storage and transportation. We produce product dossiers and safety instructions and ensure disposal. We act in accordance with the applicable standards and regulations and also cooperate closely with the industry's national and regional umbrella associations of which our national companies are members.

NFB The policies of the RC/RD programme have been incorporated into our HSE strategy and programmes and therefore play a key part in the safe handling of chemical products and, as a result, in the protection of soil, air and water as well as occupational safety within our company. Adherence to these policies is verified and documented by external assessors.

Brenntag has also specified that all operating companies join the RC/RD programme. Due to the fact that an RC/RD programme is not offered by national organizations in every country in which Brenntag operates, programmes have been developed and existing processes optimized in the individual regions to verify internally that the guidelines in force in the relevant countries are adhered to. In this way, Brenntag companies play their part in the global obligation towards Responsible Care.

Brenntag's high standards in process safety and product responsibility continuously earn the company external recognition. In 2019, all North American sites where chlorine is filled and bleach is produced were rewarded for their exemplary safety performance – with six of them obtaining "Diamond Level". The Chlorine Institute, a national industry association, grants its so-called Diamond Level award to sites which have recorded zero workplace accidents or incidents and zero environmental releases over a period of at least five years.

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Year ¹⁾	Proportion of Brenntag legal entities participating in the RC/RD programme ²⁾	
	abs.	in %
2015	108	76
2016	113	76
2017	114	76
2018	106	81
2019	108	78

¹⁾ The values given for 2015 to 2016 have not been audited by PwC.

²⁾ These data do not include pure sales and service entities with revenue of under EUR 100,000 or acquired entities which, as at December 31, 2019, have been part of the Brenntag Group for less than a year.



Since 2002 Brenntag has been participating in the chemical industry's "Responsible Care" programme.

NFB **RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION:** For many years now, Brenntag has taken part in the Responsible Care/Responsible Distribution (RC/RD) programme of the International Chemical Trade Association (ICTA). As such, we implement the eight guiding principles laid down in this global programme covering the following areas:

- / Legal requirements
- / Management of risk
- / Policies and documentation
- / Provision of information
- / Training
- / Emergency response
- / Ongoing improvements
- / Community interaction

As a chemical distributor, Brenntag generally operates in a complex regulatory environment. Examples of this in Europe would be the [REACH Regulation](#) or the Biocidal Products Regulation of the European Union. Our transnational teams of experts, consisting of a network of experienced HSE and regulatory specialists, ensure that our operational processes and workflows comply with the relevant regulations. They work closely with management in both purchasing and sales to ensure that Brenntag complies professionally, fully, and efficiently with the numerous regulatory requirements.

Our product and sales managers are trained and experienced in supporting our suppliers and customers in fulfilling regulatory requirements according to their wishes by:

- / Ensuring a REACH-compliant supply and usage system
- / Providing support in relation to many further questions
- / Safeguarding optimal communication within the supply chain
- / Identifying alternative substances

OCCUPATIONAL SAFETY

Our top priority is to ensure the safety of our employees and to protect their health. This means that we continually work towards improving the company's safety culture and take necessary and appropriate measures to prevent accidents and incidents.

TRAINING AND EQUIPMENT: Regular training of our employees is important in order to raise their awareness of potential hazards and to enable them to work safely. This training goes above and beyond the statutory requirements, and ranges from safety instructions for new employees to comprehensive training measures that are specially tailored for the work situation and the risk potential of specific occupational groups or individual employees. Training is given by HSE managers and also by external experts, both in the form of face-to-face events as well as digitally. In the year under review, we continued to focus on training our employees at all levels on a wide range of issues. For example, **Brenntag North America** offered a specific training programme for managers and line managers which is run by an external provider and has proven its value over many years. The programme provides them with the techniques and skills they need to make lasting improvements to the safety culture within their area of responsibility. 72 participants completed the programme in the year under review.

Brenntag continuously invests in its equipment and infrastructure in order to optimize plant safety and work processes at its sites and thus further minimize safety risks and hazards. For example, Brenntag audited safety harnesses used for work operations on road tankers and rail tank cars in the year under review by launching a long-term project to improve this safety equipment. To begin with, this involved carrying out detailed site-based reviews of the various systems in place. Using action plans, the companies at **Brenntag North America** achieved around 75% of the agreed improvements by the end of 2019 and invested several million dollars in the process. **Brenntag EMEA** launched this project at a later stage and is therefore still at the planning stage with regard to the structured implementation of improvements. However, it has already made some investments. The project is continuing in 2020.

ACCIDENT REPORTING: Accidents at work, near misses and similar occurrences are recorded and evaluated centrally according to a standardized system. Any important conclusions are communicated throughout our organization. Furthermore, the findings and the measures derived from these are incorporated into the global HSE guidelines, regional HSE manuals and prevention and training measures. As an enhancement to the existing accident reporting system, Brenntag introduced the so-called "potential hurt level" model at the end of 2019. With this model, accidents are assessed not just according to the actual severity of the injuries suffered but also according

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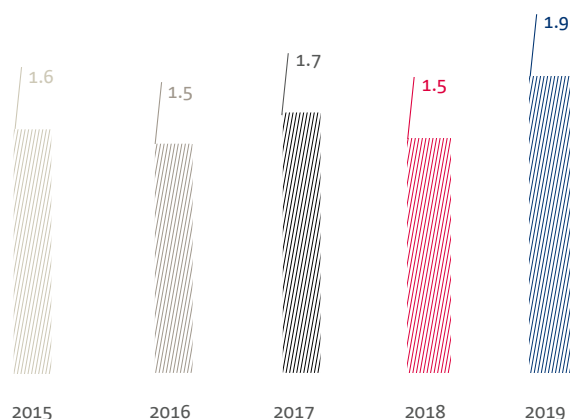
Further information on **REACH** can be found on the website of the Federal Environment Agency www.Umweltbundesamtes.de/themen in the area chemicals.

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to how severe the injuries could potentially have been when the accident occurred. The aim of this enhanced assessment is to focus our countermeasures better on the most important aspects of accidents.

GROUP ACCIDENT RATE¹⁾

LTIR_{1 DAY}²⁾



¹⁾ The values given for 2015 to 2016 have not been audited by PwC.

²⁾ LTIR_{1 day} (Lost Time Injury Rate): number of industrial accidents resulting in at least one day's absence from work per one million working hours.



This ongoing process of improvement has enabled us to steadily reduce the number of reportable industrial accidents within the Group over many years. Unfortunately, this trend has not progressed as continuously in recent years, and we have to report a year-on-year increase for 2019 for the second time since 2017. Overall, however, we were able to reduce the Group accident rate between 2010 and 2019 by 58%. In 2019, the value was 1.9.

In 2019, the accident rate rose in all four regions. However, the trends have varied. After recording good results in 2018, there were slight increases in both Asia Pacific and Latin America in the year under review. In North America, the total number of reported accidents fell significantly. Compared to previous years, however, an unusually high number of these accidents led to work absences and therefore to an increase in the relevant accident rate. The negative trend at Brenntag EMEA was strongly influenced by high accident numbers at specific locations.

A closer analysis of the accidents shows that slips/trips/falls, contact with chemicals, accidents involving vehicles and accidents involving equipment/tools are the most common causes of injuries and absences from work at Brenntag. Our

measures are therefore focused on making improvements in these areas. With regard to injuries resulting from contact with chemicals in particular, which is an industry-specific injury, a wide range of measures enabled us to reduce the number of incidents Group-wide by 75% between 2010 and 2018. However, there was a significant increase again in the year under review. Almost all of this was due to chemical burns or irritation to the neck and head, and in particular to the eyes. Our priority here must be to continue working on preventing direct contact with chemicals. However, we also need to improve the correct use of personal protective equipment such as safety goggles and visors by conducting training sessions and regular checks. Although the number of injuries caused by slips/trips/falls was reduced again in the year under review, it still remains at a high level. In almost all cases, these accidents were caused by a lack of attention and incorrect behaviour. At the end of 2018, Brenntag established a task force that will continue working on the campaign to reduce these accidents. Having stayed relatively constant for many years, the number of accidents involving vehicles (forklift trucks, trucks, cars, motorbikes) almost doubled in the year under review. This was primarily due to an increase in traffic accidents that were difficult, if not impossible, to avoid for the Brenntag employees concerned. However, there was also a slight rise in the number of accidents involving internal transport. This increase occurred despite extensive preventative programmes that have been established in the Brenntag regions in recent years. The focus ranges from driving safety training, including for sales employees, to the use of devices to analyze driving in trucks, to improved road signage for internal transport and for pedestrians at the locations.



PRACTICAL EXAMPLES

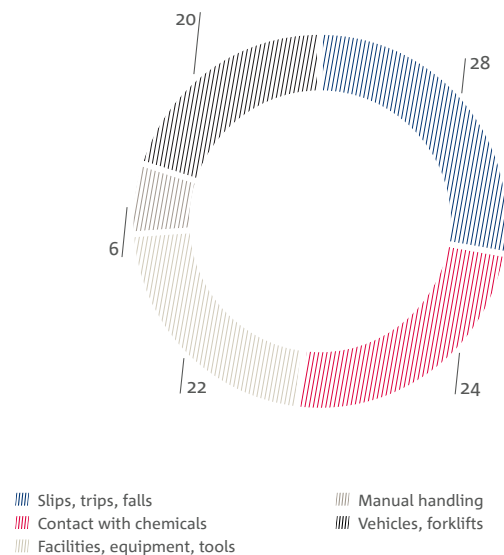
More than 1,300 employees in 20 countries within the **EMEA region** received online training from an external provider in each quarter on a topic related to safe driving. After two years, the programme is now completed.

Since 2014, **Brenntag North America** has had particularly positive experiences using a system that records driving behaviour and traffic situations with a video camera in its trucks. If necessary, truck drivers can then analyze critical situations and unsafe behaviour with their direct managers using video clips. The technology used was replaced with an improved version, and the partnership with the external service provider for the video programme was extended by several years. The Brenntag fleet in North America covered around 50 million miles in 2019. Since the programme was introduced, the number of accidents per 1 million miles travelled has decreased by 75%.

Brenntag EMEA continues to conduct special hazard analyses for transport on the grounds of its sites. Wherever there is increased potential for accidents, suitable measures are implemented: ranging from the simple installation of mirrors to the clear separation of pedestrian paths and vehicle roadways, right up to investment in vehicles and construction activities. ■

CAUSES OF LOST TIME INJURIES 2019

(IN %)



BRENNTAG HONDURAS – HONOURED: For the third time in a row, the Brenntag terminal location received an award from the municipality of Puerto Cortés for the exemplary implementation of local environmental regulations.

Brenntag’s primary objective is to prevent all types of accidents and incidents. With a view to the development of the number of accidents, we are continuously working on further improving our safety culture.

BEST PROGRAMME: A key element of our efforts to increase safety is the global Brenntag Enhanced Safety Thinking (BEST) programme. It focuses on the safety behaviour of Brenntag employees at all levels within the company, which is a key cause of accidents in more than 75% of cases. Two BEST employee surveys were conducted between 2015 and 2018. According to the findings of the last survey, the participants believe that the safety culture is overall at a high level. Internal communication was regarded as having room for improvement. There were large regional differences. The results were incorporated into various action plans for the coming years that take account of the varying circumstances locally.





“SAFETY WEEK” AT BRENNTAG-BENELUX: Safety at work is just as important as safety on the way to or from work. Safety trainings and crash tests during the Safety Week at Benelux locations were a special opportunity to prepare for critical situations in the car.

In order to expand the BEST ideas beyond occupational safety and into the personal sphere of Brenntag employees, Brenntag developed the BEST – Personal Safety Action Plan (PSAP). Since 2018, all Brenntag employees worldwide were asked to create a PSAP and list the risks that they encounter daily while at work as well as in their personal lives. Together with their respective line managers – who had been given special training in this area – they developed individual plans consisting of measures to prevent accidents and incidents. New PSAPs are developed every year.

Also **Brenntag UK & Ireland** had its first Safety Day. The event centred on a promise by every person to pay attention to their own safety and that of their colleagues each and every day. Under the slogan “See, Stop, Do”, everyone has been called on to take action: Whenever I see danger, I stop what I am doing and I do something about it. Russel Argo, President at Brenntag UK & Ireland, emphasized that everyone at Brenntag has the right to stop unsafe activities in order to have a positive impact on the company’s security culture. The feedback on the Safety Day, the results of the BEST surveys, the analysis of current trends regarding the issue of safety and comparisons between PSAPs were used to analyze the issue of “Safety First” in detail during the year. The focus was on personal accident prevention above all else. There was a concerted effort to address the question of how important various factors are for the safety of each



FURTHER EXAMPLES are presented on our website at www.brenntag.com/sustainability under Projects Worldwide.



PRACTICAL EXAMPLES

The following practical examples and highlights from our regions provide an insight into our diverse range of practices and safety culture at Brenntag.

Brenntag locations and individual companies frequently dedicate an entire day to the issue of safety. **Brenntag Latin America**, for example, holds its CASA¹⁾ Day every year. Many companies in **Brenntag EMEA** organized a day or a week for the first time during 2019 with various initiatives relating to the issue of “Safety First”.

¹⁾ CASA is the name of the HSE programme at Brenntag Latin America and stands for quality (CALIDAD), safety and health (SEGURIDAD & SALUD) and the environment (MEDIO AMBIENTE).

and every employee at their work station and where there could be potential for accidents or injuries. The findings were systematized and culminated in “risk maps” for work areas and sites.

Brenntag Benelux brought another element into play in relation to safety in the workplace during its first Safety Week in 2019: The risk of accidents and injuries in private and on the way to and from work. Numerous external partners also took part in the individual events, visits and discussions that spanned a number of days. Key issues included how to act in the event of a fire and fire-extinguishing techniques, safety training and vehicle crash tests, and ergonomically correct sitting postures in the workplace.

Brenntag South Africa also held its first workplace safety week. Together, employees practised how to perform first-aid measures, identify potential dangers in the workplace in advance and fight fires. Information was also provided on how to better protect one’s health in the workplace as well as nutritional tips. Special recognition was given on this occasion to forklift drivers, who have to exercise particular caution while handling dangerous machinery day in and day out.

The emergency teams and Brenntag employees demonstrated their skill and reliability at Brenntag’s **Dos Hermanas** and **Cartagena** sites in Spain on September 13, 2019: The **Dos Hermanas** site had to be temporarily evacuated that day after a fire broke out at a different, neighbouring facility. A strong wind caused sparks from the fire to fly and reach the Brenntag facility. Thanks to the dedicated work of the emergency team, two fires caused by the sparks were immediately extinguished, preventing worse things from happening. How safe the Brenntag facilities are was demonstrated in **Cartagena**. There, the grounds of the site were completely flooded in the early hours of the morning by heavy rainfall. The water level was half a metre in some places. Preparations had been made the previous day as part of an emergency plan. This meant that, despite the flooding, there was no ongoing risk from chemicals in storage. Although the clean-up operation lasted several days, the damage at the site was fully rectified – in particular due to the dedication of the team.

It was also evident at the **Grezen-Bouère** site in France on June 3, 2019 that courageous intervention combined with the correct training will pay off. There, two Brenntag employees, trained as first-aiders, became lifesavers after a colleague collapsed and a short time later stopped breathing. They performed cardiac massage until the emergency services arrived and also used the defibrillator on hand at the site. Thanks to their exemplary actions, their colleague survived.

34 of the 53 **Brenntag EMEA** sites with more than 40 employees recorded zero lost-time injuries (LTI) in the year under review. Four of the 34 sites have gone ten years without an accident-related work absence, and a further eleven sites have gone five years without one. ■



Overall, we were able to reduce the group accident rate by

58%

from 2010 to 2019.

ENVIRONMENTAL PROTECTION

The responsible use of natural resources has always been very important to Brenntag. As part of our business activities, we consume water, electricity and different types of fuel, while producing waste, waste water and various emissions. Moreover, as a chemical distributor we deal with products that could damage the environment if not handled with the necessary care.

All around the world, we aim to protect resources and use them optimally, and to minimize the impact that our business activities have on the soil, water and air. At the same time, Brenntag supports its customers with sustainable solutions and helps to preserve the environment with ecologically efficient products, processes and services.

NFB When it comes to protecting the environment and climate, Brenntag also acts in accordance with the “Safety First” principle and has incorporated the fundamental aspects of its activities into its global **HSE strategy**. Brenntag’s sites around the world implement numerous environmental protection and efficiency measures in the context of local and regional outline conditions and legislative requirements, tailored to their individual activities. These internal measures focus on energy and water consumption, the protection of soil, water and air, waste reduction, and transport and fleet management.



For further information on Brenntag’s **HSE STRATEGY AND ORGANIZATION**, please see the Safety chapter on page 35f.



NFB ENERGY

We calculate our consumption of resources on the basis of the data which we collect through our HSE programmes. Brenntag has established Group-wide energy reporting in order to make its own energy consumption and associated **CO₂ emissions** more transparent. Sites’ energy consumption data are collected quarterly and are compiled and evaluated centrally by Brenntag’s sustainability team. These data enable us to identify energy-saving potential. Our target is to reduce the Scope 1 and 2 CO₂ emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016.

NFB During the reporting year, the global activities of the Brenntag Group resulted in a total of 244,414.91 tonnes of CO₂ emissions (Scope 1 and 2). Energy consumption at our sites (offices and warehouses) accounted for around 44% of these, while the vehicle fleet (trucks, company cars and other vehicles) accounted for around 56%. This means we were able to record a year-on-year decrease in total Scope 1 and 2 CO₂ emissions for the first time despite the inclusion of data from various company acquisitions. CO₂ emissions per warehouse tonne of goods sold decreased by 9.95% compared to the previous year. Compared to the base year 2016¹⁾, we also recorded a decline in CO₂ emissions, namely of 0.58%. The reason for this was a drop in electricity consumption in Europe and North America. Most of the reduction is attributable to our site in Thetford in the UK, which ceased production of sodium hypochlorite due to the modernization of the facilities, and to numerous energy efficiency measures in North America.

¹⁾ The values given for the 2016 base year have not been audited by PwC.

ENERGY CONSUMPTION BRENNTAG GROUP¹⁾

	2019		2018 ²⁾		Base year: 2016 ³⁾	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
Electricity (in MWh)	138,811	13.6	153,894	15.6	146,904	16.5
District heating (in MWh)	7,914	0.8	–	–	–	–
Gas (in MWh)	302,710	29.7	290,213	29.4	178,702	20.1
Diesel (in 1,000 litres)	44,393	4.4	44,717	4.5	36,290	4.1
Petrol (in 1,000 litres)	6,277	0.6	6,550	0.7	6,141	0.7
Other ⁴⁾ (in 1,000 litres)	3,960	0.4	3,944	0.4	3,870	0.4

CO₂ EMISSIONS⁵⁾ BRENNTAG GROUP¹⁾

	2019		2018 ²⁾		Base year: 2016 ³⁾	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
Scope 2						
Electricity (in tonnes)	46,982	4.6	68,476	6.9	63,666	7.2
District heating (in tonnes)	1,686	0.2	–	–	–	–
Scope 1						
Gas (in tonnes)	55,550	5.5	53,296	5.4	32,818	3.7
Diesel (in tonnes)	117,749	11.6	118,707	12.0	96,336	10.8
Petrol (in tonnes)	14,449	1.4	15,011	1.5	14,072	1.6
Other ⁴⁾ (in tonnes)	7,999	0.8	7,862	0.8	7,933	0.9
Scope 1 + 2 (in tonnes)	244,415	24.0	263,352	26.6	214,825	24.1
Change compared to base year 2016 ²⁾ (in %)	–	–0.58	–	10.41	–	–

¹⁾ The data of the reporting year do not include the following operating units: Brenntag International Chemicals, Raj Petro Specialities Pvt. Ltd., Alphamin Group, Canada Colors and Chemicals (included since Q2/2019), Pachem Distributing Inc., Conquimica S.A., Quimisa S.A. and Tee Hai Chem Pte Ltd. (included since Q4/2019) and all companies in Africa and the Middle East.

²⁾ The values given for the base year 2016 have not been audited by PwC.

³⁾ As part of our ongoing improvement process, the energy consumption reported for 2018 and the CO₂ emissions reported for 2016 to 2018 were again reviewed and adjusted.

⁴⁾ Gas oil, kerosene, propane gas

⁵⁾ As and from the 2019 reporting year, CO₂ emissions have been calculated for electricity using the respective country-specific factors as per IEA (2019), for district heating using the factor as per UBA (2018) and for all other energy types using the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2019). For the preceding reporting years, CO₂ emissions were calculated for electricity using the respective country-specific factors as per the Greenhouse Gas Protocol Factors (2012) and for all other energy types using the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2016).

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DON'T STOP FIGHTING THE ENERGY MONSTERS

Our internal energy-saving campaign “Fight the Energy Monsters” launched in 2018 was a success and enjoyed strong uptake across all regions and areas of work. As part of it, we continued our efforts to reduce energy consumption and the associated CO₂ emissions in the year under review.



www.cdp.net

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The numerous measures implemented globally in 2019 to increase energy efficiency include for example the replacement of conventional lighting with energy-saving LED light bulbs at various locations. In addition, existing technology needs to be replaced with technology that operates using low-emission energy sources. For this reason, additional forklifts and vehicles that run on diesel or petrol were replaced by electrically powered vehicles in the year under review. Some of the company's locations also began purchasing “green electricity” in 2019, in addition to the own production of solar and wind energy at several sites.

To achieve even greater CO₂ savings in the future, we launched a global project in 2019 to enable the company to produce its own electricity from renewable sources. We have a large number of rooftops on our warehouses that are suitable for solar arrays in particular. These are to be installed at many Brenntag locations worldwide so that we can meet our future electricity needs with our own “green electricity” as far as possible. In 2019, suitable service providers were initially identified to implement this plan. In 2020, the first solar arrays are to be installed at selected pilot locations. In subsequent years, this will gradually be extended to other locations.

In 2019, Brenntag took part in the climate rating initiative of the international organization CDP once again and was given a rating of C (“Awareness”). CDP compares thousands of companies worldwide every year (currently more than 8,000) with regard to their strategic approach to the challenges of climate change and assesses their climate management system based on a comprehensive catalogue of criteria. By participating in the initiative, Brenntag is aiming to enhance its energy reporting using recognized standards. At the same time, it also allows us to address our customers' and investors' requirements for greater transparency and comparability in our energy consumption reporting and to demonstrate our progress in the areas of energy efficiency and energy management.



PRACTICAL EXAMPLE

In 2019, numerous energy-saving measures and comparative measurements of consumption were carried out at several locations in **Brenntag Italy** to continue monitoring and further reducing CO₂ emissions in the future: The increased use of inverters in numerous devices helped to optimize the energy consumption. In addition, the switch to LED lighting systems was realized at several locations in the region. These measures will continue and expand into 2020. ■

TRANSPORT/FLEET MANAGEMENT

As a distributor, Brenntag maintains its own fleet of vehicles. To keep fuel consumption and harmful emissions to a minimum, structured transport logistics are used at our sites to avoid unnecessary trips and to make the trips taken by our vehicles as efficient as possible. In regular training courses, Brenntag drivers receive instruction on matters such as fuel-conscious driving.

More and more Brenntag companies use telematic systems in order to optimize the use of their vehicle fleets. They record vehicle and trip-related data such as fuel consumption, speed and driving duration. These on-board units facilitate safe and eco-efficient driving, for example by providing visual and acoustic warning signals for the driver or by displaying vehicle speed, braking behaviour and engine idling.



PRACTICAL EXAMPLE

The initiative to reduce CO₂ as part of fleet management at **Brenntag Iberia** encompasses various measures, such as purchasing additional electric forklifts. In 2019, it lowered CO₂ emissions in the region by 24,200 kg. The focus here is also on the safety-first principle, or safe driving: As part of the Road Safety Plan, Brenntag employees receive more detailed instruction on proper and responsible driving, which should also lead to environmentally friendly driver behaviour. A reward system also promotes carpooling as another way of reducing the risk of accidents and lowering CO₂ emissions. In

addition, work is being done to improve the maintenance and fitting of the vehicle fleet. For example, air-conditioning units that meet the latest technical and ecological standards have been installed on the lorries. The region also fulfils 95% of the requirements under the EMEA Best Defensive Driving programme. ■

WATER

Brenntag uses water in its business operations, for example to produce solutions, to clean pipe systems and to cool or heat chemicals and tank facilities. Water consumption varies widely at Brenntag's sites and is subject to fluctuations, as it is largely dependent on the nature and scope of the products handled and services provided. In addition, water is needed to operate the buildings and plants, for example in the sanitary facilities or to clean surfaces.

Brenntag obtains around 90% of its water from the public water supply network. Water consumption is currently not recorded and consolidated on a Group-wide basis.



FURTHER EXAMPLES are presented on our website at www.brenntag.com/sustainability under Projects Worldwide.



PRACTICAL EXAMPLE

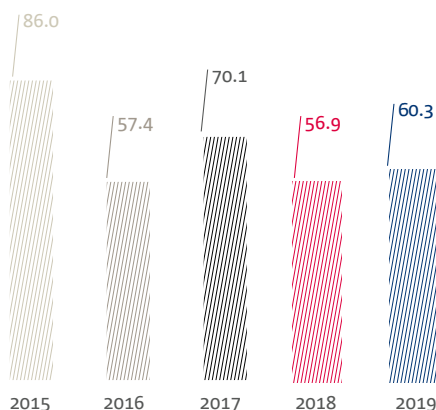
Brenntag Latin America regularly measures water consumption at all of its sites as part of its extensive CASA programme. There are several reasons for consumption fluctuating over time: Company acquisitions and changes in the number of employees increase or reduce water needs. Water-intensive processes, such as hydrostatic testing of new tanks or test operations on fire protection systems, also occur at irregular intervals. Absolute water consumption in the Brenntag Latin America region rose by 6% in 2019 compared to the previous year. The increase in water consumption was from the Brenntag Latin America North region; Brenntag Latin America

South was able to reduce its consumption. The reasons for the increase included leaks and the rise in water-intensive processes. In Mexico, consumption was higher due to the purchase of a boiler and the watering of new green areas on the company premises. Brenntag Caribbean produced significantly more product blends in 2019, which is why the tanks had to be cleaned more frequently. ■

BRENTTAG LATIN AMERICA: WATER CONSUMPTION

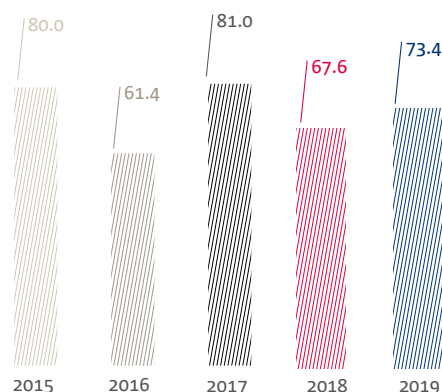
TOTAL

(IN MILLIONS OF LITRES)



PER WAREHOUSE TONNE OF GOODS SOLD

(IN LITRES)



PROTECTION OF SOIL, WATER AND AIR

We work continuously on minimizing the environmental impacts of our business activities on the soil, water and air. Our HSE strategy and various measures such as investments in infrastructure, optimized work procedures and employee qualifications are implemented with a view to identifying environmental risks early on and to avoiding environmentally related incidents. **Brenntag's sites** in all of its regions comply with the applicable rules and regulations relating to the protection of the environment as well as our Group's stringent internal environmental and safety standards.

With many of Brenntag's sites having been used industrially for decades, including those purchased through acquisitions, there is historical soil and groundwater contamination at the sites, which we are combatting with appropriate remediation measures. The soil and groundwater situation at all of the sites is reviewed and recorded annually in cooperation with external partners, and the necessary remediation

measures will be derived and implemented. Whenever new buildings or plants are constructed or necessary modernization and renovation work is undertaken, environmental protection issues are considered and reflected both in terms of the construction approach and plant engineering.

All of Brenntag's sites implement suitable environmental protection measures. Basic measures include multilayer soil protection in warehousing areas, double-walled tanks and collection tanks, closed water cycles, multistage water purification and treatment processes, and modern air and exhaust air purification systems.



Information on **ENVIRONMENTAL PROVISIONS** can be found on page 142f. of *Brenntag's 2019 Annual Report*.



RECYCLING AT BRENNTAG SWITZERLAND: Solvents in particular can be processed in the company's own recycling plant and thus are ready for further use.

In the rare event that chemicals are released during processing, when being placed in or moved between containers or during transportation, Brenntag has strict and effective measures in place to quickly rectify the problem and clean up and dispose of the chemicals. Spillages are recorded, categorized and evaluated using a standardized system.



PRACTICAL EXAMPLES

WASTE/RECYCLING

The Brenntag sites have implemented processes for the handling of waste and also take-back and recycling systems for various types of packaging and containers, each in line with the site's type and volume of business. As part of this, we maintain a close dialogue with manufacturers and with the national umbrella associations of chemical dealers, with the common goal of reducing the volume of waste in the industry and increasing recycling rates.

The principle of “reduce, reuse, recycle, rethink” – the 4R's – represents our goal of reducing packaging material by reusing it and by using better recycling methods. We have optimized our packaging cycle: At **Brenntag EMEA**, several hundred thousand IBCs (intermediate bulk containers) circulate annually. They are in use for two years on average and are handled three times a year.

We also ensure that unnecessary waste is avoided right from the outset and that the volume of waste is reduced by giving our employees intensive and regular training in the handling, storage and transportation of chemical products. ■

SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS

Brenntag's employees have in-depth expertise in the fields of chemicals, components, procedures, processes and application technologies. They are experts on the industries of individual customers, cooperate closely with the manufacturers, and are familiar with applicable safety and quality regulations. Our technicians who work in numerous application industries assist our customers in developing tailored formulations and advise them on ways to optimize the use and handling of the products.

Brenntag also continuously works to add new products to its portfolio which increase efficiency, reduce consumption or decrease environmental impact when applied, thereby providing **sustainable alternatives** to conventional products. In this regard, our target is to implement pilot projects with ten selected key suppliers by 2020 and in doing so become the preferred distributor for **sustainable solutions**.

Brenntag's expertise and portfolio thus help improve the level of efficiency within the supply chain and support its customers to optimize their use of resources and improve productivity.



Also see **CIRCULAR ECONOMY** page 18–21.



SUSTAINABLE SOLUTIONS

RESPONSIBILITY IN THE SUPPLY CHAIN

As the global market leader in the distribution of chemicals and ingredients, Brenntag serves as an important link between the manufacturers of chemical products and the companies that process these products. We maintain a close and ongoing dialogue with our suppliers and customers through our regional and global procurement and distribution organizations as well as our HSE structures. The majority of these business relationships and partnerships go back many years.



For the **SUSTAINABILITY ASSESSMENTS** please also see the corresponding sections in this chapter on page 52.



SUSTAINABLE PROCUREMENT

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Brenntag has set itself the goal of monitoring its own supply chain more closely with regard to the various sustainability aspects and gradually making it more sustainable. Among our sustainability targets for 2020, we aim to analyze a specific percentage of our total chemical spend (in EUR) through **sustainability assessments or audits** as part of our membership of the “Together for Sustainability” initiative (TfS). In 2016, we set a target of 50% for our coverage rate, which we achieved by the end of 2017 with a rate of around 64%. We adjusted the target accordingly and are now aiming for a coverage rate of 80% by 2020. By the end of 2019, we analyzed some 72% of our total chemical spend (in EUR) at least once using sustainability assessments or audits.

COMMITTED TO MORE TRANSPARENCY:

David O’Connell (right) and Stefan Emmerling (left) discuss the results of the supplier assessments and audits of selected suppliers.



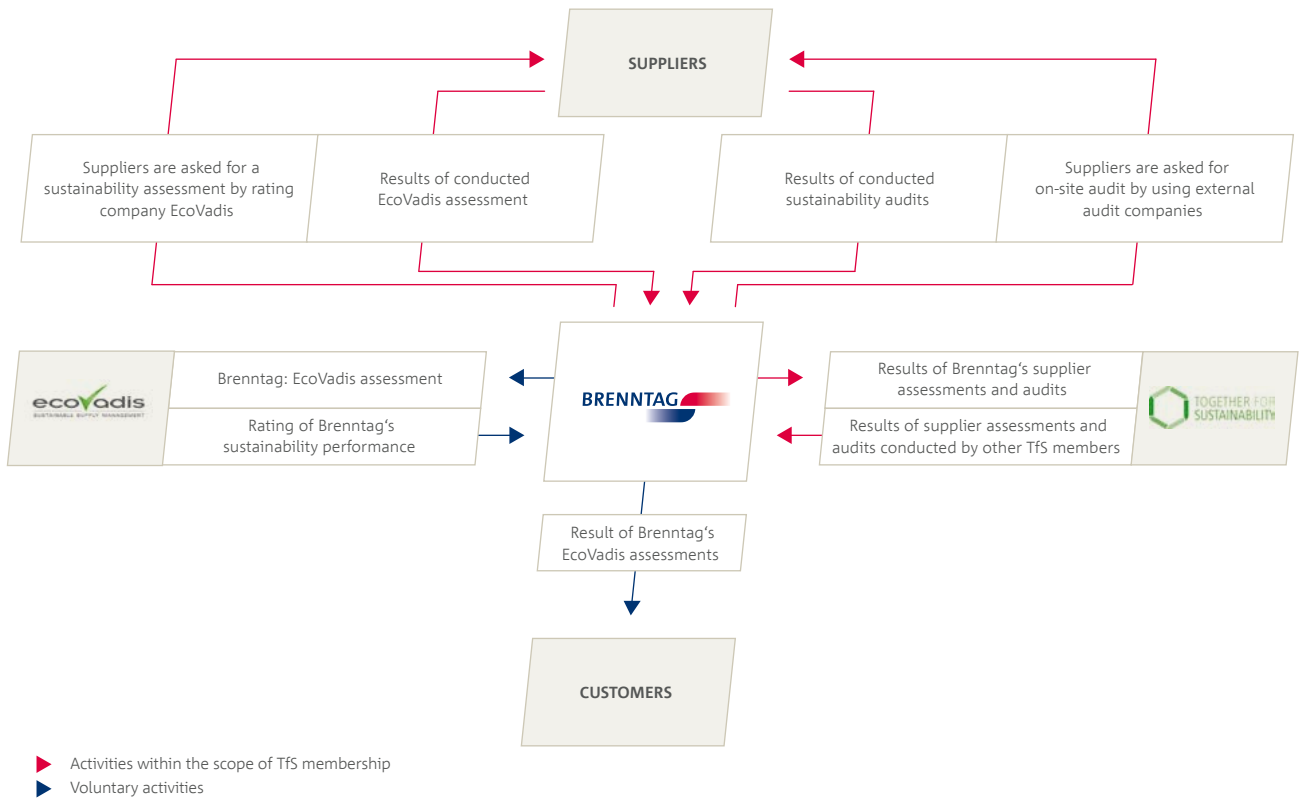
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In addition to achieving greater transparency in relation to sustainability performance through a higher coverage rate, Brenntag also prioritizes improvements in its suppliers’ sustainability performance. We have therefore specified another target in the area of sustainable procurement: By 2020, we want 70% of our suppliers undergoing a **re-assessment** to have improved their score by at least one point compared to their previous assessment. In 2019, some 59% of our suppliers were able to improve their score through a re-assessment. Around 1,100 of our suppliers completed an assessment between the launch of the programme in 2015 and the end of 2019.

SUPPLIER MANAGEMENT

Brenntag’s purchasing organizations have over 1,000 employees globally, including local and regional purchasing teams, specialists in sourcing chemical products from Asia, and product managers for specific chemicals and customer industries. These employees are in contact with several thousand suppliers worldwide. As a trading company, business relationships with suppliers have a direct influence on the product portfolio and are therefore a key differentiation point for distributors. These relationships are often more accurately described as sales partnerships rather than conventional purchasing relationships. For this reason, Brenntag maintains regular, close communication with its suppliers. At various levels throughout the Group, there are standardized processes in place for relationship management with suppliers. In our company, supplier relationships are a management issue and a key element of strategic decision-making.

SUSTAINABLE PROCUREMENT AT BRENNTAG



In selecting new suppliers and evaluating existing supplier relationships, both economic and quality criteria and issues of environmental protection and safety, labour and social standards as well as compliance and governance are relevant for Brenntag. In 2019, an internal process was developed to ensure and check that sustainability criteria are adequately taken into consideration when purchases are being made. The process is set to be introduced and implemented in 2020. We also expect the Group-wide roll-out of our project **SHAPE** in the coming years to deliver key benefits for our supplier management activities.

A project team is in charge of advancing the topic of sustainable procurement within our international corporate structures. The team consists of representatives from the purchasing units of the four Brenntag regions, the Brenntag Global Sourcing Organization and Brenntag's sustainability team. The sustainability manager regularly reports on the topic of sustainable procurement to Brenntag AG's Board of Management.

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SUPPLIER CODE OF CONDUCT: Brenntag has drawn up a code of conduct specifying what we expect of our suppliers in the areas mentioned. The code is based on the principles of the United Nations Global Compact, the chemical industry's global Responsible Care programme and Brenntag's Code of Business Conduct and Ethics. It can be found on the company's website and is therefore available to all suppliers. In order to verify compliance with the code of conduct, we invite selected suppliers to undergo a sustainability assessment or audit.

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The **SUPPLIER CODE OF CONDUCT** is available on our website at www.brenntag.com/sustainability under Service & Contacts.



More on **SHAPE** in the chapter Sustainability at Brenntag on page 10.



For more information, see www.tfs-initiative.com.

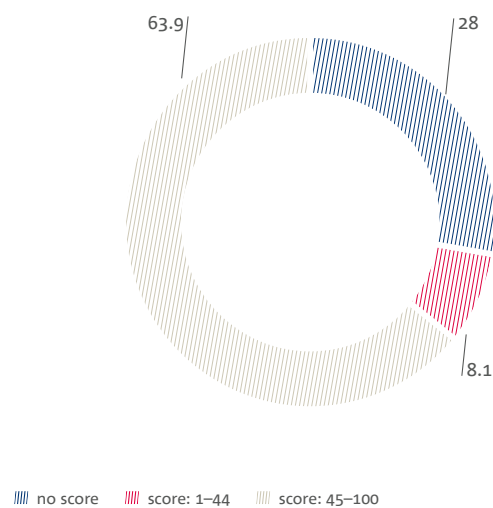
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SUSTAINABILITY ASSESSMENTS FOR SUPPLIERS: Within the scope of its membership of the “Together for Sustainability” (TfS) industry initiative, Brenntag requires a certain number of its suppliers to undergo sustainability assessments every year. We thereby achieve greater transparency in relation to our suppliers’ sustainability performance and are able to better consider sustainability issues in our purchasing decisions.

We work together with EcoVadis, which is a leading provider of sustainability assessments and is well established in the chemical industry. EcoVadis evaluates companies in terms of four categories: environmental protection, labour practices, fair business practices and sustainable procurement. Based on the responses provided by the companies in a comprehensive online questionnaire and on their accompanying documentation, EcoVadis awards scoring points and creates a detailed profile of strengths and weaknesses.

ECOVADIS SCORING OF BRENNTAG’S SUPPLIERS

SHARE OF TOTAL CHEMICAL SPEND IN EUR (IN %)



Brenntag evaluates its **suppliers’ assessment results**. It found that suppliers which represent some 64% of our total chemical spend scored 45 points or higher. According to the EcoVadis assessment system, these companies have, as a minimum, a structured and proactive sustainability approach, policies and tangible actions in relation to the areas evaluated and a basic reporting system or set of performance indicators. Depending on their performance, Brenntag requests that its suppliers take corrective measures (corrective action plan) or it arranges a supplementary audit. In the year under review, the focus was on the suppliers that scored less than 45 points and/or had an outdated scorecard (older than three years). The targeted improvements will be evaluated as part of a re-assessment.



Brenntag’s membership in TfS provides it with access to the results of all the **ASSESSMENTS** which TfS member companies conduct with their suppliers.



For **CDP**, see the Environmental Protection chapter on page 46.

NFB

The sustainability team and the purchasing units at Brenntag maintain regular contact to discuss the topic of sustainable procurement and to develop our objectives. We regularly train our purchasing staff on the assessment procedure and therefore also on sustainability issues, enabling them to assist and to advise their suppliers during the review process.

SUSTAINABILITY AUDITS OF SUPPLIERS: In the event that a sustainability audit is conducted at a supplier’s location, auditing is based on a catalogue of requirements developed by TfS and covers the areas of sustainability management, environment, health and safety, labour and human rights, and corporate governance. The results of all audits are shared within TfS. Brenntag reviews its suppliers’ audit results. If necessary, it agrees on corrective measures with the company and the auditor and follows up on their implementation.

BRENNTAG AS A SUPPLIER

For a number of years now, Brenntag has registered an increasing demand for information on how we deal with sustainability issues – particularly on the part of its customers. We are regularly asked to document our sustainability performance. We are pleased to respond to these needs by making our principles and activities transparent and measurable in various ways. As well as our annual sustainability report, this also includes our own regular EcoVadis assessment, issue-specific audits at our locations and our participation in the climate rating initiative of the international organization CDP.

As a TfS member, Brenntag can also provide its customers with information about its suppliers’ sustainability score and thus make its supply chain even more transparent.

ECOVADIS SCORE: In its most recent **EcoVadis assessment** in November 2018, the Brenntag Group achieved a score of 68 points, thereby confirming the gold status (Gold Recognition Level) that it achieved in October 2016. This result puts us among the top 1% of companies assessed in our industry category. As specified in our sustainability objectives, we will endeavour to maintain our gold status and our score. At the end of 2019, a new sustainability assessment was started, which will be completed in early 2020.

SAFETY DATA SHEETS: As a distributor, Brenntag plays a major role in safeguarding the seamless flow of information along the supply chain and must ensure complete product documentation. Together with every product sold, Brenntag therefore sends its customers safety data sheets that contain specific and detailed information on the appropriate and safe handling of the chemicals in question. We thereby make a very concrete contribution to greater transparency and safety in the supply chain. In 2019, Brenntag sent around 600,000 safety data sheets to customers in the EMEA region and the USA alone.

TOGETHER FOR SUSTAINABILITY

Brenntag has been involved in the chemical industry's "Together for Sustainability" initiative (TfS) since October 2014 and became a full member in October 2016 when it achieved an EcoVadis score of over 60 points – the first and, as of the end of 2019, only chemical distributor to do so.



In the EcoVadis sustainability assessment, we are among the top 1% of all companies assessed in our industry category.

TfS was established in 2011 and now counts 25 members. Its goal is to establish a uniform global programme for the responsible procurement of goods and services in the chemical industry, to achieve transparency in relation to sustainability performance throughout the supply chain and to make further improvements to its suppliers' ecological and social standards. For this purpose, all TfS members regularly evaluate and review their suppliers by means of a standardized process using assessments and audits. This information is shared confidentially and used jointly within the network, which provides efficiency benefits for every participant and creates more transparency. At present, we are working even more intensively at Brenntag to use the findings we have obtained to improve our suppliers' sustainability performance.

As a member, Brenntag has a seat and voting rights at the general assembly, the top decision-making body of TfS. In addition, Brenntag employees in Europe, Asia, Latin America and the USA are involved in working groups. Together with representatives of the other TfS members, they are working, for example, to further develop the audit programme, to increase awareness of the initiative and its objectives at events in the industry and to convince other suppliers of the added value created by the voluntary sustainability assessments and audits. Our involvement with TfS provides us with an opportunity not just to advance the issue of sustainability within the chemical industry's supply chain but also to learn from best-practice experiences of the other members and to further professionalize our sustainability approach in the area of supplier management.



The results of the **ECOVADIS RATING** are available on our website at www.brenntag.com/sustainability under Service & Contacts.



COMMUNITY

Brenntag is present at more than 640 sites in 77 countries worldwide, where it is an employer, a business partner and a neighbour in local communities in many different countries and cities. We see ourselves as part of these communities, as a “corporate citizen”, and we maintain a lively dialogue with them and aim to contribute to a positive environment.

Brenntag’s social commitment is underpinned primarily by our employees. They collect money and donations and invest their expertise, their time and their manpower in support of charitable causes. In many cases, Brenntag supports their contribution either financially and organizationally or else by releasing them from their work duties.

PROMOTION OF EDUCATION

The promotion of education is a focus of Brenntag’s activities and the projects it supports in all of its regions. A large number of our sites have been cooperating with schools, universities and institutions for many years now with the common aim of encouraging young people’s interest in chemistry and our industry, sensitizing them regarding the handling of chemicals and supporting their education.



PRACTICAL EXAMPLES

Tours of plants took place at **Brenntag North America** to show young school students first-hand how diverse the job profiles and duties are at a chemical distributor. For this, Brenntag employees from Accounting, Customer Service and other divisions shared their experiences with the school students, in relation to their training and education or how they came to work at Brenntag, for example.

As part of the “JuWiChem¹⁾ meets Industry” series of events, which **Brenntag Germany** continued in 2019 together with the business chemists’ association *Gemeinschaft Düsseldorfer Wirtschaftschemiker e.V. (GDW)*, the students dealt with the importance of sustainability in the chemical industry. Brenntag invited them to the headquarter in Essen, where the students used case studies to develop concrete recommendations with the support of Brenntag specialists. These will be analyzed as part of Brenntag’s sustainability programme and considered for further developments. ■

¹⁾ “Junge WirtschaftschemikerInnen”
(Young business chemists)



BRENTTAG PHARMA & COSMETICS:

In a series of lectures and workshops, the Brenntag team presented the students of Liverpool John Moores University, among other things, the natural skin care trends of tomorrow.

COMMON SUSTAINABILITY GOALS:
The United Nations' Young SDG Innovators Program provides innovative impulses with regard to Brenntag's sustainability strategy.



f.l.t.r.: Dan Merkel, Talitha Poore and Marie Wardenski from Brenntag North America.

LOCAL COMMITMENT

Brenntag aims to provide assistance exactly where it is needed. Because local needs vary from country to country due to national, cultural and structural differences, the Brenntag sites decide autonomously where and to what extent they get involved in social initiatives. Because the company pursues many different activities, only a few examples are listed here.



PRACTICAL EXAMPLES

In partnership with the children's charity "Little Lambs", **Brenntag South Africa** supports disadvantaged children in remote communities. At Easter in 2019, they were given sweets as well as washing utensils and rubber boots. The latter were provided so that the children, who otherwise often go barefoot, would have better protection against sickness in the winter months.

"Giving is gaining: We love, care, give and share". This was the motto of the first blood donation initiative of **Brenntag Asia Pacific** in Singapore, which provided many blood donors with an opportunity to engage in a completely new type of social involvement. In **India**, a two-day "blood donation camp" was organized on the Brenntag premises in Mumbai, with several local doctors and nurses getting involved. Brenntag also invited employees of other companies to take part. This initiative was well received by everyone involved, and the two-day blood donation camp is expected to become a twice-yearly event in the future as a result.



FURTHER EXAMPLES
are presented on
our website at
[www.brenntag.com/
sustainability](http://www.brenntag.com/sustainability) under
Projects Worldwide.



TEAMBUILDING WITH A CAUSE: Employees of Brenntag India were delighted with the successful assembling of eleven wheelchairs, which were then donated.

Brenntag India's social involvement takes many forms. Voluntary monthly donations made by Brenntag employees are passed on to local non-governmental organizations (NGOs). On the first Friday of every month, Brenntag employees have an opportunity to support selected NGOs in their work for half a day. Personal items that are no longer used or needed are donated regularly. One team-building measure in the reporting year was an initiative to assemble eleven wheelchairs, which were subsequently donated.

Employees of **Brenntag Malaysia** also organized a team event to support a good cause: The Food & Nutrition team spent a day at a special residential facility with children in need aged between 5 and 17. As well as engaging in shared activities, interactive games and conversations, numerous items of everyday use, such as bed linen, were donated to the facility.

Employees of **Brenntag Germany** lent their support to two preschools in Essen: As part of a number of initiatives, the inside and outside areas of the preschools were enhanced, an exterior wall was covered with wood panelling and rooms inside were newly painted. In addition, there were experiments for the children on the topic of water.

Both **Brenntag North America** and **Brenntag Latin America** have supported the charitable organization Water For People since the beginning of 2018 and provided financial assistance again in 2019. Water For People champions access to high-quality drinking water and sanitation worldwide by drawing on the support of local communities, companies and governments. ■

REPORT PROFILE

ABOUT THIS REPORT

REPORTING PRINCIPLES

Brenntag's Sustainability Report for the Financial Year 2019 is its seventh sustainability report. Brenntag reports on its sustainability activities every year. The report for 2020 will therefore be published in 2021. This report complies with international standards for sustainability reporting – the Global Reporting Initiative (GRI) and the principles of the United Nations Global Compact (UNGC).

- / This report has been prepared in accordance with the GRI Standards (2016): Core Option. The GRI Content Index can be found on page 62.
- / This Sustainability Report for the Financial Year 2019 is also an annual progress report (Communication on Progress – COP) for the UNGC, which Brenntag joined in October 2014. This report has therefore also been published on the organization's website.

SEPARATE NON-FINANCIAL GROUP REPORT

The content in this report marked with a blue line and the acronym **NFB** forms the separate non-financial Group report (NFB) pursuant to Section 315c in conjunction with 289c ff. of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. The NFB is based on the standards of the Global Reporting Initiative as a framework. The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) pursuant to ISAE 3000 (Revised) to obtain limited assurance. The Practitioner's Report can be found on pages 60 and 61.

References to information not contained in the combined Group management report or the management report of Brenntag AG are not part of the NFB.

IDENTIFICATION OF MATERIAL CONTENT:

The issues presented in the materiality matrix on page 8 form the basis for determining the NFB content. The matrix is the result of a materiality assessment which is based on the principles defined by the Global Reporting Initiative: sustainability context, materiality, completeness and stakeholder inclusiveness. In order to determine the material topics for the NFB, Brenntag has adhered to the definition of Section 289c, para. 3, sentence 1 of the German Commercial Code (HGB). These topics were assessed for the NFB using the following criteria:

- / Topics that are necessary to understand the business performance, the business results, the company's position and the effects of Brenntag's activities on the non-financial aspects (environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, and responsibility in the supply chain)
- / Topics rated as "very important" in at least one of the dimensions
- / Topics that form part of Brenntag's Group strategy and/or sustainability targets

NFB


www.unglobalcompact.org

NFB

NFB This materiality process identified the following topics as being material to Brenntag within the meaning of the law:

BRENNTAG: MATERIAL TOPICS PURSUANT TO SECTION 289C, PARA. 3, SENTENCE 1 OF THE GERMAN COMMERCIAL CODE

ASPECTS	TOPIC AND PAGE REFERENCE
Environmental matters	/ Safe handling of chemicals (page 38–39) / Climate protection (page 44–47)
Employee matters	/ Occupational health and safety (page 35, 39–40) / HR development and training/ Respectful and supportive work environment (page 24–31)
Respect for human rights	/ Compliance and governance (page 11–16)
Anti-corruption and bribery matters	/ Compliance and governance (page 11–16)
Social matters	/ Identified as being immaterial to the non-financial report within the meaning of the law
Responsibility in the supply chain	/ Sustainable selection of suppliers (page 50–53)

Social matters were identified as being immaterial to Brenntag within the meaning of the law and were therefore not included in the NFB. We have reported on the social activities and wide-ranging involvement of our employees in the Community chapter on page 54. In addition to the aspects covered by the law, Brenntag has identified “Responsibility in the supply chain” as being material within the meaning of the law. As the market leader in chemical distribution, we believe we have a responsibility to promote the non-financial aspects within the chemical industry’s supply chain.

DATA BASIS

This sustainability report covers Brenntag AG, which is included in the consolidated financial statements, as well as the fully consolidated subsidiaries which are also included, along with structured companies. For information on the group of consolidated companies and consolidation method, see page 110 and page 115 as well as the list of companies included in the consolidated financial statements on page 175 of Brenntag’s 2019 Annual Report. Any deviations from these parameters are indicated in the relevant section of this sustainability report.

The reporting period for this sustainability report covers the 2019 financial year (January 1, 2019 to December 31, 2019) of the Brenntag Group and follows on from the Sustainability Report for the Financial Year 2018, which was published in April 2019. Any deviations regarding the reporting periods for individual data and contents are noted separately.

NFB The contents and data provided in this report have been determined on the basis of internal processes. They derive from Brenntag’s existing management and data recording systems and from company documents and have been obtained from the operational units of Brenntag’s regions as well as the responsible corporate departments. The content of this report has been reviewed by employees with the relevant specialist expertise. The content of the NFB has also been audited by PwC pursuant to ISAE 3000 (Revised) to obtain limited assurance.

The data published in this sustainability report have been compiled and processed with the greatest care. However, we are unable to completely rule out the possibility of transcription errors.

To provide better readability, we consistently use the term “employee” in the sustainability report. This refers to all our employees of any gender.

BOUNDARIES OF MATERIAL TOPICS PURSUANT TO GRI (103-1)

The diagram on page 59 shows the boundaries of the material topics pursuant to the GRI (103-1). The relevant GRI standards covered by each topic are also indicated. For topics that are not covered by the GRI guidelines, we have referred directly to the corresponding management approaches in the report and, if necessary, to our website as an additional source of information. We have combined the management approaches for the GRI-relevant standards and presented them for economic, environmental and social topics.

As a result of the materiality analysis performed in 2019, the following overview shows an updated presentation of the material topics and boundaries.

MATERIAL TOPIC	RELEVANT WITHIN THE ORGANIZATION	RELEVANT OUTSIDE THE ORGANIZATION	RELATED GRI STANDARD 2016 OR MANAGEMENT APPROACH FOR ADDITIONAL MATERIAL TOPICS
SUSTAINABLE GOVERNANCE			
Compliance and governance	X		/ GRI 205: Anti-corruption / GRI 206: Anti-competitive Behavior / GRI 307: Environmental Compliance / GRI 406: Non-discrimination / GRI 407: Freedom of Association and Collective Bargaining / GRI 408: Child Labor / GRI 409: Forced or Compulsory Labor / GRI 410: Security Practices / GRI 411: Rights of Indigenous Peoples / GRI 412: Human Rights Assessment / GRI 417: Marketing and Labeling / GRI 418: Customer Privacy / GRI 419: Socioeconomic Compliance
Sustainable growth	X		/ GRI 201: Economic Performance / p. 2-4, 6-17, 18-21 / Brenntag 2019 Annual Report p. 35-36 / https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp
Climate adaptation	X	X	/ p. 44-47
Sustainable selection of suppliers	X	X	/ GRI 204: Procurement Practices / GRI 308: Supplier Environmental Assessment / GRI 414: Supplier Social Assessment
SAFETY AND ENVIRONMENTAL PROTECTION			
Safe handling of chemicals	X	X	/ GRI 416: Customer Health and Safety / GRI 306: Effluents and Waste
Climate protection	X	X	/ GRI 302: Energy / GRI 305: Emissions
Waste and packaging	X		/ GRI 306: Effluents and Waste
Water and effluents	X		/ GRI 303: Water / GRI 306: Effluents and Waste
Sustainable products and solutions	X	X	/ GRI 416: Customer Health and Safety / GRI 417: Marketing and Labeling / p. 18-21, 49
EMPLOYEES AND COMMUNITY			
Occupational health and safety	X		/ GRI 403: Occupational Health and Safety
HR development and training	X		/ GRI 404: Training and Education
A respectful and supportive work environment	X		/ GRI 401: Employment / GRI 402: Labor/Management Relations / GRI 405: Diversity and Equal Opportunity / GRI 406: Non-discrimination / GRI 407: Freedom of Association and Collective Bargaining
Social commitments	X	X	/ GRI 413: Local Communities

PRACTITIONER'S REPORT

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING¹⁾

TO BRENNTAG AG, ESSEN

We have performed a limited assurance engagement on the separate non-financial group report, which comprises the information marked with a blue line and the abbreviation "NFB" next to the line, in the company's sustainability report for the 2019 financial year (hereinafter the "Non-financial Report"), pursuant to § 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of the Brenntag AG, Essen (hereinafter the "Company") for the period from 1 January to 31 December 2019.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

¹⁾ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- / Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- / Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- / Identification of the likely risks of material misstatement of the Non-financial Report
- / Analytical evaluation of selected disclosures in the Non-financial Report
- / Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- / Evaluation of the presentation of the non-financial information

ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 17 April 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
(German public auditor)

ppa. Juliane von Clausbruch

GRI CONTENT INDEX

GRI STANDARD AND DESCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 101: Foundation 2016	SR: p. 7–10, 57–59		
GRI 102: General Disclosures 2016			
Organizational profile			
102-01 Name of the organization		Brenntag AG	
102-02 Activities, brands, products, and services	SR: p. 6–7 AR: p. 34	www.brenntag.com	
102-03 Location of headquarters		Messeallee 11, 45131 Essen, Germany	
102-04 Location of operations	SR: inner fold-out page AR: p. 175–183		
102-05 Ownership and legal form	AR: p. 9, 34		
102-06 Markets served	AR: p. 43–45		
102-07 Scale of the organization	SR: inner fold-out page AR: fold-out page, p. 96–97		
102-08 Information on employees and other workers	SR: p. 32–33		6
102-09 Supply chain	SR: p. 6–7, 50–53		
102-10 Significant changes to the organization and its supply chain	SR: p. 50–53 AR: p. 34, 39–40	In the reporting period, there were no significant changes to the supply chain.	
102-11 Precautionary Principle or approach	AR: p. 36, 75–77		
102-12 External initiatives	SR: p. 14–15, 36, 38, 53		
102-13 Membership in associations		https://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf	
Strategy			
102-14 Statement from senior decision-maker	SR: p. 2–4		
Ethics and integrity			
102-16 Values, principles, standards, and norms of behavior	SR: p. 6–7, 10–15	https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp	10
Governance			
102-18 Governance structure	AR: p. 12–17, 18–20, 24–31		
Stakeholder engagement			
102-40 List of stakeholder groups	SR: p. 17		
102-41 Collective bargaining agreements		Due to its large number of international locations and the broad range of labour regulations applicable to these locations, Brenntag does not record this data in a consolidated Group-wide format.	3
102-42 Identifying and selecting stakeholders	SR: p. 16–17		
102-43 Approach to stakeholder engagement	SR: p. 16–17, 50–53, 54–56		
102-44 Key topics and concerns raised	SR: p. 7–9, 16–17, 18–21		
Reporting practice			
102-45 Entities included in the consolidated financial statements	AR: p. 109, 175–183		
102-46 Defining report content and topic boundaries	SR: p. 7–9, 57–59		
102-47 List of material topics	SR: p. 8, 59		
102-48 Restatements of information	SR: p. 45, 58 AR: p. 103–109		
102-49 Changes in reporting	SR: p. 57–59 AR: p. 103–109, 110–112		
102-50 Reporting period	SR: p. 57		
102-51 Date of most recent report		2019	
102-52 Reporting cycle		annually	
102-53 Contact point for questions regarding the report	SR: p. 66		
102-54 Claims of reporting in accordance with the GRI Standards		Core	
102-55 GRI content index	SR: p. 62–65		
102-56 External assurance	SR: p. 60–61		

SR: Brenntag Sustainability Report for the Financial Year 2019

AR: Brenntag 2019 Annual Report

GRI STANDARD AND DESCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
ECONOMIC			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	SR: p. 59 AR: p. 35–36	
103-2	The management approach and its components	SR: p. 6–10 AR: p. 35–36	
103-3	Defining report content and topic Boundaries	SR: p. 7–10, 11–16 AR: p. 40–46	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	AR: fold-out page, p. 94, 129	
201-3	Defined benefit plan obligations and other retirement plans	AR: p. 129, 145–152	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	SR: p. 50–53	Local and regional purchasing is of only minor significance for the business model of a chemical distributor, in particular in the area of commodities.
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	SR: p. 11–12	Within the scope of internal audits, a total of 26 Brenntag companies were reviewed in relation to corruption risks, etc. in the reporting year. 10
205-2	Communication and training about anti-corruption policies and procedures	SR: p. 11–12, 15–16	10
205-3	Confirmed incidents of corruption and actions taken	SR: p. 12	10
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	AR: p. 84–85	
ENVIRONMENTAL			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	SR: p. 59	
103-2	The management approach and its components	SR: p. 6–10, 18–21, 35–39, 44–49	
103-3	Evaluation of the management approach	SR: p. 9, 16–17, 18–21, 35–39, 44–49	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	SR: p. 45	7, 8
302-3	Energy intensity	SR: p. 45	8
302-4	Reduction of energy consumption	SR: p. 44–47	8, 9
GRI 303: Water 2016			
303-1	Water withdrawal by source	SR: p. 47–48	7, 8
303-2	Water sources significantly affected by withdrawal of water	SR: p. 47–48	8
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	SR: p. 45	7, 8
305-2	Energy indirect (Scope 2) GHG emissions	SR: p. 45	7, 8
305-4	GHG emissions intensity	SR: p. 45	8
GRI 306: Effluents and Waste 2016			
306-2	Waste by type and disposal method	SR: p. 49	Waste volumes are not recorded or consolidated on a Group-wide basis at Brenntag. 8
306-3	Significant spills	SR: p. 38, 48–49	In the reporting period, there were three additional significant spills through which liquid chemicals were discharged into the environment. The chemicals were immediately removed and there was no damage to the environment. 8

SR: Brenntag Sustainability Report for the Financial Year 2019

AR: Brenntag 2019 Annual Report

GRI STANDARD AND DESCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	The Brenntag Group paid fines of approx. EUR 5,000 in the reporting period due to non-compliance with environmental regulations.	8
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	SR: p. 50–53	8
SOCIAL			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	SR: p. 59	
103-2	The management approach and its components	SR: p. 6–17, 23–28, 39–42	
103-3	Evaluation of the management approach	SR: p. 9, 23–28	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	SR: p. 27, 33	Brenntag reports the total number and ratio of new employees as well as the total number and ratio of employee turnover by region. 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: p. 30–31	Due to our company's decentralized and international structure, it is not possible to provide a complete list of the benefits which our employees receive. For this reason, only a few examples are provided in this report. 6
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes		Brenntag informs its employees of impending operational changes at an early stage and comprehensively, while complying with applicable national and international notification periods. 3
GRI 403: Occupational Health and Safety 2016			
403-2	Injuries, occupational diseases and work-related fatalities	SR: p. 39–42	
GRI 404: Training and Education 2016			
404-2	Programs for upgrading employee skills and transition assistance programs	SR: p. 26–30	Brenntag offers its employees target group-specific and individual measures and training at a global, regional and local level and provides them either in conventional events attended in person or through online training events. The global e-learning management system provides employees with an opportunity to enhance their knowledge and skills independently and efficiently.
404-3	Percentage of employees receiving regular performance and career development reviews		Annual feedback meetings take place for all Brenntag employees in which the employees' performance is considered and their goals and personal expectations as well as individual development measures are discussed.
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	SR: p. 24–25, 30–31, 32–33 AR: p. 24–31	Brenntag reports its employee structure by region and age group. The age group structure does not include any employees in the North America region – age data have not been fully recorded for all employees due to North American legislation. Valid evaluation of this data is therefore not possible. 6
405-2	Ratio of basic salary and remuneration of women to men	SR: p. 31	The recruitment, remuneration and development of employees solely reflect their qualifications and abilities in relation to their respective duties. 6
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	SR: p. 13, 16	Brenntag reports on the total number of confirmed compliance incidents. For confidentiality reasons, we do not disclose the exact number of complaints by type. Accordingly, we do not explicitly report the number of complaints relating to discrimination. 6
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR: p. 13–14, 29, 50–53	As part of our Tfs membership, we request that our suppliers undergo sustainability assessments, which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's Code of Business Conduct and Ethics as well as our Supplier Code of Conduct also require the protection of human rights, equal treatment and fair working conditions. 3

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GRI STANDARD AND DESCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	SR: p. 10–12, 13–16, 50–53	5
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR: p. 10–12, 13–16, 50–53	4
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Brenntag will review the relevance of this aspect.	1
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	We have not received any reports on incidents for the reporting period.	1
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	SR: p. 10–12, 13–14	1
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	For every company acquisition, aspects such as compliance and employment agreements are examined in addition to commercial factors as part of due diligence. We disclose information about these transactions in the annual report (page 39–40). For information on the due diligence process on acquisitions, please see our website at https://www.brenntag.com/corporate/de/nachhaltigkeit/management-nachhaltigkeit/compliance/index.jsp .	2
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	SR: p. 54–56	Brenntag does not systematically assess the impact of its community and social activities. 1
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	SR: p. 50–53	Within the framework of its HSE Group guidelines, the Brenntag Group has also specified processes and criteria for dealing with subcontractors that carry out construction, repair and maintenance work at Brenntag locations. Their purpose is to prevent accidents and incidents, enable work activities to be performed safely and protect the health of subcontractors.
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	SR: p. 38–39	
417-2	Incidents of non-compliance concerning product and service information and labeling		There were no incidents during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications		There were no incidents during the reporting period.
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR: p. 10–12	Brenntag reports on the total number of confirmed compliance incidents. For confidentiality reasons, we do not disclose the exact number of complaints by type. Accordingly, we do not explicitly report the number of complaints relating to data protection measures.
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	AR: p. 84–85	

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