

# Report of the Supervisory Board



## Dear ladies and gentlemen, dear shareholders,

Brenntag's business model showed a solid and stable development in the reporting year, despite many turbulences and uncertainties in the world, such as challenging market conditions with repeated disruptions in the supply chain and an inflationary environment. The ongoing war in Ukraine and the escalating conflict in the Middle East are just two examples of geopolitical developments that have brought uncertainty and additional pressure to the global economy. In this challenging and volatile environment, the resilience of Brenntag's business model has proven itself once again, leading, among other things, to the exceptionally strong free cash flow.

At the same time, Brenntag has continued to pursue its ambitious strategy to further strengthen the company and realize its vision of shaping the future of the chemical distribution industry. We are convinced that the transformation process Brenntag is currently undergoing will enable the company to master future challenges and proactively seize opportunities to create long-term value for all stakeholders. With its "Strategy to Win", Brenntag has defined an ambitious growth strategy, which includes the development of Brenntag Specialties and Brenntag Essentials into two increasingly independent and autonomous global divisions, offering the different business models better opportunities for future development. In 2023, Brenntag adapted its management and organizational structure to the progress of the transformation in order to accelerate the implementation of the strategy: With the focus on further developing the two divisions Brenntag Specialties and Brenntag Essentials by updating the product portfolios and renewing the operating models, Brenntag introduced the "Advanced Operating Model" with a new governance model, which was implemented in January 2024. This step also included the realignment of the Board of Management: As of August 1, 2023, the Board of Management was reduced from five to four members and the CEO positions for the global Brenntag Specialties and Brenntag Essentials divisions were introduced.

With the Digital.Data.Excellence (DiDEX) initiative, Brenntag is creating a modern, customized and reliable digital structure and database as well as efficient processes to support Brenntag's business and prepare it for the future. The Brenntag Group's ESG and compliance standards and processes were also improved and further developed in various areas.

## Governance on the Supervisory Board

The Supervisory Board performed its duties conscientiously during the reporting period and continuously advised and monitored the Board of Management in its management of the company. The Supervisory Board formed three committees to fulfil its duties efficiently: the Audit and Compliance Committee, the Nomination and Remuneration Committee and the Transformation and ESG Committee. Further details on the activities of the Supervisory Board committees can be found in the “Committee activities” section.

### Effective dialog with the Board of Management

The Board of Management informed the Supervisory Board promptly and comprehensively about all relevant matters. The Supervisory Board had sufficient opportunity to examine and discuss the Board of Management's reports and proposed resolutions in detail. The Supervisory Board monitored the adequacy and compliance of the company's management and was involved at an early stage in fundamental corporate decisions, which were discussed in detail with the Board of Management.

## Meetings of the Supervisory Board

The members of the Board of Management attended the meetings of the Supervisory Board. However, the Supervisory Board also met regularly without the Board of Management. In the reporting year, the Supervisory Board met a total of seven times without the presence of the Board of Management, five of which were physical meetings in connection with a Supervisory Board meeting and two of which were virtual meetings. In these internal meetings, the Supervisory Board dealt in particular with topics relating to strategic planning, the agenda for the Annual General Meeting and various topics from the Nomination and Remuneration Committee. As in the previous year, we achieved the highest possible attendance rate of 100% at the eight ordinary and extraordinary Supervisory Board meetings. As Ulrich Harnacke was excused from one meeting of the Transformation and ESG Committee, the overall attendance rate at the committee meetings was 99%. In addition to the ordinary and extraordinary meetings, the Supervisory Board and the Board of Management held two-day reclusive meetings in May and October 2023 to deal comprehensively with the company's strategic development.

## REPORT OF THE SUPERVISORY BOARD

The following table provides a detailed overview of the attendance of Supervisory Board members at the meetings of the Supervisory Board and the committees:

Name	Ordinary Supervisory Board meetings	Extraordinary Supervisory Board meetings	Audit and Compliance Committee	Nomination and Remuneration Committee	Transformation and ESG Committee
Richard Ridinger	5/5	3/3	2/2	2/2	9/9
Doreen Nowotne	2/2	1/1	-	6/6	2/2
Dr. Andreas Rittstieg	5/5	3/3	-	8/8	-
Stefanie Berlinger	5/5	3/3	5/5	-	-
Sujatha Chandrasekaran	3/3	2/2	3/3	-	-
Wijnand P. Donkers	5/5	3/3	-	8/8	9/9
Ulrich M. Harnacke	5/5	3/3	5/5	-	6/7

1.11 Meeting attendance in 2023

#### Intense contact with investors

The Chairs of the Supervisory Board were in close contact with investors throughout the reporting year. In February and March 2023, Doreen Nowotne, Chair of the Supervisory Board until 15 June 2023, and I conducted a governance roadshow for our investors. The discussions focused on the governance role of the Supervisory Board in Brenntag's transformation process, the composition of the Board of Management, the remuneration system as well as the current composition and future development of the composition of the Supervisory Board. In advance of the Annual General Meeting 2023, I spoke with numerous top investors at Brenntag about the Supervisory Board candidates, the composition of the Supervisory Board and the company's strategy. In addition, Doreen Nowotne and I held numerous one-on-one meetings with various major shareholders.

#### No reported conflicts of interests of Supervisory Board members

In 2023, the members of the Supervisory Board did not report any conflicts of interest to the Chair of the Supervisory Board. The Supervisory Board can therefore once again confirm its assessment that all members of the Supervisory Board are to be regarded as independent of the company.

## Trainings and professional development

In 2023, the members of the Supervisory Board took part in training and development measures that were appropriate to their tasks on the Supervisory Board in order to enable them to optimally fulfil their duties on the Supervisory Board. The training and development measures included participation in specific events for Supervisory Board members organized by leading auditing and consulting firms. Members of the Supervisory Board also took part in conferences and specialist events, e.g., on the topics of AI risk management and governance, current developments in the chemical industry in Europe, corporate governance, sustainability, financial and non-financial reporting, compliance, and risk management. The members of the Supervisory Board were also actively involved in associations and networks such as the Council of Supply Chain Management Professionals and the German Audit Committee Network, the Financial Experts Association e.V. and the Deutsche Schutzvereinigung für Wertpapierbesitz. All members of the Supervisory Board took part in a training course on information security organized by Brenntag in the reporting year.

In order to ensure a high standard for the onboarding of all new members, the Supervisory Board has introduced a new internal onboarding guideline that describes the specific measures in the onboarding process. These include the provision of specifically compiled information material to prepare for the work of the Supervisory Board and detailed overviews of the meeting structure and procedure. In addition, each member of the Supervisory Board and Board of Management is required to hold at least one individual introductory meeting with new Supervisory Board members.

Further information on corporate governance at Brenntag, including the self-assessment of the Supervisory Board and the declaration of conformity with the German Corporate Governance Code, can be found in the Corporate Governance Statement.

## **Topics of the Supervisory Board meetings**

In the reporting period, the Supervisory Board dealt in particular with the “Strategy to Win” strategic initiative and the implementation of the “Advanced Operating Model”. In addition, one focus was on advising the Board of Management on the development of the long-term transformation program “Horizon 3”. Another focus was the continuous review of the cost reduction program. In particular, the following topics were discussed at the Supervisory Board meetings:

Following initial discussions between Brenntag and Univar Solutions Inc., Downers Grove, Illinois, USA, towards the end of 2022 about a possible acquisition of the shares, the Supervisory Board held an extraordinary virtual meeting on January 2, 2023, to discuss the potential acquisition in detail with the Board of Management. Taking into account all available evaluations and assessments of the potential transaction as well as the risk-benefit analysis, the Super-

visory Board fully supported the Board of Management's decision not to pursue the project any further.

The first ordinary meeting of the Supervisory Board took place on March 7, 2023, as a physical meeting. At this meeting, the Supervisory Board examined the annual financial statements in detail, paying particular attention to the advisory costs for Brenntag's Digital. Data.Excellence (DiDEX) initiative and other advisory costs as well as the auditor's report. The Supervisory Board also dealt with the remuneration system for the Board of Management. The Supervisory Board approved the 2022 annual financial statements, the 2022 report of the Supervisory Board and the 2022 corporate governance declaration and resolved on the proposal for the appropriation of profit. Following an in-depth discussion on increasing shareholder returns and creating shareholder value, the Supervisory Board approved the Board of Management's resolution to implement a share buyback program in the amount of EUR 750 million by exercising the authorization granted by the Annual General Meeting on June 9, 2022, to acquire treasury shares. Another key topic was the monitoring of the company's strategic direction, with a particular focus on the "Strategy to Win", the "Advanced Operating Model" and the M&A strategy. The Supervisory Board also discussed the implementation of the ESG scorecard and the medium-term ESG targets as well as various governance measures, the establishment of the Sustainability Council and portfolio segmentation. The Supervisory Board also discussed long-term succession planning for the Supervisory Board.

One day before the 2023 Annual General Meeting, the Supervisory Board discussed the operating performance of the divisions and the Group's financial performance in detail at its second ordinary meeting on June 14, 2023. In addition, the Supervisory Board reviewed the Board of Management's determination of strategic objectives for ESG initiatives, which will serve as the cornerstone for the Board of Management's overarching objectives in the 2024 financial year. The Supervisory Board also discussed the implementation of the "Strategy to Win" and the further organizational development of the Brenntag divisions with regard to the "Advanced Operating Model". The Supervisory Board dealt in particular with the review of the strategy and the implementation measures of the Brenntag Specialties division. In addition, the Supervisory Board received status updates on Internal Audit, Compliance, Treasury, and Investor Relations. Finally, the Supervisory Board discussed the M&A strategy and approved the acquisition of 70% and, after three full financial years, a further 30% of the shares in Shanghai Saifu Chemical Development Co. Ltd. in China.

Following the Annual General Meeting, the Supervisory Board met in person for its constituent meeting in its new composition on June 15, 2023. I was elected as Chair and Dr. Andreas Rittstieg was elected as Deputy Chair. The Supervisory Board also reorganized the committee meetings in order to better reflect the current tasks and further increase the effectiveness of the Supervisory Board's work, and also defined new names for the committees. The Audit Committee was renamed the "Audit and Compliance Committee" in order to emphasize the strong focus of the Supervisory Board's work on compliance and the general importance of the topic for proper corporate governance. At the same time, the Presiding and Nomination Committee was given the title "Nomination and Remuneration Committee" to emphasize the committee's comprehensive responsibility for personnel and remuneration issues. The committee previously known as the "Transformation and Sustainability Committee" continues its previous activities under the title "Transformation and ESG Committee".

The fourth ordinary meeting of the Supervisory Board took place on September 7, 2023, as a physical meeting. The Supervisory Board discussed the Board of Management's targets for 2024 in detail. The Board of Management presented an opportunity to acquire Colony Gums, Inc. in NC, USA, and the Supervisory Board approved the acquisition of all shares. The Supervisory Board also dealt with the financial performance of the Group and its divisions and was informed about the current status of cost-cutting measures. The discussion focused on the start of the first phase of the "Advanced Operating Model". Finally, the Supervisory Board dealt with measures to improve global fire safety protocols at all sites and acknowledged the clearly visible safety culture within the company.

The Supervisory Board held two extraordinary physical meetings on October 25 and 26, 2023. After detailed discussion, the Supervisory Board approved the implementation of the "Advanced Operating Model" presented by the Board of Management. The Supervisory Board also approved the acquisition of the entire issued share capital of Old World Specialty Chemicals, LLC Northbrook, Illinois, USA, and Old World Logistics, LLC Northbrook, Illinois, USA, via a share deal. The Supervisory Board also passed resolutions on the cancellation of shares as part of the first tranche of the share buyback program and on the further improvement of corporate governance through the introduction of an age-independent tenure limit for the term of office of the Supervisory Board.

On December 14, 2023, the Supervisory Board convened the fifth and final ordinary meeting of the Supervisory Board as a physical meeting. The Supervisory Board reviewed the Group's financial performance for the third quarter of 2023 and, following an in-depth discussion, approved the 2024 budget as part of the 2023 to 2027 financial plan. The Supervisory Board also discussed the opportunity to acquire the Solventis Group and approved the acquisition of the entire issued share capital of Solventis Ltd. based in Guildford, UK, and its subsidiaries, ICC based in Zoersel, Belgium, and its sub-

sidiaries, and Solventis Holdings Ltd. based in Guildford, UK, and its subsidiaries. In addition, the Supervisory Board discussed and approved a Group IT infrastructure program and dealt with the topics of digital, data & technology, and cyber security. Finally, the Supervisory Board discussed and approved the annual declaration of conformity with the German Corporate Governance Code.

## Committee activities

### Audit and Compliance Committee

Prior to the new elections at the Supervisory Board meeting on June 15, 2023, the committee consisted of Ulrich Harnacke as Chair, Stefanie Berlinger and Richard Ridinger. As part of the reorganization of the Supervisory Board following the Annual General Meeting on June 15, 2023, the composition of the committee changed and continues to consist of Ulrich Harnacke as Chair as well as Stefanie Berlinger and Sujatha Chandrasekaran as members of the committee. The renaming of the Audit and Compliance Committee reflects the change in Brenntag's approach to compliance, which has evolved in recent years. The committee complies with the statutory requirements of Section 100 para. 5 AktG and recommendation D.3 GCGC regarding the financial expertise of its members, which are described in detail in the Corporate Governance Statement. The committee held a total of five meetings in the reporting period. Four meetings were held in person, with one member attending two meetings and two members attending one meeting virtually. One committee meeting was held virtually. All meetings were attended by Dr. Kristin Neumann as Chief Financial Officer and representatives of the auditors. The committee also regularly consulted with the auditor without the Board of Management.

In the reporting period, the Audit and Compliance Committee dealt with the following main topics: The committee conducted a preparatory review of the annual financial statement documents for 2022, the separate non-financial report and the auditor's reports to the Supervisory Board. Following a detailed review, the Audit and Compliance Committee raised no objections and recommended the Supervisory Board to endorse the findings of the audit and to approve the financial statements. The committee also reviewed the quarterly statements, the half-year financial report and the respective audit reports of the auditor. After Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected as auditor by the Annual General Meeting in the reporting period and declared to the committee that there were no circumstances that would call its impartiality into question, the committee assured itself of the necessary independence of the auditor and issued the audit engagement. Since then, the committee has continuously reviewed the quality of the audit and the independence of the auditor.



In addition, the committee informed itself about the internal organization of Deloitte's audit team and discussed the audit strategy and planning as well as the focal points and topics of the audit with the auditors. There was also regular dialog between the Audit and Compliance Committee - in particular the Chair - and the auditors outside of the meetings.

At its meetings, the committee dealt in detail with the impact of global events on accounting, such as the war in Ukraine, the conflict in the Middle East and hyperinflation in Turkey. The committee also dealt intensively with the share buyback program, excise duties, current developments, and the results of the goodwill impairment test, as well as cost-cutting measures and the establishment of internal control systems. The committee regularly discussed and reviewed the compliance management system, the further development of the compliance organization and potential compliance incidents. The committee regularly reviewed the effectiveness of the internal audit system, discussed the internal audit process on an ongoing basis and dealt in detail with the results of the internal audit. In addition, the committee regularly reviewed the effectiveness of the internal control system and discussed the further development of the system. The committee also dealt with cyber security issues as well as the structure of risk management and the new risk management reporting standard. The Audit and Compliance Committee discussed the risk assessments and the effectiveness of the risk management system in detail.

#### Nomination and Remuneration Committee

Prior to the new elections at the Supervisory Board meeting on June 15, 2023, the committee consisted of Doreen Nowotne (Chair), Dr. Andreas Rittstieg and Wijnand Donkers. Since the reorganization of the Supervisory Board following the Annual General Meeting on June 15, 2023, the committee has consisted of Dr. Andreas Rittstieg (Chair), Wijnand Donkers and Richard Ridinger. The committee held a total of eight meetings in the reporting period, four of which were held in person and four virtually.

In the reporting period, the Nomination and Remuneration Committee dealt with short- and long-term succession planning for the Board of Management, changes to the composition of the Board of Management and the reduction in the number of the Board of Management members from five to four. The Nomination and Remuneration Committee discussed and reviewed the long-term succession planning process for the Board of Management and the talent development program. The committee also prepared the Supervisory Board's proposal to adjust the remuneration system for the Board of Management with the support of an external consultant.

In addition, the committee dealt with long-term succession planning on the Supervisory Board in order to ensure the best possible monitoring of the implementation of the “Strategy to Win” and the preparation of the Supervisory Board's proposals for the election of Supervisory Board members for the 2023 Annual General Meeting. An external consultant supported the committee in this process. When selecting potential candidates, the Nomination and Remuneration Committee focused in particular on the objectives adopted by the Supervisory Board for the composition of the Supervisory Board, including the competency profile and the diversity concept for the Supervisory Board, as well as the feedback from shareholders at the governance roadshow. When making its selection, the committee placed particular emphasis on expertise in the areas of IT, digital transformation and data management, experience in supply chain management and sales as well as international management experience, particularly in North America, and professional change management, including cultural transformation. In addition, the committee prepared the Supervisory Board's proposal to adjust the remuneration system for the Supervisory Board with the support of an external consultant.

#### Transformation and ESG Committee

Prior to the new elections at the Supervisory Board meeting on June 15, 2023, the committee consisted of Doreen Nowotne (Chair), Wijnand Donkers and Richard Ridinger. Since the reorganization of the Supervisory Board following the Annual General Meeting on June 15, 2023, the committee has consisted of Wijnand Donkers (Chair), Richard Ridinger and Ulrich Harnacke. The Transformation and ESG Committee held eight ordinary meetings, four of which were held physically and four virtually, as well as one extraordinary virtual meeting.

The committee dealt intensively with the evaluation of M&A projects and the ESG agenda. One focus of the committee's work was the development of the “Advanced Operating Model” with the aim of strengthening and sharpening the profile of the two divisions Brenntag Specialties and Brenntag Essentials and the preparation of the Capital Market Day. In this context, the committee also discussed the further development of the longer-term “Horizon 3” strategy with the Board of Management. Other key topics included the strategic commitment to ESG principles, the definition of clear ESG targets, the setting of long-term sustainability targets and portfolio management from a sustainability perspective. The committee also dealt intensively with the safety concept for the Brenntag sites, and the Board of Management kept the committee informed at all times and in detail about a fire safety-related incident that occurred in the reporting year. The Board of Management also regularly discussed cost-saving measures and the opportunities and challenges of cost management with the committee.

## Composition of the Board of Management and Supervisory Board

Supervisory Board elections were held at the Annual General Meeting on June 15, 2023. Taking into account the diversity concept and the competency profile drawn up by the Supervisory Board, the Supervisory Board submitted the election proposals to the Annual General Meeting to confirm me as a member of the Supervisory Board until the end of the Annual General Meeting in 2027 and to elect Sujatha Chandrasekaran as a new member of the Supervisory Board until the end of the 2026 Annual General Meeting. Counter-motions to these election proposals were submitted in due time prior to the Annual General Meeting. The majority of the shareholders of Brenntag SE voted for the Supervisory Board candidates nominated by Brenntag and thus voted in favor of continuing the corporate strategy. The Supervisory Board is delighted to welcome Sujatha Chandrasekaran, an experienced leader with profound expertise in the development and implementation of digitalization strategies and transformation projects. Doreen Nowotne had decided not to stand for reelection and therefore stepped down from the Supervisory Board at the end of the Annual General Meeting. On behalf of the entire Supervisory Board, I would like to express my sincere thanks to Doreen Nowotne for her many years of very dedicated and successful work as a member and Chair of the Supervisory Board. The Supervisory Board would like to thank all shareholders for their trust in continuing to closely support Brenntag's transformation process.

There were two changes in the composition of the Board of Management in the reporting year. The Supervisory Board appointed Michael Friede as a member of the Board of Management of Brenntag SE with effect from April 1, 2023 to lead Brenntag Specialties as its Chief Operating Officer. From August 2023, he was appointed Chief Executive Officer Brenntag Specialties as part of the "Advanced Operating Model". Michael Friede has many years of international management experience, proven market knowledge and a deep understanding of the specialty chemicals industry. Michael Friede succeeds Henri Nejade, who decided not to renew his contract with Brenntag and left the Board of Management with effect from March 31, 2023.

With effect from August 1, 2023, the Board of Management was reduced from five to four members following the departure of former COO Brenntag Essentials Steven Terwindt. Steven Terwindt had resigned from his position as Chief Operating Officer Brenntag Essentials with effect from July 31, 2023 after deciding not to renew his contract with Brenntag. The Supervisory Board appointed the former Chief Transformation Officer Ewout van Jarwaarde as Steven Terwindt's successor as Chief Executive Officer Brenntag Essentials with effect from August 1, 2023. The function of Chief Transformation Officer created at the beginning of 2021 was discontinued. The allocation of responsibilities within the Board of Management was adjusted accordingly. Dr. Christian Kohlpaintner remains in his function as Chief Executive Officer of the now four-member Board and Dr. Kristin Neumann in her function as Chief Financial Officer of Brenntag SE. The Supervisory Board would like to sincerely thank Henri Nejade and Steven Terwindt for their remarkable contributions to Brenntag's success and wishes them all the best for their personal and professional future.

### **Audit of annual and consolidated financial statements**

The annual financial statements of Brenntag SE for the year ended December 31, 2023, and the combined management report and Group management report were prepared by the Board of Management in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements were prepared by the Board of Management in accordance with IFRS (International Financial Reporting Standards) – as applicable in the EU – and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, which was elected by the Annual General Meeting 2023 and commissioned by the Supervisory Board to audit the financial statements for 2023, audited the annual financial statements of Brenntag SE, the combined Group management report, the management report of Brenntag SE and the consolidated financial statements and issued an unqualified audit report in each case. The auditors also audited the separate non-financial Group report 2023 and issued an unqualified audit report on the non-financial reporting as part of the commissioned audit.

The annual financial statements of Brenntag SE, the consolidated financial statements and the combined Group management report and management report of Brenntag SE as well as the separate non-financial Group report, the Board of Management's proposal for the appropriation of profit and the auditor's reports were made available to all members of the Audit and Compliance Committee and the Supervisory Board in good time. The documents were discussed in detail in advance at a preparatory meeting of the Audit and Compliance Committee on February 22, 2024, and discussed in detail at the meeting of the Audit and Compliance Committee on March 5, 2024, and at the Supervisory Board meeting on March 6, 2024, in the presence of the auditor. The audit findings were discussed with the auditor and the key audit matters, key audit areas and audit procedures were addressed. Following the preliminary review by the Audit and Compliance Committee and its own detailed examination, the Supervisory Board raised no objections. The Supervisory Board endorses the findings of the audit of the annual financial statements and the findings of the audit of the separate non-financial Group report and approved the aforementioned financial statements prepared by the Board of Management. The annual financial statements were thus adopted on March 6, 2024. The Supervisory Board endorses the Board of Management's proposal to use the distributable profit to pay a dividend of EUR 2.10 per dividend-bearing no-par value share.

On behalf of the entire Supervisory Board, I would like to thank all employees, the Global Leadership Team and the Brenntag Board of Management. With their dedicated work, they have all contributed to the company's remarkable success despite turbulent and challenging times.

For the Supervisory Board



**Richard Ridinger**

Chair

Essen, March 2024