Combined

2 Management Report

of the Brenntag Group and Brenntag SE

Preamble

The German Corporate Governance Code ("GCGC") provides for disclosures on the internal control and risk management system that go beyond the legal requirements for the management report. The disclosures are excluded from the statutory auditor's audit of the management report content ("disclosures not typically part of the management report"). In the following, these disclosures are allocated thematically to the main elements of the internal control / risk management system; they have also been set apart from the disclosures required to be audited by placing them in separate paragraphs and labeled accordingly.

For the first time, the management report contains a corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) which reflects the recommendations of the German Corporate Governance Code (GCGC). At the same time, the content of the corporate governance statement is an integral part of the management report. In accordance with Section 317, para. 2, sentence 6 of the German Commercial Code, the disclosures in the corporate governance statement are not included in the financial statements audit. Some sections of the corporate governance statement contain disclosure requirements under European Sustainability Reporting Standards (ESRSs) in relation to the Group sustainability statement and in this context were subjected to a limited assurance audit.

Group overview

Business activities and Group structure[1)]

Brenntag's growth opportunities and business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but especially on high diversity across its suppliers, customers and industries and the targeted use of the potential offered by outsourcing on the part of suppliers.

Brenntag is a partner to chemical manufacturers (its suppliers) on the one hand and chemical users (its customers) on the other. As the global market leader in chemical and ingredients distribution, Brenntag has the vision of shaping the future of the industry.

Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers. This enables it to achieve economies of scale and offer a comprehensive range of products and value-added services. The products it purchases are stored in distribution facilities, packed into quantities the customers require and delivered, typically in less-than-truckloads. Overall, Brenntag supplies a broad product range comprising around 20,000 chemicals[2)] and ingredients, and offers extensive value-added services such as just-in-time delivery, product mixing, repackaging, inventory management and drum return handling.

Among other things, Brenntag also offers tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory know-how and digital solutions such as digital sales channels and product platforms.

To enable it to best respond to its customers' and suppliers' diverse and changing requirements, Brenntag manages its business through two global divisions, Brenntag Specialties and Brenntag Essentials. Brenntag Specialties focuses on selling ingredients and value-added services, and is managed globally through the Life Science, Material Science and Specialties Other segments. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications, and is managed through the geographical segments EMEA, North America, Latin America and APAC. In addition, a further reportable segment, "Transregional", was introduced in the Brenntag Essentials division in order to manage the international operations of BRENNTAG International Chemicals GmbH (BIC), which buys and sells chemicals in bulk on an international scale without regional boundaries (previously shown under "All other Segments").

[1)] The disclosures in this section also meet disclosure requirements under ESRS 2 (SBM1 – Strategy, business model and value chain).
[2)] Chemical substances, including the quality grade and concentration level (in the case of diluted products) or the product form (in the case of solid substances), are recorded as chemicals.

The two divisions are supported by "Group and Regional Services", which mainly include the central functions for the entire Group, the regional service functions and the activities with regard to the digitalization of Brenntag's business.

As at December 31, 2024, the scope of consolidation comprised Brenntag SE and in addition 25 (Dec. 31, 2023: 27) domestic and 216 (Dec. 31, 2023: 195) foreign consolidated subsidiaries including structured entities. Four (Dec. 31, 2023: four) associates were accounted for using the equity method.

Objectives and strategy

In the coming years, Brenntag aims to strengthen and further expand its position as the global market leader in chemical and ingredients distribution in a changing global market environment.

In financial year 2024, Brenntag worked systematically to drive the execution of its "Strategy to Win" presented in November 2022. Firstly, the core elements comprised **differentiated strategies for the two divisions** Brenntag Specialties and Brenntag Essentials, which will be further developed through the "Advanced Operating Model" from January 2024 onwards.

Brenntag Essentials' strategy is based on local (last-mile) delivery services, regional provision and supply chain services, and global sourcing and interregional optimization. Through this triple business model, Brenntag Essentials plans to accelerate its growth in the highly attractive, globally expanding market for the distribution of commodity and industrial chemicals.

Brenntag Specialties is placing emphasis on price and margin management, cost and efficiency improvements, portfolio management and strategic portfolio decisions, and value-added services. With its global industry segments, Brenntag Specialties is implementing dedicated industry strategies and plans to extend its focus on very attractive market segments and further increase Life Science's share of the portfolio.

Secondly, in addition to the dedicated strategies, Brenntag is pursuing a **sustainability agenda** with the aim of assuming a leading role in the responsible distribution of sustainable chemicals and ingredients. This includes using 100% environmentally-friendly energy by 2025 and achieving net-zero emissions by 2045, for example.

Thirdly, Brenntag aims to drive market consolidation through value-creating **M&A activity**. Its focus here is on expanding its position in emerging markets in both divisions, improving strategic capabilities and market positions, adding to the existing portfolio and improving technical capabilities.

Fourthly, it is transforming itself into a **data- and technology-driven** company (Digital.Data.Excellence initiative (DiDEX)).

At the same time as pursuing the aforementioned "Strategy to Win" with its four core elements, Brenntag continues to develop its organizational structure. This includes the further separation of Brenntag Specialties and Brenntag Essentials into two divisions with differentiated operations and management, honed profiles and optimized portfolios, supported by a joint, efficient corporate center. In separating the two divisions, Brenntag is concentrating on those units which offer the greatest potential for value creation and differentiation in the market. A quick and complete disentanglement, as presented at the Capital Markets Day in December 2023, is being modified in favor of a gradual disentanglement over an extended period of time with a strong focus on improving current operating performance. More specifically, as communicated in November 2024, the sales and sourcing organizations continue to be separated with a view to supporting the divisions' differentiated management. At the same time, the two divisions' supply chains are being mapped out in detail and the legal structures in individual countries cost-effectively prepared for future separation. In addition, as communicated at the Capital Markets Day in 2023, a EUR 300 million cost reduction program was put in place with a view to enhancing efficiency and offsetting inflation-driven increases in costs. This also includes the reduction in costs from the DiDEX program.

Management systems

Financial performance indicators

The Brenntag Group's financial management system is based on the key performance indicators operating gross profit, operating EBITA, working capital turnover and free cash flow. Brenntag also measures return on capital and sets strict requirements for the performance of investment projects and acquisitions.

In the following, the performance indicators used to measure the Group's financial performance are explained. They also include alternative performance indicators not defined under IFRSs (operating EBITA, working capital turnover and free cash flow), as a result of which these terms may be defined differently by other companies. These alternative performance indicators are calculated continuously using a uniform approach, which ensures that metrics from different financial years can be compared. Brenntag sometimes also adjusts for acquisition effects, in which case it talks about organic growth.

Most significant financial performance indicators

For Brenntag as a chemical distributor, **operating gross profit** is an important factor for increasing enterprise value over the long term. Operating gross profit is defined as the difference between external sales and cost of materials, adjusted for certain items. The goal is for the growth in operating gross profit to exceed macroeconomic benchmarks such as industrial production and the Global Manufacturing Purchasing Managers' Index (PMI). In order to ensure that measurement of performance at Group or regional level is meaningful, the growth in operating gross profit is adjusted for currency translation effects.

Operating EBITA is the key performance indicator in the Brenntag Group. This is the operating profit as recorded in the consolidated income statement, plus amortization and impairment of intangible assets and depreciation and impairment of investment property, adjusted for certain items.

Brenntag adjusts operating EBITA for income and expenses arising from special items, and at segment level for holding charges, so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations.

In its efforts to generate increasing cash flow, Brenntag analyzes **working capital turnover.** This is defined as:

$$\text{working capital turnover} = \frac{\text{sales}}{\text{average working capital}}$$

Working capital is defined as trade receivables plus inventories less trade payables.

Average working capital for a particular year is defined as the arithmetic average of working capital at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

To measure cash generation, Brenntag uses the performance indicator **free cash flow**. Free cash flow is an important performance indicator for Brenntag, as it shows what level of cash is generated from operating activities and will therefore be available for growth through acquisitions as well as for lenders, shareholders and tax payments.

Free cash flow is defined as follows:

	Operating EBITDA
–	**payments to acquire intangible assets and property, plant and equipment**
+ / –	**changes in working capital**
–	**principal and interest payments on lease liabilities**
=	**free cash flow**

Additional financial performance indicators

In addition to the aforementioned most significant financial performance indicators, Brenntag uses several other metrics to assess the economic success of its business activities.

In the Brenntag Group, return on capital is measured using the indicator return on capital employed (ROCE). ROCE is defined as:

$$\text{ROCE} = \frac{\text{Operating EBITA}}{\text{(average carrying amount of equity + average carrying amount of financial and lease liabilities − average carrying amount of cash and cash equivalents)}}$$

The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

The conversion ratio is an indicator calculated in order to measure the efficiency of a segment or the Group, more specifically by expressing operating EBITA for a given period as a percentage of operating gross profit for the same period. The indicator is used primarily to assess longer-term trends and less so to analyze short-term fluctuations between quarters.

To determine whether a particular investment project is expected to generate value for Brenntag, it takes the modified internal rate of return (MIRR) and the payback period as measures of the risk involved in the project. An investment project is generally only approved if the MIRR is above the hurdle rate and the combination of return and payback seems attractive. The hurdle rate for the MIRR varies according to the risk involved in the project and depends, among other factors, on the respective country risk.

In addition to these metrics, Brenntag has also set strategic objectives as well as financial hurdle rates that generally have to be considered when an acquisition is carried out. In particular, potential acquisitions must be able to satisfy the hurdle rate of return in the form of free cash flow on capital employed. Again, the hurdle rate of return depends, among other factors, on the country risk of the acquisition.

Further performance indicators such as tax rate, earnings per share (EPS) and net debt leverage are only used at Group level. They are not used to measure the performance of Brenntag's divisions and segments since factors such as interest or tax are less a reflection of the operating performance of the segments, but are above all based on central decisions.

Net debt leverage is used to continuously review the adequacy of the company's capital structure. In this case, the difference between financial and lease liabilities and cash and cash equivalents is expressed relative to operating EBITDA.

Adjustments for exchange rate effects

For Group accounting, the results of all Group companies are translated into the Group currency, the euro. The results are generally translated at the average rate for the reporting period or, for Group companies in hyperinflationary economies, at the closing rate.

Therefore, the results and in particular the change between reporting periods may not only be affected by changes in operating performance, but also by effects of translation from functional currencies into the Group currency, the euro (translation effects). As Brenntag considers it important to assess the operating performance of the Group companies and in particular the change in operating performance between reporting periods free of distortions from translation effects, it also reports the changes adjusted for these effects.

Exchange rate-adjusted financial metrics are not to be seen as substitutes or as more meaningful financial indicators, but always as additional information on sales, operating expenses, earnings or other metrics.

Non-financial performance indicators

The Brenntag Group's non-financial performance indicators are not regarded as among the most significant performance indicators. However, Brenntag believes that non-financial objectives also have a supporting role to play in the company's success. A sustainability strategy has been developed with a view to strengthening sustainable governance.

Climate change mitigation plays a particularly important role within Brenntag's sustainability strategy, as the entire value chain is affected. Not only do Brenntag's own activities produce CO_2 emissions; the products that the company buys have also emitted greenhouse gases during their manufacture. Moreover, climate change mitigation is important to many of Brenntag's customers. In financial year 2024, Brenntag fully reviewed and adapted its climate change mitigation targets, which now cover Scope 1, Scope 2 and Scope 3 emissions. This change was necessary in order to meet the requirements of the Science Based Targets initiative (SBTi). All targets were successfully validated by the SBTi at the beginning of 2025. For Scope 1 and 2 greenhouse gas emissions, the Brenntag Group has set several targets so that it contributes to the 1.5°C target: to reduce Scope 1 and 2 emissions by 58.8% between base year 2023[1)] and 2034, and over the long term to be net zero in accordance with the Paris Agreement[2)] by 2045. Targets have also been set with regard to Scope 3 emissions: Brenntag has undertaken to reduce its absolute Scope 3 emissions by 35% by 2034, starting from base year 2023, and to reach net-zero greenhouse gas emissions across the value chain by 2050. **Scope 1 emissions** are all direct emissions from sources that are owned or controlled by a company itself, e.g. emissions from fuels and coolants at the company's own site or from the company's own vehicle fleet. **Scope 2 emissions** are indirect emissions from the generation of purchased energy, e.g. electricity or district heating from an energy provider. The market-based method is taken as the basis for setting targets. Under this method, the calculation uses the emission factors of the energy supplier or an individual electricity product. Using the market-based method enables company-specific purchases of energy from renewable sources to be presented in a transparent manner. **Scope 3 emissions** are other indirect emissions occurring in the value chain for upstream and downstream activities. These emissions can only be cut in cooperation with Brenntag's suppliers and customers. Scope 3 emissions are calculated in accordance with the method set out in the Greenhouse Gas Protocol (GHG Protocol) Corporate Value Chain (Scope 3) Accounting and Reporting Standard. In doing so, different approaches are used for the individual categories, depending on the availability of the data required for the calculation. Further information on this can be found in the section Climate change, under Targets and metrics.

To improve health and safety in the workplace, training sessions, safety projects and dedicated campaigns are carried out so as to continuously raise employee awareness of health and occupational safety, particularly the safe handling of chemicals. The **Total Recordable Injury Rate** (TRIR) is used as a performance indicator. This shows the number of injured people who receive medical treatment beyond first aid per one million work hours.

For Brenntag as a company with operations worldwide, the diversity of its workforce is another factor in its success. Brenntag strives for diversity at all levels of the company. The aim by 2030 is to increase the **percentage of women at all levels of management** below the Group Board of Management to at least 30%.

[1)] The target boundary includes land-related emissions and removals from bioenergy feedstocks. The previous target, to reduce Scope 1 and Scope 2 emissions by 40% by 2023, was therefore adapted such that all acquisitions are now also included in the scope.

[2)] The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at COP 21 in Paris on December 12, 2015 and entered into force on November 4, 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared with pre-industrial levels.

Report on economic position

Economic and sector-specific environment

In 2024, global economic performance was shaped by a mix of growth drivers and impediments. Some economies recorded moderate growth rates, while others were confronted with recessionary trends. As in previous years, Brenntag's market environment was made difficult again by geopolitical conflicts such as the war in Ukraine and the Middle East conflict. These tensions affected business activities across various sectors. The US presidential elections in November 2024 brought additional uncertainty over future US trade policy. Europe and the US neighboring countries Canada and Mexico in particular fear higher tariffs and worsening trade relations. To stimulate the economy, the ECB cut its deposit rate to 3.0% most recently in the second half of the year, partly in light of normalizing inflation in 2024. In the USA, the Federal Reserve maintained its relatively cautious stance and cut key interest rates only slightly to a still-high level in an effort to further contain inflation.

Overall, global industrial production rose at a somewhat faster pace than in 2023, expanding by 2.3% year on year over the course of financial year 2024.[1)] Building on that, the Global Manufacturing Purchasing Managers' Index (PMI) stood at 50.0 and therefore at the 50 neutral mark again for the first time in two years.

Europe experienced another difficult economic year in 2024, marked by weak growth, geopolitical uncertainty and structural challenges. Macroeconomic measures such as interest rate cuts from the ECB failed to fully stabilize the situation, while geopolitical conflicts and weak global demand held the upturn in check. Industrial production fell by 1.3% year on year.

Economic performance in North America was stable overall in 2024, as consumer spending remained robust. However, the second half of the year was impacted by high sovereign debt, high interest rates and political uncertainty. Industrial production nevertheless grew by 1.6% year on year in 2024.

In Latin America, economic performance remained mixed. Overall, the Latin American economy expanded year on year in 2024, with industrial production increasing by around 0.7%.

The emerging economies of Asia (excluding China and Japan) also achieved growth in 2024, with production expanding by 4.2% compared with the prior-year figure. Overall, the Asia Pacific region remained one of the main sources of global growth, driven by growing consumption and rising capital spending.

Although China continues to make an important contribution to global growth, the Chinese economy is still battling weak domestic demand and sluggish exports. Nevertheless, industrial production grew by 5.3%, a stronger rate than in the previous two years.

Along these global trend lines, performance across the global chemical industry also varied from region to region. The global chemical industry showed a noticeable contraction of 5.5%, driven by sharply falling prices compared with the previous year (-8.6%) in combination with moderate growth in the volumes produced (+3.4%). In Europe, production recovered only slightly following a weak 2023, rising by 1.0%. In North America, chemical production dropped slightly, contracting by 0.4%. In Asia, on the other hand, chemical production grew by 5.1%, making the region the chemical industry's main growth driver again in 2024.

[1)] All data in this section on the growth in industrial production were taken from the Oxford Economics global industry databank.

Business performance

Major events impacting on business in 2024

In February 2024, Brenntag acquired all shares in Rental Service Specialty LLC (RSS) based in Broussard, Louisiana, USA. RSS is a provider of specialty rental equipment for the midstream and downstream oil and gas industry. The acquisition increases Brenntag Essentials' market presence in the important North American energy sector. RSS reported annual sales of USD ~10 million in 2023.

Also in February 2024, Brenntag acquired the chemical logistics site of Chimica D'Agostino in Bari, Italy. The site enhances Brenntag's presence in the southern Italian market and optimizes the site network in the region. This acquisition extends Brenntag Essentials' local services and logistics offering and adds specific functions to the hub and transshipment point.

At the end of March 2024, Brenntag announced the acquisition of Lawrence Industries Ltd. based in Tamworth, UK. The company supplies high-quality additives, minerals and catalysts to a wide range of markets across the UK and Ireland. This acquisition strengthens Brenntag Specialties' position in Material Science in the Coatings, Adhesives, Sealants and Elastomers (CASE), Construction, Polymer and Rubber industries. In financial year 2023, Lawrence Industries generated sales of around EUR 34 million.

The share buyback program initiated in the previous year was completed in the first quarter of 2024. In the course of the second tranche, 3,068,465 Brenntag SE shares were acquired on the stock market at a total purchase price of around EUR 250 million and subsequently canceled.

In April 2024, Brenntag successfully placed two bonds totaling one billion euros on the European capital market. Brenntag Finance B.V. issued the two EUR 500 million bonds with a maturity of four and eight years and carrying a coupon of 3.750% and 3.875%. The bonds were issued at 99.781% and 99.192% of par, respectively.

At the beginning of May 2024, Brenntag signed an agreement to acquire 100% of the shares in Química Delta S.A. de C.V. based in Teoloyucan, Mexico. The company is a leading distributor of industrial chemicals and has a dense service network in central Mexico with access to tollgate infrastructure in Mexico. In 2023, the company reported annual sales of USD 368 million. The acquisition supports Brenntag Essentials' positioning in the rapidly-growing Mexican chemicals market.

At the beginning of June 2024, Brenntag closed the acquisition of the Solventis Group, which had been announced in December 2023. Solventis is a glycols and solvents distributor based in Belgium and the UK. The state-of-the-art site in Antwerp, Belgium, will extend Brenntag's regional access and warehousing capacity, while opening up the potential for interregional optimization. As ships and barges are used to deliver and transport products, the acquiree also helps to improve Brenntag Essentials' sustainability profile and is thus an excellent fit with the Group's strategy.

At the beginning of July 2024, Brenntag Essentials acquired the site and business operations of Industrial Chemicals Corporation (ICC) in Denver, Colorado, USA. ICC operates a major, centrally located chemical distribution facility and a transport hub. In 2023, ICC posted annual sales of USD 40 million. The transaction strengthens strategically important capacity for last-mile service operations in North America, especially in the Colorado area.

At the beginning of August 2024, Brenntag Essentials acquired Monarch Chemicals, one of the UK's leading distributors of commodity and agricultural chemicals with its own liquid and powder blending facilities. The transaction includes two sites in the southeast of England and Scotland and expands Brenntag's local service offering in the UK. In 2023, the Monarch Group posted annual sales of GBP 35 million.

As part of the steps to develop the portfolios of Brenntag's global divisions and focus them on their respective core competencies, Brenntag Essentials initiated the sale of Indian company Raj Petro Specialties Pvt. Ltd. and its subsidiary Raj Petro Specialties DMCC based in Dubai (Raj Petro). Raj Petro had belonged to Brenntag in a joint venture since 2018. By acquiring the remaining shares in 2023, Brenntag simplified the ownership structure and enabled the strategic flexibility for the current clear and uncomplicated transaction structure. Raj Petro is a manufacturer of finished lubricants and petroleum-based product blends. The cyclical and recently rather low-margin business does not fit with Brenntag Essentials' triple strategy of focusing on core activities in industrial chemical distribution. The disposal will lead to an overall loss of approximately EUR 63 million, of which EUR 53.4 million had already been recognized in the past financial year.

On October 9, 2024, Brenntag SE celebrated 150 years in existence. The anniversary year featured the publication of a company study, global employee events on the day of the company's founding and a ceremony at the company's headquarters in Essen attended by numerous business partners and honorary guests from the political and business world, including Germany's Federal Chancellor, Olaf Scholz.

At the end of October, Brenntag acquired PIC Química e Farmacêutica Ltda. (PIC) and PharmaSpecial Especialidades Químicas e Farmacêuticas Ltda. (PharmaSpecial) in Brazil. This acquisition expands Brenntag Specialties' position in Brazil's growing life science market significantly.

Dr. Kristin Neumann, Chief Financial Officer of Brenntag SE, has not extended her contract for personal reasons and will leave the company when the contract expires on March 31, 2025.

The Supervisory Board of Brenntag SE appointed Thomas Reisten to serve as Chief Financial Officer on Brenntag SE's Board of Management with effect from April 1, 2025. In his role, he will be responsible for Accounting, Controlling, Investor Relations, Legal, Shared Services, Indirect Procurement, Tax, Treasury, Insurance and Regional Finance. His contract runs until March 31, 2028.

Dr. Christian Kohlpaintner, Chief Executive Officer of Brenntag SE, informed the Supervisory Board of Brenntag SE of his decision not to extend his contract, which runs until December 31, 2025, for reasons related to personal life planning. The orderly process to appoint a successor is already under way.

Statement by the Board of Management on the situation and business performance in 2024

The Brenntag Group achieved operating EBITA of EUR 1,101.9 million in financial year 2024, a decrease of 12.9% compared with the previous year. On a constant currency basis, this represents a decline of 12.5%. The results achieved in the past financial year remain below expectations, but are acceptable bearing in mind the challenging economic environment marked by geopolitical uncertainty.

In 2024, Brenntag continued to operate in a difficult macroeconomic environment. Features of particular note here include falling global economic demand, continuing and resurgent inflation, the war in Ukraine and other geopolitical tensions. In light of these challenging conditions, Brenntag was able to continue to invest in the modernization of its sites, supply its customers with the required products and offer its employees a safe working environment due primarily to its solid financial position and its business model. As market leader, Brenntag plays an important role in global distribution markets and enjoys a high level of trust among its business partners, also in times of major uncertainty. In particular, Brenntag's broad and globally diversified customer and product portfolio and its close relationships with suppliers paid off again.

Contrary to expectations, both divisions, Brenntag Specialties and Brenntag Essentials, posted a year-on-year decline in earnings. At Brenntag Specialties, a combination of volumes roughly in line with the prior-year period, and weaker operating gross profit per unit resulted in a lower absolute operating gross profit compared with the previous year. Here, strong competition in particular led to increased price pressures, resulting in lower average sales prices. The rise in costs this year was influenced by inflation-driven increases in costs for fixed salaries, insurance premiums and lease expenses. Together with lower operating gross profit, the overall result was a substantial decline in operating earnings. Despite a rise in volumes, earnings in the Brenntag Essentials division also remained below the prior-year figure. While volumes were higher, absolute operating gross profit held steady year on year due to the meaningful decline in operating gross profit per unit, meaning that the increase in costs was not offset.

Due to the difficult market environment in the course of the year, Brenntag successfully took various measures to reduce the Group's operating costs and counteract the volume- and inflation-driven increases in costs – including organically reducing the headcount by 226 since the end of 2023 and making extensive improvements to the site network. Compared with the previous year, the Group's personnel costs rose only slightly overall on an organic basis. This change is due especially to a fall in variable personnel costs, which were influenced mainly by lower bonus forecasts.

Working capital was above the prior-year figure in financial year 2024. This is due in particular to higher volumes and the related inventory. Annualized working capital turnover increased year on year and demonstrates the more efficient use of working capital.

At EUR 342.2 million in financial year 2024, the total cash outflow for investments was above the prior-year figure (2023: EUR 321.1 million). Investments were made in the global site network in particular.

Brenntag generated free cash flow of EUR 892.6 million in financial year 2024 (Dec. 31, 2023: EUR 1,712.0 million), a significant decrease on the prior-year figure. While the previous year's free cash flow was influenced by a significant inflow from working capital, this year's free cash flow included a slight outflow to working capital.

Based on the operating results, Brenntag posted significantly lower profit after tax of EUR 543.7 million in financial year 2024 (Dec. 31, 2023: EUR 721.1 million).

Due to its long-standing relationships with its suppliers and customers, its broad range of products and services, and the organization's ability to adapt to changing market requirements, Brenntag believes it is very well positioned for future success and an active role in shaping the industry.

Results of operations

Business performance of the Brenntag Group

			Change	
in EUR m	**2024**	**2023**	in %	in % (fx. adj.)[1]
Sales	16,237.4	16,815.1	-3.4	-3.2
Operating gross profit[2]	4,025.4	4,041.8	-0.4	-0.2
Operating expenses	-2,568.6	-2,457.2	4.5	4.7
Operating EBITDA	1,456.8	1,584.6	-8.1	-7.8
Adjusted depreciation and impairment of property, plant and equipment and right-of-use assets	-354.9	-319.6	11.0	11.0
Operating EBITA	**1,101.9**	**1,265.0**	**-12.9**	**-12.5**
Net expense from special items	-111.4	-78.3	-	-
EBITA	990.5	1,186.7	-	-
Amortization of intangible assets	-75.1	-64.0	-	-
Net finance costs	-172.8	-119.9	-	-
Profit before tax	742.6	1,002.8	-	-
Income tax expense	-198.9	-281.7	-	-
Profit after tax	543.7	721.1	-	-

2.01 Business performance of the Brenntag Group

[1] Change in % (fx. adj.) is the percentage change on a constant currency basis.
[2] Gross profit was adjusted by EUR 21.6 million in the prior-year period due to the loss of inventories during major fires at sites in Canada and Turkey in the Brenntag Specialties division.

The Brenntag Group generated **sales** of EUR 16,237.4 million in financial year 2024, a year-on-year decline of 3.4%. On a constant currency basis, sales were down by 3.2% on the prior-year figure. The decline is the result of a fall in sales prices and was not offset by higher volumes. Both divisions contributed to this performance.

The Brenntag Group generated **operating gross profit** of EUR 4,025.4 million in financial year 2024, a decrease of 0.4% compared with the previous year. On a constant currency basis, operating gross profit was in line with the prior-year figure. The Brenntag Specialties division posted a slight decline in earnings due to a fall in operating gross profit per unit. Despite a meaningful increase in volumes, operating gross profit in the Brenntag Essentials division was roughly in line with the prior-year figure. This result is likewise due to a meaningful decline in operating gross profit per unit compared with a strong comparative period in this regard.

The Brenntag Group's **operating expenses** amounted to EUR 2,568.6 million in financial year 2024, a meaningful increase of 4.5% year on year (on a constant currency basis: 4.7%). On an organic basis, the Brenntag Group recorded a slight increase in costs compared with the previous year. This was due primarily to volume-driven increases in transport costs, increased costs for IT implementations in connection with the DiDEX initiative and inflation-driven general cost increases, which were not fully offset by the measures initiated under the cost-reduction program and lower variable personnel costs.

Adjusted depreciation and impairment of property, plant and equipment and right-of-use assets rose by EUR 35.3 million year on year to EUR 354.9 million in financial year 2024. This represents a rise of 11.0% compared with the previous year, or 11.0% on a constant currency basis. The acquisitions account for around a third of this.

The Brenntag Group's **operating EBITA** came to EUR 1,101.9 million in financial year 2024, a decrease of 12.9%. On a constant currency basis, this represents a decline in earnings of 12.5% compared with the prior-year figure. This significant decline in earnings stemmed from both divisions in financial year 2024 and in both divisions was driven by the fall in operating gross profit per unit in combination with cost increases.

Amortization of intangible assets amounted to EUR 75.1 million. Compared with financial year 2023, Brenntag recorded an increase of EUR 11.1 million.

Net expense from special items breaks down as follows:

in EUR m	2024	2023
Loss on the initiated sale of Raj Petro	-42.1	-
Expenses for strategy projects	-49.7	-10.5
Expenses for legal risks	-42.6	-31.4
Reversal of provisions for excise duties	10.6	-1.2
Major fires at warehouse sites in Canada and Turkey	15.4	-29.4
Other special items	-3.0	-5.8
Net expense from special items	**-111.4**	**-78.3**

2.02 Net expense from special items

A loss of EUR 53.4 million was recognized due to the initiated sale of Raj Petro. Of this amount, an impairment loss on property, plant and equipment and net working capital accounts for EUR 42.1 million recognized within net expense from special items, and an impairment loss on intangible assets for EUR 11.3 million.

Expenses for strategy projects amounted to EUR 49.7 million in financial year 2024. They mainly include severance and advisory expenses which will help to achieve the cost-reduction targets and which support the planning for the legal and operational disentanglement of the two divisions, Brenntag Specialties and Brenntag Essentials.

In financial year 2024, expenses of EUR 42.6 million were recognized for legal risks arising from the sale of talc and similar products in North America due to the number of actions brought.

Tax returns were submitted in connection with provisions recognized in 2023 for excise duty risks in Sweden. These led to a lower-than-expected tax liability. The reversal of the relevant provisions resulted in other operating income of EUR 10.6 million in financial year 2024.

For expenses in connection with the major fires at warehouse sites in Canada and Turkey in financial year 2023, income of EUR 15.4 million arose in financial year 2024 due predominantly to insurance payouts.

The other special items relate to expenses in connection with social security charges paid in previous years in Brazil.

Net finance costs came to EUR 172.8 million in financial year 2024 (2023: EUR 119.9 million), with the year-on-year change attributable mainly to four effects. Firstly, net interest expense widened year on year to EUR 133.7 million (2023: EUR 103.9 million) due mainly to higher debt. In addition, the change in purchase price obligations relating to the acquisition of non-controlling interests resulted in an expense of EUR 14.0 million in the period under review (2023: income of EUR 26.4 million). On the other hand, the expense arising on the translation of foreign currency receivables and liabilities in financial year 2024 was lower than in the previous year. Moreover, in financial year 2024, the classification of Turkey as a hyperinflationary economy in financial year 2022 increased net finance costs to much less of an extent than it did in the previous year.

Income tax expense fell by EUR 82.8 million year on year to EUR 198.9 million in financial year 2024. In addition to the fall in income tax expense due to the results, an improvement in the tax rate also contributed to lower income tax expense. This improvement is the result of the first-time recognition of deferred tax assets for loss carryforwards of the German consolidated tax group.

Profit after tax stood at EUR 543.7 million in financial year 2024 (2023: EUR 721.1 million).

			Change	
in EUR m	**2024**	**2023**	abs.	in %
Operating EBITA	1,101.9	1,265.0	-163.1	-12.9
Average carrying amount of equity	4,499.1	4,499.5	-0.4	-0.1
Average carrying amount of financial and lease liabilities	3,211.1	2,921.8	289.3	9.9
Average carrying amount of cash and cash equivalents	-648.4	-727.7	79.3	-10.9
ROCE	**15.6%**	**18.9%**	**-**	**-**
ROCE after special items	**14.0%**	**17.7%**	**-**	**-**

2.03 Return on capital employed (ROCE)

The Brenntag Group posted **ROCE** of 15.6% in financial year 2024, a fall of 3.3 percentage points compared with the previous year. This change is due mainly to the significant reduction in operating EBITA. Unadjusted for special items, ROCE fell to 14.0% in financial year 2024 (2023: 17.7%).

Business performance in the divisions

in EUR m	Brenntag Specialties	Brenntag Essentials	Group and Regional Services	**Brenntag Group**
Operating gross profit[1]				
2024	1,173.2	2,852.2	-	4,025.4
Change versus 2023 in %	-2.1	0.3	-	-0.4
fx. adj. change versus 2023 in %	-1.2	0.2	-	-0.2
Operating EBITA				
2024	446.9	780.7	-125.7	1,101.9
Change versus 2023 in %	-13.1	-13.9	-19.6	-12.9
fx. adj. change versus 2023 in %	-11.9	-14.1	-19.6	-12.5

2.04 Business performance in the divisions

[1] Gross profit was adjusted by EUR 21.6 million in the prior-year period due to the loss of inventories during major fires at sites in Canada and Turkey in the Brenntag Specialties division.

Brenntag Specialties

in EUR m	Life Science	Material Science	Specialties Other	**Brenntag Specialties**
Operating gross profit[1]				
2024	829.9	325.4	17.9	1,173.2
Change versus 2023 in %	-1.6	-1.0	-30.9	-2.1
fx. adj. change versus 2023 in %	-0.7	-0.6	-27.8	-1.2
Operating EBITA[2]				
2024	340.7	115.5	-1.8	446.9
Change versus 2023 in %	-10.2	-9.0	-118.9	-13.1
fx. adj. change versus 2023 in %	-9.0	-8.4	-121.4	-11.9

2.05 Business performance in the segments / Brenntag Specialties

[1] Gross profit was adjusted by EUR 21.6 million in the prior-year period due to the loss of inventories during major fires at sites in Canada and Turkey.
[2] The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Specialties division came to EUR 1,173.2 million in financial year 2024, a decrease of 2.1% on the prior-year figure. On a constant currency basis, operating gross profit was slightly lower year on year. This change is attributable to a fall in sales prices, while volumes were in line with the prior-year figure. Operating gross profit per unit has shown a sequential improvement since the second quarter of financial year 2024, but for the year as a whole this indicator remained below the prior-year figure.

Operating EBITA in the Brenntag Specialties division came to EUR 446.9 million in financial year 2024, a decrease of 13.1% on the prior-year figure. On a constant currency basis, this represents a decline of 11.9%. All segments of the Brenntag Specialties division contributed to this result. Besides the decrease in operating gross profit, the decline in operating EBITA was due especially to much higher costs. Around a third of the rise in costs is attributable to the acquisitions made. Added to this is the inflation-driven increase in personnel costs and other operating costs. In addition, further costs in connection with the DiDEX initiative were allocated internally by “Group and Regional Services”. These are costs from previous years which had previously remained in “Group and Regional Services” and were only charged on in 2024 when various services were introduced.

Brenntag Essentials

in EUR m	EMEA	North America	Latin America	APAC	Trans-regional	**Brenntag Essentials**
Operating gross profit						
2024	994.7	1,536.8	166.6	141.6	12.5	2,852.2
Change versus 2023 in %	0.8	0.3	2.5	6.1	-56.3	0.3
fx. adj. change versus 2023 in %	0.1	0.5	3.0	7.7	-56.3	0.2
Operating EBITA[1)]						
2024	276.5	469.3	14.1	17.3	6.4	780.7
Change versus 2023 in %	-11.7	-10.2	-52.4	-13.5	-70.2	-13.9
fx. adj. change versus 2023 in %	-12.6	-10.0	-53.0	-12.2	-70.2	-14.1

2.06 Business performance in the segments / Brenntag Essentials

[1)] The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Essentials division increased by 0.3% year on year to EUR 2,852.2 million in financial year 2024. On a constant currency basis, operating gross profit was in line with the prior-year figure. With the exception of the Transregional segment, all other segments achieved an increase in volumes both on an organic basis and including the new acquisitions. Higher volumes offset the fall in operating gross profit per unit.

Operating EBITA in the Brenntag Essentials division dropped by 13.9% year on year to EUR 780.7 million in financial year 2024. On a constant currency basis, it showed a decrease of 14.1%. This was due to increased costs. Over half of the increase in costs is attributable to the acquisitions made. Moreover, higher volumes led to an increase in transport costs in all segments. In addition, costs in connection with the DiDEX initiative were allocated internally from "Group and Regional Services". These are costs from previous years which had previously remained in "Group and Regional Services" and were only charged on this year when various services were introduced.

Group and Regional Services

In addition to the central functions for the entire Group, "Group and Regional Services" also include the regional service functions and the activities with regard to the digitalization of Brenntag's business. In financial year 2024, Brenntag recorded a significant year-on-year reduction in costs. This was due mainly to the higher allocations of costs for the DiDEX initiative to the two divisions Brenntag Specialties and Brenntag Essentials. These are costs from previous years which had previously remained in "Group and Regional Services" and were only charged on to the two divisions this year when various services were introduced. Even adjusted for these cost allocations, the result in "Group and Regional Services" showed a substantial improvement compared with the previous year. This positive performance was achieved, among other factors, as a result of lower variable personnel costs, which were below the prior-year figure due to lower bonus forecasts.

Overall, the **operating EBITA** of "All other Segments" came to EUR -125.7 million in financial year 2024, a decrease of 19.6% year on year (on a constant currency basis: 19.6%).

Forecast / Actual comparison

In financial year 2024, the chemical markets served by Brenntag experienced a longer-than-expected trough in the industry cycle that was marked by strong competition and pressure on average sales prices. Given macroeconomic conditions and the global impact of the war in Ukraine, the resulting high energy prices and the development of inflation rates, the operating EBITA performance is acceptable. Forecast earnings include the contribution from acquisitions closed and exclude foreign currency translation effects arising after the date of the forecast's preparation. The year-end results were at the lower end of the forecast range communicated at the time of the publication of the half-year results. For financial year 2024, Brenntag had forecast operating EBITA of between EUR 1,230.0 million and EUR 1,430.0 million. In the first quarter of 2024, Brenntag guided towards the lower end of the communicated range. At the time of the publication of the half-year results, the guidance was again lowered to between EUR 1,100 million and EUR 1,200 million in light of the trends and forecasts in the chemical industry. The guidance adjustments were based on the performance in the past quarters of 2024, the trend in earnings in the current quarter and the outlook for the rest of the year. One factor particularly worthy of mention here is the lack of a recovery in average sales prices, which led to the original forecast for operating gross profit being missed despite a year-on-year increase in volumes. The forecast also reflected expectations for future market conditions. The forecasts were based on the assumption at the date of their publication that exchange rates would remain stable. Most recently, when the financial results for the third quarter were published, the revised earnings forecast was confirmed. At year-end the Brenntag Group achieved operating EBITA of EUR 1,101.9 million and therefore failed to reach the range initially communicated. However, operating EBITA was at the lower end of the range given in August 2024.

The Brenntag Group forecast a moderate rise in operating EBITA in both divisions in financial year 2024, with the relative rise for the Brenntag Essentials division expected to be lower than for the Brenntag Specialties division. For Brenntag Essentials, operating EBITA was down by 14.1% on the prior-year figure. For Brenntag Specialties, operating EBITA fell by 11.9%. Therefore, the forecast issued at the beginning of the year could not be confirmed.

Moreover, the Brenntag Group anticipated a meaningful rise in operating gross profit slightly above that in operating EBITA. It expected the rise in operating gross profit to be attributable to both divisions and assumed that the relative rise at Brenntag Specialties and Brenntag Essentials would be of a similar magnitude. Overall in financial year 2024, the Brenntag Group generated operating gross profit of EUR 4,025.4 million, a year-on-year decrease of 0.2% on a constant currency basis. Operating gross profit showed a year-on-year rise of 0.2% for Brenntag Essentials and a year-on-year fall of 1.2% for Brenntag Specialties on a constant currency basis. The forecasts for operating gross profit were therefore missed. Due to the continuing pressure on operating gross profit per unit as a result of low sales prices, absolute operating gross profit remained below expectations despite a rise in volumes.

At the beginning of financial year 2024, Brenntag anticipated a moderate improvement in working capital turnover compared with the reported averages for the previous financial year. Combined with meaningful sales growth, Brenntag expected a moderate increase in average working capital. Contrary to expectations, external sales for the current year were lower than in the previous year. Nevertheless, the positive change in average working capital resulted in a rise in annualized working capital turnover of 0.3x. Overall in financial year 2024, Brenntag achieved a meaningful reduction in average working capital of more than EUR 150 million compared with the previous year.

Brenntag expected a significant reduction in free cash flow in financial year 2024. This forecast was due in particular to the price-related working capital effect from the previous year, which resulted in a very high free cash flow and could not be budgeted again for 2024. With free cash flow at EUR 892.6 million (2023: EUR 1,712.0 million), this forecast was confirmed.

Financial position

Capital structure

Brenntag's capital structure strategy ensures financial resilience, maintaining flexibility to meet investment needs and strategic expansion. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in Brenntag's financing structure is the Group-wide syndicated loan agreement. As at December 31, 2024, this totaled the equivalent of EUR 1.5 billion. The syndicated loan originally had a term running until February 2028, which at the beginning of 2024 was initially extended until February 2029 and at the end of 2024 was ultimately extended until February 2030 through two extension options. It is based on variable interest rates with margins depending on the credit rating, and is divided into two revolving credit facilities – one credit facility in the amount of EUR 1 billion and a USD credit facility in the amount of USD 525.0 million (equivalent in euros as at Dec. 31, 2024: EUR 505.3 million). The margin is also linked to the achievement of certain Brenntag Group sustainability targets.

As at December 31, 2024, Brenntag had no outstanding liabilities under the syndicated loan (before offsetting of transaction costs). Only a very small amount of the EUR 1 billion credit facility had been drawn down for bank guarantees. The USD credit facility, on the other hand, was entirely unutilized as at December 31, 2024. Both credit facilities are available for further drawdowns at any time. The syndicated loan is guaranteed by Brenntag SE.

In addition, the Brenntag Group's financing consists of the following instruments (in ascending order according to maturity):

- a EUR 600.0 million bond (**Bond 2025**) maturing in 2025 and carrying an annual coupon of 1.125%.
- promissory notes totaling EUR 330.0 million and USD 180.0 million (equivalent in euros as at Dec. 31, 2024: EUR 173.3 million) (**Promissory Notes 2027 / 2029**). The promissory notes were issued in a total of seven tranches maturing in 2025, 2027 and 2029 and carrying both floating and fixed interest rates. In 2024, Brenntag repaid the two floating-rate tranches in the amount of EUR 60.0 million and USD 70.0 million (equivalent in euros at the repayment date: EUR 64.5 million) maturing in 2025 ahead of schedule, as a result of which the outstanding EUR tranches decreased from the original amount of EUR 390.0 million to the above-stated EUR 330.0 million, the outstanding USD tranches decreased from the original amount of USD 250.0 million to the above-stated USD 180.0 million and the total number of outstanding tranches was reduced from seven to five.
- a EUR 500.0 million bond issued in April 2024 (**Bond 2028**) maturing in 2028 and carrying an annual coupon of 3.750%.
- a EUR 500.0 million bond (**Bond 2029**) maturing in 2029 and carrying an annual coupon of 0.500%. Most of the proceeds from the Bond 2029 were swapped for US dollars by way of a long-dated derivative (cross-currency interest rate swap).
- a EUR 500.0 million bond also issued in April 2024 (**Bond 2032**) maturing in 2032 and carrying an annual coupon of 3.875%.

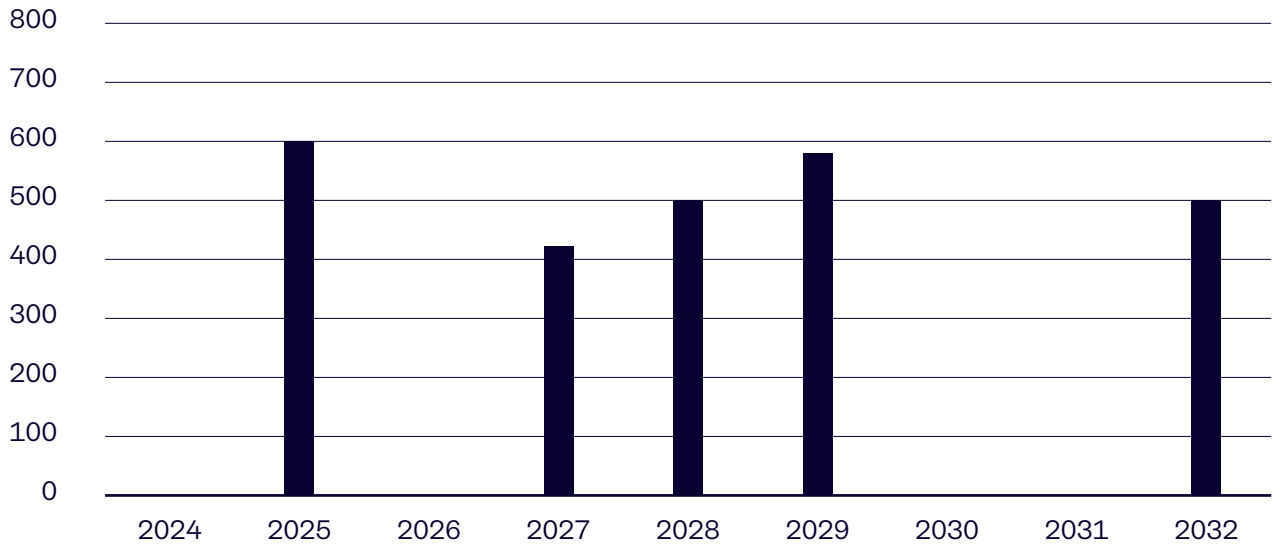
The three latter bonds (Bond 2028, Bond 2029 and Bond 2032) were issued under the debt issuance program newly established in 2021.

The Bonds 2028 and 2032 issued in April 2024 mainly facilitate the early refinancing of the Bond 2025 and the tranches of the promissory notes falling due in 2025. As mentioned above, the latter were repaid ahead of schedule in 2024 using the funds from the new bonds.

In addition to the above-mentioned financing instruments, some Group companies make use of credit lines with local banks in consultation with Group Treasury.

Due to the four fixed-rate bonds and the partly fixed-rate promissory notes, approximately 80% of the Brenntag Group's financial liabilities were hedged against the risk of interest rate increases as at December 31, 2024.

According to its short- and mid-term financial planning, Brenntag expects the capital requirements for operating activities, planned investments and projects, and dividends and acquisitions on the assumed scale to be covered by the cash provided by operating activities. To cover short-term liquidity requirements and for general corporate purposes, it likewise has the aforementioned credit facilities under the syndicated loan.



2.07 Maturity profile of our credit portfolio[1] as at December 31, 2024 in EUR m

[1] Bond 2025, Promissory Notes 2027 / 2029, Bond 2028, Bond 2029 and Bond 2032, each excluding accrued interest and transaction costs. As explained above, there were no financial liabilities (before offsetting of transaction costs) under the syndicated loan (maturing in 2030) as at December 31, 2024.

Investments

In financial year 2024, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 342.2 million (2023: EUR 321.1 million).

Brenntag regularly invests in the maintenance, replacement and extension of the Group infrastructure necessary to perform its services, such as warehouses, offices, trucks, field service vehicles and IT hardware for various systems.

Investments in intangible assets amounted to EUR 18.8 million in financial year 2024 (2023: EUR 15.5 million) and related mainly to digitalization.

Investments are usually funded from cash flow and / or available cash from the respective Group companies. With larger investment projects which cannot be covered by local funds, financing is provided by the Group.

Cash flow

in EUR m	2024	2023
Net cash provided by operating activities	**906.6**	**1,663.9**
Net cash used in investing activities	**-749.0**	**-558.3**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	-436.4	-277.3
of which payments to acquire intangible assets and property, plant and equipment	-342.2	-321.1
of which proceeds from divestments	29.6	40.1
Net cash provided by / used in financing activities	**23.0**	**-1,553.8**
of which dividends paid to Brenntag shareholders	-303.2	-304.7
of which bonds issued	994.9	-
of which repayments of / proceeds from borrowings	-338.4	-738.1
of which payments to acquire treasury shares	-250.1	-496.2
of which other financing activities	-80.2	-14.8
Change in cash and cash equivalents	**180.6**	**-448.2**

2.08 Cash flow

Brenntag generated EUR 906.6 million in operating cash flow, down from EUR 1,663.9 million in 2023, primarily due to a EUR 45.8 million increase in working capital (2023: decrease of EUR 608.7 million).

Of the net cash of EUR 749.0 million used in investing activities (2023: EUR 558.3 million), EUR 342.2 million (2023: EUR 321.1 million) comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units, in the amount of EUR 436.4 million, consisted mainly of payments to acquire all shares in the Solventis Group based in Belgium and the UK, Química Delta S.A. de C.V based in Teoloyucan, Mexico, Lawrence Industries Ltd. headquartered in Tamworth, UK, Monarch Chemicals with two sites in the southeast of England and Scotland, and the site and business operations of Industrial Chemicals Corporation (ICC) in Denver, Colorado, USA.

The main driver of the net cash of EUR 23.0 million provided by financing activities (2023: net cash of EUR 1,553.8 million used in financing activities) were the total cash inflows of EUR 1.0 billion from the bonds issued. In addition to bank loans taken out and repaid as well as lease liabilities repaid, EUR 250.1 million were used to acquire treasury shares and a further EUR 303.2 million for the dividend payment to Brenntag shareholders.

Free cash flow

			Change	
in EUR m	**2024**	**2023**	abs.	in %
Operating EBITDA	1,456.8	1,584.6	-127.8	-8.1
Payments to acquire intangible assets and property, plant and equipment	-342.2	-321.1	-21.1	6.6
Change in working capital	-45.8	608.7	-654.5	-107.5
Principal and interest payments on lease liabilities	-176.2	-160.2	-16.0	10.0
Free cash flow	**892.6**	**1,712.0**	**-819.4**	**-47.9**

2.09 Free cash flow

The Brenntag Group's free cash flow amounted to EUR 892.6 million in financial year 2024, a decrease of 47.9% on the previous year.

This is due mainly to the year-on-year change in working capital. In the previous year, the change in working capital was shaped especially by price effects. Capital expenditure to expand the Group's infrastructure was up by 6.6% on the prior-year figure.

Net assets

	Dec. 31, 2024		Dec. 31, 2023	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**5,088.9**	**43.6**	**4,612.6**	**44.6**
of which trade receivables	2,282.5	19.6	2,263.1	21.9
of which inventories	1,518.4	13.0	1,376.4	13.3
Non-current assets	**6,579.1**	**56.4**	**5,725.2**	**55.4**
of which goodwill	3,446.0	29.5	3,210.8	31.1
Total assets	**11,668.0**	**100.0**	**10,337.8**	**100.0**
Liabilities and equity				
Current liabilities	**3,478.2**	**29.8**	**3,021.0**	**29.2**
of which trade payables	1,661.6	14.2	1,633.7	15.8
of which financial and lease liabilities	949.4	8.1	562.7	5.4
Equity and non-current liabilities	**8,189.8**	**70.2**	**7,316.8**	**70.8**
of which financial and lease liabilities	2,606.9	22.3	2,201.0	21.3
of which equity	4,762.0	40.8	4,356.7	42.1
Total liabilities and equity	**11,668.0**	**100.0**	**10,337.8**	**100.0**

2.10 Net assets

As at December 31, 2024, total assets had increased by EUR 1,330.2 million compared with the end of the previous year to EUR 11,668.0 million (Dec. 31, 2023: EUR 10,337.8 million). This rise is due mainly to the Bonds 2028 and 2032 issued in 2024 and exchange rate effects.

At 7.6, annualized working capital turnover was above the prior-year figure (7.3).

The Brenntag Group's non-current assets rose by EUR 853.9 million year on year to EUR 6,579.1 million (Dec. 31, 2023: EUR 5,725.2 million). Acquisitions account for EUR 552.6 million of the rise.

Upon completion of the second tranche of the share buyback program launched in January 2024, the subscribed capital was reduced by a nominal amount of around EUR 3.1 million by canceling the shares in March 2024 and the excess amount of EUR 247.0 million was eliminated against additional paid-in capital. The subscribed capital now amounts to around EUR 144.4 million.

Cash and cash equivalents increased by EUR 186.4 million compared with the 2023 year-end figure to EUR 763.3 million (Dec. 31, 2023: EUR 576.9 million). The main items set against net cash provided by operating activities and by the placement of the Bonds 2028 and 2032 were the payments of EUR 250.1 million for the aforementioned share buybacks, Brenntag SE's dividend payment of EUR 303.2 million in the second quarter of 2024 and the net cash used in investing and acquisition activities and to repay the 2025 tranches of the promissory notes ahead of schedule.

Overall, net financial liabilities changed as follows compared with the end of the previous year:

in EUR m	Dec. 31, 2024	Dec. 31, 2023
Liabilities under syndicated loan	–	45.6
Other liabilities to banks	132.8	182.1
Promissory notes (Schuldschein)	508.1	622.5
Bond 2025	601.1	600.1
Bond 2028	510.4	–
Bond 2029	498.4	498.0
Bond 2032	507.8	–
Derivative financial instruments	44.4	29.0
Liabilities relating to the acquisition of treasury shares	–	250.0
Other financial liabilities	136.0	86.6
Total	**2,939.0**	**2,313.9**
Lease liabilities	617.3	449.8
Cash and cash equivalents	763.3	576.9
Net financial liabilities	**2,793.0**	**2,186.8**

2.11 Net financial liabilities

Annual financial statements of Brenntag SE

General information

Brenntag SE is the parent and the strategic management holding company of the Brenntag Group. The key management functions at overall Group level are the responsibility of the Board of Management. These primarily include setting the Group strategy and deciding on the allocation of resources, as well as executive development and financial management.

The annual financial statements of Brenntag SE have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Brenntag SE has its registered office at Messeallee 11, 45131 Essen and is entered in the commercial register at the Essen Local Court under commercial register number HRB 31943.

The full annual financial statements of Brenntag SE are submitted to and published in the Company Register in electronic format.

Business performance

The net assets, financial position and results of operations of Brenntag SE are determined mainly by the business success of the Brenntag Group's investees. The section "Business performance" in the Report on economic position reports in detail on the performance and success of the Group and the divisions.

At EUR 312.4 million, the net income achieved in financial year 2024 was well above the prior-year figure, as expected (2023: EUR 120.6 million). This performance was supported by higher profit distributions from subsidiaries and second-tier subsidiaries.

Results of operations of Brenntag SE

in EUR m	2024	2023
Sales	298.5	226.7
Other own work capitalized	0.6	–
Other operating income	114.1	115.8
Cost of materials	–277.4	–194.7
Personnel expenses	–55.5	–62.4
Amortization and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment	–10.3	–4.0
Other operating expenses	–218.1	–240.3
Net finance income	471.6	288.2
Profit before tax	**323.6**	**129.3**
Taxes on income	–11.2	–8.7
Profit after tax / net income for the financial year	**312.4**	**120.6**
Retained profits brought forward	–	4.3
Appropriation to retained earnings	–9.2	–4.3
Withdrawal from retained earnings	–	203.9
Distributable profit	**303.2**	**324.5**

2.12 Brenntag SE / Income statement in accordance with the German Commercial Code (HGB)

Sales resulted exclusively from sales to affiliated companies. Of the total, revenues from the provision of services to affiliated companies, which resulted mainly from IT services and other management services provided, accounted for EUR 294.8 million (2023: EUR 222.8 million). The year-on-year rise in sales in financial year 2024 is due to the increased volume of intra-Group services.

Other operating income decreased by EUR 1.7 million to EUR 114.1 million. The decrease is attributable mainly to a decline in income from foreign currency hedges.

Cost of materials of EUR 277.4 million (2023: EUR 194.7 million) consisted solely of the cost of purchased services. Cost of materials rose due to the increased volume of intra-Group service agreements.

The EUR 6.9 million decrease in personnel expenses to EUR 55.5 million is due predominantly to a fall in variable remuneration.

Other operating expenses amounted to EUR 218.1 million (2023: EUR 240.3 million). Derivative financial instruments, advisory expenses, primarily in IT and other strategic projects, and lease expenses were the main contributors to expenses. The reduction was due to the EUR 21.1 million decline in expenses from derivative financial instruments to EUR 48.8 million.

Only depreciation and amortization charges were recognized in financial year 2024.

As in the previous year, net finance income consisted mainly of income from profits transferred by Brenntag Holding GmbH, Essen. For 2024, this stood at EUR 487.3 million (2023: EUR 276.5 million). Net interest expense in the amount of EUR 15.7 million (2023: net interest income of EUR 11.7 million) was driven mainly by intra-Group financing activities.

As at December 31, 2024, temporary differences – both Brenntag SE's own and those at companies in the consolidated tax group and German partnerships – gave rise to a future tax receivable, as deferred tax assets exceeded deferred tax liabilities. Applying the option under Section 274, para. 1, sentence 2 of the German Commercial Code, a deferred tax asset was not recognized for the excess of deferred tax assets over deferred tax liabilities.

Financial position and net assets of Brenntag SE

in EUR m	Dec. 31, 2024	Dec. 31, 2023
Fixed assets	2,629.1	2,567.8
Current assets including prepaid expenses	1,818.0	1,686.8
Total assets	**4,447.1**	**4,254.6**
Equity	1,871.5	2,112.4
Provisions	92.7	90.4
Liabilities	2,482.9	2,051.8
Total equity and liabilities	**4,447.1**	**4,254.6**

2.13 Brenntag SE / Balance sheet in accordance with the German Commercial Code (HGB) – condensed version

The net assets of Brenntag SE reflect the company's holding function and its activity as the Group's central financing company. Fixed assets in the amount of EUR 2,629.1 million (Dec. 31, 2023: EUR 2,567.8 million) consisted almost exclusively of financial assets. These comprise the investment in Brenntag Holding GmbH, an intermediate holding company with further subsidiaries and second-tier subsidiaries.

Current assets including prepaid expenses rose by EUR 131.2 million to EUR 1,818.0 million. The rise related, firstly, to receivables due from affiliated companies, which amounted to EUR 1,687.7 million (Dec. 31, 2023: EUR 1,569.9 million), and consist mainly of finance receivables and, secondly, to cash at bank and in hand, which amounted to EUR 85.8 million (Dec. 31, 2023: EUR 45.5 million). It is important to bear in mind here that the amount for the reporting period includes invested funds from the placement of the Bonds 2028 and 2032.

The equity of Brenntag SE decreased by EUR 240.9 million to EUR 1,871.5 million. In addition to the dividend of EUR 303.2 million paid for financial year 2023, this decrease is due in particular to the cancelation of EUR 250.1 million of treasury shares under the share buyback program explained below.

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of the second tranche in the period to March 6, 2024, Brenntag SE acquired 3,068,465 no-par value shares, each with a notional value of EUR 1.00 (EUR 249,999,944.46 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to cancel treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 147,453,837.00 – by EUR 3,068,465 – by canceling 3,068,465 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to March 6, 2024. The 3,068,465 no-par value shares held by the company and acquired under the share buyback program were canceled. The subscribed capital therefore amounted to EUR 144.4 million in total as at December 31, 2024 (Dec. 31, 2023: EUR 147.5 million) and is divided into 144,385,372 (Dec. 31, 2023: 147,453,837) no-par value registered shares.

Provisions amounted to EUR 92.7 million in total (Dec. 31, 2023: EUR 90.4 million) and consisted mainly of provisions for pensions and similar obligations, provisions for taxes, provisions for outstanding invoices and provisions for other personnel expenses. Provisions for taxes increased by EUR 7.4 million to EUR 11.1 million. Provisions for other personnel expenses decreased by EUR 9.7 million to EUR 13.6 million.

Liabilities of EUR 2,482.9 million (Dec. 31, 2023: EUR 2,051.8 million) related mainly to liabilities to affiliated companies, which rose by EUR 612.6 million year on year to EUR 1,960.6 million.

Expected development, opportunities and risks of Brenntag SE

In line with its function as a holding company, Brenntag SE's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the business performance of subsidiaries and decisions on dividend distributions. Thus, Brenntag SE's expected performance in financial year 2025 and the risk situation also depend to a significant extent on the performance of the Group as a whole and its opportunities and risk situation. This is covered in the Report on expected developments, opportunities and risks in the Brenntag Group's combined management report. In this respect, the statements made there regarding the expected performance and the risk position of the Group also apply to the future performance and the risk position of Brenntag SE. In addition, the risk management tools and methods for the financial instruments of Brenntag SE are explained in the report on opportunities and risks.

Brenntag SE's most significant financial performance indicator is the net income for the financial year recognized in the financial statements prepared in accordance with German commercial law. Due to the potential for distributions of retained profits at subsidiaries and the profit and loss transfer agreements entered into, we expect to generate net income for financial year 2025 that is on a par with that of the previous year. At Brenntag, intra-Group profits are distributed taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag SE in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

Appropriation of distributable profit of Brenntag SE

The net income of Brenntag SE as at December 31, 2024 was EUR 312,402,022.08. After allowing for the transfer of EUR 9,192,740.88 to retained earnings, the distributable profit is EUR 303,209,281.20.

At the Annual General Meeting on May 22, 2025, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 303,209,281.20 be used to pay a dividend of EUR 2.10 per no-par value share entitled to a dividend; that is EUR 303,209,281.20 in total.

Employees

As at December 31, 2024, Brenntag had 18,122 employees worldwide, including the 639 employees of the companies newly acquired in 2024. 90.6% of the workforce work outside Germany. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included. Excluding the new acquisitions, the total number of people employed in the Brenntag Group declined by 226, or 1.3%, compared with the previous year. Voluntary employee turnover was 7.5% on average across the Group (2023: 7.8%).

	Dec. 31, 2024		Dec. 31, 2023[1]	
Headcount	abs.	in %	abs.	in %
Brenntag Specialties	3,594	19.8	3,614	20.4
Brenntag Essentials	12,237	67.5	11,866	67.0
Group and Regional Services	2,291	12.7	2,229	12.6
Brenntag Group	**18,122**	**100.0**	**17,709**	**100.0**

2.14 Employees per division

[1] The prior-year figures were adjusted to reflect the current portfolio allocation.

Report on expected developments, opportunities and risks

Report on expected developments

The Brenntag Group expects 2025 to be another financial year shaped by subdued global economic demand, geopolitical tensions such as the ongoing war in Ukraine and the uncertainty in the Middle East, and sustained moderate inflationary pressures. Moreover, at the time of preparation of the report on expected developments, it is still completely unclear what impact the election result in the United States will have on the most important sales markets. This continues to result in a still greater-than-average degree of uncertainty over growth expectations for the global economy. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will grow only slightly again in 2025: Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of +2.2% in 2025, slightly above the forecast for 2024.

In light of the continuing economic uncertainty and the fact that global economic growth is expected to remain subdued, Brenntag expects the Group's operating EBITA for financial year 2025 to be between EUR 1,100 million and EUR 1,300 million. This forecast takes into account the contributions to earnings from acquisitions already closed and assumes that exchange rates will remain stable compared with those at the time of the forecast.

After the Brenntag Specialties and Brenntag Essentials divisions recorded a decline in operating EBITA in 2024, the Brenntag Group expects a meaningful rise in operating EBITA in both divisions in 2025. It is expected that Brenntag Essentials will report a slightly higher relative rise in operating EBITA. This is due in particular to the acquisition of Química Delta S.A. de C.V. and the Solventis Group, which in 2025 will contribute to an improvement in earnings throughout the entire year.

The meaningful increase in operating EBITA is higher than the moderate increase expected in operating gross profit. Here, the Brenntag Group is assuming a slight rise in operating gross profit per unit and a moderate increase in volumes. The rise in operating gross profit will be driven by a rise in operating gross profit in both divisions. In this case, it is anticipated that the relative rise at Brenntag Specialties and Brenntag Essentials will be of a similar magnitude. Lastly, it is expected that the relative increase in EBITA will be higher than the increase in operating gross profit due to the cost-reduction program in combination with management of the anticipated effects of inflation and personnel costs.

Following an increase in working capital turnover in the past financial year, Brenntag anticipates that, in 2025, it will once again be able to achieve a moderate improvement in working capital turnover compared with the reported averages for the past financial year. Overall, however, Brenntag expects the planned business activity and the improvement in working capital turnover to result in a slight increase in working capital.

Assuming that exchange rates remain stable, Brenntag expects free cash flow in 2025 to be significantly higher than in the previous year. This takes into account capital expenditure of around EUR 300 million in financial year 2025, including expenditure to optimize the global site network. Brenntag is also investing more in safety and sustainability at the sites. It is intended to use this free cash flow to continue to ensure Brenntag's acquisition strategy and dividend policy and fund the expenses expected in 2025 in connection with the implementation of the company's transformation and growth strategy. At the same time, it is intended to maintain liquidity at an adequate level.

Main elements of the internal control / risk management system[1)]

It is essential to Brenntag's long-term success that opportunities and risks are identified at an early stage and leveraged or managed. The aim of risk management is to identify, monitor and mitigate emerging risks at an early stage or to prevent them completely. The risk management system consists of risk reporting (an early detection system), controlling, an internal monitoring system and individual measures to identify new risks at an early stage and limit any known risks. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

The risk management system is continuously further developed in accordance with the requirements of Section 91, para. 2 of the German Stock Corporation Act (AktG). In the reporting period, the risk management software underwent further technical development to improve transparency in the capture process. By building a risk management hub, we are promoting knowledge transfer in risk management for everyone involved in the process.

The Risk Management and Internal Control Committee continuously monitors, coordinates and improves risk management and internal control functions and activities. It reviews risk management-related strategies and guidelines and monitors their implementation, maintenance and approval. It also deals with the process-related review in that it tracks countermeasures and checks their plausibility.

The risk-bearing capacity concept is based on a combined equity and liquidity approach.

To determine the entities included in the risk capture process, risk-related materiality thresholds are derived from Brenntag's risk appetite, with the respective EBITA serving as the key metric. Material qualitative risk factors such as business model complexity, the maturity of governance, risk and compliance functions, specific local regulatory requirements and an entity's significance are also considered.

To take into account early risk detection, the risks for the following two years are also captured.

Measures to effectively reduce a potential or real risk are assigned a specific mitigation strategy and a status. If the measure is to be implemented in the future, a partial completion rate or an implementation date must be given.

Risk reporting (early detection system)

Brenntag continually identifies and analyzes risks at the Group companies and constantly improves internal workflows and the IT systems used throughout the Group.

Responsibility for risks at the entities included in the risk capture process lies initially with the legal units in the Brenntag Group. This includes identifying risks and estimating their effects. It must also be ensured that there are suitable measures in place to reduce risks.

The biannual risk inventories are one important tool for global risk management. These are performed at the Group companies and at the highest Group level with system support and documented by the system. In addition, all units have been instructed to immediately report any significant risks emerging (ad hoc reporting) to Group headquarters. Risks are captured using a system-supported tool.

The risk inventories gather estimations on existing risks. Standardized risk catalogs giving examples of the typical risks for the Brenntag Group are used as a system for gathering this information. In doing so, thematically related risks are grouped into risk categories. Any risks which are identified are assessed with regard to the possible extent of damage and their probability of occurrence, in each case on a five-level scale.

First, the gross risk is assessed. The gross risk is the maximum damage if no counteraction is taken. If a risk can be reliably counteracted by effective action, these measures have to be shown in risk profiles and assessed with regard to their effectiveness. The residual risk (net risk) is then the gross risk less the effect of measures taken to reduce the risk. These measures are supplemented with the mitigation strategy applied and the status of implementation.

[1)] The disclosures in this section also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

Brenntag classifies net risks as "critical", "high", "medium" or "low" according to the estimated probability of occurrence and the possible extent of damage, i.e. the negative impact on the results of operations, the financial position and cash flow. The extent of damage is classified by inferring percentages with respect to Group EBITA. As at December 31, 2024, this gives the following risk matrix for the 2025 analysis period:

			Probability of occurrence				
Possible extent of damage			Highly improbable	Improbable	Possible	Probable	Highly probable
Qualitative	in EUR m	in EUR m (old)	< 6%	6-25%	26-50%	51-70%	> 70%
Critical	> 267	> 283	**Medium**	**High (Medium)**	**High**	**Critical (High)**	**Critical (High)**
High	> 107-267	> 113-283	**Low (Medium)**	**Medium**	**High (Medium)**	**High**	**Critical (High)**
Medium	> 53-107	> 57-113	**Low**	**Medium**	**Medium**	**High (Medium)**	**High**
Low	> 11-53	> 11-57	**Low**	**Low**	**Medium**	**Medium**	**High (Medium)**
Insignificant	≤ 11	≤ 11	**Low**	**Low**	**Low**	**Low (Medium)**	**Medium**

2.15 Risk assessment matrix

The individual risks reported are consolidated at regional level and for the Group and then presented to the Risk Management and Internal Control Committee, the Board of Management and the Supervisory Board.

A Monte Carlo simulation is used to assess and aggregate the risks. The resulting value at risk (VaR 95) is compared against risk-bearing capacity in order to ensure the stability and sustainability of business activities from a risk perspective as well.

Risk capture at local level includes risks only, not opportunities. In addition, the risks identified are evaluated and opportunities assessed by the function heads at the level of Brenntag SE (top-down review). The estimate of the risks per risk category and the opportunities and risks are explained in detail in the section "Report on opportunities and risks".

The process for systematically identifying and assessing risks for the Group companies is regularly audited by Internal Audit Brenntag Group. In addition, the statutory auditor, as an independent, external party, assesses the general suitability of the risk early detection system in the course of its audit of the annual financial statements.

Controlling

The Corporate Controlling department immediately processes the information gained from the monthly and quarterly reports and can thus identify and communicate risks and opportunities. This also includes an analysis of the reasons for any deviations from planned figures. On the basis of any identified deviations from planned figures, the Corporate Controlling department regularly examines the achievability of targets in forecasts, indicating the associated opportunities and risks. The financial performance indicators examined are described mainly in the section "Financial management system", first and foremost operating EBITA.

The ongoing evaluation of opportunity and risk potential in all segments is also an elementary part of Brenntag's strategy, which is described in detail in the section "Objectives and strategy". As part of regular strategy development, Brenntag analyzes the market opportunity and risk situation in each Brenntag segment and, on this basis, establishes goals and value-enhancing measures designed to mitigate risks and exploit opportunities. Finally, the situation analysis and business operation plans are regularly reviewed in discussions on business performance.

Internal monitoring system

Another important part of risk management in the Brenntag Group is the internal monitoring system consisting of the organizational security measures, internal controls and internal audit.

The internal control system comprises all central and decentralized policies and regulations adopted by the Board of Management and the regional and local management teams with the aim of ensuring

- the effectiveness and efficiency of the workflows and processes,
- the completeness, correctness and reliability of internal and external financial reporting as well as
- the Group-wide observance of applicable laws and regulations (compliance).

Both the efficiency of the workflows and processes and the effectiveness of the internal control systems set up in the decentralized units as well as the reliability of the systems used are regularly examined by Internal Audit Brenntag Group. The results of these audits are reported immediately. Thus, Brenntag ensures that the Board of Management and the Audit Committee are kept continuously informed of any weaknesses and any resulting risks, along with the appropriate recommendations to eliminate the weaknesses. Moreover, in 2024 measures were implemented to further develop the internal control system. These aim to extend the control environment and further enhance the quality and transparency of internal controls. In the reporting period, a regular and extensive ICS self-evaluation process was introduced to systematically review and continuously refine the design and effectiveness of the existing internal controls.

Internal control system related to the (Group) accounting process (report in accordance with Section 289, para. 4 and Section 315, para. 4 of the German Commercial Code (HGB))

The Group accounting process is managed by the Corporate Accounting department. A major element of the internal control system related to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

There are also other Group-wide guidelines which have concrete effects on accounting. The management of the local units confirm compliance with these guidelines by issuing a management certificate. Particularly notable examples include the “Internal Control Guideline”, which contains requirements on the performance of monitoring routines as well as the separation of functions, the dual control principle and access authorizations, the “Transfer Pricing Guideline” and the “Finance Guideline”.

In addition, Internal Audit Brenntag Group regularly checks compliance with these Group guidelines at the subsidiaries.

Summary assessment of the internal control and risk management system[1)]

In continually addressing internal control and risk management in financial year 2024, the Board of Management identified the potential for improvement in some areas. It responded to any risks detected by initiating immediate measures and organizational changes. In summary, bearing in mind these initiatives, the Board of Management has no indications that the internal control and risk management system is not appropriate and effective.

[1)] The disclosures in this paragraph are disclosures not typically part of the management report as defined in the preamble to this management report.

Report on opportunities and risks

Brenntag's strategy is geared to steadily improving the efficiency and underlying profitability of the business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

Projects, in particular the strategic initiatives (see the section "Objectives and strategy"), are regularly implemented to maintain and strengthen the Group's profitability. These projects focus on exploiting opportunities to increase operating gross profit and on optimizing costs.

To limit or entirely eliminate possible financial consequences of risks that may occur, Brenntag has, insofar as is possible, taken out appropriate insurance for the size of its businesses to cover damage and liability risks. The following sections describe the risks and opportunities which could influence the business performance, financial position and results of operations of the Brenntag Group. Similar, organizationally or functionally related risks have been systematically grouped in risk categories. The estimates made per risk category relate to the net risk. Unless stated otherwise or obvious from the context, the following statements on risks and opportunities refer to all Brenntag segments.

As part of Group risk management, Brenntag also analyzes environmental, social and governance-related (ESG) aspects, such as environmental matters, employee matters, human rights, anti-corruption and bribery matters and their respective risk aspects. The risks are transferred into the Group sustainability statement if they were identified as material in the course of the double materiality assessment.[1)]

The process of aggregation into risk categories includes risks only and does not offset risks against opportunities. In the further explanations of the risk categories, possible opportunities are considered individually and described separately and independently of the risks. Possible changes, if any, in the risk categories' overall risk are discussed separately in the relevant paragraphs. The assessment of corporate risks for financial year 2024 in the 2025 analysis period (as at Dec. 31, 2024) and the prior-year comparative assessment are as follows:[2)]

			Overall risk	
Risk category	Possible extent of damage	Probability of occurrence	**Dec. 31, 2024**	**Dec. 31, 2023**
Economic environment and political stability	High	Possible	**High**	High
Market risks	Critical	Possible	**High**	High
Strategic risks	High	Possible	**High**	High
IT risks	High	Possible	**High**	High
Legal risks	High	Possible	**High**	Medium
Tax risks	High	Possible	**High**	High
Personnel risks	High	Improbable	**Medium**	Medium
Financial risks	High	Improbable	**Medium**	Low
Operational risks	High	Improbable	**Medium**	Medium
Environmental protection, health and safety	High	Improbable	**Medium**	Medium
Compliance risks	Medium	Possible	**Medium**	Medium
ESG risks	Medium	Possible	**Medium**	Medium
Acquisition risks	Medium	Possible	**Medium**	Medium
Quality assurance risks	Low	Improbable	**Low**	Low

2.16 Overview of corporate risks

[1)] The disclosures in this paragraph also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

[2)] The disclosures in this paragraph also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

- **Economic environment and political stability:**

Due to the international nature of its business, Brenntag is exposed to a number of economic, political and other risks, and the possibility that negative developments in individual regions or countries might have an adverse effect on its business or financial position cannot be entirely ruled out. For example, natural disasters, pandemics or the instability of the economic and political situation in regions or countries in which Brenntag operates may have a negative impact on its business and its operating result. Countries and regions with an unstable economic and political situation are often emerging markets, which offer great opportunities due to above-average growth. Overall, the international nature and related diversification of the business balances out the risks. Moreover, a large percentage of business is conducted in stable economies.

Economic downturns may also have a negative impact on Brenntag's sales and operating gross profit. In addition to sales risks arising from rising unemployment in certain countries, high levels of public debt and moderate inflationary pressures, a pronounced economic downturn in our core markets in particular, an increase in protectionist tendencies as a result of the election result in the United States and the possible escalation of global, geopolitical tensions may lead to falling demand. Global supply chains have remained very strained and the trend in energy prices poses an additional challenge for international trade. The significant factors influencing the outlook include further developments and effects attributable to higher energy and supply costs in Europe, the trend in inflation in the USA and Europe, and the economic trend in China. Brenntag has drawn up lists of measures for various scenarios, depending on possible political and economic developments.

The constant dialog with customers and suppliers in the region also enables Brenntag to identify any impact on its business and supply chains at an early stage and respond accordingly. In a recession, lower profitability on the part of customers could lead to higher bad debt losses. We counter this risk through a high level of diversification – by geography, customer industries, suppliers, products and customers – and, where appropriate, by using credit insurance and credit reference agencies.

The increase in geopolitical risks could lead to more supply chain bottlenecks and therefore require rapid adaptability and flexibility in sourcing goods. In addition, difficult-to-predict processes of industrial change have accelerated. Due to its broad geographical footprint, close supplier relationships, diversified product portfolio, and global supplier and customer relationships, Brenntag is well able to balance out and overcome bottlenecks in the supply chain. However, any strain on global supply chains harbors the risk of further increases in raw materials prices as well as the risk that these additional costs cannot be fully passed on to customers. In order to ensure a supply of raw materials at the best possible price, Brenntag continuously analyzes supply chains and occasionally stockpiles inventories as a safety cushion. This, in turn, raises the risk that, if the situation in the raw materials market were suddenly to ease, the inventories could be too expensive and have to be sold at less than their value. This risk is countered by Brenntag's business model due to a high level of inventory turnover. There is a further risk that customers could start substituting products with cheaper alternatives, especially in the case of commodity chemicals.

Brenntag continuously analyzes all risks relevant to its business and promptly takes all the necessary and possible measures to counter them.[1)]

On the sales side, risks may arise from political measures, more specifically from tighter standards and increasing regulation, which frequently, however, represent an opportunity for advantage over many medium-sized competitors. Based on its global expertise, such as in the field of regulation, and its broad portfolio of products and services, as a result of which alternative procurement channels can frequently be used, Brenntag is superbly positioned to be able to serve its customers' requirements at all times. This was seen especially during the COVID-19 pandemic and the container shortage, for example.

[1)] The disclosures in this paragraph also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

- **Market risks and opportunities:**[1)]

Geopolitical developments may disrupt sales markets.

Brenntag's strategic development is geared to the current global, regional and local market growth drivers.

Brenntag's business is managed through two global divisions focused on customer and supplier needs: Brenntag Specialties and Brenntag Essentials. Based on this, there are major sales opportunities of strategic significance for Brenntag in the flexible and efficient marketing of process chemicals and in the large, globally relevant focus industries served by Brenntag Specialties, namely Life Science (Nutrition, Pharma and Beauty & Care) and Material Science.

In addition, its global network and comprehensive portfolio of products and services places Brenntag in a unique position to meet customers' increasing requirements for pan-regional and global end-to-end solutions. The growing demand for customer-specific solutions, blending and services and alternative sales channels also open up further growth opportunities.

As an international Group, Brenntag sees opportunities in all regional markets to extend its market lead. The continuous expansion of its geographic presence in emerging markets, particularly in the Asia Pacific region, offers above-average growth opportunities. Brenntag intends to continue to optimally exploit the opportunities presented by company acquisitions and the active consolidation of the fragmented chemical distribution market.

In terms of product sourcing, Brenntag's operating model enables it to achieve economies of scale. The optimization of the local product portfolios through sales partnership agreements with chemical producers for new products or product categories offers further potential. In addition, Brenntag intends to continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and sales activities. The global distribution network and the experienced professional organization at all levels of the Brenntag Group are key elements for tapping this potential.

Through the "Advanced Operating Model", Brenntag is optimizing the differentiated management of the two divisions Brenntag Specialties and Brenntag Essentials with a view to making optimum use of the opportunities outlined (please also see the section "Objectives and strategy"). The plans for the operational and legal separation of the two divisions were modified in the reporting period. In separating the two divisions, Brenntag will concentrate on those units which offer the greatest potential for value creation and differentiation. More specifically, the sales and sourcing organizations will be separated with a view to supporting the divisions' differentiated management and improving business performance.

Brenntag plans to leverage customers' increasing need for sustainable solutions and products to strengthen its position as market leader through the pioneering role it aims to play in responsible and sustainable chemical distribution. Through its transformation into a data- and technology-driven company which began some years ago, it also intends to fully exploit the potential of digital solutions in all Brenntag business models while at the same time enabling more efficient and reliable supply chains. Moreover, through continuing M&A activities, Brenntag wishes to leverage growth opportunities in attractive market segments.

At local level, Brenntag creates the right conditions through its operating activities to effectively and efficiently exploit the opportunities which the markets offer.

In some local markets Brenntag serves, competition from other chemical distributors is growing. This stronger competition, which is partly due to the increasing pan-regional activities and consolidation among competitors as well as the development of new sales channels, some of them digital, is a risk that might negatively impact sales and earnings. Brenntag therefore works continually to improve its product and service portfolio and build its own digital sales channels and tools. The local business might also be impacted by customers relocating to low-cost countries. However, Brenntag sees its extensive global presence as a key factor in balancing out these local risks.

As far as possible, the sourcing risk related to the supply of strategically important raw materials is offset through long-term contracts and / or partnerships with different suppliers and alternative supply sources. However, the purchase prices can vary considerably depending on the market situation and impact on cost structures. To safeguard its competitiveness, Brenntag counteracts these risks by adjusting sales prices, through international procurement and through strict cost management.

In the course of the central review process, the estimate of probability of occurrence resulting from aggregation was changed from "improbable" to "possible" on the basis of the current market assessment.

The risk arising from future market developments is counteracted by constantly monitoring markets and competitors as well as by holding regular strategy meetings.

[1)] The disclosures in this section also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

- **Strategic risks:**

Strategic opportunities and risks for the Brenntag Group stem primarily from the ongoing transformation efforts and their successful or delayed implementation. Opportunities to increase EBITA through the two divisions' differentiated strategies, through the further transformation into independent and autonomous divisions, and through the DiDEX initiatives contrast with the risk that these efforts will be delayed or ultimately fail.

Emerging or widening geopolitical risks, for example as a result of the war between Russia and Ukraine, in Northeast Asia, in the Middle East or through increased protectionist measures as a consequence of the US elections, could adversely affect the Brenntag Group's regional business performance. Due to its global footprint, however, Brenntag is well positioned to offset the effects in a region.

The allocation of the business portfolio to the two divisions reflects the different market requirements of Essentials and Specialties in the industrial and specialty chemical markets, and positions the divisions such that they are able to better leverage the profitable growth in their respective business environment. However, this allocation also harbors a risk of lost business as a result of temporary coordination problems, for example.

Intensifying competition as a result of competitors' transformative M&A activities may lead to an increased risk of falling behind the growth rates of other competitors in the trend toward consolidation in chemical distribution markets regionally and globally. However, Brenntag intends to carefully analyze such inorganic growth opportunities and actively participate if the risk / reward profile is judged to be positive for Brenntag.

- **IT risks and opportunities:**

IT and cyber risks result, on the one hand, from the dependency of business processes on digital technologies and the centralization of business workflows, and on the other from external cybersecurity risks, such as the increasing cyber threat posed by malicious actors (e.g. manipulation and theft of data through hacker attacks and the use of leading-edge technologies). These risks could result in a partial or complete interruption to business operations; data could be manipulated, stolen or destroyed.

Brenntag counters these risks through regular employee training delivered in the course of campaigns to raise awareness of digital security, by designing and implementing organizational and technical measures, such as cyber risk management and threat defense, by immediately detecting, investigating, containing and resolving incidents through continuous investment in technologies to reduce risk, such as vulnerability management, endpoint security, firewall systems, data security measures, identity and access management systems, systems to prevent the loss of data, systems to manage security events and by introducing information security guidelines.

These risk management measures in relation to information security are monitored using Group-wide information security principles, standards and directives. The increasing use of IT systems and data analytics technologies results in increased risks due to greater dependency on the availability of those systems. Opportunities stem from improved operational efficiency, the reconfiguration of processes and improved collaboration between all parties involved. In addition, IT-managed systems generally improve the quality and reliability of internal controls and data protection.

Brenntag believes that using leading-edge technologies to achieve its strategic objectives is a necessity and a business imperative. The company therefore invests continuously in the further development and reliability of its digital landscape, in particular but not exclusively in the confidentiality, integrity, availability and resilience of the ERP systems, the digital platforms and the supply chain ecosystem.

- **Legal risks:**

Brenntag SE and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with their activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding alleged wrongdoings with the assistance of in-house and external counsel.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at the request of our French subsidiary BRENNTAG SA in February 2017. In December 2020, the court imposed a fine of EUR 47 million, which was payable immediately. BRENNTAG SA lodged an appeal against the decision, whereupon the paid fine was reimbursed in November 2023 and the proceedings referred back by the Cour de cassation (Court of cassation) for a further decision. With further steps expected to be taken by the French authorities responsible, a provision was recognized in the amount of the EUR 47 million reimbursement. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. Based on current knowledge, Brenntag assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

Given the number of legal disputes and other proceedings that Brenntag is involved in, it is possible that a ruling may be made against Brenntag in some of these proceedings. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its net assets, financial position and results of operations to be materially affected.

In connection with the sale of talc and similar products, actions have been brought against our North American subsidiaries, against which the Brenntag Group is actively defending itself. The number of actions brought increased significantly compared with the previous year, although the pace slowed over the course of 2024. Taking into account legal advisory costs, the expense amounted to approximately EUR 43 million. In addition, Brenntag has taken measures to mitigate any risks and is asserting claims for compensation from third parties. Nevertheless, the possibility that these legal disputes will result in significant adverse effects on the results of operations cannot be ruled out.

In the course of the central review, the estimate of the effect was changed from "medium" to "high" bearing in mind experience over the course of the year, as a result of which the overall risk increased from "medium" to "high".

- **Tax risks:**

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of German and foreign subsidiaries. We counter the risks by continuously improving the tax compliance management system bearing in mind auditing standard IDW PS 980 and gradually rolling out this system to other Group companies in Germany and abroad. These risks are generally reflected in the balance sheet by recognizing provisions. We currently see nothing to indicate that we should expect significant new findings from the tax authorities or customs authorities that could lead to additional tax expenses.

- **Personnel risks and opportunities:**[1)]

Personnel risks result mainly from the steadily increasing skills shortage, particularly in sales, logistics and IT, as a result of which Brenntag may lose high performers and staff in key positions or be unable to find a sufficient number of qualified staff to fill vacancies within the Group. The strategic measures that have been initiated, including the cost structure measures, also result in an increased risk of employees leaving the company. Moreover, there is a risk that qualified Brenntag employees will be headhunted by competitors. Brenntag counters these risks by positioning itself globally as the preferred employer in chemical distribution and through measures aimed at long-term employee retention. It also limits these risks through Brenntag's global employer brand and through globally uniform HR programs and measures that allow the Brenntag companies to take into account country-specific legislation and circumstances. Information on Brenntag's HR strategies and tools is provided in the "Social" section of the Group sustainability statement for 2024. Combining these with other early warning indicators, Brenntag is able to promptly identify possible changes in employees' attachment to the company and initiate appropriate management measures where necessary.

[1)] The disclosures in this paragraph also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

- **Financial risks and opportunities:**

Brenntag's business is generally exposed to exchange rate, interest rate, credit and price risks. Due to the fact that Brenntag conducts business in different currency areas, changes in exchange rates may have positive or negative translation effects on the results of the Group. In particular, any change in the euro / US dollar exchange rate may have a substantial impact as a large proportion of business is conducted in the US dollar area. Brenntag has decided not to hedge exchange rate differences resulting from the translation of financial statements of subsidiaries whose functional currency is not the euro (translation risks). On the other hand, transaction exposures resulting from the translation of foreign currency receivables and liabilities into the functional currency of a subsidiary are hedged insofar as is possible and where it makes economic sense to do so. This is based on a Group-wide Finance Guideline that sets out basic requirements and objectives, threshold values and hedging instruments to be used. The Finance Guideline requires Group companies to offset the risks of open net foreign currency exposure using suitable instruments such as forward and swap contracts or to keep them within certain limits. Any exceptions exceeding the above limits must be agreed on a case-by-case basis with the Treasury department.

Unfavorable political developments and fiscal policy decisions in specific countries may have a particularly negative impact in this context.

Risks related to cash investments are limited by only doing business with banks and business partners considered to be of good credit standing. Payments are also handled through such banks. The credit facility under the syndicated loan is made available by a large number of international banks, meaning that availability is ensured through high diversity. Uncollectibility risk is reduced by continually monitoring customers' credit ratings and payment behavior and setting appropriate credit limits. The risk is limited by the large number of customers the company has in different countries; even the largest key account customer only accounts for a very small single-digit percentage of Group sales. In some cases, credit insurance is also taken out in order to limit risks.

The Brenntag Group is partly financed with debt capital. Brenntag is confident that the loan agreements and credit lines, the bonds issued and the liquid funds available are adequate to cover the Group's future liquidity needs, even if requirements should increase unexpectedly. Like comparable loan agreements, the syndicated loan contains a number of customary provisions. In the event of a severe breach of the provisions of the loan agreement, the facility agent appointed by the lenders may call in the loans if he deems this move necessary to safeguard the lenders' interests. As the Group's main financing instruments (syndicated loan, four bonds and promissory notes) all contain cross-default clauses, any breach of contract or calling due of outstanding amounts in respect to one financing instrument could also have a negative impact on the others.

The terms and conditions of the financing instruments are also influenced by the Group's credit rating. A change in the rating that the international rating agencies Standard & Poor's and Moody's assign to Brenntag may impact on the Group's financing terms. The rating may have a positive or a negative impact. Both rating agencies continue to assign an investment grade rating, thereby confirming Brenntag's high credit standing. Moody's currently rates Brenntag at "Baa2" with a stable outlook, while Standard & Poor's has given Brenntag a rating of "BBB+" with a stable outlook.

Some of Brenntag's financing is based on variable interest rates which are subject to fluctuations in market interest rates. This means that Brenntag has both the opportunity to participate in falling market interest rates but also the risk of incurring higher interest cost as a result of rising market interest rates. The split between variable and fixed interest rates is determined as part of interest risk management. Derivative instruments such as foreign exchange forwards, interest rate and currency swaps or combined instruments may be used to hedge risks from financing. Interest rate-related financial risks are mainly managed by the Treasury department at Group headquarters. If individual companies hedge financial risks from operating activities themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group.

The Brenntag Group has obligations to current and former employees as a result of pension commitments. Some of the pension obligations are covered by plan assets. The plan assets are subject to capital market risks, as a portion of them is invested in funds and equities. Any changes in relevant inputs, such as an increase in life expectancy or salaries, may lead to higher cash outflows and higher present values of the defined benefit obligation. To some extent regionally, contributions are also paid into defined benefit pension plans maintained by more than one employer (termed multi-employer plans). If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers.

The above-mentioned financial risks are also relevant mainly for the single-entity financial statements of Brenntag SE prepared in accordance with German commercial law. In addition, the company is exposed to impairment risk on the equity investments it holds. The continuous monitoring of the investments in subsidiaries is an integral part of our risk management, meaning that potential impairments are identified at an early stage and, if necessary, countermeasures can be taken to stabilize or improve the subsidiaries' profitability.

The year-on-year increase in the overall risk from "low" to "medium" is attributable to the fact that, in this reporting period, the foreign currency risks in the Group increased in jurisdictions where hedging instruments cannot be used.

- **Operational risks:**

Brenntag's business is subject to operational risks. As a chemical distributor, Brenntag is exposed to the risk of interruptions to business, quality problems or unexpected technical difficulties, for example as a result of the incorrect handling of chemicals or machinery and equipment on site and during transportation. Disruptions and outages at its warehouse sites or during transportation may lead to delivery delays and falling sales revenues. Brenntag counters this risk through extensive safety measures at its sites and regionally standardized quality and safety manuals, by specifically training employees in how to handle chemicals correctly and through safety campaigns across the sites. In addition, Brenntag has taken out appropriate business interruption insurance for sites where any disruption might pose the threat of interruptions to business due to the local geographical site structure and / or portfolio structure, as well as increased cost of working cover for all sites. As Brenntag frequently uses the sites of external providers as well as its own sites, it is possible that it may (partly) relocate to different external sites in the event of an interruption to business so that it can continue to ensure that customers are supplied.

Risks may also arise if the products purchased and delivered to customers do not meet the specified and agreed quality, the wrong products are delivered or if, in specific cases, their sale is subject to restrictions. The distribution of certain products may result in particular liability risks. However, the procedures that have been established guarantee a good level of assurance that products are procured from reliable sources and that they are the right ones, meet the required standard of quality and are sold on in accordance with the law. In addition, there is product liability insurance, including extended product liability cover, to cover the above-mentioned losses.

- **Quality management, safety, health, environmental protection and ESG:**[1)]

The safety, health and environmental risks associated with chemical distribution are managed through rigorous safety measures at the sites and are an integral part of Brenntag's QSHE (Quality, Safety, Health, Environment) strategy. The QSHE strategy is based on central pillars that place a culture of safety front and center, supported by a team that fosters shared responsibility at all levels. A robust management system provides for clear guidelines, directives and proven practices, and ensures that these are adapted in line with regional requirements. Active training, communication and strict monitoring by way of self-assessments, audits and action plans foster continuous improvements.

As a chemical distributor, Brenntag generally operates in a complex regulatory environment. Cross-country teams of product regulation specialists are deployed to ensure that operating and business processes are in compliance with the relevant requirements. Here too, Brenntag sees itself in a good position due to its scale, its central systems and its expertise.

As an important player in the chemicals industry, Brenntag is aware of its responsibility as regards social standards. Respect for international human rights is embedded in the Group through a human rights risk management system that is monitored by the Human Rights Officer. Among other things, the system includes risk analyses that are conducted both in Brenntag's own operations and at suppliers. Further information on human rights and the supply chain is published in the sustainability statement. The monitoring of human rights compliance and environmental, health and safety risks is part of the sustainability strategy. The Board of Management sets the ESG targets at the beginning of the year and is informed about the achievement of targets once a quarter.

[1)] The disclosures in this section also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

Environmental protection and climate change mitigation play an important role at Brenntag. Brenntag's goal worldwide is to conserve resources, make optimum use of them and minimize the impact of its business activities on the environment. Climate change may give rise to a range of different risks for Brenntag, but also to opportunities. Brenntag has sites all over the world and acute risks are increasingly expected as a result of extreme weather events such as hurricanes and flooding. In order to better prepare the Brenntag sites for such climatic changes, Brenntag analyzed the threat to its sites posed by physical risks in three global warming scenarios. In addition, extensive precautionary measures are set out for foreseeable critical weather conditions. In particular, these include removing or securing sensitive products and equipment from storage areas that are particularly under threat. Plans are drawn up to ensure that customers will be supplied from other sites in the Brenntag network should sites be temporarily out of operation following such events. In addition, the global fight against climate change will lead to structural, regulatory and technological changes in the market on the one hand, but also to increased costs as a result of preventive technologies or government carbon taxes on the other.

Reducing CO_2 emissions (Scope 1 and 2) to net zero by 2045 and reaching net-zero emissions across the value chain (Scope 3) by 2050 are important ESG targets. For Brenntag's product portfolio too, sustainability is an important metric that ensures that Brenntag is well positioned with regard to possible market changes.

In the course of the central review process, the estimate of probability of occurrence resulting from aggregation for ESG risks was changed from "improbable" to "possible" on the basis of the current assessment, and that of the possible extent of damage from "high" to "medium". This does not affect the overall risk estimate for ESG risks.

- **Compliance and data protection risks and opportunities:**[1)]

As a global company, Brenntag is subject to a large number of laws and provisions in each country in which it operates. Brenntag sees compliance and data protection as strategic success factors that help to reduce the risks to the company, while at the same time creating added value for its partners.

For Brenntag to be able to cooperate with its business partners as a reliable partner of integrity, it is essential to comply with the applicable laws and regulations, as this ensures a working relationship of trust with partners based on shared fundamental beliefs. Among other things, Brenntag has introduced a compliance management system to minimize the risk of unethical business conduct. This is constantly further developed so as to meet current requirements and developments. Compliance involves conducting business in accordance with the relevant regulations. In particular, any form of corruption, bribery or fraud is forbidden at Brenntag. Other focal points of the compliance activities at Brenntag include working toward compliance with antitrust, foreign trade and data protection requirements.

As the global market leader in chemical distribution and as a company with operations around the globe, Brenntag conducts business worldwide. In a rapidly changing environment, Brenntag's business may be impacted by export control regulations, embargoes or other types of trade restriction, among other things. Brenntag must comply with all the foreign trade laws applicable to it, such as restrictions on exports and imports of particular goods, services and technologies to or from countries subject to sanctions or embargoes. Internal regulations set out further specifications for employees in foreign trade.

Identifying sanctioned companies and persons, and the related task of ensuring compliance with various sanctions provisions are other duties performed in compliance work at Brenntag. For this, Brenntag uses an automated, IT-based solution, among other things. With the help of a special software application, regular checks are carried out against the sanction lists issued by the United Nations, the European Union, the USA and various other countries.

[1)] The disclosures in this section also meet disclosure requirements under ESRS 2 (GOV-5 – Risk management and internal controls over sustainability reporting).

The binding rules requiring all employees to treat one another and business partners fairly are set out in particular in Brenntag's Code of Business Conduct and Ethics and in other internal guidelines. Failure to observe those rules can give rise to risks and this is counteracted primarily through various controls and checks as well as through regular audits. Brenntag employees are required to familiarize themselves with the content of the Code of Business Conduct and Ethics and comply with its provisions.

Brenntag has established processes to receive and handle internal and external complaints and compliance notifications throughout the company. Reports of possible compliance violations are received, among other means, through an electronic whistleblowing system. All incoming reports are taken seriously and investigated. If an investigation of the underlying circumstances confirms the suspicion, measures are taken to punish a violation and further develop relevant processes.

As a company with operations worldwide, Brenntag is also subject to laws and regulations relating to data protection. Breaches of data protection regulations may lead to large penalties and substantial reputational damage. Brenntag has introduced a data protection management system to mitigate these risks. A global data protection unit has been established, which works together with regional and local data protection coordinators to continuously ensure compliance with relevant data protection requirements and further develop the data protection management system.

Employees are made aware of compliance and data protection issues through various communication measures, such as newsletters and information campaigns, and through comprehensive training measures, among other things.

The introduction of compliance and data protection management systems and regular employee training play an essential role in establishing a corporate culture characterized by integrity and a sense of responsibility. This not only strengthens internal collaboration, but also enhances the company's market position and reputation over the long term. Brenntag responds flexibly and with foresight to regulatory changes and, accordingly, continuously further develops the management systems taking into account local requirements. This enables potential risks to be identified at an early stage and helps to foster innovative approaches.

- **Acquisition risks and opportunities:**

In the Brenntag Group, every decision to acquire is linked to minimum requirements on the internal rate of return of the particular investment. The company valuations incorporating the findings of due diligence work performed are of central importance in acquisitions. Therefore, all significant risks and opportunities are systematically recorded and an appropriate purchase price determined. Company acquisitions always involve risks surrounding the integration of employees and business operations. Particularly when acquiring small companies, there is often a particular dependency on a handful of key employees. Significant integration risks mainly include the loss of the acquiree's key employees and the loss of business relationships with suppliers and customers. Achieving the planned growth in the acquired business and realizing the planned synergies from the transaction are other significant areas of risk. Brenntag strives to limit these risks with adequate transaction structures, by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia, while in 2024 Latin America was a focal point. In the case of acquisitions in emerging markets in Asia and Latin America, purchase prices are sometimes higher and the risks are also higher (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). On the other hand, however, there are also much greater opportunities due to higher expected growth rates. Strong market fragmentation regularly gives rise to acquisition opportunities for Brenntag (multitude of acquisition opportunities). Brenntag can selectively pursue acquisition targets with the most suitable target entities and a number of opportunities arise to support strategic objectives through acquisitions. Systematic use of a practiced acquisition and integration process helps to minimize risks and exploit potential. We counter integration risk with an updated version of the post-merger integration manual. The current market dynamics in chemical distribution, with falling price levels in some cases and possibly lower share prices or transaction multiples, may result in more favorable M&A opportunities, but at the same time pose a risk of the company itself becoming an acquisition target. In the course of the central review process, the estimate of probability of occurrence resulting from aggregation was changed from "improbable" to "possible" on the basis of the current assessment, and that of the possible extent of damage from "high" to "medium". This does not affect the overall risk estimate.

Summary of the opportunities and risk situation

During the past financial year, the executive directors once again continuously updated and assessed the risk situation for the Brenntag Group. The Group's risk position did not change significantly during that period. In our opinion, the risks described in the section "Report on opportunities and risks" do not jeopardize the continued existence of the company, either individually or collectively, and do not exceed its risk-bearing capacity. It can be concluded, therefore, that none of the risks, either in isolation or in aggregate, compromises the going concern principle from an equity or liquidity standpoint. Additional risks and opportunities that are not yet known or risks that are currently considered immaterial may also have a negative impact on our business operations. Brenntag is convinced that the challenges arising from the risks described above can continue to be mastered successfully.

Explanatory report on information required under Sections 289a and 315a of the German Commercial Code (HGB)

Composition of the subscribed capital

As at December 31, 2024, the subscribed capital of Brenntag SE totaled EUR 144,385,372. The share capital is divided into 144,385,372 no-par value registered shares, each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag SE, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) in conjunction with Article 9, para. 1 (c) (ii) of Council Regulation (EC) No 2157/2001 on the Statute for a European company ("the SE Regulation"), only those persons recorded in the company's share register will be recognized as shareholders of Brenntag SE. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag SE the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the Annual General Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag SE. Excepted from this rule are any treasury shares held by Brenntag SE that do not entitle Brenntag SE to any membership rights. Brenntag SE does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (which apply to an SE as a European stock corporation by way of the reference to other relevant provisions contained in Article 9 of the SE Regulation), in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Restrictions on voting rights or transfer of shares

The Board of Management of Brenntag SE is not aware of any agreements relating to restrictions on voting rights or on the transfer of shares.

Direct or indirect interests in the capital of the company exceeding 10% of the voting rights

As at December 31, 2024, the company was aware of two direct or indirect interests in the capital of the company that exceeded 10% of the voting rights. Section 33 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag SE reaches, exceeds or falls below certain thresholds as a result of purchases, disposals or otherwise must notify Brenntag SE and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). On November 15, 2024, Brenntag was informed pursuant to Section 33 of the German Securities Trading Act that Kühne Holding AG's share of the voting rights exceeded 15%. On November 19, 2024, Artisan Partners Limited Partnership provided notification that its share of the voting rights exceeded 10%. Other voting right notifications in accordance with Section 33 of the German Securities Trading Act received by Brenntag SE in the reporting period concern shares of the voting rights in excess of the 3% and 5% thresholds.

Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

System of control of any employee participation scheme where the control rights are not exercised directly by the employees

Brenntag SE does not have a general employee participation scheme.

Legislation and provisions of the Articles of Association applicable to the appointment and removal of the members of the Board of Management and governing amendments to the Articles of Association

The appointment and removal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 13, para. 4 of the Articles of Association of Brenntag SE by simple majority of votes. In the event of a tie, the Chair of the Supervisory Board has the casting vote. According to article 9, para. 1 of the Articles of Association of Brenntag SE, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board. As at December 31, 2024, the Board of Management of Brenntag SE consisted of four members.

Contrary to Sections 133, para. 1 and 179, para. 2, sentence 1 of the German Stock Corporation Act, article 20 of the Articles of Association of Brenntag SE stipulates that in cases that require the majority of the share capital represented when the resolution is passed, the simple majority of the capital represented is sufficient. However, this does not apply to changes to the object of the company, as Section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities than three-quarters of the capital represented when the resolution is passed. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 14, para. 2 of the Articles of Association of Brenntag SE. In addition, by resolution of the Annual General Meeting on June 9, 2022, the Supervisory Board was authorized to amend the Articles of Association of Brenntag SE in connection with the creation of new authorized capital after implementation of each capital increase and after expiry of the authorization period without use of the authorized capital.

Powers of the Board of Management to issue or repurchase shares

Authorization to create authorized capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share capital of Brenntag SE on one or more occasions in the period to June 8, 2027 by a total of up to EUR 35,000,000 by issuing up to 35,000,000 new registered ordinary shares in return for cash contributions or contributions in kind. The shareholders shall generally be granted a subscription right. However, in certain cases the Board of Management is authorized, with the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights for one or more capital increases under the authorized capital. This shall apply, for example, if the capital increase is effected against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the shares of the same class and carrying the same rights already traded on the stock market at the time of final determination of the issue price within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act and the total pro rata amount of registered share capital represented by the new shares issued in accordance with this paragraph with exclusion of subscription rights pursuant to Section 186, para. 3, sentence 4 of the German Stock Corporation Act is not less than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

The Board of Management shall decide on the further content of the share rights and the conditions of the issuance of shares with the approval of the Supervisory Board.

Authorization to acquire and use treasury shares in accordance with Section 71, para. 1, no. 8 of the German Stock Corporation Act

By resolution of the Annual General Meeting on May 23, 2024, the Board of Management was authorized, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of the share capital. The shares acquired on the basis of this authorization, together with other shares in the company which Brenntag SE has already acquired and still holds, may at no time account for more than 10% of the respective registered share capital. The authorization may be exercised in whole or in part, once or several times. It took effect at the close of the Annual General Meeting on May 23, 2024 and shall be valid until May 22, 2029. If the shares are purchased on the stock exchange or through a multilateral trading facility within the meaning of Section 2, para. 6 of the German Stock Exchange Act (MTF), the purchase price (excluding incidental costs) may not be more than 10% higher or lower than the arithmetic mean of the share prices (closing auction prices of Brenntag SE shares in Xetra trading or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the purchase or the entering into an obligation to purchase. In the case of acquisition by means of a public purchase offer, Brenntag SE may either publish a formal offer or issue a public invitation

to submit offers for sale. The purchase price offered (excluding incidental costs) or the limits of the purchase price range per share determined by Brenntag SE (excluding incidental costs) may not exceed or fall below the arithmetic mean of the share prices on the Frankfurt Stock Exchange on the last five trading days prior to the publication of the purchase offer or the invitation to submit offers by more than 10%. The authorization may be exercised for any purpose permitted by law. The Board of Management was authorized, with the approval of the Supervisory Board, to cancel the treasury shares acquired on the basis of the authorization pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act without any further resolution by the Annual General Meeting. The cancelation may be limited to a portion of the shares acquired. The authorization to cancel shares may be exercised more than once. The cancelation of shares generally leads to a reduction in registered share capital. In derogation of this, the Board of Management may determine that the registered share capital shall remain unchanged and that instead the cancelation shall increase the proportion of the registered share capital represented by the remaining shares in accordance with Section 8, para. 3 of the German Stock Corporation Act. In this case, the Board of Management is authorized to adjust the indication of the corresponding number in the Articles of Association. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of the second tranche in the period to March 6, 2024, Brenntag SE acquired 3,068,465 no-par value shares, each with a notional value of EUR 1.00 (EUR 249,999,944.46 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to cancel treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 147,453,837.00 – by EUR 3,068,465 – by canceling 3,068,465 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to March 6, 2024. The 3,068,465 no-par value shares held by the company and acquired under the share buyback program were canceled.

Authorization to issue bonds and to create conditional capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized ("Authorization 2022"), with the approval of the Supervisory Board, to issue holder or registered convertible bonds or bonds with warrants as well as profit participation rights or profit participating bonds with option or conversion rights on one or more occasions up to June 8, 2027 for a total nominal amount of up to EUR 2,000,000,000 with or without limited term ("Bonds") and to grant the holders or creditors of the Bonds option or conversion rights to up to 15,450,000 new Brenntag SE shares with a pro rata total amount of the registered share capital of up to EUR 15,450,000 in accordance with the respective option or convertible bond conditions or profit participation right or participating bond conditions ("Conditions") to be determined by the Board of Management. In order to grant shares to the holders or creditors of Bonds, the registered share capital was conditionally increased at the Annual General Meeting on June 9, 2022 by up to 15,450,000 no-par value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued ("Conditional Capital 2022"); this equates to an increase in the registered share capital of up to EUR 15,450,000. The Bonds may, in addition to euros, also be issued in a foreign legal currency, subject to a limit of the corresponding equivalent value in euros, and by companies dependent on Brenntag SE or in which it holds a majority interest; in this case, the Board of Management was authorized, with the approval of the Supervisory Board, to assume the guarantee for the Bonds on behalf of Brenntag SE and to grant the holders of such Bonds option or conversion rights to Brenntag SE shares and to make other declarations and take other actions necessary for a successful issue. The issues of Bonds may be divided into partial Bonds each having equal rights. Bonds may only be issued against contribution in kind, provided that the value of the contribution in kind corresponds to the issue price and that this price is not significantly lower than the theoretical market value of the Bonds determined in accordance with recognized methods of financial mathematics. The Board of Management is authorized, under certain circumstances and with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the Bonds. However, with regard to the exclusion of subscription rights against cash payment, this authorization shall apply only provided that the shares issued to fulfil the option or conversion rights and / or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

When convertible bonds, profit participation rights or profit participating bonds with conversion rights are issued, the holders are granted the right to exchange their Bonds for new Brenntag SE shares in accordance with the more detailed Conditions.

When bonds with warrants, profit participation rights or profit participating bonds with option rights are issued, one or more warrants shall be attached to each partial bond or each profit participation right or each participating bond, entitling the holder to subscribe for Brenntag SE shares in accordance with the more detailed Conditions.

New shares are issued at the option or conversion price to be set in accordance with the aforementioned resolution granting authorization.

Significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid

As at the reporting date, the most important component in Brenntag's financing structure is the Group-wide loan agreement concluded with a consortium of international banks. The total loan volume is described in the section "Capital structure". The main conditions are laid down in a syndicated facilities agreement entered into in February 2023. Under this agreement, individual lenders have the right to terminate the agreement if any person or group of persons acting in concert acquire directly or indirectly more than 50% of the shares issued or the voting rights in Brenntag SE. The right to terminate in the event of a change of control is preceded by a 30-day negotiating period on the continuation of the loan agreements. If the parties involved cannot reach agreement on the continuation of the loan agreements in this period, each lender can within ten days terminate his involvement as a lender in the agreement by giving notice of at least another 30 days and request payment of the outstanding loan amounts.

Section 5 of the conditions of issue relating to the Bond 2025 in the amount of EUR 600.0 million issued by Brenntag Finance B.V. in September 2017 also contains provisions governing a change of control, under which bondholders may request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Furthermore, section 5 of the conditions of issue relating to the Bond 2029 in the amount of EUR 500.0 million placed by Brenntag Finance B.V. in September 2021 and paid out in October 2021 (first issue under the newly established debt issuance program) also contains a provision governing a change of control, under which bondholders may likewise request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Section 5 of the loan agreement relating to the promissory note transaction placed by Brenntag SE in August 2022 for around EUR 640 million also contains provisions governing a change of control. In this case too, the lenders may request that the notes be repaid early if the rating is downgraded within a certain period of a change of control (as defined in the loan agreement).

The conditions of issue relating to the Bonds 2028 and 2032 placed by Brenntag Finance B.V. in April 2024, in each case in the amount of EUR 500.0 million, also contain the same provision governing a request for early repayment in the event of a change of control and a rating downgrade. In addition, the lenders may request early repayment if there is a change in the ownership structure (as defined in the conditions of issue) of a division of Brenntag SE as a result of an M&A transaction, a stock market flotation or a transaction with a similar effect. For this, the division or a part of it must make up at least 20% of the Brenntag Group's consolidated operating gross profit. For this right to be exercised, the rating must also be downgraded as a result (as defined in the conditions of issue).

Compensation agreements with members of the Board of Management or employees in the event of a takeover bid

There are no compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

Corporate governance statement

Brenntag has always attached great importance to good corporate governance. As a globally operating DAX 40-listed company, we are particularly aware of our responsibility and our obligations in this area. The Board of Management and Supervisory Board jointly issue the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) and report on the principles of responsible corporate governance at Brenntag, each being responsible for the parts of the report that relate to them. In accordance with Principle 23 of the German Corporate Governance Code in its current version of April 28, 2022, the corporate governance statement is the central instrument of corporate governance reporting.

Corporate Governance

Commitment to responsible corporate governance

As in previous years, in this reporting year the Board of Management and the Supervisory Board thoroughly examined corporate governance and the requirements of the German Corporate Governance Code ("GCGC"). On the basis of these deliberations, they issued, on December 17, 2024, the following declaration of conformity with the recommendations of the GCGC of April 28, 2022:

"Declaration of Conformity by the Board of Management and the Supervisory Board of Brenntag SE in accordance with Article 9, para. 1 lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporation Act (Aktiengesetz)

The Board of Management and the Supervisory Board of Brenntag SE are obliged to resolve a Declaration of Conformity in accordance with Article 9, para. 1 lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporate Act. This declaration was last resolved on December 14, 2023. The Board of Management and Supervisory Board declare that since the last declaration was resolved, all recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 (GCGC 2022) published by the Federal Ministry of Justice in the official section of the Federal Gazette have been complied with and that the recommendations of the GCGC 2022 will continue to be complied with in the future."

Declaration on the suggestions made in the GCGC

Brenntag complies with all suggestions made in the GCGC 2022.

Brenntag publishes an overview of implementation of the GCGC's suggestions on its corporate website at https://corporate.brenntag.com/en/about/corporate-governance/corporate-governance-code/.

Disclosures on corporate governance practice

In line with responsible, prudent and sustainability-focused corporate governance, Brenntag aims to observe legal requirements and voluntary internal codes of conduct (compliance) so it always acts honestly and fairly. To ensure this, the management makes use of various internal control and risk management systems. Furthermore, a compliance organization has been established in the company. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations. The information on corporate governance practice is also published on the website at https://corporate.brenntag.com/en/about/compliance/.

Compliance management and organization: The compliance organization of Brenntag SE is headed by the Board of Management and, within the Board, by the Chairman. The Senior Vice President (SVP) Compliance Brenntag Group of Brenntag SE provides the Board of Management and the Supervisory Board with information on compliance matters every quarter. Reports on compliance and whistleblowing cases and the development of the Group-wide compliance management system are also given in the regular Audit and Compliance Committee meetings of the Supervisory Board. Internal reporting was developed further in the reporting year. Now the CEOs of the two divisions Specialties and Essentials also receive reports as the compliance and whistleblowing cases are differentiated according to the respective division. The compliance management system will continue to be developed in 2025 to keep it in line with the organizational developments in the company. Regional compliance managers ensure coordination of the compliance management system at regional level. They are supported in their work by local compliance contacts. The regional compliance managers are responsible for implementing the Compliance Management System in their respective regions and are the people to

contact with regard to compliance matters in their region. They regularly exchange information and experience with SVP Compliance Brenntag Group. This ensures the close networking of compliance management with Brenntag's business activities at regional and local levels.

Code of conduct and company guidelines: As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance with rules and regulations, honesty and integrity are a particular priority at Brenntag. A comprehensive Code of Business Conduct and Ethics summarizes all fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation. The Code of Business Conduct and Ethics contains in particular the standards and rules Brenntag applies in the areas of health, safety and the environment, human rights and working conditions, dealings with business partners and public institutions, combating bribery and corruption, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The Code of Business Conduct and Ethics has been published both on the external website of the Brenntag Group and on the intranet and is available in various languages. It applies to all employees at all levels of the company. Its aim is to give guidance in the legal and ethical challenges of their daily work and to encourage correct and compliant conduct. Every infringement of this code of conduct may lead to disciplinary action and have further consequences under employment law and even criminal law for employees committing an infringement. In addition to the Code of Business Conduct and Ethics, there are further Group guidelines detailing compliance requirements, such as the Anti-corruption Guideline and the Corporate Guideline on Foreign Trade Compliance. In addition to the Code of Business Conduct and Ethics, all Group-wide guidelines can be accessed by all employees on the Group-wide Intranet.

Monitoring: The compliance processes and their implementation are regularly monitored both centrally and decentrally, in particular by the compliance organization. Appropriate measures are developed and implemented to counteract any weaknesses that are identified. Internal Audit Brenntag Group regularly reviews the internal control and compliance management system of the Brenntag Group companies. If weaknesses regarding compliance are identified during the audits, the Compliance department is informed accordingly. Compliance develops and implements measures to eliminate the weaknesses and further develop the compliance management system.

Training: Adherence to the Code of Conduct, the antitrust requirements as well as the prevention of corruption are particular focal points of the compliance program. Brenntag employees receive regular training on these topics – either at in-person events or through e-learning systems worldwide. The aim is to keep all employees' knowledge up to date, avoid any illegal actions as well as to protect the environment and employees from harm. Regular participation in compliance training, in particular on the Code of Business Conduct and Ethics, is mandatory for employees. In addition, there are in-depth compliance training courses at global, regional and local levels, particularly on the topics of bribery and corruption, fraud prevention, anti-trust law and data privacy. In the reporting year, all members of the Board of Management also received training on corruption and bribery in mandatory compliance training sessions. The training included e-learning modules on the Code of Business Conduct and Ethics and on anti-corruption.[1)]

Whistleblowing: Brenntag has set up procedures for receiving and handling internal and external complaints and reports of compliance issues throughout the Group. Employees can either make such reports to their direct supervisor or the regional compliance manager, or alternatively submit them through central or regional whistleblowing channels and whistleblowing systems. It is also possible to make an anonymous report using the whistleblowing system in particular. Persons outside the company can submit complaints and report infringements by using the whistleblowing channel on the website of Brenntag SE. The information received is always treated in strict confidence. Any reports received are reviewed internally and at the meetings of the Audit and Compliance Committee. Appropriate counteraction is taken if a compliance infringement has occurred.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

Embedding sustainability in corporate governance: Sustainability is of key importance to the corporate strategy of the Brenntag Group and is firmly anchored in the organizational and management system. The Supervisory Board of Brenntag SE has set up a separate Transformation and ESG Committee to oversee implementation and pursuance of the corporate and sustainability strategies, including the sustainability targets, at the highest corporate level. The Board of Management of Brenntag SE makes all strategic decisions regarding sustainability topics. In the reporting year, a particular focus was on the impacts, risks and opportunities related to climate change, occupational health and safety, and workers in the value chain. The Sustainability Council was established in 2022 to advise and support the Board of Management. The Sustainability Council is made up of members of the Global Leadership Team from different departments, regions and functions and is chaired by the CEO. It met four times in the reporting year and is particularly focusing on the carbon management system, the ESG framework and the current status of progress in achieving the annual targets through an internal scorecard. These elements are used to monitor impacts, risks and opportunities. Appropriate measures are discussed and initiated if there is a possibility that the targets will not be met. The ESG scorecard is also submitted quarterly to the Board of Management and the Transformation and ESG Committee for monitoring purposes. The Sustainability Brenntag Group department, headed by the Vice President Sustainability, supports the CEO in driving forward and implementing the sustainability strategy. It manages sustainability topics throughout the company. The department works closely with the sustainability teams of the two divisions, Brenntag Specialties and Brenntag Essentials. Both divisions have set up their own sustainability teams. A Sustainability Community was established in the Brenntag Group in July 2024 to further promote and raise awareness of sustainability topics. Here, representatives from different departments, divisions, regions and functions can find out about current topics and projects and get involved.[1)]

Working practices of the Board of Management and Supervisory Board as well as the composition and working practices of their committees

Brenntag SE has a two-tier management system consisting of the Board of Management and the Supervisory Board in accordance with the legal requirements of Article 9, para. 1, number (c) (ii) of Regulation (EC) no. 2157/2001 on the Statute for a European company (SE) ("SE Regulation") and the German Stock Corporation Act. The management of business by the Board of Management and supervision by the Supervisory Board are therefore clearly separated. The Board of Management and the Supervisory Board are guided by the applicable legislation, the principles of the GCGC 2022, the company's Articles of Association as well as their respective rules of procedure. The working practices of both bodies are geared to responsible corporate governance, which is characterized by open discussions and transparency.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies and GOV-2 Information provided to and sustainability matters addressed by Brenntag's administrative, management and supervisory bodies) as specified in the preamble to this management report.

Board of Management

Ewout van Jarwaarde
Chief Executive Officer
Brenntag Essentials

Dr. Christian Kohlpaintner
Chief Executive Officer
Chairman of the Board of Management

Dr. Kristin Neumann
Chief Financial Officer

Michael Friede
Chief Executive Officer
Brenntag Specialties

Board of Management

Since August 1, 2023, the Board of Management of Brenntag SE has consisted of four members: the Chairman of the Board of Management (CEO) of Brenntag SE, Dr. Christian Kohlpaintner, the Chief Financial Officer (CFO), Dr. Kristin Neumann, and the divisional CEOs of the two divisions, Michael Friede (Specialties) and Ewout van Jarwaarde (Essentials).[1)]

Dr. Kristin Neumann has decided not to extend her contract, which ends on March 31, 2025, for personal reasons. She is succeeded by Thomas Reisten, who, in accordance with the GCGC 2022, was appointed with effect from April 1, 2025 initially for a period of three years.

Dr. Christian Kohlpaintner also informed the Supervisory Board at an early juncture that he would not be extending his contract, which ends on December 31, 2025. The Supervisory Board has begun a structured process to appoint a successor.

Further information on the members of the Board of Management can be found on the website at https://corporate.brenntag.com/en/about/corporate-governance/board-of-management/. Information on the remuneration of the Board of Management can be found in the Remuneration report.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

Members of the Board of Management

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

	Dr. Christian Kohlpaintner	**Dr. Kristin Neumann**
Position	CEO	CFO
First appointed	January 1, 2020	April 1, 2022
Responsibilities	– Corporate Board Office – Global Human Resources – Corporate Planning, Strategy & M&A Brenntag Group – Global Communications – Global Marketing – Internal Audit Brenntag Group – Compliance & Privacy Brenntag Group – QSHE Brenntag Group – Sustainability Brenntag Group – Brenntag Excellence	– Corporate Controlling – Accounting Brenntag Group – Legal Brenntag Group – Tax Brenntag Group – Treasury Brenntag Group – Corporate Investor Relations – Corporate Insurance Management – Shared Services Brenntag Group – Regional Finance Brenntag – Indirect Procurement
External positions	Evonik Industries AG, Essen, Germany (listed) (Member of the Supervisory Board)	Zeppelin GmbH, Friedrichshafen, Germany (Member of the Supervisory Board)
Group company positions		

	Michael Friede	**Ewout van Jarwaarde**
Position	CEO Brenntag Specialties	CEO Brenntag Essentials
First appointed	April 1, 2023	January 1, 2021
Responsibilities	– Brenntag Life Science – Brenntag Material Science – Supplier & Customer Excellence – Supply Chain & Customer Services BSP – Business Development BSP – Controlling BSP	– Brenntag Essentials – Digital, Data & Technology – Customer & Supplier Excellence BES – Supply Chain BES – Business Development BES – Controlling BES
External positions	Pearl Polyurethanes LLC, Dubai, United Arab Emirates (Member of the Advisory Board)	
Group company positions	Brenntag (Shanghai) Enterprise Management Co., Ltd.	

2.17 Position and membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises

Working practices of the Board of Management

The Board of Management is responsible for managing the company with the aim of creating sustainable value. It develops the company's strategy, taking due account of the environmental and social impacts of the company's activities.[1)] The members of the Board of Management bear joint responsibility for the entire management of the company's business. They work together in a spirit of collective responsibility and keep one another informed about all significant business transactions and other important transactions and measures adopted in their respective areas of responsibility. Notwithstanding the joint responsibility of all Board of Management members for the conduct of Brenntag SE's business, each Board member is individually responsible for the areas assigned to him under the business responsibility plan or through other resolutions of the Board of Management.

The Board of Management manages the business of Brenntag SE independently. In doing so, it must act in the company's best interest, and therefore in the interest of the shareholders, employees and other stakeholders. The Board of Management operates in accordance with the applicable laws and the provisions of the individual service agreements of its members as well as the company's Articles of Association, its rules of procedure and the business responsibility plan.

The Board of Management has set up a sustainable risk management and risk monitoring system that also covers sustainability goals and includes processes and systems for collecting and processing sustainability-related data.[2)] Furthermore, the Board of Management develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

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

The Board of Management has currently not set up any committees.[3)] The transactions for which a resolution adopted by the Board of Management is required by law, the Articles of Association or the rules of procedure for the Board of Management of Brenntag SE include but are not limited to the following measures:

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

Furthermore, internal guidelines applicable throughout the Group have been implemented which also require a resolution passed by the entire Board of Management or by individual members of the Board of Management for certain matters.

The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues of Brenntag SE and its subsidiaries with regard to strategy, corporate governance, the business policy it plans and other fundamental questions of corporate planning, the company's profitability, business performance and current position, risk management and compliance. The Board of Management addresses in particular any departures of business performance from the plans made or targets agreed, stating the reasons for such departures. In addition, the Board of Management requires the prior consent of the Supervisory Board for certain major matters which are described in detail in the section "Supervisory Board".

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.
[2)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-2 – Information provided to and sustainability matters addressed by Brenntag's administrative, management and supervisory bodies) as specified in the preamble to this management report.
[3)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

Supervisory Board

As in the previous year, the Supervisory Board of Brenntag SE consisted of six members. There are no employee representatives on the Supervisory Board of Brenntag SE as the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable. The members of the Supervisory Board mentioned by name below are therefore all shareholders' representatives.[1)]

The Supervisory Board intends to propose to the 2025 Annual General Meeting of Brenntag SE that the Supervisory Board be expanded to include two additional members, thus increasing the total number of members to eight.

Members of the Supervisory Board

The members of the Supervisory Board hold the following offices on statutory supervisory boards and comparable supervisory bodies of business enterprises.[2)]

	Richard Ridinger	**Dr. Andreas Rittstieg**
Position	Chair	Deputy Chair
Member from	June 10, 2020	March 19, 2010
Profession	Independent Management Consultant	Lawyer
Group company positions	– Nomination and Remuneration Committee – Transformation and ESG Committee	– Nomination and Remuneration Committee
Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2024)	– DSM-Firmenich AG, Kaiseraugust, Switzerland (listed) (Non-executive Member of the Board of Directors) – Roar HoldCo AB, Stockholm, Sweden (not listed) (Non-executive Member and Chair of the Board of Directors) and – Recipharm AB, Stockholm, Sweden (Group company, shares held by Roar HoldCo AB, not listed) (Non-executive Member and Chair of the Board of Directors)	– Hapag Lloyd AG, Hamburg, Germany (listed) (Member of the Supervisory Board) – Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany (not listed) (Member of the Administrative Board) – Huesker Holding GmbH, Gescher, Germany (not listed) (Member of the Advisory Committee) – Kühne Holding AG, Schindellegi, Switzerland (not listed) (Member of the Administrative Board)

	Stefanie Berlinger	**Sujatha Chandrasekaran**
Position	Member	Member
Member from	June 9, 2015	June 15, 2023
Profession	Managing Director Lilja & Co. GmbH	Independent Management Consultant
Group company positions	– Audit and Compliance Committee	– Audit and Compliance Committee
Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2024)		– American Eagle Outfitters Inc., Pittsburgh, PA, USA (listed) (Non-executive Member of the Board of Directors) – Agendia Inc., Irvine, CA, USA (not listed) (Non-executive Member of the Board of Directors) – Atos SE, Bezons, France (listed) (Non-executive Member of the Board of Directors) – Pando.AI, Chicago, Illinois, USA (not listed) (Non-executive Member of the Board of Directors)

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.
[2)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

	Wijnand P. Donkers	Ulrich M. Harnacke
Position	Member	Member
Member from	June 8, 2017	June 8, 2017
Profession	Independent Management Consultant	Chartered Accountant and Independent Business Consultant
Group company positions	– Nomination and Remuneration Committee – Transformation and ESG Committee	– Audit and Compliance Committee – Transformation and ESG Committee
Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2024)		– Vossloh AG, Werdol, Germany (listed) (Member of the Supervisory Board) – Thüga Group (until April 30, 2025): Contigas Deutsche Energie-AG, Thüga AG and Thüga Holding GmbH & Co. KGaA, Munich, Germany (Member of the Supervisory Board or Shareholders' Committee) – Zentis GmbH & Co. KG, Aachen, Germany (not listed) (Member of the Advisory Board)

2.18 Membership of committees and statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises

Working practices of the Supervisory Board

As the second governing body of a stock corporation (Aktiengesellschaft), the Supervisory Board has the task of monitoring the management of the company by the Board of Management as well as advising the Board of Management on the management of the company. The Supervisory Board also appoints and dismisses the members of the Board of Management.[1)] The Supervisory Board bases the composition of the Board of Management on the company's strategy, the requirements of the recommendations of the Government Commission "German Corporate Governance Code" and on the internal diversity policy. The Supervisory Board regularly discusses the company's strategy with the Board of Management and the progress made in its implementation. Furthermore, the Board of Management regularly informs the Supervisory Board of all issues with regard to planning, business development, the risk situation and risk management of the company in compliance with Section 90 of the German Stock Corporation Act (AktG).

Furthermore, the prior consent of the Supervisory Board is required for some major Board of Management decisions, including the business responsibility plan of the Managements, major changes in the business strategy of the Brenntag Group, the acquisition or sale of major plots of land, companies or business operations, the conclusion of agreements in connection with the granting or raising of loans or the assumption of guarantees, the amount of which exceeds certain thresholds.

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

The Supervisory Board members are in principle elected for a period up to the close of the Annual General Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The Annual General Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory Board may be re-elected. All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest. In line with recommendation D. 11 of the GCGC 2022, new members of the Supervisory Board are given a comprehensive introduction to their office in a set onboarding process and already receive targeted information material prior to taking up office in order to prepare them for their work. The resignation of Supervisory Board members is accompanied by a structured offboarding process to ensure that data and documents are deleted or returned and access is blocked.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

Brenntag SE also complies with recommendation D. 11 of the GCGC by providing the Supervisory Board with sufficient support during training and professional development measures. In the reporting year, all members of the Supervisory Board took part in an information security training course. In 2024, they also received training and professional development sessions specially tailored to their requirements. They attended conferences and specialized events, e.g. on the implementation of the CSRD, AI risk management and governance, current developments in the European chemical industry, corporate governance, sustainability, reporting, compliance and risk management. They were also actively involved in industry associations and networks, such as the German Audit Committee Network, the Financial Experts Association e.V. or Deutsche Schutzvereinigung für Wertpapierbesitz.[1)]

Information on the remuneration of the Supervisory Board members can be found in the section "Remuneration report"; this information can also be found on the website.

Good corporate governance also involves a regular assessment of how effectively the Supervisory Board as a body as a whole and its committees as such are fulfilling their duties. The Supervisory Board performs an assessment of its activities on a regular basis. On the basis of the Supervisory Board's self-assessment of its efficiency in 2023, the Supervisory Board conducted a follow-up assessment in December 2024 with the support of an external consultant. The assessment focused on the meeting structure, internal coordination of the committees with the Supervisory Board and the profile of skills and expertise. To ensure that the qualification matrix is validated objectively, the external consultant also examined the classification of skills and expertise.[2)] The next self-assessment is scheduled for 2025.

The Supervisory Board has set up three committees, namely the Nomination and Remuneration Committee, the Audit and Compliance Committee, and the Transformation and ESG Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. Each chair reports regularly to the Supervisory Board on the committee's activities.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee established by the Supervisory Board of Brenntag SE is made up of Dr. Andreas Rittstieg, Richard Ridinger and Wijnand P. Donkers. The Committee makes proposals regarding the appointment and removal of members of the Board of Management, the terms of the Board of Management service agreements within the framework of the remuneration system structure adopted by the Supervisory Board as well as any application to reduce the remuneration of a Board of Management member, and regularly provides the Supervisory Board with information for reviewing the remuneration system as a whole. It ensures long-term succession planning and sets the necessary qualifications of the Board of Management members. In this connection, the Nomination and Remuneration Committee works closely with the Board of Management. Furthermore, it prepares a diversity concept for the Board of Management and Supervisory Board. In addition, the Committee represents Brenntag SE vis-à-vis former members of the Board of Management in accordance with Section 112 of the German Stock Corporation Act, consents to sideline activities of Board of Management members in accordance with Section 88 of the German Stock Corporation Act and grants loans to the persons named in Sections 89 and 115 of the German Stock Corporation Act. In addition, the Committee approves contracts with Supervisory Board members in accordance with Section 114 of the German Stock Corporation Act and proposes suitable candidates as Supervisory Board members to the Annual General Meeting in case of the election of Supervisory Board members, taking into account the concrete objectives for the composition of the Supervisory Board and the profile of skills and expertise for the Supervisory Board as a whole.

Audit and Compliance Committee

The Supervisory Board of Brenntag SE has set up an Audit and Compliance Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the quality of the audit of the annual financial statements. The Audit and Compliance Committee has three members who were appointed by the Supervisory Board. As in the previous year, the committee is made up of Ulrich Harnacke as its Chair, Stefanie Berlinger and Sujatha Chandrasekaran. Thanks to the many years he has spent working as a chartered accountant and tax consultant, the Chair of the Audit and Compliance Committee, Ulrich Harnacke, has expertise in financial statement auditing and

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) and ESRS G1-3 (Prevention and detection of corruption and bribery) as specified in the preamble to this management report.
[2)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

special knowledge and experience of applying accounting principles and internal control procedures. Furthermore, he is not a former member of the company's Board of Management. Stefanie Berlinger has special expertise in the field of financial statement auditing, which she has acquired through her many years of experience as a finance expert and managing director as well as her years of service on the Audit Committee. The expertise of both also refers to sustainability reporting and auditing. Both qualify as finance experts within the meaning of Section 100, para. 5 German Stock Corporation Act and the recommendation of D.3 GCGC. Suja Chandrasekaran has additional expertise in cybersecurity, data protection, enterprise risk management, compliance and artificial intelligence risk assessment. In addition, she has years of service in listed company board of directors and serving on other listed company audit committees.

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

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

Transformation and ESG Committee

The Supervisory Board has also set up a Transformation and ESG Committee. The Committee reports to the Supervisory Board and prepares the consultations and resolutions of the Supervisory Board in the fields of strategy and sustainability. To this end, it reviews and monitors the corporate strategy and the optimization of company structures as well as the sustainability and digitalization strategies. Wijnand Donkers chairs the Transformation and ESG Committee due to his experience and expertise in the fields of Environment, Social und Governance. The other members of the Transformation and ESG Committee are Richard Ridinger and Ulrich Harnacke.[1)]

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

Shares held by the Board of Management and Supervisory Board members

On December 31, 2024, no member of the Board of Management or the Supervisory Board held share packages of Brenntag SE or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag SE either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

Avoidance of conflicts of interest on the Board of Management and the Supervisory Board

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

Reportable securities transactions of Board of Management and Supervisory Board members

Pursuant to Section 26, para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the Regulation (EU) No. 596/2014, termed the Market Abuse Regulation, any persons working in a management capacity for an issuer of securities and any persons closely associated with persons named are obliged to report transactions involving shares of Brenntag SE or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 20,000. Transactions reported in financial year 2024 were duly published and are available on Brenntag's website at https://corporate.brenntag.com/en/investor-relations/brenntag-share/managers-transactions/. Transactions in previous reporting periods were also duly published and can also be accessed at any time on the website.

D&O insurance deductible

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

Appropriate control and risk management

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

Transparency and equal treatment through comprehensive information

Brenntag SE aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag SE, constant dialog with its shareholders and potential investors is a matter of course. Communications with the capital market are handled by the Board of Management and the Investor Relations team. The company maintained its dialog with capital market participants at a high level in 2024. An overview of the various activities in this area can be found in the section "Brenntag on the Stock Market". In addition, the Chair of the Supervisory Board is, if required, available to discuss specific topics that fall within the scope of the Supervisory Board. Brenntag SE regards corporate governance as an integral part of communications with the capital market and its investor relations activities. In February and November 2024, in-depth discussions were held between the Chair of the Supervisory Board, Richard Ridinger and selected investors as part of multi-day corporate governance roadshows. The discussions covered topics such as the governance role of the Supervisory Board on Brenntag's transformation and growth path, ESG at Brenntag and the further development of corporate governance as well as the composition and long-term succession planning of the Supervisory Board. In this context, the plan to expand the Supervisory Board by two seats was presented to the investors. Furthermore, it was announced that the Supervisory Board intends to propose to the Annual General Meeting in May 2025 that the Chairman of the Management Board of Kühne Holding AG, Dominik de Daniel, be elected to succeed a member of the Supervisory Board who is not standing for re-election. In this context, the requirements to be met by the candidates for the two vacant positions and their qualifications were presented. Richard Ridinger also had numerous one-to-one talks with various major investors.

In line with its transparent communications policy, Brenntag SE makes all material new information available to shareholders on its corporate website without delay, including, in particular, financial reports, investor presentations, financial news, ad-hoc news, the Articles of Association as well as details on the Annual General Meeting and the financial calendar. The financial calendar contains important event and publication dates and can also be found at the end of this annual report.

Shareholders and Annual General Meeting

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

As was also the case in the previous year, shareholders were offered the option of exercising their right to vote at the 2024 Annual General Meeting in writing by electronic postal vote, without appointing a person to represent them. It is also planned to offer the option of electronic postal voting for the 2025 Annual General Meeting. To provide information for the shareholders, Brenntag SE posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As was also the case in the previous year, notice of the 2025 Annual General Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming Annual General Meeting are also available in good time for downloading from the website of Brenntag SE. After the Annual General Meeting, Brenntag SE also publishes attendance and the results of votes on the Internet.

The Annual General Meeting, which took place on May 23, 2024, was held as a virtual annual general meeting without the physical presence of the shareholders. In accordance with the new provisions of the German Stock Corporation Act on virtual annual general meetings, shareholders connected electronically had the opportunity to speak by means of video communication. All questions were answered at the Annual General Meeting.

Accounting and financial statement auditing

The consolidated financial statements of Brenntag SE are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial statements of Brenntag SE, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. The single-entity and consolidated financial statements of Brenntag SE for financial year 2024 are being audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. As for financial year 2023, the audit is being managed centrally by the Deloitte branch in Düsseldorf. The undersigned statutory auditors are André Bedenbecker (consolidated financial statements), Christian Siepe (both for the single-entity and consolidated financial statements) and Michael Habenicht (for the single-entity financial statements). The statutory requirements and the obligations to rotate pursuant to Sections 319 and 319a of the German Commercial Code (HGB) are met. For financial year 2024, it was again agreed with the statutory auditors that the Chair of the Audit and Compliance Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

Information on targets for the percentage of women and diversity

In accordance with Section 111, para. 5 of the German Stock Corporation Act, Brenntag SE is required to set targets for the share of women on the Supervisory Board, Board of Management and, in accordance with Section 76, para. 4 of the German Stock Corporation Act, on the first two management levels below the Board of Management. The Supervisory Board last set new targets for the share of women in 2021. In each case, the deadline for implementing the target is January 31, 2026. It set the target for the share of women on the Supervisory Board at 33.3% and the target for the share of women on the Board of Management at 20%. For the Supervisory Board, this corresponds to two women; for the Board of Management one woman.

The Board of Management last set new targets for the share of women on the two management levels in the company below the Board of Management in February 2022. The Board of Management aims to achieve a target of at least 30% for both levels by January 31, 2026. Taking into account the current structure and staffing of these management levels, a target of six women has been set for the first management level. A target of eight women has been set for the second management level. Naturally, the aforementioned targets do not rule out the possibility that the share of women will increase more than that. Before the above-mentioned deadline for implementation expires, the Supervisory Board and Board of Management will pass a resolution setting new targets.

In Sujatha Chandrasekaran and Stefanie Berlinger, the Supervisory Board has two female members so the share of women on the Supervisory Board was 33.3% in the reporting period and remains so. With Dr. Kristin Neumann as Chief Financial Officer, we again achieved the 20% target for the percentage of women on the Board of Management in 2024.[1)]

As at December 31, 2024 the percentage of women on the first management level below the Board of Management was 42.1%, which corresponds to eight women. The share of women on the second management level below the Board of Management was 33.3%, which corresponds to 13 women.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

The advancement of young female talent is a major priority of Brenntag. The positive change in the percentage of women on the second management level below the Board of Management at Brenntag SE is a sign that the internal measures implemented are a success. The percentage of women in management roles is also to be further improved by their participation in external programs. We are confident that this will enable us to set the targets higher in the long term and keep them higher.

Apart from Brenntag SE, Brenntag GmbH is the only Group company pursuant to Section 36 and Section 52 of the German Limited Liability Companies Act (GmbHG) required to set targets for the percentage of women on the Supervisory Board, in the managing director team and on the two management levels below the managing directors. Brenntag GmbH is not required to disclose a management report because it has applied the exemption provisions pursuant to Section 264, para. 3 HGB. In accordance with Section 289a, para. 4, sentence 2 in conjunction with para. 1, sentence 2 HGB, Brenntag GmbH publishes its declaration with the specifications and disclosures in accordance with Section 289a, para. 2, No. 4 HGB on its website at https://www.brenntag.com/en-de/compliance/proportion-of-women-in-management-positions/.

Information on the diversity policy

With respect to the composition of the Board of Management and Supervisory Board, Brenntag has a diversity policy in place that is designed to ensure diversity with regard to age, gender, training, educational and professional background as well as experience gained abroad. Brenntag promotes an informal and open-minded work culture with the greatest possible diversity (“Explore variety”). The diversity policy for the Board of Management and the Supervisory Board ensures that this approach is also reflected in these bodies. Brenntag is convinced that a holistic approach to diversity will strengthen the company in the long term by taking into account different perspectives, experiences and backgrounds, and it will create added value for Brenntag’s customers and suppliers as well as its employees.

Diversity policy for the Board of Management

The diversity policy for the Board of Management is based on a holistic approach to ensure successful, long-term succession planning:

- The age limit for membership of the Board of Management is 65.
- The aim is to achieve the target and timeframe set for the percentage of women on the Board of Management. The target set for the share of women on the Board of Management is 20% by January 31, 2026.
- The Board of Management members shall collectively have particularly extensive experience gained abroad.
- The Board of Management members must collectively have multiple years of management experience.[1)]
- The Board of Management members must collectively be familiar with the field of chemical distribution. At least one Board of Management member shall have special knowledge or professional experience in the chemical industry or the distribution sector.[2)]
- At least one Board of Management member shall have demonstrated knowledge of financial reporting and accounting.[3)]

The Supervisory Board takes these requirements into consideration when appointing new Board of Management members. Together with the Board of Management, the Supervisory Board ensures long-term succession planning that is geared to the company's interests. Alongside the diversity policy, long-term succession planning takes into account the requirements of the German Stock Corporation Act, the German Corporate Governance Code, the Supervisory Board’s rules of procedure and the targets for the percentage of women on the Board of Management set by the Supervisory Board. Internal and external candidates for Board of Management positions are discussed on a regular basis. For this purpose, potential candidates are divided into the categories immediate, medium-term and long-term succession candidates. Furthermore, the Chair of the Board of Management regularly reports to the Nomination and Remuneration Committee on any developments regarding the members of the internal talent pool. If necessary, external consultants provide support in identifying suitable external succession candidates.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.
[2)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.
[3)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

The Nomination and Remuneration Committee took account of the above-mentioned criteria in appointing the new member of the Board of Management effective April 1, 2025. With the appointment of Thomas Reisten as the successor of Dr. Kristin Neumann, a male candidate was chosen as the new CFO. The decision made during the selection process was based both on the specific profile requirements for this position and on the pool of candidates available.

Brenntag firmly believes that gender diversity in management positions contributes significantly to the company's success and remains committed to achieving gender representation on the Board of Management in line with the targets it has set itself.

Diversity policy for the Supervisory Board / Targets for its composition / Profile of skills and expertise

The composition of the Supervisory Board shall ensure that it can effectively monitor and advise the Board of Management and can perform its duties prescribed by law and by the Articles of Association in the best-possible way. The Supervisory Board's diversity policy follows the following requirements with regard to its composition:

- No member of the Supervisory Board shall continue to hold office beyond the close of the Annual General Meeting following his / her 70th birthday. Moreover, election proposals by the Supervisory Board shall consider that the members of the Supervisory Board shall generally not serve on the Supervisory Board for more than twelve years.
- At least 33.3% of the seats on the Supervisory Board shall be filled by women by January 31, 2026.
- At least 50% of the members of the Supervisory Board shall have particularly extensive experience gained abroad. This requirement for extensive expertise gained abroad is met if the respective member had regular employment abroad for at least 18 months or worked in an international working environment for more than five years.
- The Supervisory Board shall take account of the different educational and / or professional backgrounds of its members, giving due consideration to their knowledge, skills and experience when describing the goals for the composition of the Supervisory Board.

The current composition of the Supervisory Board satisfies all aspects of the diversity policy.

In addition to the diversity policy, the Supervisory Board has defined specific goals for its composition as a whole and taken qualitative criteria on company-specific requirements into account:

- The Supervisory Board shall collectively have suitable knowledge, skills and experience in the following areas:
  - corporate governance, compliance and risk management,
  - the chemical industry, distribution, supply chain management and B2B services,
  - strategy, portfolio management and M&A
  - change management and HR,
  - the fields of accounting and financial reporting (in accordance with Section 100, para. 5 of the German Stock Corporation Act),
  - capital markets,
  - digital transformation and IT,
  - ESG, sustainability, CSR and security.[1)]
- The Supervisory Board shall collectively have experience abroad.
- The Supervisory Board shall – in its own estimation – have an adequate number of independent members, more than half of the members being independent. When assessing independence, the Supervisory Board shall take all aspects mentioned in C.6 and C.7 of the German Corporate Governance Code into account.
- The Supervisory Board shall ensure that all Supervisory Board members have sufficient time to perform their duties.
- The Supervisory Board takes all aspects of the diversity policy into account as goals for the composition of the Supervisory Board.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.

The profile of skills and expertise for the entire Board specifies the skills and expertise considered important by the Supervisory Board and sets the specific requirements, in particular with regard to educational and professional background:

- The members of the Supervisory Board in the aggregate shall have several years of executive leadership and CEO.
- The members of the Supervisory Board in the aggregate shall be familiar with chemical distribution sector. At least one member of Supervisory Board shall have educational or professional expertise in the chemical industry or distribution.
- At least one member of the Supervisory Board shall have expertise in the field of accounting and at least one other member of Supervisory Board member shall have expertise in the field of auditing.
- At least one member of the Supervisory Board shall be familiar with digital transformation.
- At least one member of the Supervisory Board shall be familiar with sustainability, in particular ESG.

The Supervisory Board aims to continually improve its composition so as to meet the needs of the company and new business developments and ensure a composition suitable for the effective supervision and monitoring of the company, taking into account management experience and specific expertise in various fields such as accounting, auditing, digitalization and sustainability.

The Supervisory Board pursues these objectives and the implementation of the diversity policy as a whole in its proposals to the Annual General Meeting for the election of Supervisory Board members, last for the re-election of Richard Ridinger and the election of Sujatha Chandrasekaran at the 2023 Annual General Meeting.

The current composition of the Supervisory Board is in line with its self-imposed objectives and the profile of skills and expertise. The members of the Supervisory Board of Brenntag SE have been chosen for their professional qualifications, their knowledge and their particular experience. The members of the Supervisory Board as a whole are familiar with the business sector in which Brenntag operates and have the required experience.

	Stefanie Berlinger	Sujatha Chandrasekaran	Wijnand Donkers	Ulrich Harnacke	Dr. Andreas Rittstieg	Richard Ridinger
Member since	June 2015	June 2023	June 2017	June 2017	March 2010	June 2020
Independence (in accordance with GCGC)	Yes	Yes	Yes	Yes	Yes	Yes
No overboarding (in accordance with GCGC)	Yes	Yes	Yes	Yes	Yes	Yes
Gender	Female	Female	Male	Male	Male	Male
Year of birth	1973	1967	1962	1957	1956	1958
Nationality	German	American, Australian, Indian	Dutch	German	German	German
International expertise	Yes	Yes	Yes	Yes	Yes	Yes
Profession	Business economist	Electrical Engineer, Software and Data Engineer	Business economist	Business economist	Lawyer	Chemical Engineer

Expert Qualification	Stefanie Berlinger	Sujatha Chandrasekaran	Wijnand Donkers	Ulrich Harnacke	Dr. Andreas Rittstieg	Richard Ridinger
Safety / Corporate Social Responsibility / ESG expertise relevant to Brenntag	☑	☐	☑	☑	☑	☑
Management / C-Level experience	☐	☑	☑	☑	☑	☑
Corporate Governance / compliance	☑	☑	☑	☑	☑	☑
Chemical industry	☐	☐	☑	☐	☐	☑
Distribution / Supply Chain Management / B2B Services industry	☐	☑	☑	☑	☐	☑
Strategy, Portfolio Management, M&A	☑	☑	☑	☑	☑	☑
Change Management / HR	☐	☑	☑	☑	☐	☑
Financial Expert: (in accordance with section 100 (5) AktG)	☑	☐	☐	☑	☐	☐
Capital Markets	☑	☑	☑	☑	☑	☑
Digital transformation / IT	☐	☑	☑	☐	☑	☑

2.19 Qualification matrix of the Supervisory Board

An overview of the current qualifications and expertise of the Supervisory Board members meeting the profile of skills and expertise is published on our website at https://corporate.brenntag.com/en/about/corporate-governance/supervisory-board/.

Independence

In the Supervisory Board's opinion, a suitable number of independent members is at least three. The Supervisory Board believes that all current members are to be regarded as independent as defined by the GCGC so the share of independent members is 100%.[1)] When arriving at this assessment, the Supervisory Board took into consideration that, as of March 2024, Dr. Andreas Rittstieg has been a member of the Supervisory Board for more than 15 years. However, other indicators for a lack of independence as set out in the GCGC do not apply. The length of tenure indicator does not conflict with overall independence.

Dr. Andreas Rittstieg considers himself to be independent. In his consulting and monitoring duties, he demonstrates the necessary distance to the Board of Management along with the capacity for objective judgment, especially since the composition of the Board of Management has changed several times during his term of office. The Supervisory Board feels that it is important to have at least one long-serving member in order to maintain a minimum level of consistency in the advice provided to and supervision of the Board of Management given the daunting challenges the chemical industry is facing, in particular digitalization and sustainability.

The manner in which he has performed his duties to date gives the company no indication of possible conflicts of interest that could influence his judgment. Due to his professional experience and expertise, he also demonstrates the critical distance from the company and the Board of Management that is necessary for the proper performance of his supervisory and advisory function.

A further aspect considered in the assessment of independence was that Dr. Andreas Rittstieg does not represent any shareholder on the Supervisory Board. Dr. Andreas Rittstieg also has other duties and holds other offices and no business relations exist between him and the company.

At the 2024 Annual General Meeting, the Supervisory Board was discharged by 99.98% of the votes cast, which the Supervisory Board sees as confirmation that, in addition to its own assessment, the shareholders also have sufficient confidence that the Supervisory Board maintains its independence when performing its duties.

Dr. Andreas Rittstieg's current term of office ends at the close of the 2025 Annual General Meeting. He will not stand for re-election.

Further information on the members of the Supervisory Board can be found on the website at https://corporate.brenntag.com/en/about/corporate-governance/supervisory-board/.

[1)] The disclosures in this paragraph are disclosures required by ESRS 2 (GOV-1 – The role of the administrative, management and supervisory bodies) as specified in the preamble to this management report.