

# CORPORATE GOVERNANCE STATEMENT

Brenntag has always attached great importance to good corporate governance. As a globally operating DAX40-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 22 of the German Corporate Governance Code in its current version of December 16, 2019, published on March 20, 2020, 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 14, 2021, the following declaration of conformity with the recommendations of the GCGC as amended on December 16, 2019, published on March 20, 2020 in accordance with Article 9, para. 1, lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporation Act (AktG).

“Declaration 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 AktG pursuant to the German Corporate Governance Code

The Board of Management and the Supervisory Board of Brenntag SE are obliged to resolve a Declaration of Conformity in accordance with Article 9, para. 1, lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporation Act (Aktengesetz).

The Board of Management and the Supervisory Board hereby declare that since their last Declaration of Conformity as of December 14, 2020, Brenntag has complied with the recommendations of the Government Commission “German Corporate Governance Code” as amended on December 16, 2020 (“GCGC 2020”), published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), with the exception of the recommendation in number C.4 GCGC 2020. The exception is declared for the following reasons:

With regard to the Supervisory Board’s Chair Doreen Nowotne, there is a deviation from the recommendation in C.4 GCGC 2020. Ms. Nowotne holds positions at two non-group companies, one of which is listed, and one is non-listed. She is also Chair of the Supervisory Board at a further non-group, non-listed company. With her position as Chair of the Supervisory Board of Brenntag SE, her total number of seats amounts to six.

Therefore, in accordance with the GCGC’s counting method, a deviation from C.4 GCGC 2020 is hereby declared. In any case, the Supervisory Board has ascertained that Ms Nowotne has sufficient time available to discharge her duties.

Furthermore, the Board of Management and the Supervisory Board hereby declare that Brenntag complies and plans to continue to comply with the recommendations of GCGC 2020, with the exception of the recommendation in number C.4 GCGC 2020 as described above.”

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

As in the previous year, Brenntag declares a deviation from the recommendation C.4 GCGC 2020 with regard to the number of Supervisory Board positions of Doreen Nowotne. According to C.4 GCGC 2020, a Supervisory Board member should not hold more than five supervisory board mandates in non-Group, listed companies or comparable functions, with an appointment as chair being counted twice. In addition to her office at Brenntag, the Chair of the Supervisory Board, Doreen Nowotne, is currently a member of the supervisory board of one other non-Group listed company, one other non-Group, non-listed company and the supervisory board chair of a non-Group, non-listed company. Together with her position as Supervisory Board Chair, she therefore has a total of six mandates according to the GCGC 2020 counting method. The Supervisory Board is convinced that, despite her other mandates, Ms Nowotne has sufficient time available to discharge her duties at Brenntag and, thanks to her many years of experience, both at Brenntag and as a business consultant, is extraordinarily well-suited to the position of Supervisory Board Chair. Doreen Nowotne intends to continue to hold this position in future.

## DECLARATION ON THE SUGGESTIONS MADE IN THE GCGC

Brenntag complies in principle with all suggestions made in the GCGC 2020. The members of the Supervisory Board regularly attend meetings physically so that, in line with the provision in D.8 of the GCGC 2020, participation via telephone and video conferences is only an exception and not the rule. Due to the continuing restrictions in the reporting year caused by the COVID-19 pandemic, it was not possible to hold physical Supervisory Board meetings over large parts of the reporting year so the majority of meetings during this period had to be held completely in virtual form. It was possible to hold the majority of the ordinary Supervisory Board meetings in physical form in 2021. An overview of attendance at the meetings is to be found on the website and in the Supervisory Board report. We hope that, in 2022, it will already be possible to hold predominantly meetings with physical attendance.

Brenntag publishes an overview of implementation of the GCGC's suggestions on its corporate website at [Corporate Governance Code | Brenntag](#).

## DISCLOSURES ON CORPORATE GOVERNANCE PRACTICE

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

**Compliance management and organization:** The compliance organization of Brenntag SE is headed by the Board of Management and, within the Board, by the Chairman. The Governance, Risk & Compliance (GRC) manager in the Compliance & Audit department of Brenntag SE regularly provides the Board of Management with information on compliance matters. Reports on compliance and whistleblowing cases and the development of the Group-wide compliance management system are also given in the regular Audit Committee meetings of the Supervisory Board. The GRC manager is supported by an internal advisory committee, the Compliance Committee, which is composed of various department heads of Brenntag SE. The regional compliance managers, who are appointed by the regional executive management, ensure close networking with our business activities through the coordination of the compliance management system at regional level. Regional compliance managers examine and report all compliance cases and/or compliance questions which are brought to their attention and they regularly exchange information and experience with the GRC manager of Brenntag SE. In this way, we ensure close networking of compliance management with our business activities at regional level.

**Code of conduct and company guidelines:** As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance with rules and regulations, honesty and integrity are our top priorities. A comprehensive Code of Business Conduct and Ethics summarizes all fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation. The Code of Business Conduct and Ethics contains the standards Brenntag applies in the areas of health, safety and the environment, human rights and working conditions, dealings with business partners and public institutions, combating bribery and corruption, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The Code of Business Conduct and Ethics has been published both on the website 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 conduct. Every infringement of this code of conduct may lead to disciplinary action and have further consequences under employment law and even criminal law for employees committing an infringement. In addition to the Code of Business Conduct and Ethics, there are further Group guidelines detailing compliance requirements, including an Anti-corruption Guideline, an Insider Compliance Guideline and the Corporate Guideline on Foreign Trade Compliance. In addition to the Code of Business Conduct and Ethics, which was revised in January 2021, all Group-wide guidelines can be accessed by all employees on the Group-wide Intranet.

The Code of Business Conduct and Ethics can also be freely accessed on the Brenntag website at [Compliance at Brenntag | Brenntag](#).

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

**Training:** Adherence to our Code of Conduct and antitrust requirements, the prevention of corruption, and the protection of the environment and health are particular focal points of our compliance programme, as Brenntag sees the greatest compliance risks here. Our employees receive regular training on these topics - either at in-person events or through e-learning systems at regional or global level. The aim is to keep all employees' knowledge up to date, avoid any illegal actions as well as to protect the environment and employees from harm. Participation in a training session on the Code of Business Conduct and Ethics is mandatory for all new employees when they join the Group. In addition, there are in-depth compliance training courses at global and regional levels on the topics of bribery and corruption, anti-trust law, data privacy and fraud prevention.

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

## **WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS THE COMPOSI- TION AND WORKING PRACTICES OF THEIR COMMITTEES**

As a result of the conversion of Brenntag AG into a European company, termed a Societas Europaea (SE), the German parent company of the Brenntag Group has been operating under the trading name Brenntag SE since February 1, 2021. 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. Therefore, conversion into an SE has not led to a change in the corporate governance structure of the company. The Board of Management and the Supervisory Board are guided by the applicable legislation, the principles of the GCGC 2020, the company’s Articles of Association as well as their respective rules of procedure. The working practices of both bodies are geared to responsible corporate governance, which is characterized by open discussions and transparency.

## BOARD OF MANAGEMENT

Since the appointment of Ewout van Jarwaarde as Chief Transformation Officer effective January 1, 2021, the Board of Management of Brenntag SE has consisted of five members. In line with the GCGC 2020, he was initially appointed for a period of three years. Apart from the aforementioned, the composition of the Board of Management did not change in the reporting period. Dr Christian Kohlpaintner remains Chairman of the Board of Management.

As already announced on November 4, 2021, Georg Müller will be leaving the company with effect from March 31, 2022. For personal reasons and by mutual agreement, he stepped down from his post as Chief Financial Officer with effect from Feb-

ruary 2, 2022. Dr Kristin Neumann, who has also initially been appointed for a period of three years in line with the GCGC 2020, will take over the position with effect from April 1, 2022

Further information on the members of the Board of Management can be found on the website at [Board of Management | Brenntag](#). Information on the remuneration of the Board of Management can be found in the Remuneration 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.

Name / Responsibilities	First appointed	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at Dec.31, 2021)	
		External positions	Group company positions
<b>Dr Christian Kohlpaintner</b> (CEO)	January 1, 2020		
Corporate Board Office			
Global HR			
Corporate Planning & Strategy			
M & A Brenntag Group			
Global Communications			
Global Marketing			
Compliance & Audit Brenntag Group			
QSHE Brenntag Group			
Sustainability Brenntag Group			
Corporate Relations & Government Affairs			
<b>Georg Müller</b> (CFO)	April 1, 2012		
Corporate Controlling			BRENNTAG GmbH (Chairman)
Corporate Accounting			
Legal Brenntag Group			
Tax Brenntag Group			
Treasury Brenntag Group			
Corporate Investor Relations			
Corporate Insurance Management			
Shared Services Brenntag Group			
Brenntag International Chemicals			

<b>Henri Nejade</b>	July 1, 2015		
(COO Brenntag Specialties)			
Brenntag Specialties			Brenntag (Shanghai) Enterprise Management Co., Ltd.
Controlling Brenntag Specialties			Brenntag Cangzhou Chemical Co., Ltd.
Global Industry Development			Brenntag (Zhangjiagang) Chemical Co., Ltd.
			Brenntag Taiwan Co., Ltd.
<b>Steven Terwindt</b>	August 1, 2020		
(COO Brenntag Essentials)			
Brenntag Essentials			
Controlling Brenntag Essentials			
China & Hong Kong			
Global Key Accounts			
Global Sourcing Organization			
<b>Ewout van Jarwaarde</b>	January 1, 2021		
(CTO)			
Chief Security Office			
Core IT			
Data & Analytics			
Digital Business Architecture			
Digital Transformation			
E2E Deployment			
Functional Excellence			
Indirect Procurement			
Transformation Office			

## WORKING PRACTICES OF THE BOARD OF MANAGEMENT

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

The Board of Management manages the business of Brenntag SE independently. In doing so, it must act in the company's best interest, and therefore in the interest of the shareholders, employees and other stakeholders. The Board of Management operates in accordance with the applicable laws and the provisions of 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 in the Brenntag Group to ensure that the subsidiaries observe all applicable external and internal rules. It develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

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

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

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

Furthermore, internal guidelines applicable throughout the Group have been implemented which also 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 chapter "Supervisory Board".

#### **SUPERVISORY BOARD**

As in the previous year, the Supervisory Board of Brenntag SE consists of six members. The composition of the Supervisory Board has not changed since the reporting year 2020. 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 mentioned by name below are therefore all shareholders' representatives.

## MEMBERS OF THE SUPERVISORY BOARD

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

Name/Committee membership	Position held	Member from	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2021)
<b>Doreen Nowotne</b> (Chairwoman) Presiding and Nomination Committee Transformation Committee	Independent Management Consultant	March 3, 2010	JENOPTIK AG (listed) Lufthansa Technik AG Franz Haniel & Cie. GmbH (Chairwoman)
<b>Dr Andreas Rittstieg</b> (Deputy Chairman) Presiding and Nomination Committee	Member of the Board of Management Hubert Burda Media Holding KG (until December 31, 2021) Lawyer	March 19, 2010	New Work SE (listed) Hubert Burda Media Holding Geschäftsführung SE Huesker Holding GmbH Kühne Holding AG
<b>Stefanie Berlinger</b> Audit Committee	Managing Director Lilja & Co. GmbH	June 9, 2015	
<b>Wijnand P. Donkers</b> Presiding and Nomination Committee Transformation Committee	Independent Management Consultant	June 8, 2017	
<b>Ulrich M. Harnacke</b> Audit Committee	Chartered Accountant, Tax Consultant, Independent Business Consultant	June 8, 2017	Vossloh AG (listed) Thüga Holding GmbH & Co. KGaA Zentis GmbH & Co. KG
<b>Richard Ridinger</b> Audit Committee Transformation Committee	Independent Management Consultant	June 10, 2020	Firmenich International SA Evolva Holding SA (listed) SHL Medical AG

## 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. 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 a casting vote. He/she is also authorized to make any declarations on behalf of the Supervisory Board which are necessary to implement its resolutions.

The Supervisory Board members are in principle elected for a period up to the close of the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory Board may be re-elected. All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest. New members of the Supervisory Board already receive targeted information material prior to taking up office in order to prepare them for their work.

Information on the remuneration of the Supervisory Board members can be found in the chapter "Remuneration Report" in the combined management report; this information can also be found on the website. The Supervisory Board performs an assessment of its activities on a regular basis, but at least every two years. The last efficiency review took place in June 2021. Further information on the efficiency review is to be found in the Report of the Supervisory Board. In the second half of the year, the Supervisory Board regularly reviewed the planned progress and the achievement of objectives. The next self-assessment is scheduled for 2022.

Since January 2021, the Supervisory Board has had three committees set up from among its members, namely the Presiding and Nomination Committee, the Audit Committee, and the Transformation Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. Each chairperson reports regularly to the Supervisory Board on the committee's activities.

## **PRESIDING AND NOMINATION COMMITTEE**

As was the case in the previous year, the Presiding and Nomination Committee set up by the Supervisory Board of Brenntag SE consists of the Supervisory Board Chair, Doreen Nowotne, as well as Dr Andreas Rittstiegl and Wijnand P. Donkers. The Chair of the Supervisory Board always also holds the Chair of the Presiding and Nomination Committee.

The Committee coordinates the activities of the Supervisory Board as a whole and monitors compliance by the Board of Management with the rules of procedure. Furthermore, the Committee makes proposals regarding the appointment and removal of members of the Board of Management, the terms of the Board of Management service agreements within the framework of the remuneration system structure adopted by the Supervisory Board as well as any application to reduce the remuneration of a Board of Management member, and regularly provides the Supervisory Board with information for reviewing the remuneration system as a whole. It ensures long-term succession planning and sets the necessary qualifications of the Board of Management members. 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 General Shareholders' Meeting in case of the election of Supervisory Board members, taking into account the concrete objectives for the composition of the Supervisory Board and the profile of skills and expertise for the Supervisory Board as a whole.

## AUDIT COMMITTEE

The Supervisory Board of Brenntag SE has set up an Audit Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the quality of the audit of the annual financial statements. The Audit Committee has three members who were appointed by the Supervisory Board. As in the previous year, they are Ulrich M. Harnacke as its Chairman, Stefanie Berlinger and Richard Ridinger. The Chairman of the Audit Committee, Ulrich M. Harnacke, has special knowledge of and experience in applying accounting principles and internal control procedures as well as in the field of financial statement auditing. Furthermore, he is not a former member of the company's Board of Management. Stefanie Berlinger has special expertise in the field of auditing.

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

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

## TRANSFORMATION COMMITTEE

The Supervisory Board has also had a Transformation Committee since January 2021. This committee deals in particular with the planning and implementation of “Project Brenntag” in the company, a review of and changes to the corporate strategy and the corporate structure as well as the relevant organizational processes. Furthermore, it is involved in the development and implementation of further transformations and future topics in this context, for example relating to the corporate culture and ESG. The Transformation Committee prepares the Supervisory Board meetings and resolutions on corresponding resolution items. The members of the Transformation Committee are Doreen Nowotne, who is also its Chairwoman, Wijnand P. Donkers and Richard Ridinger.

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

On December 31, 2021, no member of the Board of Management or the Supervisory Board held share packages of Brenntag SE or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag SE either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

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

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

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

Pursuant to Section 26, para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the Regulation (EU) No. 596/2014, termed the Market Abuse Regulation, any persons working in a management capacity for an issuer of securities and any persons closely associated with said persons are obliged to report transactions involving shares of Brenntag SE or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 20,000. Transactions reported in financial year 2021 were duly published and are available on Brenntag’s website at [Managers’ Transactions | Brenntag](#). Transactions in previous reporting periods were also duly published and can also be accessed at any time on the website of Brenntag SE.

## D&O INSURANCE DEDUCTIBLE

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

## APPROPRIATE CONTROL AND RISK MANAGEMENT

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

## TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE INFORMATION

Brenntag SE aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag SE, constant dialogue with its shareholders and potential investors is a matter of course. Communications with the capital market are handled by the Board of Management and the Investor Relations team. An overview of the various activities in this area can be found in the chapter “Brenntag on the Stock Market”. In addition, the Chairwoman of the Supervisory Board is, if required, available to discuss specific topics that fall within the scope of the Supervisory Board. In 2021, the capital market expressed no need for such discussions. In February 2022, in-depth discussions were held between the Chairwoman of the Supervisory Board and selected investors as part of investor dialogue. 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 General Shareholders’ Meeting and the financial calendar. The financial calendar contains important event and publication dates and can also be found at the end of this annual report.

## SHAREHOLDERS AND GENERAL SHAREHOLDERS’ MEETING

The shareholders exercise their membership rights at the General Shareholders’ 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 General Shareholders’ Meeting and, in this respect, may also exercise their voting rights. Each share of Brenntag SE carries one vote in the General Shareholders’ Meeting. The General Shareholders’ Meeting resolves, among other things, on the appropriation of profit, the discharge of the Board of Management and of the Supervisory Board and on the election of the auditors. As a rule, the Chair of the Supervisory Board presides over the General Shareholders’ Meeting. The ordinary General Sharehold-

ers’ Meeting takes place once a year. Shareholders who are registered with the share register of the company and whose application for attendance is received by the company in good time before the General Shareholders’ Meeting are entitled to participate in the General Shareholders’ Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders’ Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions.

As was also the case in the previous year, shareholders were offered the option of exercising their right to vote at the 2021 General Shareholders’ Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the option of postal voting for the 2022 ordinary General Shareholders’ Meeting. To provide information for the shareholders, Brenntag SE posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As was also the case in the previous year, notice of the 2022 ordinary General Shareholders’ Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming ordinary General Shareholders’ Meeting are also available in good time for downloading from the website of Brenntag SE. After the General Shareholders’ Meeting, Brenntag SE also publishes attendance and the results of votes on the Internet.

Due to the special restrictions imposed by the COVID-19 pandemic in financial year 2021, shareholders were again only able to attend the General Shareholder’s Meeting virtually. However, in accordance with the provisions of the German COVID-19 Emergency Act, shareholders had the opportunity to submit questions in advance to the Board of Management and Supervisory Board until one day before the meeting. All questions were answered at the General Shareholders’ Meeting. Due to the continuing pandemic and resulting restrictions, the next General Shareholders’ Meeting in June 2022 is expected to also be held in the same way.

## ACCOUNTING AND FINANCIAL STATEMENT AUDITING

The consolidated financial statements of Brenntag SE are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial statements of Brenntag SE, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. All single-entity and consolidated financial statements of Brenntag SE since the IPO in 2010 have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The audit is managed centrally by the PwC branch at Moskauer Str. 19, 40227 Düsseldorf. The undersigned statutory auditors are Christiane Lawrenz (2020 for the first time, both for the single-entity and consolidated financial statements) and Daniel Deing (2021 for the first time the single-entity and consolidated financial statements). The statutory requirements and requirements to rotate pursuant to Sections 319 and 319a of the German Commercial Code (HGB) are met. For financial year 2021, it was again agreed with the statutory auditors that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

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

In accordance with Section 111, para. 5 of the German Stock Corporation Act, Brenntag SE is required to set targets for the share of women on the Supervisory Board, Board of Management and, 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 the reporting year. 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 targets for the share of women on the only management level in the company below the Board of Management in 2017 at 30%. The deadline for implementing the target is June 30, 2022. Although the deadline for implementation has not yet expired, the Board of Management has resolved new targets. As a result of the new matrix structure as part of the transformation process, there is now a second management level below the Board of Management for which a target also has to be set. 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 Doreen Nowotne and Stefanie Berlinger, the Supervisory Board has two female members so the share of women on the Supervisory Board was 33.3% in the report period and remains so. The percentage of women on the Board of Management remained unchanged at 0% during the reporting year but, with the appointment of Dr Kristin Neumann as Chief Financial Officer effective April 1, 2022, we will achieve the target of 20% in 2022.

As at December 31, 2021 the percentage of women on the first management level below the Board of Management was roughly 31.6%, which corresponds to six women. The share of women on the second management level below the Board of Management was 25%, which also corresponds to six women.

The advancement of young women is a major priority at Brenntag. The positive change in the percentage of women on the management levels below the Board of Management 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 programmes, such as the Women into Leadership Initiative. 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 [www.brenntag.com/en-de/about/compliance/proportion-of-women-in-management-positions](http://www.brenntag.com/en-de/about/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. In addition to the target for the share of women already described, there is an age limit of 65 for membership of the Board of Management. Furthermore, it is ensured that one member worked in the chemical and/or distribution industry, at least one member can prove professional experience gained abroad and at least one member has knowledge of financial reporting and accounting. The Supervisory Board takes these requirements into 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. The Presiding and Nomination Committee has taken account of the above-mentioned criteria in appointing the new member of the Board of Management effective January 1, 2021. Ewout van Jarwaarde was selected as a new member in suitably well-structured processes. In its current composition, the Board of Management of Brenntag SE fulfils the requirements of the diversity policy. The Presiding and Nomination Committee also took the above-mentioned criteria into account when selecting Dr Kristin Neumann as the new Chief Financial Officer.

#### **DIVERSITY POLICY FOR THE SUPERVISORY BOARD / TARGETS FOR ITS COMPOSITION / PROFILE OF SKILLS AND EXPERTISE**

Alongside specific targets regarding composition, the diversity policy for the Supervisory Board contains a profile of skills and expertise for the entire Board drawn up in line with the recommendations of the GCGC 2020. Accordingly, the composition of the Supervisory Board shall ensure that it can effectively monitor and advise the Board of Management and can perform its duties prescribed by law and by the Articles of Association in the best-possible way. In the situation specific to the company, the composition of the Supervisory Board adequately reflects the international activities of the company, an appropriate number of independent Supervisory Board members, in particular independent from customers, suppliers or other business partners of the company, diversity and an appropriate percentage of women.

The Supervisory Board's self-imposed objectives for the reporting year relate to age and gender of the Supervisory Board members but also to experience gained abroad. They have been fully implemented:

- At least 15% of the members of the Supervisory Board shall have particularly great experience gained abroad. This experience may also have been gained in other industries.
- At least 50% of the members of the Supervisory Board shall not hold offices at customers', suppliers' or lenders' of the company.
- At least 50% of the members of the Supervisory Board shall be independent within the meaning of the German Corporate Governance Code.
- At least 33.3% of the seats on the Supervisory Board shall be filled by women.
- No member of the Supervisory Board shall continue to hold office beyond the close of the General Shareholders' Meeting following his/her 70th birthday.

The profile of skills and expertise for 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 main skills and expertise in this sense include in particular practical and professional experience in the chemical industry and the distribution sector as well as knowledge and experience of strategic and organizational development and of the management of a large international company. This includes in particular expertise in mergers & acquisitions. As a listed company, Brenntag SE is subject to capital market regulations. Therefore, it is important that the entire Supervisory Board is familiar with the functioning of the capital market and the relevant laws as well as with the requirements of corporate governance, corporate social responsibility and compliance management. It shall be ensured that the Supervisory Board in its entirety has the necessary knowledge and experience in financial reporting and accounting for a listed company and is familiar with controlling and risk management systems in an international business environment. Finally, the Supervisory Board shall have special professional expertise regarding digitalization trends and processes, particularly to the extent that these are relevant for the chemical distribution sector. In addition, the Supervisory Board as a whole has knowledge in the area of ESG. Wijnand P. Donkers in particular has in-depth knowledge of this area due to his many years of experience and is an expert on these topics.

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 [Supervisory Board | Brenntag](#).

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 is pursuing these objectives and the implementation of the diversity policy as a whole in its proposals to the General Shareholders' Meeting for the election of Supervisory Board members.

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.

## 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. When arriving at this assessment, the Supervisory Board took into consideration that, as of March 2022, the Supervisory Board Chairwoman, Doreen Nowotne, and Dr Andreas Rittstiegl have been members of the Supervisory Board for more than 12 years. However, further indicators for a lack of independence as set out in the GCGC do not apply to either of them. The length of tenure indicator does not conflict with the overall independence of both.

Doreen Nowotne and Dr Rittstiegl consider themselves to be independent. In their consulting and monitoring duties, they demonstrate the necessary distance to the Board of Management along with the capacity for objective judgement, especially since the composition of the Board of Management has changed during the term of office of both of them. 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 advice provided to the Board of Management given the daunting challenges the chemical industry is facing, in particular digitalization and climate protection.

The manner in which they have performed their duties to date gives the company no indication of possible conflicts of interest that could influence the judgment of either of them. On the basis of their professional experience and expertise in their Supervisory Board and committee work, both also demonstrate sufficient critical distance to the company and the Board of Management.

A further aspect considered in the assessment of independence was that both members do not represent any shareholder on the Supervisory Board. Both were re-elected by a large majority (over 94% of the votes cast) at the General Shareholders' Meeting 2020 after disclosing their previous committee memberships. The Supervisory Board sees this as confirmation that, in addition to their own assessment, the shareholders also have sufficient confidence that Doreen Nowotne and Dr Rittstiegl maintain their independence when performing their duties.

Finally, it should be noted that Ms Nowotne and Dr Rittstiegl also have other duties and hold other offices and no business relations exist between the company and them.

Further information on the members of the Supervisory Board can be found on the website at [Supervisory Board | Brenntag](#).