

3 Non-financial Report

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Dear readers, dear shareholders,

The both economically and politically difficult and volatile environment posed major challenges for Brenntag in 2022. But in this environment especially, ESG retains top priority on our agenda and that of our stakeholders. The profound changes in recent years have made it clear to us as a company how important it is to actively engage with both environmental and social aspects. By incorporating these matters into responsible governance, we are working together for a livable future.

ESG is a top priority in our activities and an essential element of our strategy. Last year, we once again stressed that we wish to become the leader in the responsible distribution of sustainable chemicals and ingredients, and also expressed this in our reformulated purpose. We made good progress on this path in 2022.

We published our new, long-term ESG strategy, in which we set out ambitious goals in all three dimensions, environment, social and governance, and took further successful steps toward achieving those goals. Among other things, we adopted guidelines for living wages and on sustainability certification for new sites, drove the decarbonization of products and supply chains through the use of renewable and biomaterials, and further reduced our accident numbers. All this contributes toward our long-term sustainability vision Future Sustainable Brenntag. We are also proud of the fact that, on a variety of ESG benchmarks and ratings, we outperformed the industry average by a clear margin. In 2022, we once again increased our score in the renowned EcoVadis sustainability rating and for the first time were awarded the platinum medal. Brenntag's sustainability performance therefore puts it among the top 1% of rated companies across all industries. We also made substantial progress on corporate governance. Brenntag achieved an excellent 88.66% on the DVFA Scorecard and therefore ranks among the leading DAX companies in terms of corporate governance.

We consider it important that our ESG strategy reflects and fulfills the needs of our stakeholders. In autumn 2022, we therefore carried out a materiality analysis, where customers, suppliers, investors, associations and internal stakeholders informed us of their assessment of 15 predefined core ESG areas. The results of this analysis confirmed our focal points. For us, this is another important sign that the market has understood and accepted our strategy.

Our central objectives include climate protection and reduction of emissions, which we are working on through numerous important measures with a view to achieving our net-zero target, covering greenhouse gas emissions generated by our own activities, by 2045. We have presented a clear roadmap for reducing our Scope 1 and 2 emissions. This includes fully meeting our electricity requirements from green energy by 2025 and reducing our CO₂ emissions by 40% compared with 2020 levels by 2030. In the latter case, we had already achieved a reduction of more than 9%

CEO LETTER

by the end of 2022 – a motivating result that shows that we are well on track with the measures taken.

In order to implement our ESG strategy successfully, it is important to further strengthen awareness of sustainability within our company and foster new ideas. In 2022, we therefore introduced an internal carbon fund, for example, for which sites around the globe applied by setting out their innovative carbon-saving measures. Internal carbon pricing creates incentives to save energy while at the same time generating funds for 2023 which, through the carbon fund's support, will be invested in innovative and efficient measures to reduce greenhouse gases. Headed by myself as CEO, our newly established Sustainability Council dedicates its attention, among other things, to the projects submitted and the provision of support through the carbon fund.

There is also a variety of ambitious projects on our agenda for 2023. After embarking on the first analysis of our product portfolio with regard to more sustainable product alternatives in 2022, we are looking forward to starting the implementation phase in the course of this year. As a matter of particular priority, we will also address the issue of human rights across our supply chain. Furthermore, we are focusing our efforts with regard to developing and tapping new circular areas of business.

Implementing ESG measures is a shared task. Together with our employees worldwide, we are working to make our industry sustainable and thus contribute toward a more liveable future. I would like to sincerely thank all colleagues at Brenntag for these efforts.

Dear readers, we are ambitiously continuing our journey toward a Future Sustainable Brenntag. We are very consciously tackling our intermediate goals; every achievement along the way takes us a step closer to our objectives. In 2023, we will continue to do all we can to extend our responsible role in sustainability as global market leader. I would be delighted if you would accompany and support us in this.

Yours sincerely,



Dr. Christian Kohlpaintner

Chief Executive Officer of Brenntag SE

About this report

Reporting principles

This combined separate non-financial report (NfR) for financial year 2022 is the tenth report published by Brenntag on its sustainability activities since 2013. This year, the NfR has for the first time been integrated into the Annual Report and will not therefore be published as a standalone sustainability report. It is not part of the Group management report.

This NfR is based on international standards for sustainability reporting and therefore takes into account the interests of investors, customers, partners, suppliers, NGOs, employees and interested members of the public:

- The Global Reporting Initiative (GRI, index on [page 134](#)),
- The principles of the United Nations Global Compact (UNGC),
- The standards issued by the Sustainability Accounting Standards Board (SASB, SASB “Chemicals” standard and SASB “Road transportation” standard, index on [page 141](#)),
- The standard issued by the Task Force on Climate-related Financial Disclosures (TCFD, index on [page 139](#)). The TCFD looks at the financial risks that climate change poses to companies’ business performance.

This NfR was prepared in accordance with Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB) and meets the legal requirements of the HGB. It also contains the mandatory disclosures in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation).

To provide a structured presentation of this content, Brenntag has used the GRI standards as a framework. The description of the requirements under the HGB is based on the structure of the GRI management approaches. This structure is used in the description of the materiality analysis as well as for management approaches relating to “environmental matters”, “employee matters”, “respect for human rights”, “anti-corruption and bribery matters” and “responsibility in the supply chain” (GRI 3: Material Topics 2021). In addition, a GRI Content Index contrasts the GRI indicators with the corresponding passages in the report. This GRI Content Index is published from [page 134](#). The following disclosures are additional information and not part of this separate NfR and therefore not subject to the audit: the GRI Content Index, references to

information not contained in the NfR or the combined Group management report and management report of Brenntag SE, and SASB and TCFD indices.

The NfR has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) pursuant to ISAE 3000 (Revised) to obtain limited assurance. The Practitioner’s Report can be found on [pages 144–145](#). The NfR was also preliminarily analyzed and audited by the Supervisory Board’s Audit Committee and subsequently by the entire Supervisory Board.

Information on the business model can be found in the combined Group management report and management report of Brenntag SE on [pages 147–148](#).

In this NfR, correlations have been identified with amounts reported in the consolidated financial statements. Information on environmental provisions amounting to EUR 108.9 million for the clean-up of soil and groundwater at current and former, owned or leased sites can be found under [note 25](#) to the consolidated financial statements for financial year 2022.

Identification of material content

The issues presented in the materiality matrix on [page 99](#) form the basis for determining the NfR content. The matrix is the result of a materiality analysis that was updated in 2022 in that the stakeholders included assessed the relevance and the effects of the various topics. The materiality analysis was thus updated for the second time since it was first conducted in 2015. In order to determine the material topics for the NfR, Brenntag adhered to the requirements of Section 289c, para. 2 in conjunction with para. 3 of the German Commercial Code (HGB) and the Global Reporting Initiative standards. These topics were assessed for the NfR using the following criteria:

- Topics that are necessary to form an understanding of the business performance, the financial results, the company’s position and the effects of Brenntag’s activities on non-financial aspects (environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, responsibility in the supply chain, and sustainable governance)
- Topics rated between “high and very high” in at least one of the dimensions
- Topics that form part of Brenntag’s Group strategy and/ or its ESG strategy and the objectives contained in it.

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In the reporting period, Brenntag looked closely at the material topics and updated the materiality analysis against the background of the ESG strategy (please see page 99). Compared with the previous year, there were both some linguistic changes and a revision of the scope of the list of topics. The materiality analysis was submitted to and discussed and decided upon by the Board of Management. This materiality process identified the following topics as being material to Brenntag within the meaning of the law:

Material topics pursuant to Section 289c, para. 2 in conjunction with para. 3 of the German Commercial Code

Aspects	Issue and page reference
Environmental matters	Safe handling of chemicals (page 107)
	Combating climate change (page 116)
	Waste and packaging (page 121)
	More sustainable products (page 103)
	Circular business models (page 121)
	Responsible use of water (resources) (page 122)
Employee matters	Climate resilience (page 104)
	Occupational health and safety (page 106)
	People development and training (page 111)
Respect for human rights	Respectful and caring work environment (page 108)
	Compliance and corporate governance (page 101,112)
Anti-corruption and bribery matters	Compliance and corporate governance (page 101)
Social matters	(Not material within the meaning of Section 289c, para. 3, sentence 1 HGB)
Responsibility in the supply chain	Responsible supplier management (page 112)
Sustainable governance	Integration of sustainability in governance structures (page 103)

3.01 Material topics pursuant to Section 289c, para. 2 in conjunction with para. 3 of the German Commercial Code

Social matters were identified as being immaterial to Brenntag within the meaning of the law and were therefore not included in the NfR. However, Brenntag will report on social

activities and employees' involvement outside the NfR so that this important topic is addressed. In addition to the aspects covered by the law, Brenntag has identified "Responsibility in the supply chain" and "Sustainable governance". As the market leader in chemicals and ingredients distribution, Brenntag believes it has a responsibility to reduce negative effects with regard to non-financial aspects within the supply chain and to strengthen positive effects. Among other things, Brenntag's understanding of the topic of sustainable governance is that sustainability aspects are important decision criteria in portfolio and investment decisions and on M&A projects.

Data basis and calculation

This NfR covers Brenntag SE, which is included in the consolidated financial statements, as well as the consolidated subsidiaries, which are also included along with structured entities. For information on the group of consolidated companies and consolidation method, see page 197 and page 202, as well as the list of companies included in the consolidated financial statements, page 265. Any deviations from these parameters are indicated in the relevant section of this NfR.

The reporting period for this NfR covers the Brenntag Group's financial year 2022 (January 1, 2022 to December 31, 2022). Any deviations in the reporting periods for individual data and contents are noted separately.

The contents and data provided in this report have been determined on the basis of internal processes. They derive from Brenntag's existing management and data-recording systems and from company documents and have been obtained from the operational units of Brenntag's regions as well as the responsible corporate departments. The content of this report has been reviewed by employees with the relevant specialist expertise.

Boundaries of material topics pursuant to GRI

The diagram on page 94 shows the boundaries of the material topics pursuant to the GRI. The relevant GRI standards covered by each topic are also indicated. For topics that are not covered by the GRI standards, we have referred directly to the corresponding management approaches in the NfR and, if necessary, to our website as an additional source of information.

Based on the materiality analysis performed in 2022, the following overview shows an updated presentation of the material topics and boundaries.

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Material topics

	Material topic	Relevant within the organization	Relevant outside the organization	Related GRI standards or management approach for additional topics
GOVERNANCE	Compliance and corporate governance	X		GRI 205: Anti-corruption 2016 GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 417: Marketing and Labeling 2016 GRI 418: Customer Privacy 2016 Corporate Governance Statement, page 32
	Integration of sustainability in governance structures; climate resilience; more sustainable products	X	X	GRI 417: Marketing and Labeling 2016 Group Overview, page 147
ENVIRONMENT	Safe handling of chemicals	X	X	GRI 416: Customer Health and Safety 2016 GRI 303: Water and Effluents 2018 GRI 306: Waste 2020
	Combating climate change	X	X	GRI 302: Energy 2016 GRI 305: Emissions 2016
	Waste and packaging; responsible use of water (resources); circular business models	X		GRI 303: Water and Effluents 2018 GRI 306: Waste 2020
SOCIAL	Occupational health and safety	X		GRI 403: Occupational Health and Safety 2018
	Respectful and caring work environment	X		GRI 401: Employment 2016 GRI 402: Labor/Management Relations 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016
	People development and training	X		GRI 404: Training and Education 2016
	Responsible supplier management	X	X	GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016 GRI 411: Rights of Indigenous Peoples 2016 GRI 414: Supplier Social Assessment 2016

3.02 Material topics

The business model

Brenntag is the global market leader in chemicals and ingredients distribution. The company plays a central role in connecting customers and suppliers of the chemical industry. In the field of sustainability, Brenntag pursues specific goals and is committed to sustainable solutions in its own sector and the industries served. In doing so, we identify the sustainability needs of our numerous customer industries and work together with our suppliers to develop appropriate products and services. You can read more about the business model on [page 147](#) of the Group management report.

Sustainability at Brenntag

Strategy

As the global market leader in chemicals and ingredients distribution, Brenntag aims to fulfill its responsibility and play a significant role in shaping the future of the industry. We support our partners in our networks and promote collaboration, excellence and shared success.

Sustainability has been an integral part of Brenntag's corporate strategy for many years now. Since as far back as 2014, the company has been a member of the [UN Global Compact](#) and committed to its principles for human rights, labor standards, environmental protection and fighting corruption. Since October 2014, Brenntag has been involved in [Together for Sustainability \(TfS\)](#), an initiative that works to enhance sustainability in the chemical industry supply chain. In October 2016, Brenntag became the first chemical distributor to obtain full membership in TfS.

In 2020, the CEO signed the Global Compact Statement from Business Leaders for Renewed Global Cooperation together with over 1,000 CEOs of companies from more than 100 countries. In 2021, Brenntag joined the global [RE100 initiative](#), thereby pledging its commitment to the goal of sourcing 100% renewable power by 2025.

In order to demonstrate its leading role on the journey to an eco-friendly and sustainable future and make an impactful contribution, Brenntag signed up to the [Science Based](#)

[Targets initiative \(SBTi\)](#) in 2022, thereby committing to have its climate goals validated within the next two years. These are science-based, 1.5°C-aligned goals. In 2022, the company developed its sustainability vision Future Sustainable Brenntag and formulated an ESG strategy, from which clearly defined and ambitious medium- and long-term goals will be derived along the value chain. Brenntag is thus taking the lead in shaping the sustainable future of global chemical distribution.

Focus areas

Through its new ESG strategy, Brenntag is paving the way to achieve its long-term sustainability vision Future Sustainable Brenntag. The strategy comprises the following six focus areas:

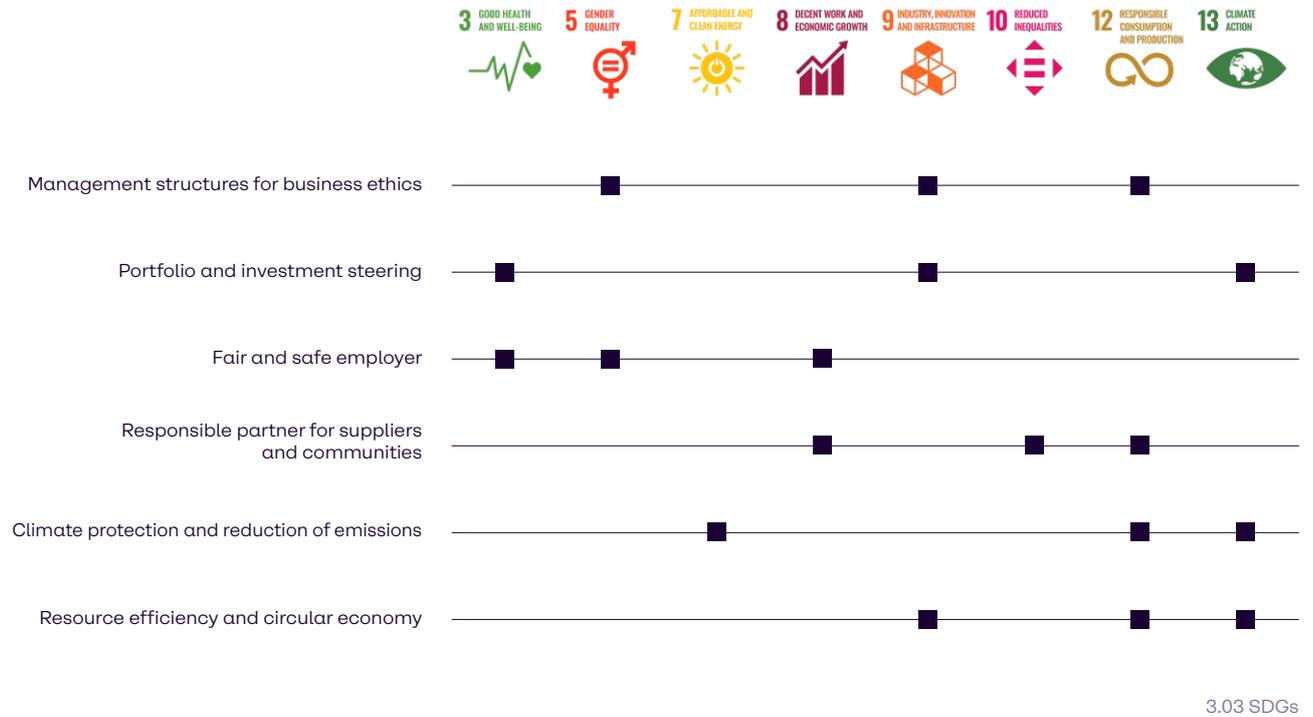
- Management structures for business ethics
- Portfolio and investment steering
- Fair and safe employer
- Responsible partner for suppliers and communities
- Climate protection and reduction of emissions
- Resource efficiency and circular economy

All actions are guided by the United Nations [Sustainable Development Goals \(SDGs\)](#). Brenntag has identified eight SDGs that are of most relevance to the company and to which it can make the greatest contribution. These eight SDGs are: good health and well-being; gender equality; affordable and clean energy; decent work and economic growth; industry,

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innovation and infrastructure; reduced inequalities; responsible consumption and production; climate action.

The following graphic shows in which focus areas Brenntag addresses the SDGs.



SUSTAINABILITY AT BRENNTAG

Targets

Brenntag has set clear medium- and long-term targets for each focus area. In order to achieve these, it has also defined short-term targets, the progress toward which must be measured on a yearly basis.

Focus areas	Description	Targets 2023-2025	Targets 2030-2045	Target achievement 2022	
Management structures for business ethics	Transparent and reliable governance structures that make management accountable	Further adjustment of Board remuneration based on ESG goals (2024)		Set-up of Sustainability Council	■
Portfolio and investment steering	Implement policies throughout the company	All new sites green building certified (2023) 100% portfolio steering toward sustainability (2025) Develop strategies to support technological advancement in important industry segments (e.g. automotive) (2025)			
Fair and safe employer	Set a high bar across working conditions Strive for zero accidents Ensure a dynamic and diverse organization	100% of employees earn at least a living wage (2023) Set-up of global organizational diversity, equity and inclusion structure (2023)	Female representation of at least 30% across our entire management below the Board of Management (2030) TRIR ¹⁾ < 2.0 and zero severe accidents (Actual Hurt Level 4-5) (2030)	Conduct analysis and implement global policy on living wages Set up global organizational DEI ²⁾ structure and definition of regional/country-specific targets for female leadership TRIR < 2.7	■ ■
Responsible partner for suppliers and communities	Improvements across the entire supply chain to ensure sustainable and fair standards Being a responsible and valued neighbor	All suppliers are covered by risk management		Conduct initial risk assessment for 100% of relevant suppliers	■ ■
Climate protection and reduction of emissions	Reduce emissions	100% electricity consumption from renewable sources (2025) Total spills < 0.7 events/MMH ³⁾ (2025) 100% compensation of remaining Scope 1 and 2 emissions (2025)	40% absolute carbon reduction vs. 2020 (2030) ⁴⁾ Net zero carbon emissions (2045)	8% reduction of CO ₂ e emissions (Scope 1 and 2) in comparison to base year 2020 Implement Carbon Management Program and allocate 100% of the carbon fund Total spills < 0.85 events/MMH	■ ■ ■
Resource efficiency and circular economy	Recycling and reuse, including formation of partnerships Increase share of sustainable solutions to support supplier and customer needs	Assess portfolio for sustainability (30% covered) and set 2025 quantitative target (2023) Ten circular businesses, each generating > EUR 1 million (2025)		Analyze part of the product portfolio for sustainability in an initial assessment	■

■ achieved ■ partially achieved

3.04 Focus areas

¹⁾ Total Recordable Injury Rate

²⁾ Diversity, equity, inclusion

³⁾ MMH = million man-hours

⁴⁾ Excl. sites that were not included in the 2020 base year; those will be recorded separately.

ESG management and organization

Sustainability only becomes effective once it is firmly embedded in organizational and management systems. The Supervisory Board of Brenntag SE has established a separate Transformation and Sustainability Committee to enable the implementation and tracking of the sustainability objectives to be monitored at the highest level of the company. At Group level, Brenntag has numerous guidelines that apply worldwide. In addition, the individual companies and sites pursue a large number of activities on their own, both regionally and locally. Sustainability Brenntag Group works to advance sustainability topics in a targeted manner throughout the company. It is headed by the Vice President (VP) Sustainability Brenntag Group. He reports directly to the CEO and is part of the global team of managers. This promotes the integration of sustainability topics in other areas of the Group and in the regions. In 2022, Brenntag established a Sustainability Council made up of managers from the regions and functions and headed by the CEO. The Sustainability Council met three times in the reporting period to discuss the implementation of the sustainability strategy and cross-function initiatives.

In 2022, a human rights officer was appointed for Brenntag, as specified in the German Supply Chain Due Diligence Act. This role is assumed by the VP Sustainability Brenntag Group. He sets out and oversees the management of human rights and environmental risks and also keeps an eye on changes in the legal framework strictly adhered to by the company. The human rights officer reports directly to corporate management.

Dialog with stakeholders

Brenntag maintains regular, open and target group-specific dialog with all stakeholders. These include customers, employees, suppliers and business partners along with investors and analysts, the media and other representatives of society. The aim is to keep stakeholders appropriately up to date on company developments and objectives and to create transparency. In return, this interaction enables the company to identify stakeholder expectations and give them appropriate consideration in its business decisions. As a member of relevant technical and industry associations at a local, regional and international level, Brenntag devotes time and attention to industry-specific issues. It is also essential to the success of the sustainability strategy that employees are kept fully informed about sustainability issues and given opportunities to actively participate. Regular interaction therefore takes place via various internal communication channels, such as the employee magazine “together”, the newsletter or video conference calls. The Brenntag intranet is also a source of information on news and developments.

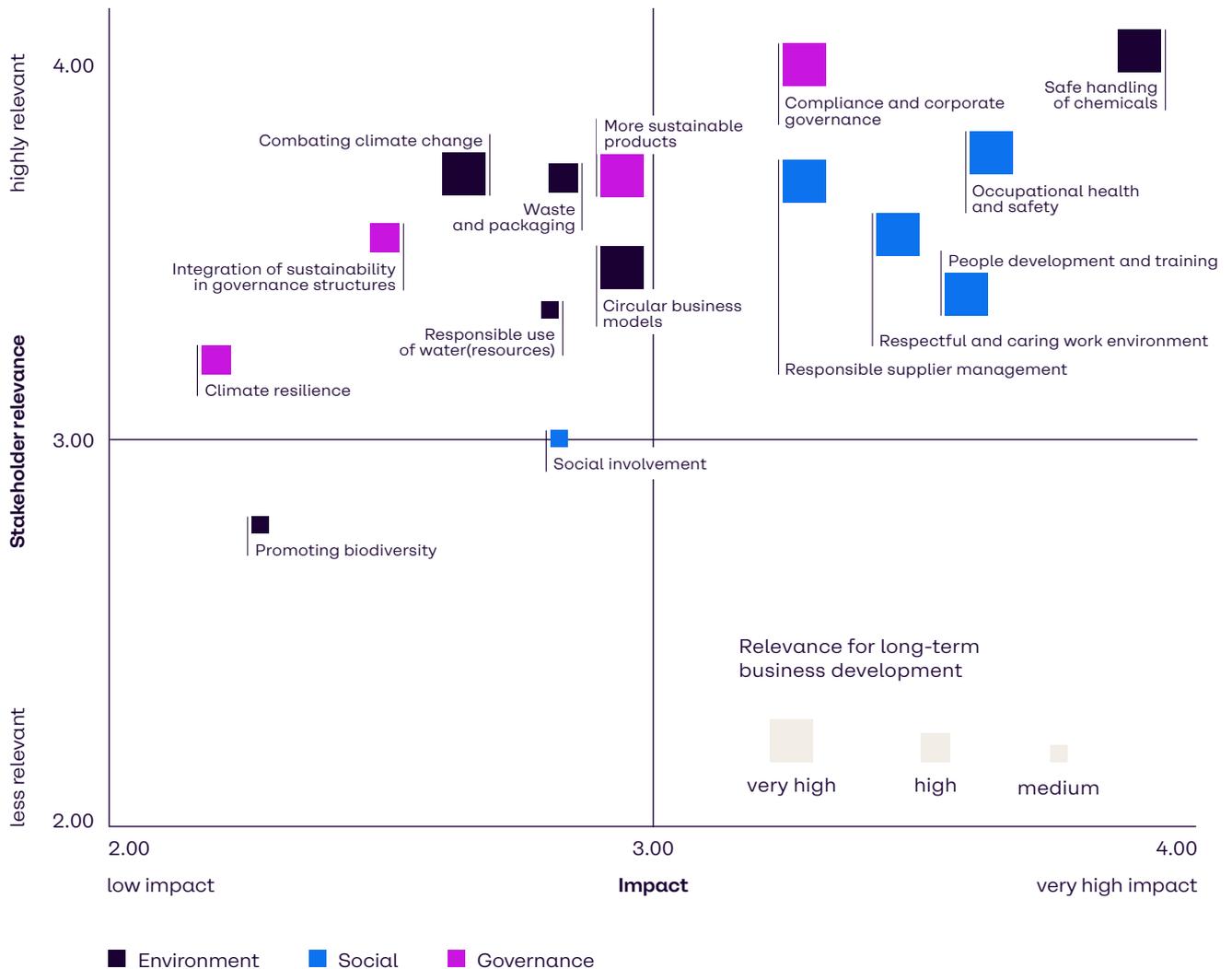
SUSTAINABILITY AT BRENNTAG

Materiality analysis

In 2022, Brenntag updated the materiality analysis with a view to sharpening the strategy published in 2022 and the long-term sustainability vision Future Sustainable Brenntag on the basis of various stakeholder perspectives and requirements. This analyzes the materiality of topics for the NfR in terms of three aspects: the significance for stakeholders, for understanding the business performance, the financial results or the position of the company, and the effects of Brenntag’s activities on the environment, society and the economy.

The analysis included stakeholders such as employees, managers, customers, suppliers, association representatives and investors. The findings of the stakeholder survey confirm the strategy and long-term Future Sustainable Brenntag vision: All material topics also remain unchanged in the eyes of stakeholders and continue to feed into the defined focus areas.

Materiality matrix



3.05 Materiality matrix

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Governance

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Governance

Management structures for business ethics



Values

We at Brenntag are grateful for the trust that our business partners and other stakeholders place in us on a daily basis. They quite rightly expect the highest level of quality, reliability and efficient, innovative solutions. In order to meet these standards, Brenntag uses five central values to systematically guide its actions. All business activities and business relationships are shaped by these values.

	Care We take responsibility for each other, our partners and the world.
	Trust We build relationships through authenticity and commitment.
	Clarity We work toward common goals with focus and determination.
	Excellence We go beyond expectations through excellence, innovation and collaboration.
	Safety We put safety first in everything we do.

3.06 Values of Brenntag SE

In 2022, Brenntag further developed its corporate culture. Employees from all areas of the company were involved from the outset with a view to working out the core values together in workshops. Brenntag wishes to embed these values in day-to-day business and ensure that employees live the values. A range of digital and analog resources will be on offer in 2023 and are intended to encourage employees to consciously engage with the values, discuss them within the team and use them to guide their own actions. This begins during the new employee recruitment process, which is shaped by the Brenntag values, continues during human resources development and involves interaction both among employees and with external partners.

Compliance and integrity

Brenntag has traditionally attached great importance to responsible, future-oriented and sustainable corporate governance. In 2022, it continuously further developed its compliance processes in order to continue to ensure that the company and its employees comply consistently with the laws, rules and guidelines of relevance to Brenntag. This further development took place, among other things through the organizational expansion of the compliance department, the extension of the internal compliance reporting system and the complete redesign of the compliance intranet presence. Internal audits are regularly conducted at all Group companies to assess compliance with internal guidelines. Internal Audit Brenntag Group conducted a total of 28 audits in 2022.

The Senior Vice President (SVP) Compliance Brenntag Group reports on a regular basis directly to the Board of Management, the Supervisory Board and the Audit Committee during the reporting period. The regionally appointed Regional Compliance Managers, who are assisted in their work by local compliance contacts, regularly exchange information and experience with the SVP Compliance Brenntag Group. In the reporting period, Compliance was further expanded both centrally and locally and the organizational structure was further developed.

Brenntag attaches great importance to setting up safe and confidential points of contact for whistleblowers. Seventeen confirmed incidents were reported in the reporting period. Two reports of possible corrupt actions were submitted and

investigations launched. In one case, the suspicion was not confirmed at the end of the investigation. The investigation into the second report is still ongoing. Employees and third parties can access the relevant whistleblowing channels through the Brenntag website.

As a global company, Brenntag is subject to a large number of local, national and international laws and regulations. It is the responsibility of all employees to comply with these rules without exception. Examples of such internal regulations developed by Brenntag include the [Code of Business Conduct and Ethics](#), the [Anti-corruption Guideline](#) and other Group guidelines based on the corporate values.

Among other resources, the new Brenntag Compliance intranet site is used to familiarize employees with relevant topics and provide extensive materials, guidelines and manuals. In addition, Brenntag offers regular training, for example, through the Group-wide e-learning platform in order to keep employees' knowledge of compliance topics up to date. As an example, the online training module on the Code of Business Conduct and Ethics is mandatory for employees once a year. This was completed by 94% of the relevant employees in the reporting period. In addition, employees who were designated on the basis of their activity completed antitrust law training (completed by 92% of the relevant employees) and anti-corruption training (completed by 91% of the relevant employees).

Trade compliance challenges as a result of the Russia-Ukraine war

The war in Ukraine and its geopolitical and economic consequences pose particular challenges for Brenntag. As a distributor of chemical products and ingredients with a global network, Brenntag has to be mindful of a large number of rapidly changing laws, embargo regulations and sanctions and ensure that they are implemented. To enable it to respond to changing situations as efficiently as possible, Brenntag has put in place an internal crisis team for the Russia-Ukraine war, made up of members of various departments. To comply with the economic sanctions imposed on the Russian Federation, for example, Brenntag regularly reviews business partners with the help of a sanction checking system.

Data protection

Group-wide data protection places particular requirements on Brenntag. Different statutory provisions have to be observed at each of the Group's international sites. At the same time, it is necessary to appropriately protect the interests of data subjects everywhere and ensure that data protection regulations are adhered to throughout the company. For this, the provisions of the General Data Protection Regulation and the requirements of numerous other data protection laws (e.g. in Brazil, California [USA], China, South Africa, etc.) must be implemented and best brought into line. This requires comprehensive and in particular local expertise, well-coordinated communication and a data protection management system that integrates all sites.

As head of the Global Data Protection department, the Group Data Protection Officer reports independently and directly to the Chief Executive Officer at regular meetings. As of this year, Global Data Protection falls within the area of responsibility of the SVP Compliance Brenntag Group. Data protection coordinators in the various regions support the Global Data Protection department and report to the central unit. Data protection recommendations and developments are regularly discussed with the departments.

Introduced in 2020, the global data privacy management system (One Trust) supports and automates the documentation of all processing procedures worldwide, including the service providers involved and the corresponding risk analyses. Since the system was introduced, data and processes have been managed locally and controlled centrally. In 2022, the quality of documentation in One Trust was further improved and the data protection coordinators in the regions received training in this regard. Further steps were taken in 2022 to drive the digitalization of data protection processes. Another point of focus was providing support to the DiDEX initiatives, including the auditing of service providers. In addition, the project teams involved received in-depth advice so that data protection requirements are also observed from the outset by the teams being newly set up as Brenntag's new data landscape is developed.

Tax policy

Adherence to applicable tax laws and regulations is an essential element of compliance (tax compliance). In 2022, the Brenntag Group paid EUR 344.9 million in income taxes.

Brenntag's tax policy is based on the following principles:

- All relevant tax laws, rules, regulations and reporting obligations in countries where Brenntag operates must be fully adhered to.
- All tax matters are dealt with in accordance with Brenntag's business strategy and the fundamental values specified in the Code of Business Conduct and Ethics.
- All tax matters are handled with professional diligence.
- Brenntag maintains constructive and transparent relationships with tax authorities that are based on integrity, cooperation and mutual trust.
- Brenntag attaches importance to sustainable tax planning in accordance with legal regulations. The Group does not engage in tax planning that is not related to business transactions.

The Brenntag Group's tax policy is specified by the Board of Management of Brenntag SE and implemented with the central involvement of the Group Tax department.

To comply with tax laws and regulations, Brenntag has begun to build a tax compliance management system (Tax CMS) within the meaning of IDW AuS 980, starting with the German subsidiaries. This system is to be rolled out across the Group at a later date. The Tax CMS is continuously enhanced and always adapted to the latest legislation or court rulings.

Portfolio and investment steering



Portfolio steering

Brenntag fulfills its responsibility as market leader and aims to be a chemical industry leader in sustainability. This includes focusing our product portfolio more on innovative and sustainable products that result in greater efficiency, lower consumption and fewer impacts on people and the environment across the entire value chain. Close working relationships with customers and suppliers play an important role here.

Brenntag aims to use sustainability criteria to steer 100% of the relevant product portfolio by 2025 and to market more products that make a particular contribution to sustainability while reducing products that are negative contributors to sustainability. On its journey to a more sustainable product portfolio, Brenntag aims to analyze at least 30% of its product portfolio from a sustainability perspective by 2023. Established methods such as the [Portfolio Sustainability Assessment of the World Business Council for Sustainable Development \(WBCSD\)](#) serve as a guide here. The aim is to extend the product portfolio with regard to sustainability criteria in light of regional market requirements and trends in the customer industries.

By offering sustainable products and solutions, the company provides its customers with ever better support in meeting their own sustainability targets. This also opens up further business opportunities for Brenntag. In order to achieve this, we analyzed a large proportion of our product portfolio from a sustainability perspective in an initial assessment in 2022. In the reporting period, 19 workshops were held on the segmentation of the portfolio. For each market segment, the participants from the individual business segments identified initial sustainability trends and sustainability criteria for the products marketed by Brenntag. In doing so, they factor in sustainability criteria of relevance to the respective industry and region and also take into consideration how the products are used in different markets and customer industries. Sustainability criteria can include RSPO certifications¹⁾ for the HI&I (Household, Industrial & Institutional Care) segment or biobased solvents, for example. The departments responsible develop new, innovative formulations in close collaboration with customers.

¹⁾ RSPO certification is obtained by companies that have themselves audited by an independent certifier against the criteria of the [Roundtable on Sustainable Palm Oil \(RSPO\)](#).

Brenntag benefits from the fact that its global presence and comprehensive application and product expertise mean that the company has knowledge of heavily regulated markets and an appropriate supplier network. Brenntag can also leverage this knowledge in less regulated markets to proactively offer appropriate products to customers wishing to comply with higher safety standards than regional regulations require.

Initial steps toward a sustainable product portfolio were taken through Brenntag's own Step4Change initiative in EMEA. Since 2020, [Step4Change](#) has been helping customers to reach their sustainability targets by identifying more sustainable product solutions from our partners that meet their needs and making them available quickly and flexibly. The business initiative by Brenntag Essentials EMEA made considerable progress in 2022. Among other things, the initiative entered into important collaborative arrangements with suppliers of sustainable solutions.

Investment steering

Sustainability also plays a central role for Brenntag when it comes to assessing investments. Since 2022, ESG factors have been an integral part of due diligence on mergers and acquisitions. We prepare a sustainability appraisal on each acquisition candidate by determining whether the company in question is a good fit with our ESG strategy. Among other things, the appraisals assess energy consumption, energy sources and the products offered by the acquisition candidate that are classified as sustainable. Brenntag has developed a guide specifically for this purpose. In the reporting period, five assessments were prepared for mergers and acquisitions.

Brenntag pursues a consistent sustainability strategy for its own buildings, too. In 2022, we therefore introduced the Corporate Sustainable Building Guideline. This requires each new Brenntag-owned building to be certified to defined sustainable building standards as of 2023. Recognized standards include LEED, BREEAM and Green Star. Existing buildings also have to be certified to one of the aforementioned standards if there are any relatively large-scale modernization or renovation projects scheduled.

In 2022, the company launched a pilot project together with an external firm with a view to identifying future physical climate risks, such as rising sea levels or exceptional heat waves, for the Brenntag sites worldwide. The initial focus of this project was on a qualitative assessment of each site's exposure to such risks in different global warming scenarios. The project will help Brenntag to increase its sites' resilience to changes in climatic conditions.

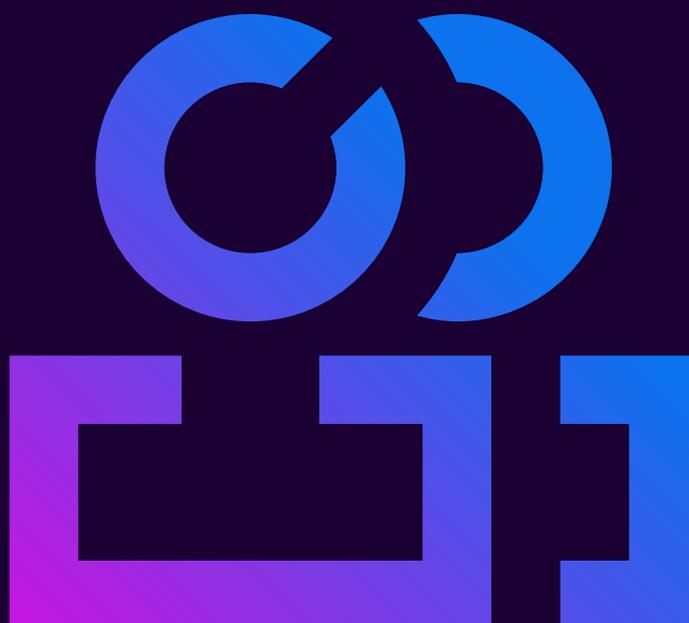
Moreover, since 2022 the Sustainability department has been involved as a reviewer in investments directly related to sustainability and thus plays an important role in the decision-making process. The Sustainability department reviews, for example, investments in buildings or means of transport such as heavy goods vehicles, forklift trucks, etc. Whenever a decision on investments affects Brenntag's carbon footprint, and where steering from a sustainability perspective is therefore appropriate, information is requested on aspects such as the CO₂ emissions concerned.

Non-financial Report

Social

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Social

Fair and safe employer



Occupational health and safety

Occupational health and safety is of paramount importance at Brenntag. As a global business with a highly diversified supplier and customer structure, the company faces particular challenges, as it is confronted with different regional laws and requirements, industry standards and work cultures. Added to this is the combination of chemical process safety and typical occupational safety issues arising from transportation, storage, packaging and distribution at Brenntag. Responsibility for occupational safety also includes external transport companies, customers and contractors if they are working at Brenntag sites or if they are supplied by Brenntag.

In order to fulfill this responsibility even better, Brenntag has adapted its global QSHE (quality, safety, health, environment) strategy. This is now based on four pillars: Culture, Team, Management System and Monitoring & Controlling.

Culture

Throughout the Group, we operate in accordance with the “Safety First” principle, relying strongly on personal commitment and responsibility. In order to raise employee awareness of occupational health and safety, Brenntag continuously addresses the topic through various different channels. Documented QSHE training tailored to the requirements of each activity provides the basis. This is supplemented by communication formats such as five-minute talks, lessons learned and best practices, which enable insights gained from incidents or examples of good working practices to be shared within the organization in a structured manner. Brenntag has also established the Safety First Moments, where at the beginning of meetings employees talk about all kinds of safety issues arising in everyday professional or private life.

Running for a limited period, there are also global or regional safety campaigns on a variety of topics. Individual accident categories of marked frequency and/or high severity are addressed in dedicated global campaigns so as to raise employee awareness of these issues.

At the end of 2021, for example, Brenntag launched the worldwide “Zero Tolerance to Chemical Exposures” campaign, which ran for several months with the aim of sharpening employee awareness of chemical accidents. Detailed information materials and an animated video in several languages explained the five golden rules for avoiding exposure to hazardous chemicals. A decrease in the number of such accidents has already been noted.

The global Brenntag Enhanced Safety Thinking (BEST) program also helps to raise awareness of safety. It consists of the Brenntag Safety Behavior Standard developed in 2015 and an employee survey to enable safety behavior and safety awareness within the company to be evaluated and then honed if necessary. In 2022, the company surveyed its global workforce through BEST for the third time. According to the online survey, Brenntag employees in all regions see a clear improvement in the safety culture compared with the last edition in 2018.

Once a year, Brenntag presents the Global Safety Awards in two categories: the Safety Excellence Award for the best safety record and the Safety Phoenix Award for the strongest improvement in terms of safety. In 2022, the Traun site in Austria (Safety Excellence Award) and the Manali site in India (Safety Phoenix Award) were honored for their outstanding achievements.

Team

In order to centralize its QSHE structure, Brenntag has established a multinational team made up of QSHE experts working centrally and the QSHE directors of the global regions. They work closely together with the regional and local QSHE teams.

Management system

Brenntag operates an integrated QSHE management system focused on people, sites and their equipment and processes. The aim here is to harmonize the different regional and local approaches, requirements and features within one global QSHE system.

In 2022, the company internally issued a global QSHE manual that combines its guidelines setting out company-wide minimum standards. The content has since been gradually revised in detail or newly prepared.

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One important element of the QSHE management system at Brenntag is its participation in the international [Responsible Care/Responsible Distribution \(RC/RD\)](#) initiative of the International Chemical Trade Association (ICTA). Regardless of legal requirements, the initiative wishes to ensure that member companies continuously improve their environmental, health, safety and security performance and report openly on their progress on a regular basis. Brenntag companies with operating sites or with direct sales contact to customers are to participate if national associations offer a corresponding program¹⁾. Of a total of 87 relevant companies, 85 companies participated in an RC/RD program. Brenntag thus achieved a participation rate of 98% in 2022.

Safe facilities and processes are essential to safe operations. Brenntag has therefore established process safety management (PSM) programs at all sites worldwide that work with chemicals as bulk goods, i.e. unpackaged. In an initial step in 2021, the sites conducted a self-assessment using a questionnaire based on internationally recognized standards. From this, some sites identified necessary improvements, which they implemented in 2022. Within the QSHE organization, Brenntag has also built up an international team of PSM experts that supports the sites and carries out PSM assessments. Using a risk-based approach, it has developed a structured system under which all sites concerned undergo a PSM assessment at least once every three years. Forty-six assessments have already been carried out since the launch in 2021.

To ensure quality, Brenntag aims for all operating sites to be certified to ISO 9001. Where useful and necessary, the company has supplemented or replaced this with further product- or industry-related quality management systems²⁾. At the end of 2022, 356 of Brenntag's 364 relevant sites worldwide were certified accordingly. This corresponds to a rate of 98%.

Monitoring & Controlling

Brenntag has established an extensive monitoring and controlling system in order to continuously improve its safety measures. In the reporting period, the company put into operation a new central reporting platform that collates information from the regional systems. This will replace the previous system as of January 2023. The Brenntag companies report on accidents and incidents in accordance with the Brenntag Global Standard Reporting Criteria. Brenntag also relies strongly on monitoring and controlling as a preventive tool, such as in the case of near misses and in the form of safety inspections and certifications.

In light of the increased expectations that Brenntag places on the organizations in terms of QSHE and in particular PSM, steps were taken to investigate whether the necessary resources are available in all regions and countries. In some regions, this is leading to appropriate changes.

Brenntag made clear progress on occupational safety in the reporting period. The TRIR³⁾ (Total Recordable Injury Rate) decreased from 3.1 in the previous year to 2.7 in the reporting period. Despite the improvement in the accident rate, there were unfortunately two fatal traffic accidents involving Brenntag drivers in the USA and one fatal accident involving a driver of a contracted transport company at a site in Mexico. As a result of accidents, two Brenntag employees also suffered injuries from which they may not fully recover.

All spillages in excess of 200 liters of products that have been assigned a hazard category in accordance with the international GHS classification system are included in Brenntag's spillage rate. In 2022, this stood at 0.83 spillages per million man-hours. We therefore met our target of no more than 0.85. The majority of the incidents involved spillages of less than 1,000 liters. With the exception of a partial quantity of around 50 liters of hydrochloric acid, all spillages were collected by the internal retention systems in place.

¹⁾ RC/RD self-assessments can be used if an RC/RD program does not exist in the country.

²⁾ Management systems that Brenntag recognizes as substitutes for ISO 9001 include: ISO 13485; ISO 22000; AS 9100; ISO/TS 16949; ISO 45001; GFSI Systems; GMP/GDP/GMP+; FEMAS/FAMIQS; NACD Responsible Distribution.

³⁾ Number of injured people who receive medical treatment beyond first aid per one million work hours.

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Accidental spillages of products, energy and such like from process facilities are termed process safety events (PSE). In 2022, there were 11 PSE¹⁾ (higher-category events with consequences such as injuries that lead to absence, exceeded threshold quantities or evacuation in the surrounding area). Brenntag was therefore well within its target of 15 for the year as a whole.

Brenntag works continuously to increase occupational safety and protect the health of its workforce as well as the workforce of contractors, customers and transport companies.

The Brenntag Global QSHE Policy

The Brenntag Global QSHE Policy outlines the company's goals and standards in relation to QSHE. Under this policy, it upholds the highest standards with regard to quality, health, safety and environmental management in all its activities. At all times, Brenntag strives for process safety, occupational health and safety, customer satisfaction, respect for the environment and continuous improvement. The company undertakes to provide the resources required for this. Employees share the company's ethics and values, maintain exemplary behavior and take part in relevant safety training. The Brenntag Global QSHE Policy applies to all business activities at all levels of the company hierarchy.

Working conditions and social security benefits

Remuneration and social security benefits

Through their expertise and dedication, Brenntag's employees make a decisive contribution to the company's success. For this reason, the company wishes to attract the best staff and offer them an attractive, safe and inspiring environment.

The primary objective of Brenntag's human resources strategy is for it to be regarded worldwide as the preferred employer in chemical distribution. By offering flexible work structures and career opportunities, the company aims to be attractive to young talent and highly qualified staff and also to enable the Group to retain high-performing team members in particular over the long term. Brenntag therefore encourages its employees to take responsibility and actively bring their expertise and experience to the business.

For the management level, Brenntag has introduced a performance-related remuneration system. This consists of three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The variable remuneration is closely linked to personal performance, the achievement of targets for predefined performance indicators and the company's results. In addition to the above-mentioned remuneration components, managers receive contractually agreed benefits in kind and other benefits. Depending on the country, benefits in kind may include payment of relocation costs, a company car or insurance, such as health insurance in the USA. Other benefits include rent allowances or travel allowances, for example.

Pension provision is an important part of Brenntag's remuneration structure. The pension benefits differ according to the legal, tax and economic environment in the country in question and depend on the number of years of service and the pay grade of the respective employee.

In addition, Brenntag's aim by the end of 2023 is to implement an adopted living wage policy that specifies that the salaries of all Brenntag employees meet living wage standards. In some countries in which the company operates, the statutory minimum wages are less than an adequate income. As an initial step, a gap analysis was launched together with external service providers in the reporting period with a view to determining where at Brenntag there are employees whose salaries do not meet living wage standards. In 2023, Brenntag plans to make appropriate salary adjustments to close the gaps brought to light by the analysis.

¹⁾ PSE classification is made based on the definitions of the CCPS (Center for Chemical Process Safety).

Global framework 'New Work'

Throughout the Group, Brenntag is placing greater emphasis on agile and flexible working. The company actively seeks opportunities to make working at Brenntag more flexible around the globe. During the COVID-19 pandemic, it gained experience of different mobile working models, on which the company can now build.

In close cooperation with the regional and local human resources departments at the international sites, Global HR began to develop a framework for new work under the title 'New Work - Towards Greater Flex'. This includes the guiding principles for creating a more flexible work environment in all Brenntag regions, business units and functions, bearing in mind local differences. In the reporting period, Global HR completed the global framework in coordination with the regional and local human resources departments.

Various countries have already entered into works agreements on flexible working. In Germany, for example, the provisions stipulate that Brenntag employees are entitled to three days' mobile working a week, provided this is compatible with their job profile.

Through all the measures to make working conditions at Brenntag as safe and fair as possible, the company also wishes to keep employee turnover at a low level. This key indicator is determined centrally for each Brenntag company on a quarterly basis and reported to Global HR. Due to regional and country-specific differences, the figures are analyzed at local level. In the event of atypical deviations, the causes are identified, and suitable measures are considered as needed. In the reporting period, voluntary employee turnover across the Brenntag Group was 9.4%.

Voluntary turnover rate¹⁾ according to region

	2022		2021		2020	
	abs.	in %	abs.	in %	abs.	in %
EMEA	678	8.1	591	7.2	353	4.2
North America	624	9.8	628	10.3	418	7.1
Latin America	196	9.2	205	9.6	124	5.6
Asia Pacific	401	12.8	385	12.2	296	9.8
Other segments	25	6.1	45	10.7	21	7.4
Brenntag Group	1,924	9.4	1,854	9.3	1,212	6.1

3.09 Voluntary turnover rate according to region

¹⁾ Voluntary employee resignations on the basis of the Schlüter formula.

Diversity and inclusion

As a company with operations worldwide, Brenntag employs people from over 100 nations. Diversity is something that Brenntag practices on a day-to-day basis and encompasses several aspects, such as employees' different cultural backgrounds, qualifications and needs. Through the exchange of knowledge, ideas and experience, diversity makes a decisive contribution to Brenntag's success. The company wishes to foster this exchange and further increase the diversity of the workforce so as to create a cosmopolitan work culture and a dynamic work environment where all employees can learn from one another. In EMEA, Brenntag has also established Employee Resource Groups (ERGs). Led by employees, these groups aim to promote a diverse and integrative workplace. One of these groups is an ERG of women in France that was set up in the reporting period.

Brenntag promotes 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%. In addition, work is currently under way on a new diversity management structure, including increases in capacity in global DEI²⁾, with a view to better promoting diversity and inclusion across the workforce going forward. On its [Career pages](#) too, the company makes it clear that Brenntag sees diversity as a strength: Employees work together in multinational, interdisciplinary teams where people with different cultural backgrounds, qualifications, experience and talents contribute to Brenntag's success. In every job advertisement, the company points out that Brenntag offers a fair, respectful and supportive work culture where all employees are able to develop and grow in line with their individual needs and skills.

²⁾ DEI stands for diversity, equity and inclusion.

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Employees in leadership positions according to management level¹⁾ and gender

	2022		2021		2020	
	abs.	in %	abs.	in %	abs.	in %
Level L-1	44	1.4	35	1.2		
Women	10	22.7	7	20.0		
Men	34	77.3	28	80.0		
Level L-2	207	6.9	180	6.3		
Women	63	30.4	46	25.6		
Men	144	69.6	134	74.4		
Level L-3	503	16.7	466	16.4		
Women	181	36.0	178	38.2		
Men	322	64.0	288	61.8		
Level L-4	942	31.2	883	31.0		
Women	351	37.3	318	36.0		
Men	591	62.7	565	64.0		
Level L-5+	1,320	43.8	1,284	45.1		
Women	329	24.9	334	26.0		
Men	991	75.1	950	74.0		
Brenntag Group	3,016	100.0	2,848	100.0	362	100.0
Women	934	31.0	883	31.0	76	21.0
Men	2,082	69.0	1,965	69.0	286	79.0

3.10 Employees in leadership positions according to management level and gender

¹⁾ Due to the increased target female quota of 30% across all management levels by 2030, employees in leadership positions are shown according to management level as of 2021. Management level L-1 refers to the first level below the Brenntag SE Board of Management, L-2 refers to the second level, etc. L-5+ refers to the fifth and all other levels.

Through the diversity policy for the Board of Management, the company wishes to continuously increase diversity on the Board of Management of Brenntag SE so as to ensure targeted management development in the area of diversity and successful long-term succession planning bearing in mind age, gender, education, professional background and international experience. Under the policy, the age limit for Board of Management members is 65 years of age. By January 31, 2026, female representation should be at least 20% – an aim which Brenntag already fulfills. Members should bring as diverse a range of career paths and experience as possible (please also see the Corporate Governance Statement).

Brenntag also wishes to strengthen diversity on the Supervisory Board. The diversity policy for Brenntag's Supervisory Board likewise stipulates a line-up that is as diverse as possible in terms of the age, gender, education, career path and international experience of the members. Among other things, the policy stipulates that at least a third of the seats should be filled by women by January 31, 2026 – a stipulation which Brenntag already fulfills. Moreover, the Supervisory Board has a female chair in Doreen Nowotne. No member should remain in post beyond the close of the general shareholders' meeting following the member's 70th birthday.

Advancement of women at Brenntag

Brenntag has undertaken to ensure gender diversity worldwide throughout the company. It has initiated various mentoring and coaching programs with a view to providing women at Brenntag with targeted support to promote their professional development. 'Women at Brenntag' is a six-month coaching program with external coaches that is open to all women at Brenntag who have been working for the company for at least two years. In group and individual coaching sessions, they learn strategies that help them in their professional development. The program takes place once a year. Women at all career levels can apply, provided their line managers approve their application to the program. In 2022, there were 174 participants.

'Inspire and Grow' is an internal mentoring program with mentors from the Global Leadership Team or senior management level at Brenntag. The aim of the program is to actively nurture outstanding female talent. Managers can suggest suitable employees for the program.

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In order to better meet the changing conditions and requirements in day-to-day professional and private life and support people with different family backgrounds, Brenntag is promoting a new, flexible way of working (see 'New Work' in the section on working conditions and social security benefits).

When it comes to inclusion, the company attaches particular importance to offering all employees and applicants equal opportunities. Brenntag nurtures the strengths and potential of disabled people and optimally integrates their skills so as to create an atmosphere that puts people with and without disabilities on a level playing field. Since 2020, Brenntag has been a member of the [Valuable 500](#) initiative. This brings together the leaders of 500 international companies who have undertaken to put disability inclusion on their management agenda.

People development and training

Brenntag wishes to develop its employees according to their talents and qualifications. Across all levels of the company and at all sites, it establishes a culture of learning and gives employees numerous opportunities to develop professionally and personally. This enables Brenntag to achieve excellence in all areas of the business. The individual and continuous support given to our employees accords with Brenntag's corporate values (see [Values, page 101](#)). In this context, the company places emphasis on dynamic development measures and a feedback culture at all levels that is also part of the training programs. Brenntag offers several learning programs aimed at different target groups.

Connecting Potential

This six-month program is aimed at employees at the start of their career who could take on leadership roles at Brenntag in the future. In 2022, 44 employees took part in the program.

Leading with Impact

This program is tailored to employees with some initial leadership experience who are rising through the Group ranks. In 2022, 21 employees took part in the program.

New Leader Transition

In 2022, 50 employees worldwide took part in this six-month coaching program for prospective managers.

Women at Brenntag

This six-month coaching program for women recorded 174 participants in the reporting period.

Inspire and Grow

Forty-eight employees took part in this mentoring program specifically for women in the reporting period.

Other options such as language courses, online learning, coaching based on individual needs and mandatory training such as compliance training are aimed at employees at all levels of the hierarchy. Brenntag has also established a regular Global Learning Time newsletter to flag up specific content on the company's own learning platform and foster the culture of learning within the company. Through all these training and development options, Brenntag wishes to train and upskill its employees in a targeted manner so that they can successfully master current challenges and future roles.

The reporting period was another year shaped by the COVID-19 pandemic, which had a severe adverse effect on the planning and delivery of education and employee development programs. Brenntag was flexible in its response: Within a short time, the company was also offering most of its events as a virtual format. In doing so, Brenntag was able to build on its already-extensive online learning range and thus further enhance it.

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Responsible partner



Supply chain and human rights

As the global market leader in chemical and ingredients distribution, Brenntag takes its responsibility to uphold human rights very seriously. The company undertakes to respect and defend human rights worldwide within its supply chains. These are among Brenntag’s top principles. Brenntag is a member of the [UN Global Compact](#) and committed to its ten principles for human rights, labor standards, fair remuneration, environmental protection and fighting corruption. Worldwide, the company works to ensure fair working relationships and, as described in the ESG strategy, acts as a responsible partner to suppliers.

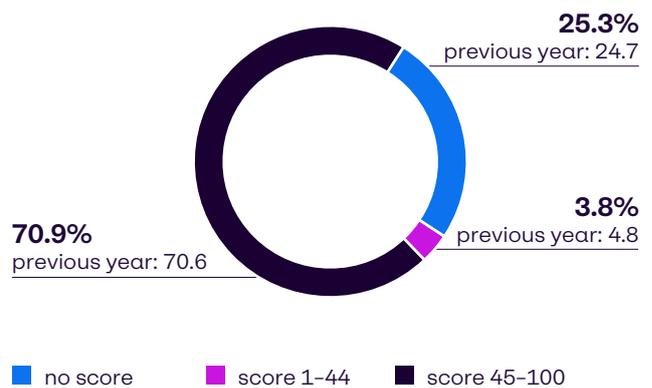
In order to meet this aspiration, Brenntag has implemented numerous measures developed centrally by various departments such as Sustainability and Compliance Brenntag Group. Employees can report human rights violations via the whistleblowing system. External third parties can also use this system. In the reporting period, Brenntag did not receive any reports of human rights violations within the company.

Brenntag minimizes the risk of human rights violations in its complex supply chains by communicating its expectations to suppliers from the outset. In its Supplier Code of Conduct, Brenntag requests that they actively work to protect human rights within their organization.

Since 2016, Brenntag has been a member of the industry’s [Together for Sustainability \(TfS\) initiative](#). One core element of the joint work within TfS involves audits or online assessments of companies in the chemical industry, for example. The task here is always to create and leverage synergies. The central idea behind the audits and assessments is that a supplier assessment can be used by all member companies, thereby reducing the cost and effort for suppliers. Here, Brenntag works together with [EcoVadis](#), a leading provider of sustainability assessments that is well established in the chemical industry. EcoVadis evaluates companies in terms of four categories: environment, labor and human rights, ethics and sustainable procurement. In doing so, it scores the companies’ sustainability performance on a scale from 0 to 100. In addition, each company receives a detailed overview of strengths and weaknesses as well as specific suggestions for improvement.

Measured by its total chemical spend (in EUR), Brenntag covered around 75% (2021: 75%) through such sustainability assessments or audits in the reporting period. On a particularly encouraging note, the company continues to see its suppliers making considerable advances in improving their sustainability performance. By the end of 2022, for example, it appeared that 69% of suppliers who underwent re-assessment had improved their score compared with the previous year. This figure is particularly high in the group of suppliers that had a relatively low score of under 45 in the previous year. As many as 73% of suppliers that underwent re-assessment in 2022 managed to improve their score by at least one point compared with the previous assessment.

Share of total chemical spend in EUR (in %)



3.11 Share of total chemical spend in EUR (in %)

Of course, Brenntag itself also undergoes an EcoVadis assessment on a regular basis. In the most recent assessment published in December 2022, the company improved on its previous score and achieved 77 points, the highest result in the company’s history. Brenntag was awarded the EcoVadis platinum medal for this result and thus ranks among the top 1% of all companies rated by EcoVadis. On sustainable procurement, the company scores a particularly high 90 out of a possible total of 100 points and is rated as outstanding.

Brenntag obtains a more detailed picture of sustainability performance by performing on-site supplier sustainability audits. In this case, the audits are based on a catalog of requirements developed by TfS and cover sustainability management, the environment, health and safety, employee and human rights, and corporate governance. The results of all audits are shared within TfS. Like the other TfS members, Brenntag also accepts sustainability audits conducted in

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accordance with [SQAS \(Safety and Quality Assessment System\)](#), [SMETA \(Sedex Members Ethical Trade Audit\)](#) and [PSCI \(Pharmaceutical Supply Chain Initiative\)](#) standards. Brenntag reviews its suppliers' audit results. If necessary, it agrees on corrective measures with the supplier and the auditor and follows up on their implementation.

In 2022, in preparation for the specific requirements of the German Supply Chain Due Diligence Act, Brenntag started to further develop its risk assessment regarding human rights violations and environmental risks for all suppliers. In addition to existing EcoVadis assessments or TFS audits, this will be based on an innovative IT solution that works both with publicly accessible information (via media, for example) and with artificial intelligence. The company has also appointed a human rights officer, who will monitor risk management, review the effectiveness of preventive and corrective actions, and regularly inform management about potential incidents in future. In the reporting period, 100% of relevant Brenntag suppliers¹⁾ underwent the initial risk assessment process. In addition, the company will continue working to also train its suppliers with a greater focus on sustainability issues, to which end it will make greater use of the TFS Academy or e-learning resources, for example.

Brenntag is continuously developing measures to further reduce potential risks within global supply chains. Going forward, the company will continue to constantly expand its commitment to respecting human rights across worldwide supply chains. Not least of all, Brenntag aims to have all suppliers covered by risk management.

How Brenntag is implementing the Supply Chain Due Diligence Act

The German Supply Chain Due Diligence Act requires certain German companies to fulfill human rights and environmental due diligence obligations within their supply chain. Brenntag is required to apply this act from 2024. Given that there are several thousand suppliers and various Group companies, this presents an enormous challenge, which Brenntag is fully committed to meeting. The act requires companies to create maximum transparency in the supply chain and their own area of business, carry out risk analyses and implement actions to prevent potential breaches of due diligence obligations. In 2022, Brenntag set up an interdisciplinary team of experts from the fields of QSHE, sustainability, compliance, legal and procurement, which deals explicitly with implementing the requirements.

¹⁾ Brenntag defines this as suppliers with a chemical spend of more than EUR 1 million in a 12-month period.

Together for Sustainability (TfS)

Together for Sustainability is a chemical industry initiative. It wishes to make the sector more sustainable by gradually establishing a uniform global program for the responsible procurement of goods and services in the chemical industry. The aim of TfS is to increase transparency over sustainability in the supply chain and improve environmental and social standards worldwide.

TfS was established in 2011 and currently has 40 members. In 2022, the member companies generated combined revenues of over EUR 600 billion. The members regularly evaluate and review their suppliers by means of a standardized process using assessments and audits. This information is shared confidentially and used jointly within the network, which provides efficiency benefits for every member and creates more transparency.

TfS also develops standards and guidelines for the industry, including the Product Carbon Footprint (PCF) Guideline ([see Environment, page 120](#)). This assists manufacturers and suppliers in determining the environmental footprint of their products. Brenntag was involved in developing the Guideline. In addition, tailored learning and development courses are offered through the TfS Academy in order to train TfS member companies' procurement teams and their suppliers in sustainability matters.

Through its involvement at TfS, Brenntag actively helps to make the chemical industry more sustainable. The interaction at workshops, the sharing of members' best practices and the synergies from the EcoVadis assessments and audits help the company to promote sustainability across the board and worldwide.

Environment

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Environment

Climate protection and reduction of emissions



Climate protection strategy and CO₂ management

Brenntag always acts in accordance with the “Safety First” principle – including when it comes to protecting the environment and climate. Numerous environmental protection and efficiency measures are implemented at the company’s sites worldwide in the context of local and regional conditions and legislative requirements. The focus here is on energy and water consumption, the protection of soil, water and air, waste reduction, and transport and fleet management.

Climate protection plays a particularly important role in Brenntag’s ESG strategy. The CEO of the Brenntag Group is responsible for sustainability and therefore for climate protection. Sustainability Brenntag Group reports directly to him. This department has functional management responsibility for all climate protection-related matters. As a result, the CEO is responsible, among other things, for developing CO₂ reduction targets, monitoring target achievement, driving forward measures to achieve targets and promoting climate-related issues in different areas of the company. The Vice President Sustainability Brenntag Group is involved in all important investment decisions as well as decisions regarding mergers and acquisitions so that he can also ensure alignment with our climate protection strategy in these areas.

For Scope 1 and 2 greenhouse gas emissions, i.e. those generated by its own activities, the company has set several targets: We want to reduce our Scope 1 and Scope 2 emissions by 40% in absolute terms between the 2020 base year and 2030¹⁾, and over the long term to be net zero in accordance with the Paris Agreement²⁾ by 2045, so that we contribute to the 1.5°C target. We also want to procure 100% of our electricity from renewable sources³⁾ by 2025. In order to achieve the net-zero target, Brenntag intends to gradually replace company cars and forklifts with low-carbon alternatives, substitute heating systems with sustainable alternatives such as heat pumps, and switch the entire truck fleet over to carbon-free transport (such as electric trucks), for example. By doing so, we also aim to offset 100% of unavoidable emissions from 2025 onwards.

With regard to Scope 3 emissions, which include all other indirect emissions generated in a company’s value chain, Brenntag wants to work together with its suppliers and data service providers to create a better data set. On this basis, we want to reduce Scope 3 emissions through portfolio steering, for example. A Scope 3 target has not yet been set.

In 2022, Brenntag committed to the [Science Based Targets initiative \(SBTi\)](#) that it would set science-based targets within two years. The SBTi is a joint climate protection initiative between WRI, CDP, WWF and the UN Global Compact. It helps companies to set science-based climate targets. Brenntag had already expressed its commitment to climate protection and contributed to raising awareness of this issue among all employees by joining the [RE100 initiative](#) back in summer 2021. RE100 provides a global guideline where businesses pledge to source 100% renewable electricity over the medium term.

¹⁾ Reduction with respect to the sites already included in the 2020 base year. New sites will be tracked separately.

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.

³⁾ Electricity from renewable sources which we procure through direct supply contracts, by purchasing guarantees of origin and by generating it on site.

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Scope 1, 2 and 3: direct and indirect emissions

The [Greenhouse Gas Protocol](#), which establishes global greenhouse gas accounting standards, distinguishes between direct and indirect emissions:

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.

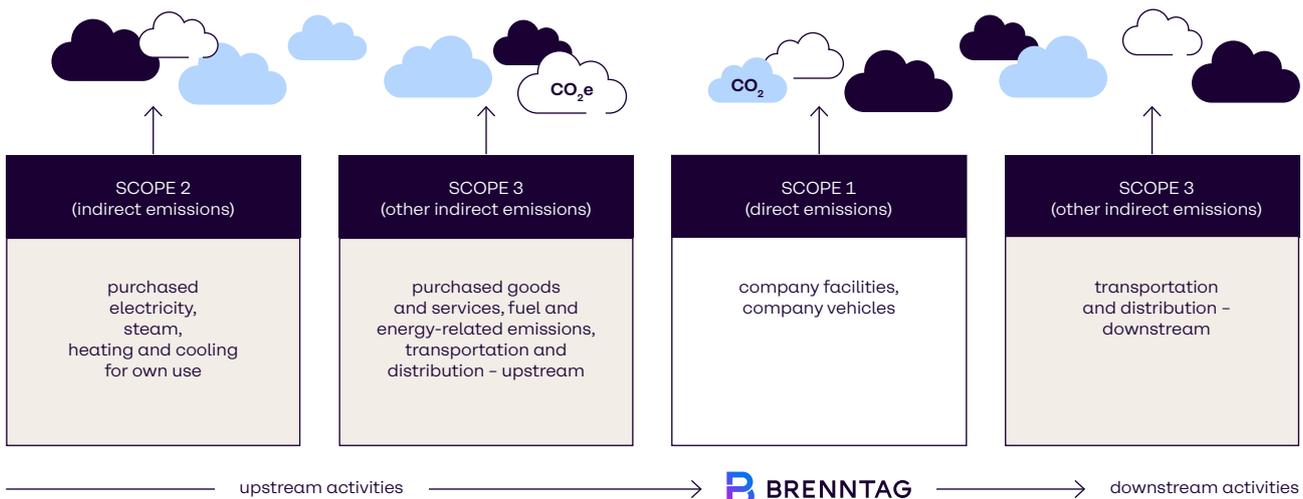
Scope 3 emissions include all other indirect emissions produced in upstream and downstream supply chains, e.g. through the purchase and sale of goods and services, employee mobility, and the processing and use of sold products.

Energy and Scope 1 and 2 emissions

Brenntag established Group-wide energy reporting back in 2016. Information on the sites’ energy consumption is collected on a quarterly basis. The Brenntag sustainability team centrally consolidates the data, evaluates them and calculates the associated direct and indirect greenhouse gas emissions.

To increase transparency over Scope 2 emissions, Brenntag has calculated these emissions using the market-based method in addition to the location-based method since 2020. Both values are shown in this report (see table CO₂e emissions Brenntag Group). Using the market-based method enables the company-specific consumption of energy from renewable sources to be presented in a more transparent manner. The following information only relates to the values calculated using the market-based method.

Brenntag’s target for 2022, derived from the linear reduction path toward net zero in 2045, was to reduce our total Scope 1 and 2 emissions by at least 8.4% compared with the 2020 base year³¹. This target was achieved with -9.2%. Excluding acquisitions recognized from 2021, the reduction is 14.2%.



3.12 Scope

³¹ Reduction with respect to the sites already included in the 2020 base year. New sites will be tracked separately.

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Energy consumption Brenntag Group

	2022	2021	Base year: 2020
Electricity (in MWh)	150,010	142,272	139,928
thereof electricity from renewable sources, which we procure through direct supply contracts and purchasing guarantees of origin	122,101	39,328	21,216
thereof electricity from renewable sources we generate on site	1,455	337	285
District heating (in MWh)	10,007	5,295	4,317
Natural gas (in MWh)	328,280	272,076	282,180
Diesel (in 1,000 liters)	49,302	46,777	48,638
Diesel (in MWh)	525,464	498,549	518,384
Petrol (in 1,000 liters)	4,947	4,518	4,686
Petrol (in MWh)	47,918	43,761	45,389
Other ²⁾ (in 1,000 liters)	3,696	3,785	3,850
Other ²⁾ (in MWh)	31,119	32,180	32,706

3.13 Energy consumption Brenntag Group

Note about calculation of CO₂e emissions:

The CO₂e emissions for electricity were calculated for both the location-based and the market-based method using the respective country-specific factors according to IEA (2020) for the base year 2020, according to IEA (2021) for the year 2021 and according to IEA (2022) for the year 2022. If the specific emission factor of the purchased electricity (e.g. of the energy producer) was available, the factor has been applied in the market-based method instead of the country-specific factor. For district heating, the calculation was carried out in both years using the factor according to UBA (2018) and for all other energy types with the respective energy-specific factors according to UK Government GHG Conversion Factors for Company Reporting (2020) for the base year 2020, according to UK Government GHG Conversion Factors for Company Reporting (2021) for the year 2021 and according to UK Government GHG Conversion Factors for Company Reporting (2022) for the year 2022. Since not all energy consumption could be reported at the time of the audit, extrapolations were made. This leads to an extrapolated share of CO₂e emissions according to the location-based method of 1.7% and according to the market-based method of 1.5%.

CO₂e emissions Brenntag Group¹⁾

	2022	2021	Base year: 2020
Scope 1			
Natural gas (in tonnes)	59,924	49,833	51,884
Diesel (in tonnes)	132,811	125,924	130,016
Petrol (in tonnes)	11,575	10,571	10,847
Other ²⁾ (in tonnes)	7,371	7,661	7,780
Scope 2			
Electricity (in tonnes)			
Location-based	47,542	47,122	49,655
Market-based	6,057	32,247	40,795
District heating (in tonnes)	2,162	1,144	933
Scope 1 + 2 (in tonnes)			
Location-based	261,385	242,255	251,116
Market-based	219,900	227,380	242,255
Location-based	4.1% ³⁾	-3.5%	-
Market-based	-9.2% ³⁾	-6.1%	-

3.14 CO₂e emissions Brenntag Group

¹⁾ The data for the reporting year do not include the following operating units: Y.S. Ashkenazi Agencies Ltd. & Biochem Trading 2011 Ltd. (since Q3); Brenntag Sourcing Uruguay S. A., Brenntag Packed Chemicals Ltd. (UK), Prime Surfactants Limited (UK), Prime Example Limited (UK), Alpha Chemical Limited (since Q3)

²⁾ Gas oil, heating oil, CNG, LPG.

³⁾ Compared with the base year

The main contributor to the reduction in Scope 1 and 2 emissions was the company's continued drive in the reporting period to switch to electricity from renewable energy sources. In the reporting year, the share was 82%. Brenntag procures electricity from renewable sources through direct supply contracts, by purchasing guarantees of origin and by generating it on site. It is intended to install solar panels at all sites where it makes sense to do so. In the reporting period, for example, solar panels were installed and put into operation in Santa Fe Springs in the USA and Kędzierzyn-Koźle in Poland. These supplement the existing installations on Brenntag warehouses and offices in places such as Padua (Italy), Singapore and Gurugram (India).

To make the efforts to reduce greenhouse gases as efficient as possible, Brenntag introduced an internal carbon management program in 2022 (see info box on the next page), where an internal price is placed on all Scope 1 and 2 emissions produced. In the reporting period, 16 sites worldwide applied for internal funding from the resulting central budget by submitting project ideas for cutting the greenhouse gas emissions they produce. The projects put forward range from purchasing electric company cars and trucks plus charging stations to replacing gas heating systems with heat pumps

and installing solar panels. One site is even aiming to complete the switch to being a zero-emissions site in the next few years. In the reporting period, Brenntag determines who is awarded the support on the basis of factors such as the projects' potential emissions savings and innovative spirit as well as the opportunity to gain experience and foster cultural change. Overall, the program has met with a very positive response both within the company and from customers.

In addition, Brenntag has started to offset emissions and, in an initial step, offset 26% of unavoidable or unreduceable Scope 1 and 2 emissions in 2022 through high-quality projects. This percentage is to be gradually increased each year to offset 100% of the remaining Scope 1 and 2 emissions by 2025. For the reporting period, Brenntag selected three very different projects covering a broad range of sustainability targets: producing green energy in Indonesia, protecting biodiversity in Brazil and supplying the population with clean drinking water in Uganda.

The Ulubelu geothermal power plant in South Sumatra is expected to produce 867,000 MWh of renewable energy a year while at the same time saving around 581,000 t of CO₂e. As part of the Evergreen REDD+ forest conservation project, Brenntag is contributing to the preservation of the Brazilian rain forest, one of the most species-rich biotopes on earth. The drinking water project in Uganda not only serves the health of over a million people; it also improves their standard of living, reduces greenhouse gases and protects forests by dispensing with the need for firewood to boil drinking water. All three offset projects take place in countries where Brenntag itself has sites, and meet the highest standards of quality (Verified Carbon Standard (VCS) and certified emission reduction (CER)).

Carbon management program

The carbon management program is an innovative incentive system for climate protection measures with an internal CO₂e price: Each Brenntag company is held accountable for the emissions it causes through a set internal price for the emissions. In the initial phase in 2022, the amount generated under this system was paid virtually into an internal climate protection fund, providing a budget. Each company or site can apply for the budget thus provided by submitting greenhouse-gas-saving projects. Brenntag is relying on the inventiveness of its employees to propose innovative projects that best fit the local conditions. At the end of each year, the emissions caused will be compared against the Brenntag Group's desired emissions reduction path toward net zero. If the target is not attained, the CO₂e price will be increased for the following year. This creates a stronger incentive to reduce emissions while simultaneously increasing the budget to fund projects. Responsibility for setting the internal price and selecting the projects that are to receive support lies with the Sustainability Council.

Scope 3 emissions

To create more transparency over environmental impacts in our value chain, Brenntag has also included Scope 3 emissions in its reporting since 2020. Scope 3.1, i.e. emissions from our purchased chemicals, was identified as the main Scope 3 emission source and accounts for approximately 97% of total calculated emissions¹⁾. The decrease compared with the previous year is mainly due to a reduced purchasing volume. Emissions resulting from outbound transport carried out by external companies (categories 3.4 and 3.9) increased compared with the previous year due to the updated emission factor.

In 2022, Brenntag worked intensively to further improve the quality of the data. In particular, we look at transportation by external companies and the products purchased by Brenntag. It is currently being examined whether this transportation can also be covered by the carbon management program in future.

¹⁾ Scope 1 and 2 emissions (market-based method) and emissions in the following Scope 3 categories: 3.1, 3.3, 3.4, 3.9.

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With regard to products, Brenntag relies on the calculation of the product carbon footprint (PCF) based on primary data. In this case, all the data required from suppliers are not yet available. In order to capture data on our Scope 3 emissions that are as precise as possible, we work together with specialist providers such as Carbon Minds. This collaboration also helps Brenntag to provide customers with information on the carbon footprint of its products. Through this service, we assist them in achieving their own climate goals.

Other emissions

Emissions such as NO_x (nitrogen oxides) and SO_x (sulfur oxides) are not relevant to Brenntag as a chemicals distributor. In order to counter the potential impact of VOC emissions (volatile organic compounds¹⁾ from the outset and in accordance with the respective applicable legal framework, relevant VOCs are filtered out of the exhaust air with the help of activated carbon filters. The use of incinerators and gas displacement when filling containers also helps to prevent VOCs.

Scope 3 emissions Brenntag Group

Scope 3 category according to Greenhouse Gas Protocol ¹⁾	2022 (tCO ₂ e)	2021 (tCO ₂ e)	2020 (tCO ₂ e)
3.1 Purchased goods and services	21,284,553	23,573,360	22,021,336
3.3 Fuel and energy-related emissions ²⁾	65,553	55,015	49,750
3.4 Transportation and distribution (upstream)	151,243 (outgoing transportation) 176,971 (incoming transportation and direct business) ³⁾	140,146 (outgoing transportation) 202,821 (incoming transportation and direct business) ³⁾	140,359 (outgoing transportation) 162,579 (incoming transportation and direct business) ³⁾
3.9 Transportation and distribution (downstream)	17,407 (outgoing transportation) 159,178 (incoming transportation and direct business) ³⁾	13,981 (outgoing transportation) 167,742 (incoming transportation and direct business) ³⁾	14,364 (outgoing transportation) 115,502 (incoming transportation and direct business) ³⁾

3.15 Scope 3 emissions Brenntag Group

¹⁾ Information on the calculation of Scope 3 emissions is included in the Appendix, page 133).

²⁾ Not included in Scope 1 or 2.

³⁾ The values given for incoming transport and direct business have not been audited by PwC.

CDP climate score

After Brenntag improved its CDP climate score by two levels to level B (Management) in 2021, the company's goal for 2022 was to at least maintain this score. We did this by achieving a level B score. Every year, CDP compares more than ten thousand companies worldwide in terms of their strategic approach to the challenges of climate change and assesses their climate management system based on a comprehensive catalog of criteria.

Transport and fleet management

To keep the fuel consumption and harmful emissions of the vehicle fleet to a minimum, Brenntag uses structured transport logistics to avoid unnecessary trips and plans all trips as efficiently as possible. In regular training courses, Brenntag drivers receive instruction on matters such as fuel-conscious driving.

More and more Brenntag companies use telematics systems in order to optimize the use of their vehicle fleets. They record vehicle- and trip-related data and thus facilitate safe and eco-efficient driving.

¹⁾ Organic materials that vaporize into the gas phase at room temperature or higher temperatures, i.e. are volatile.

Resource efficiency and circular economy



Brenntag works continuously to reduce resource consumption and minimize the environmental impacts of its business activities on the soil, water and air. The company implements appropriate environmental protection measures at all sites. Resource efficiency processes such as water and waste are implemented and measures carried out mainly by the QSHE department. Product- and service-specific matters such as critical materials and recycling are handled by the operational business. The overarching sustainability reporting and the consolidation of the topics are the responsibility of Sustainability Brenntag Group.

Critical materials and palm oil

As a chemicals and ingredients distributor with operations worldwide, Brenntag naturally adheres to the laws and guidelines applicable to its products in local and regional markets. The company also assumes additional responsibility and does its bit to ensure that its activities and those of its business partners do not endanger people or the environment. Particular attention needs to be paid to products containing critical materials, including conflict minerals such as tin, gold or tungsten. Brenntag is also mindful of palm oil and its cultivation. In its marketing materials, the company provides information on products containing palm oil and critical materials. The aim is to offer customers sustainable alternatives to those products, such as RSPO-certified³¹ palm oil.

Waste

The Brenntag sites have established processes for the handling of waste that are appropriate to the nature and scale of their business. The company maintains constant dialog with the national umbrella associations of chemical dealers with a view to further improving its waste management. The common goal is to reduce the volume of waste in the industry and increase recycling rates.

Brenntag gives its employees regular training on the handling of chemical products as well as storage and transportation to avoid unnecessary waste from the outset and reduce the

³¹ RSPO stands for Roundtable on Sustainable Palm Oil. RSPO is a global, not-for-profit organization that brings together stakeholders from across the palm oil supply chain to develop and implement global standards for sustainable palm oil.

volume of waste. The company also introduces various measures to avoid and reduce waste in countries where legal requirements for avoiding and separating waste are not yet implemented to the same extent as they are in the EU. All sites in the Latin America region, for example, are prompted to systematically separate waste. In Peru, Brenntag also teaches its employees and customers about composting.

Circular economy and recycling

Packaging

Brenntag tries to keep packaging to a bare minimum and in doing so follows the 4R principle: reduce, reuse, recycle, rethink. The aim is to reduce the number of packages used by reusing them several times and applying better recycling methods. To this end, the relevant departments maintain constant dialog with the manufacturers of packaging systems in order to establish take-back and recycling systems for the various types of packaging and containers. Leveraging the expertise of the internal Indirect Procurement department, Brenntag seeks solutions for reusable packaging. In the EMEA region, for example, Indirect Procurement has launched the "Reuse of technical equipment throughout the EMEA region" initiative. The aim of this initiative is to put equipment discarded at one site to reuse at another site; this includes tanks and plastic mixers, for example.

The logistics and sales departments are constantly working to offer more deliveries in large units of quantity to save on packaging materials. Brenntag has optimized its packaging cycles: At the sites in EMEA, for example, several hundred thousand IBCs (intermediate bulk containers) circulate annually. They are in use for two years on average and are refilled three times a year. The company also offers customers the option to return drums so that these can be refilled.

Products

At Brenntag Schweizerhall AG (Switzerland), there is also a project where distillation equipment is used to treat solvents to make them reusable. In addition, in the UK, Brenntag is now testing a system where sites purchase used solvents (mostly ethanol) from the pharmaceuticals industry in order to put them to cascade use as excipients in their own processes. The substance is then processed into cleaning fluid for wind-screen wipers. Brenntag in EMEA is also making future plans for exclusive partnerships for circular products made from organic waste, for example. In addition, the company will continue to work to increase its resource efficiency and establish a circular economy. In doing so, Brenntag intends to work more closely together with suppliers and customers in future. Further projects worldwide are currently in pilot phases.

Training

Brenntag delivered a series of training sessions on the circular economy in the reporting period. In rounds of discussions, product management and sales in the EMEA region exchange information and ideas on the subject and seek further solutions together.

Water

Brenntag uses water in many areas of its business operations, for example to produce solutions, to clean pipe systems and to cool or heat chemicals and tank facilities. The total amount of water consumed here depends largely on the nature and scope of the products handled and services provided. Water consumption is therefore subject to fluctuations and differs from site to site.

Brenntag also consumes water in operating the buildings and plants, for example in sanitary facilities or to clean surfaces, road tankers and buildings. The used water is treated in wastewater treatment facilities that purify it in line with statutory regulations before being returned to the system. Brenntag obtains water mainly from the public water supply network. Some sites also use other types of water supply, such as rainwater or their own wells. Water consumption is not currently recorded and controlled on a Group-wide basis.

Brenntag aims to minimize water consumption and be economical with water in all processes. The site in Zarate (Argentina), for example, captures rainwater, treats it and uses it for industrial purposes and to extinguish fires at the site. In addition, Brenntag works together with non-governmental organizations such as Water for People with a view to implementing further water-saving measures.

In the reporting period, Brenntag prepared a risk analysis in order to find out which sites could suffer water shortages as climate change increases.

EU Taxonomy

Art. 8 EU Taxonomy Regulation

By adopting the Action Plan on Financing Sustainable Growth, the European Union took a decisive step to extend its commitment to climate protection and sustainable business practice on the financial markets. One tool in the action plan presented in March 2018 is the EU Taxonomy Regulation (EU Taxonomy). This uniform and legally binding classification system sets out which economic activities are regarded as environmentally sustainable and how they should be reported. The aim is to steer financial flows toward green investments. Investors should thus be able to decide whether they wish to contribute to the EU's goals through their investments. All companies that are required to provide non-financial reporting according to Section 315b et seq. of the German Commercial Code (HGB) have been obliged to disclose information on the implementation of the EU Taxonomy since financial year 2021.

Against this background, in the following section, Brenntag as a non-financial parent company presents the proportion of its consolidated turnover, capital expenditure (Capex) and operating expenditure (Opex) for the 2022 reporting period that is associated with Taxonomy-eligible and Taxonomy-aligned economic activities in relation to the first two environmental objectives (climate change mitigation and climate change adaptation) pursuant to Art. 8 of the EU Taxonomy Regulation.

Organization of company activities

A project team consisting of Corporate Accounting and Sustainability Brenntag Group assumed responsibility for implementing the EU Taxonomy requirements at Brenntag. The project team analyzed all Taxonomy-eligible economic activities listed in the Climate Delegated Act with regard to applicability to Brenntag. The review to determine whether Taxonomy-eligible economic activities are also Taxonomy-aligned is carried out and documented in the Group consolidation system by the Accounting department of the respective Group company. To ensure a uniform approach in reviewing alignment, the Reporting Guideline EU Taxonomy 2022 is applied at all Brenntag Group companies.

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Key performance indicators

The key performance indicators (KPIs) required to be reported under the EU Taxonomy include the turnover KPI, the Capex KPI and the Opex KPI. For the 2022 reporting period, the KPIs have to be disclosed in relation to Taxonomy-eligible economic activities and Taxonomy-aligned economic activities.

As a distributor, Brenntag generates external sales only in the context of one activity: the sale of chemicals and ingredients. The review revealed that this economic activity is not covered by the Climate Delegated Act and is therefore not Taxonomy-eligible since trade-related activities have not been identified by the EU as a major source of greenhouse gas emissions.

In providing the service of transporting chemicals and ingredients to customers, Brenntag does not generate external sales on a standalone basis. As a result, this is not included in the turnover KPI or reported as a Taxonomy-eligible activity. The company therefore cannot present any Taxonomy-eligible economic activities in relation to turnover.

However, Brenntag reports capital and operating expenditure related to the purchase of output from Taxonomy-eligible economic activities and individual measures to improve energy efficiency listed, which are listed in the Climate Delegated Act, as Taxonomy-eligible. In addition, Taxonomy-eligible capital and operating expenditure is required to be presented as Taxonomy-aligned if the technical screening criteria and minimum requirements regarding human rights, anti-corruption, taxation and fair competition are met pursuant to the EU Taxonomy Regulation and the Delegated Act.

Taxonomy-eligibility

Brenntag discloses Capex and Opex related to the purchase of output from Taxonomy-eligible and Taxonomy-aligned economic activities and individual measures to improve energy efficiency listed in Annex I of the Climate Delegated Act (see table 3.16). In detail, on the basis of the overview of investment requests, the budget planning lists and the consolidated reporting on Capex and Opex at Group level, Brenntag has identified the following purchased outputs and individual measures that correspond to Taxonomy-eligible economic activities pursuant to the EU Taxonomy and therefore result in Taxonomy-eligible Capex/Opex:

Description of the Brenntag activity	Corresponding economic activity in the EU Taxonomy (Annex I to the Delegated Act)
Motor vehicles	
Purchase and leasing of heavy goods vehicles for freight transport	6.6. Freight transport services by road
Purchase, leasing, repair and maintenance of industrial trucks	3.6. Manufacture of other low-carbon technologies
Purchase and leasing of passenger cars as company vehicles	6.5. Transport by motorbikes, passenger cars and light commercial vehicles
Renewable energy technologies	
Purchase, leasing and maintenance of renewable energy technologies for electricity and heat generation at Brenntag sites, e.g. solar panels, heat pumps and wind turbines	7.6 Installation, maintenance and repair of renewable energy technologies
Buildings	
Construction of new buildings	7.1. Construction of new buildings
Acquisition and leasing of existing buildings	7.7. Acquisition and ownership of buildings
Installation, maintenance and repair of energy efficiency equipment	7.3. Installation, maintenance and repair of energy efficiency equipment
Installation and maintenance of charging stations for electric vehicles	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

3.16 Taxonomy-eligibility

Taxonomy-alignment

The review for Taxonomy-alignment consists of multiple steps that must be followed individually, with the results documented by the Group companies. In addition to the economic activity's substantial contribution to one of the two climate-related environmental objectives, the criteria on avoiding significant harm to one or more of the six environmental objectives, referred to as the 'do no significant harm' (DNSH) criteria, and compliance with the minimum requirements regarding human rights, anti-corruption, taxation and fair competition must also be checked. Brenntag considers all of its Taxonomy-eligible economic activities as purchase of output. Evidence in this regard is required from the supplier to demonstrate that they are the result of a Taxonomy-aligned activity. With regard to compliance with the minimum requirements, the review must also be carried out for Brenntag SE without reference to a specific economic activity.

Substantial contribution

In the case of many of the economic activities relevant to Brenntag under the Climate Delegated Act, the performance of that activity already represents the substantial contribution, obviating the need for any further reviews. The installation of solar panels or heat pumps can be given as an example. In the case of other economic activities, including the 'construction of new buildings' or the 'acquisition of existing buildings', a more detailed review has to be carried out in accordance with the regulatory standard.

Avoiding significant harm and compliance with minimum requirements

For each economic activity that makes a substantial contribution to at least one of the environmental objectives, it is necessary to assess criteria on avoiding significant harm to one or more of the six environmental objectives as well as compliance with the minimum requirements. According to the Final Report on Minimum Safeguards issued by the Platform on Sustainable Finance in October 2022, the latter relates to human rights, anti-corruption, taxation and fair competition.

The assessment is carried out by the department responsible at the respective Group company in cooperation with the supplier of the products purchased or the services received.

Not all criteria for Taxonomy-alignment fulfilled

As regards the purchase of output, no supplier was able to provide information on and proof of fulfillment of all criteria for Taxonomy-alignment, i.e. substantial contribution, avoidance of significant harm and compliance with the minimum requirements. As a result, it was not possible to substantiate any Taxonomy-aligned Capex and Opex.

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Brenntag therefore reports the following KPIs:

Turnover KPI

	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
Economic activities (1)		EUR	in %	in %	in %	in %	in %	in %	in %
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
none									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
none									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									
Total (A.1 + A.2)									
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities (b)		19,429,304,770	100.0						
Total (A+B)		19,429,304,770							

3.17 Turnover KPI

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DNSH criteria
(Does not significantly harm)

	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic activities (1)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	in %	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
none											
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)											
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
none											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)											
Total (A.1 + A.2)											
B. Taxonomy-non-eligible activities											
Turnover of Taxonomy-non-eligible activities (b)											
Total (A+B)											

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

3.17 Turnover KPI

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Capex KPI

	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
Economic activities (1)		EUR	in %	in %	in %	in %	in %	in %	in %
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
none									
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Freight transport services by road	6.6.	3,302,018	0.74						
Manufacture of other low-carbon technologies	3.6.	5,747,276	1.28						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	7,196,251	1.61						
Installation, maintenance and repair of renewable energy technologies	7.6	1,384,915	0.31						
Construction of new buildings	7.1.	3,671,820	0.82						
Acquisition and ownership of buildings	7.7.	20,219,765	4.52						
Installation, maintenance and repair of energy efficiency equipment	7.3.	1,854,067	0.41						
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		43,376,113	9.69						
Total (A.1 + A.2)		43,376,113	9.69						
B. Taxonomy-non-eligible activities									
Capex of Taxonomy-non-eligible activities (b)		404,259,242	90.31						
Total (A+B)		447,635,356							

3.18 Capex KPI

ENVIRONMENT

DNSH criteria
(Does not significantly harm)

	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Capex 2022 (18)	Taxonomy-aligned proportion of Capex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic activities (1)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	in %	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
none											
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)											
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Freight transport services by road											
Manufacture of other low-carbon technologies											
Transport by motorbikes, passenger cars and light commercial vehicles											
Installation, maintenance and repair of renewable energy technologies											
Construction of new buildings											
Acquisition and ownership of buildings											
Installation, maintenance and repair of energy efficiency equipment											
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								/	/	/	/
Total (A.1 + A.2)								/	/	/	/
B. Taxonomy-non-eligible activities											
Capex of Taxonomy-non-eligible activities (b)											
Total (A+B)											

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

3.18 Capex KPI

ENVIRONMENT

Opex KPI

	Code(s) (2)	Absolute Opex (3)	Proportion of Opex (4)	Substantial contribution criteria					
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
Economic activities (1)		EUR	in %	in %	in %	in %	in %	in %	in %
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
none									
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Freight transport services by road	6.6.	2,871,403	1.35						
Manufacture of other low-carbon technologies	3.6.	934,296	0.44						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	581,784	0.27						
Installation, maintenance and repair of energy efficiency equipment	7.3.	68,176	0.03						
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4.	2,425	0.00						
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,458,085	2.09						
Total (A.1 + A.2)		4,458,085	2.09						
B. Taxonomy-non-eligible activities									
Opex of Taxonomy-non-eligible activities (b)		208,385,347	97.91						
Total (A+B)		212,843,432							

3.19 Opex KPI

ENVIRONMENT

DNSSH criteria
(Does not significantly harm)

	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Opex 2022 (18)	Taxonomy-aligned proportion of Opex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic activities (1)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	in %	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
none											
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)											
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Freight transport services by road											
Manufacture of other low-carbon technologies											
Transport by motorbikes, passenger cars and light commercial vehicles											
Installation, maintenance and repair of energy efficiency equipment											
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)											
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								/	/	/	/
Total (A.1 + A.2)								/	/	/	/
B. Taxonomy-non-eligible activities											
Opex of Taxonomy-non-eligible activities (b)											
Total (A+B)											

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

3.19 Opex KPI

Brenntag does not carry out any nuclear power and gas activities and therefore does not disclose the specific tables relating to these activities

Accounting policies

Brenntag determines the Taxonomy KPIs in accordance with the legal requirements, including Annex I to the Art. 8 Delegated Act, and describes its accounting policies in this regard as follows:

Turnover KPI

The proportion of Taxonomy-eligible economic activities in the total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on the company's consolidated net turnover in accordance with International Accounting Standard (IAS) 1.82(a), which can be taken from the consolidated financial statements; see the consolidated income statement on [page 2](#). You can find further details on Brenntag's accounting policies for consolidated net turnover on [page 204](#).

With regard to the numerator, Brenntag has not identified any Taxonomy-eligible activities, as explained above.

Capex KPI

The Capex KPI is defined as Taxonomy-eligible Capex (numerator) divided by total Capex (denominator) as specified in the EU Taxonomy. Total Capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization and any remeasurements, including those resulting from revaluations and impairments, and excluding fair value changes.

It includes additions to property, plant and equipment (IAS 16), intangible assets (IAS 38) and right-of-use assets (International Financial Reporting Standards, IFRS 16). Additions resulting from business combinations are also included. Goodwill is not included in Capex because it is not defined as an intangible asset in accordance with IAS 38. You can find further details on the accounting policies with regard to the company's Capex on [pages 205 to 206](#).

Brenntag's total Capex can be derived from the consolidated financial statements from the statements of changes in property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets ([see table 5.49 Property, plant and equipment, table 5.50 Intangible assets and table 5.53 Right-of-use assets](#)). It is the sum total of the following transaction types:

- Business combinations
- Other additions

for property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets.

With regard to the numerator, the company refers to the explanations below.

Opex KPI

The Opex KPI is defined as Taxonomy-eligible Opex (numerator) divided by total Opex (denominator).

Total Opex consists of direct uncapped costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, remediation and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

For the Brenntag Group, the following aspects must be taken into account in this regard:

- The Brenntag Group does not incur any research and development expenses.
- The volume of uncapped leases was determined in accordance with IFRS 16 and includes expenses for short-term leases, variable leases and low-value leases ([see table 5.54 Lease expenses](#)). Even though variable leases and low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, Brenntag has interpreted the legislation as to include these leases.
- Maintenance and repair and other direct expenditures relating to the servicing of assets of property, plant and equipment were recorded in separate accounts. The related cost items can be found in the other operating expenses item in the consolidated income statement and are part of maintenance and energy costs ([see table 5.28 Other operating expenses](#)). This also includes building renovation measures. As a rule, these are costs for services and material costs.
- Expenses for the remediation of environmental damage, mainly for soil and groundwater for current and former, owned or leased sites. The related cost items are included in the other operating expenses item in the consolidated income statement and are part of miscellaneous operating expenses ([see table 5.28 Other operating expenses](#)).

With regard to the numerator, the company refers to the explanations below.

Explanations on the numerator of the Capex KPI and the Opex KPI

Since the Brenntag Group has not identified any Taxonomy-eligible economic activities, the company does not record Capex/Opex related to assets or processes that are associated with Taxonomy-eligible economic activities (“category a” acc. to Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act) in the numerator of the Capex KPI and the Opex KPI. Furthermore, there are no Capex plans (“category b” acc. to Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act).

Only “category c” Capex and Opex can therefore qualify as Taxonomy-eligible and potentially Taxonomy-aligned, i.e. Capex/Opex related to the purchase of output from Taxonomy-eligible and potentially Taxonomy-aligned economic activities and individual measures to improve energy efficiency that are listed in the Climate Delegated Act (Sect. 1.1.2.2. (c) of Annex I to the Art. 8 Delegated Act). For the allocation of Capex and Opex, Brenntag identified the relevant purchases and measures, and then identified the primary related economic activity in the Climate Delegated Act. In this way, the company ensures that no Capex or Opex is included more than once.

Appendix

Calculation of Scope 3 emissions

Scope 3.1 Purchased goods and services

The greenhouse gas emissions were calculated for Brenntag's main product categories, which account for 76% of its total chemical spend in tonnes. They were calculated using a combined approach of volume and consumption-based emission factors from Life Cycle Assessment (LCA) databases, which were considered to be representative of Brenntag's respective product categories. By multiplying them by the volume-related purchasing data for the product categories taken from our Global Business Warehouse (GBW) and extrapolating them to the total spend, it was possible to determine a value that reflects the total emissions in category 3.1.

Scope 3.3 Fuel- and energy-related emissions (not included in Scope 1 or 2):

These were calculated using upstream emission factors from the Department for Business, Energy & Industrial Strategy (DBEIS) for the relevant energy sources whose consumption volumes were already recorded as part of the reporting for Scope 1 and Scope 2 emissions.

Scope 3.4 Transportation and distribution (upstream and downstream):

All emissions caused by incoming and outgoing transportation as well as direct business involving external trucks were calculated. They were calculated using a combined approach of volume and consumption-based emission factors from DBEIS, which were correlated with the number of tonne-kilometers. In addition, the average distance per consignment was initially calculated with the material transport volumes for individual EMEA countries. For the North America region, it was possible to use the distances per consignment, on the basis of a ZIP-based geodata distance calculation, for a portion of the total goods transported. These distances were multiplied by the respective tonnes of transported goods and by the corresponding emission factor. The emissions calculated served in turn as a basis for extrapolating the total emissions in categories 3.4 and 3.9 using volume-related transport data taken from our Hyperion Financial Management (HFM) system and the GBW for the respective global regions. Finally, the total emissions calculated were allocated to categories 3.4 and 3.9 based on the International Commercial Terms (Incoterms).

APPENDIX

GRI Index

Statement of use	Brenntag has reported the information cited in this GRI content index for the period Jan. 1 to Dec. 31, 2022 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI standard and description			
References			
Comments and online resources			
Universal Standards			
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	NfR, p. 95	Brenntag SE, Messeallee 11, 45131 Essen
2-2	Entities included in the organization's sustainability reporting	Consolidated Financial Statements, p. 197	
2-3	Reporting period, frequency of reporting and contact point	NfR, p. 93	2022, annual reporting, Brenntag SE Sustainability Brenntag Group Nadine Kolter Phone +49 (0) 201 6496 1569 sustainability@brenntag.de
2-4	Restatements of information	NfR, p. 92-94	
2-5	External assurance	NfR, pp. 92, 143-144	
Activities and workers			
2-6	Activities, value chain and other relevant business relationships	NfR, p. 95 Management Report, p. 147	www.brenntag.com
2-7	Employees	NfR, p. 110 Management Report, p. 167	Employees Brenntag
2-8	Workers who are not employees		Employees Brenntag
Governance			
2-9	Governance structure and composition	Report of the Supervisory Board, p. 18 Corporate Governance Statement, p. 32 To our Shareholders, p. 9	
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement, p. 32	
2-11	Chair of the highest governance body	Corporate Governance Statement, p. 32	
2-12	Role of the highest governance body in overseeing the management of impacts	NfR, p. 98	
2-13	Delegation of responsibility for managing impacts	NfR, pp. 91-92	
2-14	Role of the highest governance body in sustainability reporting	NfR, pp. 92-93	Both the Board of Management and then the Supervisory Board deal with the reporting. The Board of Management decides and the Supervisory Board approves.
2-15	Conflicts of interest	NfR, p. 102	
2-16	Communication of critical concerns	NfR, p. 101	
2-17	Collective knowledge of the highest governance body	NfR, pp. 98, 101, 119	
2-18	Evaluation of the performance of the highest governance body	Remuneration Report, p. 49	The Board of Management and Supervisory Board regularly address the achievement of annual targets through an internal scorecard. In the event of possible deviations in target achievement, appropriate measures are initiated.
2-19	Remuneration policies	NfR, p. 108 Remuneration Report, p. 49	

APPENDIX

GRI standard and description		References	Comments and online resources
2-20	Process to determine remuneration	NfR, p. 108 Remuneration Report, p. 49	
2-21	Annual total compensation ratio	Remuneration Report, p. 49	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	NfR, pp. 90–91, 95, 97	
2-23	Policy commitments	NfR, p. 102	
2-24	Embedding policy commitments	NfR, pp. 102–103	
2-25	Processes to remediate negative impacts	NfR, pp. 101–102	
2-26	Mechanisms for seeking advice and raising concerns	NfR, p. 101	
2-27	Compliance with laws and regulations	NfR, pp. 101–102	
2-28	Membership associations	NfR, pp. 95, 107, 111, 112, 116	Memberships Brenntag
Stakeholder engagement			
2-29	Approach to stakeholder engagement	NfR, p. 98	
2-30	Collective bargaining agreements		Due to its large number of international locations and the broad range of labor regulations applicable to these locations, Brenntag does not record this data in a consolidated Group-wide format.
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	NfR, pp. 93, 99	
3-2	List of material topics	NfR, p. 94	
201: Economic Performance 2016			
3-3	Management of material topics	Management Report, p. 152	
201-1	Direct economic value generated and distributed	Key financial figures at a glance, p. 2 , Consolidated Financial Statements, p. 185 , Consolidated income statement, p. 186 , Notes, p. 216	
201-3	Defined benefit plan obligations and other retirement plans	Consolidated Financial Statements, p. 231	
204: Procurement Practices 2016			
3-3	Management of material topics	NfR, pp. 112–114	
204-1	Proportion of spending on local suppliers		Local and regional purchasing plays a role in the business model of a chemicals distributor, in particular in the area of commodities.
205: Anti-corruption 2016			
3-3	Management of material topics	NfR, pp. 101–102	
205-1	Operations assessed for risks related to corruption		In internal audits, a total of 24 Brenntag companies were, among other things, reviewed in relation to corruption risk in the reporting period.
205-2	Communication and training about anti-corruption policies and procedures	NfR, pp. 101–102	
205-3	Confirmed incidents of corruption and actions taken		Brenntag has not received any reports on incidents for the reporting period.
206: Anti-competitive Behavior 2016			
3-3	Management of material topics		Voluntary reporting as anti-competitive behavior is not a material topic according to the 2022 materiality analysis.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Management Report, p. 169, 178	

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GRI standard and description		References	Comments and online resources
207: Tax 2019			
3-3	Management of material topics	NfR, p. 103	Voluntary reporting as tax is not a material topic according to the 2022 materiality analysis.
207-1	Approach to tax	NfR, p. 103	
207-2	Tax governance, control, and risk management	NfR, p. 103	
207-3	Stakeholder engagement and management of concerns related to tax	NfR, p. 103	
302: Energy 2016			
3-3	Management of material topics	NfR, pp. 116–120	
302-1	Energy consumption within the organization	NfR, p. 118	
302-3	Energy intensity	NfR, p. 118	
302-4	Reduction of energy consumption	NfR, pp. 116–120	
302-5	Reductions in energy requirements of products and services	NfR, pp. 116–120	
303: Water and Effluents 2018			
3-3	Management of material topics	NfR, p. 122	
303-1	Interactions with water as a shared resource	NfR, p. 122	
303-2	Management of water discharge-related impacts	NfR, p. 122	
303-3	Water withdrawal	NfR, p. 122	
305: Emissions 2016			
3-3	Management of material topics	NfR, p. 116	
305-1	Direct (Scope 1) GHG emissions	NfR, pp. 117–119	
305-2	Energy indirect (Scope 2) GHG emissions	NfR, pp. 117–119	
305-3	Other indirect (Scope 3) GHG emissions	NfR, pp. 119–120	
305-4	GHG emissions intensity	NfR, pp. 118, 120	
305-5	Reduction of GHG emissions	NfR, pp. 118, 120	
306: Waste 2020			
3-3	Management of material topics	NfR, p. 121	
306-1	Waste generation and significant waste-related impacts	NfR, p. 121	
306-2	Management of significant waste-related impacts	NfR, p. 121	
306-3	Waste generated		Due to the decentralized structure of the company and different legal requirements (e.g. Circular Economy Act in Germany), waste management is handled by each site itself.
308: Supplier Environmental Assessment 2016			
3-3	Management of material topics	NfR, pp. 112–114	
308-1	New suppliers that were screened using environmental criteria	NfR, pp. 112–114	
401: Employment 2016			
3-3	Management of material topics	NfR, pp. 108–111	
401-1	New employee hires and employee turnover	NfR, p. 109	Employees Brenntag
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	NfR, p. 108	Due to our company's decentralized and international structure, it is not possible to provide a complete list of the benefits which our employees receive.
402: Labor/Management Relations			
3-3	Management of material topics		Brenntag informs its employees of impending operational changes at an early stage and comprehensively, while complying with applicable national and international notification periods.
402-1	Minimum notice periods regarding operational changes		

APPENDIX

GRI standard and description		References	Comments and online resources
403: Occupational Health and Safety 2018			
3-3	Management of material topics	NfR, p. 106	
403-1	Occupational health and safety management system	NfR, p. 107	
403-2	Hazard identification, risk assessment, and incident investigation	NfR, pp. 107-108	
403-3	Occupational health services		Brenntag pursues a decentralized approach. Some large sites have local occupational health services, otherwise each site has a direct contact for occupational health concerns.
403-4	Worker participation, consultation, and communication on occupational health and safety	NfR, pp. 106-107	Temporary workers also participate in the BEST employee surveys.
403-5	Worker training on occupational health and safety	NfR, p. 106	
403-6	Promotion of worker health	NfR, pp. 106-108	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NfR, pp. 106-107	
403-8	Workers covered by an occupational health and safety management system	NfR, p. 108	All employees are covered by the global QSHE management system.
403-9	Work-related injuries	NfR, pp. 107-108	Temporary workers are included in the accident reporting.
404: Training and Education 2016			
3-3	Management of material topics	NfR, p. 111	
404-2	Programs for upgrading employee skills and transition assistance programs	NfR, p. 111	Brenntag offers its employees target group-specific and individual measures and training at a global, regional and local level and provides them either in conventional events attended in person or through online training events. The global e-learning management system provides employees with an opportunity to enhance their knowledge and skills independently and efficiently.
404-3	Percentage of employees receiving regular performance and career development reviews		Annual feedback meetings take place for all Brenntag employees in which the employees' performance is considered and their goals and personal expectations as well as individual development measures are discussed.
405: Diversity and Equal Opportunity 2016			
3-3	Management of material topics	NfR, pp. 109-111	
405-1	Diversity of governance bodies and employees	NfR, pp. 109-111 Corporate Governance Statement, p. 44	
405-2	Ratio of basic salary and remuneration of women to men		Employees are recruited, remunerated and developed solely on the basis of their qualifications and skills for the respective roles.
406: Non-discrimination 2016			
3-3	Management of material topics	NfR, pp. 109-111	
406-1	Incidents of discrimination and corrective actions taken		Brenntag reports on the total number of confirmed incidents. For confidentiality reasons, Brenntag does not disclose the exact number of complaints by type. Accordingly, the company does not explicitly report the number of complaints relating to discrimination.

APPENDIX

GRI standard and description		References	Comments and online resources
407: Freedom of Association and Collective Bargaining 2016			
3-3	Management of material topics	NfR, pp. 101-102	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	NfR, pp. 101-102	As part of our TfS membership, Brenntag requests that its suppliers undergo sustainability assessments, which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's Code of Business Conduct and Ethics as well as our Supplier Code of Conduct also require the protection of human rights, equal treatment and fair working conditions.
408: Child Labor 2016			
3-3	Management of material topics	NfR, pp. 101-102, 112-114	
408-1	Operations and suppliers at significant risk for incidents of child labor	NfR, pp. 112-114	
409: Forced or Compulsory Labor 2016			
3-3	Management of material topics	NfR, pp. 101-102, 112-114	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	NfR, pp. 112-114	
410: Security Practices 2016			
3-3	Management of material topics		
410-1	Security personnel trained in human rights policies or procedures		Brenntag deploys security personnel at various locations and uses service providers to provide security services. Respect for human rights is a crucial factor in this regard, which is also reflected in the codes of conduct of providers used. Brenntag has started to manage security measures centrally, among other things to increase the commitment to respect human rights and to collect relevant data on the implementation of the measures.
411: Rights of Indigenous Peoples 2016			
3-3	Management of material topics	NfR, pp. 101-102, 112-114	
411-1	Incidents of violations involving rights of indigenous peoples		Brenntag has not received any reports on incidents for the reporting period.
413: Local Communities 2016			
3-3	Management of material topics		
413-1	Operations with local community engagement, impact assessments, and development programs		Brenntag does not systematically assess the impact of its community and social activities.
414: Supplier Social Assessment 2016			
3-3	Management of material topics	NfR, pp. 112-113	
414-1	New suppliers that were screened using social criteria	NfR, pp. 112-113	As part of its QSHE Group guidelines, the Brenntag Group has also specified processes and criteria for dealing with subcontractors that carry out construction, repair and maintenance work at Brenntag locations. Their purpose is to prevent accidents and incidents, enable work activities to be performed safely and protect the health of subcontractors.
416: Customer Health and Safety 2016			
3-3	Management of material topics	NfR, pp. 106-107	
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.

APPENDIX

GRI standard and description		References	Comments and online resources
417: Marketing and Labeling 2016			
3-3	Management of material topics		
417-1	Requirements for product and service information and labeling	NfR, pp. 103, 104, 107	In all countries we operate in, the products manufactured and/or transported by Brenntag are subject to legal requirements for the labeling and indication of ingredients, their ecological effects as well as information on safe use and disposal.
417-2	Incidents of non-compliance concerning product and service information and labeling		There were no incidents during the reporting period.
417-3	Incidents of non-compliance concerning marketing and communications		There were no incidents during the reporting period.
418: Customer Privacy 2016			
3-3	Management of material topics	NfR, p. 102	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		There were no substantiated complaints from customers or regulatory bodies in the reporting period. Neither did Brenntag identify any leaks, thefts, or losses of customer data.

3.20 GRI Index

TCFD Index

The requirements of the Task Force on Climate-related Financial Disclosures (TCFD) cover governance, strategy, risk management, and metrics and targets. The aim of reporting in accordance with TCFD is to appropriately disclose the risks and opportunities presented by climate change and thus strengthen financial market stability. As the CDP climate change questionnaire has largely integrated the TCFD requirements, Brenntag already reports the following information:

Governance

TCFD core element	Required information	Reference to CDP Climate Change 2022 Questionnaire
Disclosure of governance around climate-related risks and opportunities	a) Board of Management's oversight of climate-related risks and opportunities	C1.1.A C1.1b C1.3 C1.3a
	b) Role of the Board of Management and senior executives in assessing and managing climate-related risks and opportunities	C1.2 C1.2a
Corresponding sections	NfR, p. 95 NfR, p. 116	

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Strategy

TCFD core element	Required information	Reference to CDP Climate Change 2022 Questionnaire
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	a) Short-, medium- and long-term climate-related risks and opportunities for the organization	C2.1a C2.2 C2.2a C2.4a
	b) Impact of climate-related risks and opportunities on businesses, strategy, and financial planning	C2.3 C3.3 C3.4 C2.4a
	c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios (including a 2°C or lower scenario)	C3.1 C3.2a C3.2b
Corresponding sections	NfR, p. 95 NfR, p. 116	

Risk Management

TCFD core element	Required information	Reference to CDP Climate Change 2022 Questionnaire
Disclosure of processes for identifying, assessing, and managing climate-related risks	a) Processes for identifying and assessing climate-related risks	C2.1 C2.2
	b) Processes for managing climate-related risks	C2.1 C2.2
	c) Integration of processes for identifying, assessing, and managing climate-related risks into overall risk management	C2.1 C2.2
Corresponding sections	NfR, p. 116 Management Report, p. 169	

Metrics and Targets

TCFD core element	Required information	Reference to CDP Climate Change 2022 Questionnaire
Disclosure of metrics and targets used to assess climate-related risks and opportunities	a) Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	C4.1 C4.2 C9.1
	b) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and the related risks	C6.1 C6.3 C6.5
	c) Targets used to manage climate-related risks and opportunities and performance against targets	C4.1 C4.1a C4.2
Corresponding sections	NfR, p. 116 NfR, p. 121	

3.21 TCFD Index

Responses to and results of Brenntag's CDP questionnaire at: [CDP Brenntag](#)

APPENDIX

SASB Index

Topic	Accounting metric	Code	References/comments
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CH-110a.1 TR-RO-110a.1	NfR, pp. 117-119 The calculation of Scope 1 emissions includes all greenhouse gases that result from the consumption of the corresponding energy sources, i.e. CO ₂ , CH ₄ , N ₂ O. The share of CH ₄ and N ₂ O in the total emissions is approximately 1%. At Brenntag, none of the emissions are covered under emissions-limiting regulations.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2 TR-RO-110a.2	NfR, pp. 116-119
	(1) Total fuel consumed (2) Percentage natural gas (3) Percentage renewable	TR-RO-110a.3	NfR, p. 118
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O) (2) SO _x (3) Volatile organic compounds (VOCs) (4) Hazardous air pollutants (HAPs) (5) Particulate matter (PM10)	RT-CH-120a.1 TR-RO-120a.1	Not relevant for Brenntag as a distributor.
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable (4) Total self-generated energy	RT-CH-130a.1	NfR, p. 118
Water Management	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress	RT-CH-140a.1	Water withdrawal is not currently recorded and consolidated on a Group-wide basis.
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CH-140a.2	No central information available.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	No central information available.
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	RT-CH-150a.1	Due to the decentralized structure of the company and different legal requirements (e.g. Circular Economy Act in Germany), waste management is handled by each site itself.
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	NfR, p. 98 , pp. 106-108 , pp. 112-114

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Topic	Accounting metric	Code	References/comments
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	NfR, pp. 107-108 At Brenntag, TRIR is defined as the total recordable injury rate, the number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours.
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	NfR, pp. 106-108
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	RT-CH-410a.1	NfR, p. 104 , pp. 121-122
Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) Percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	(1) EMEA ¹ : 69% North America: 45% (2) EMEA ¹ : 94% ² North America: 100%
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	NfR, pp. 103-104
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	Not relevant
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Management Report, pp. 172-179 NfR, pp. 103-104
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	RT-CH-540a.1	NfR, pp. 106-108
Activity Metric	Production by reportable segment	RT-CH-000.A	Not reported

¹ Poland, Lithuania, Estonia and Latvia as well as Italy are only partially represented. For Brenntag Benelux and Multisol, data from countries in Africa are included, in which the two national companies operate.

² Percentage of such products (with at least one substance) that have undergone a hazard assessment.

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Topic	Accounting metric	Code	References/comments
Driver Working Conditions	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	TR-RO-320a.1	NfR, pp. 107-108 At Brenntag, TRIR is defined as the total recordable injury rate, the number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours.
	(1) Voluntary and (2) involuntary turnover rate for all employees	TR-RO-320a.2	NfR, p. 109 Employees Brenntag
	Description of approach to managing short-term and long-term driver health risks	TR-RO-320a.3	NfR, pp. 106-108 Health risks for specific functions are only assessed locally.
Accident & Safety Management	Number of road accidents and incidents	TR-RO-540a.1	NfR, pp. 107-108 Three road accidents with commercial vehicles.
	Safety Measurement System BASIC percentiles for: (1) Unsafe driving (2) Hours-of-service compliance (3) Driver fitness (4) Controlled substances/Alcohol (5) Vehicle maintenance (6) Hazardous materials compliance	TR-RO-540a.2	Not reported
	(1) Number and (2) aggregate volume of spills and releases to the environment	TR-RO-540a.3	NfR, pp. 107-108

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Practitioner's Report

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To Brenntag SE, Essen

We have performed a limited assurance engagement on the combined separate non-financial report of Brenntag SE, Essen, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU Taxonomy" of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the

immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

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

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

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Separate Non-financial Report.

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In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Evaluation of CO2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the imminent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 6 March 2023

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Nicolette Behncke
Wirtschaftsprüferin
[German public auditor]

ppa. Benjamin Wolf