

# SUSTAINABILITY REPORT

FOR THE FINANCIAL YEAR 2020



ConnectingChemistry

BRENNTAG

# BRENNNTAG WORLDWIDE

Brenntag is the global market leader in the distribution of chemicals and ingredients. We connect thousands of chemical producers (our suppliers) with chemical users (our customers) through our range of complete distribution solutions and individual chemical products.

Our network comprises more than 670 locations in 77 countries in the regions North America, Latin America, EMEA (Europe, Middle East & Africa) and Asia Pacific. We serve around 185,000 customers worldwide.

Our top strategic goal is to be the preferred distributor for specialty and industrial chemicals and, at the same time, the industry leader in safety, growth and profitability. We provide a positive working environment to our 17,000+ employees worldwide.

[Click here for key figures per region](#)



## Navigation

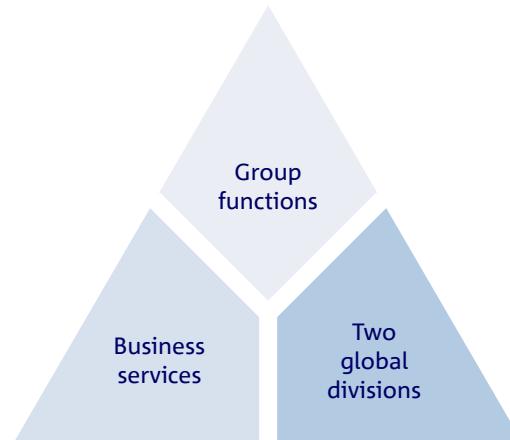
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## New operating business structure

We are strengthening our position as the global market leader in chemical distribution and enhancing our customer and supplier relationships in a rapidly changing market environment. While the Group operated as the four regional segments North America, Latin America, EMEA and Asia Pacific for many years, Brenntag has been managed as two global divisions since January 2021: **Brenntag Essentials** and **Brenntag Specialties**. The new operations-based structure is a central element of the “Project Brenntag” transformation programme.



## Key figures

in EUR m

	2020	2019	2018
Sales	11,775.8	12,821.8	12,550.0
Operating gross profit	2,850.4	2,821.7	2,660.9
Operating EBITDA	1,057.7	1,001.5	875.5
Profit after tax	473.8	469.2	462.3
Free cash flow	1,054.6	837.3	525.2
Employees at Dec. 31	17,237	17,492	16,616
Personnel expenses including social insurance contributions	1,107.0	1,072.6	1,004.7
Accident rate (LTIR) <sup>1</sup>	1.4	1.9	1.5
Voluntary employee turnover rate in %	6.1	7.6	8.5
ISO 9001 certifications % of operating sites	91	91	91

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

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## LETTER FROM THE CEO

### DR CHRISTIAN KOHLPAINNTNER

### CHIEF EXECUTIVE OFFICER



*Dear Readers,*

I am pleased that you have taken an interest in sustainability developments at Brenntag. We have come through an extraordinary year that has changed our world in many ways.

The COVID-19 pandemic has been a challenge for us too at Brenntag, and it has strongly influenced the day-to-day lives of all employees. Thanks to stringent hygiene measures, the prompt switch to remote working solutions, the modification of our processes, and especially, outstanding teamwork, we have been able to protect the health and safety of our workforce and our business partners, and to maintain our operations despite the difficult circumstances. The health and safety of our employees takes top priority at Brenntag, and so we are particularly proud to report the lowest accident rate in 2020 that the Group has ever recorded.

Many of the changes introduced in our daily operations during the pandemic have proven their value. For example, we will continue to limit our work-related travel activity in the future – a decision that will have a positive impact on the climate, the day-to-day lives of our employees and our cost base.

— Dr Christian Kohlpaintner  
Chief Executive Officer

Despite the COVID-19 pandemic, we set a lot of things in motion in 2020 and worked intensively on the future of Brenntag. “Project Brenntag” is a transformation project that we introduced across the Group to bring us even closer to our customers. What does this have to do with sustainability? Being close to our customers means responding even more strongly to their changing needs and expectations. To an increasing extent, our customers expect us to act sustainably. Society’s expectations for the sustainability of companies have in general grown much higher over the last few years, and a company that wants to retain its licence to operate in the future must act in accordance with these expectations.

**“AS A GLOBAL COMPANY,  
WE MUST ASSUME RESPONSIBILITY,  
ESPECIALLY IN CHALLENGING  
TIMES LIKE THESE.”**

**"WE ARE CURRENTLY  
DEVELOPING A NEW  
SUSTAINABILITY  
STRATEGY WITH NEW  
AMBITIOUS TARGETS."**

We at Brenntag can provide excellent support to our customers and suppliers as they aim to achieve greater sustainability. Our commitment to sustainability is evident in our application of a circular economy. For example, since late 2020, we and our partners have researched innovative cleaning technologies for solvents in the pharmaceutical industry to make it possible to reuse high-quality chemicals. This will reduce waste generation and CO<sub>2</sub> emissions in the industries involved in the long term.

I believe that as a global company, we must assume responsibility, especially in challenging times like these. Last year, all of the Brenntag regions participated in aid initiatives or donated isopropyl alcohol, a primary component used in the manufacturing of disinfectants, in order to combat the further spread of COVID-19. Generally speaking, we stood by our customers during the pandemic as a reliable partner and were able to supply them continuously. This crisis in particular has revealed the strength of our global supply chains.

This sustainability report provides you with an insight into many exciting areas. It also describes the implementation status of our sustainability strategy to date: we have already achieved four of the seven sustainability goals that we set in 2016. We have also recorded clear success with the Group accident rate, compliance training and sustainable procurement, though our ambitious objectives have not yet been fully realized.

This will spur us on for the future. As CEO, I take responsibility for ensuring that we continue to improve our sustainability. We are therefore currently developing a new sustainability strategy with new, ambitious targets. I hope that you will continue to watch our progress in the area of sustainability with interest!

Yours sincerely,

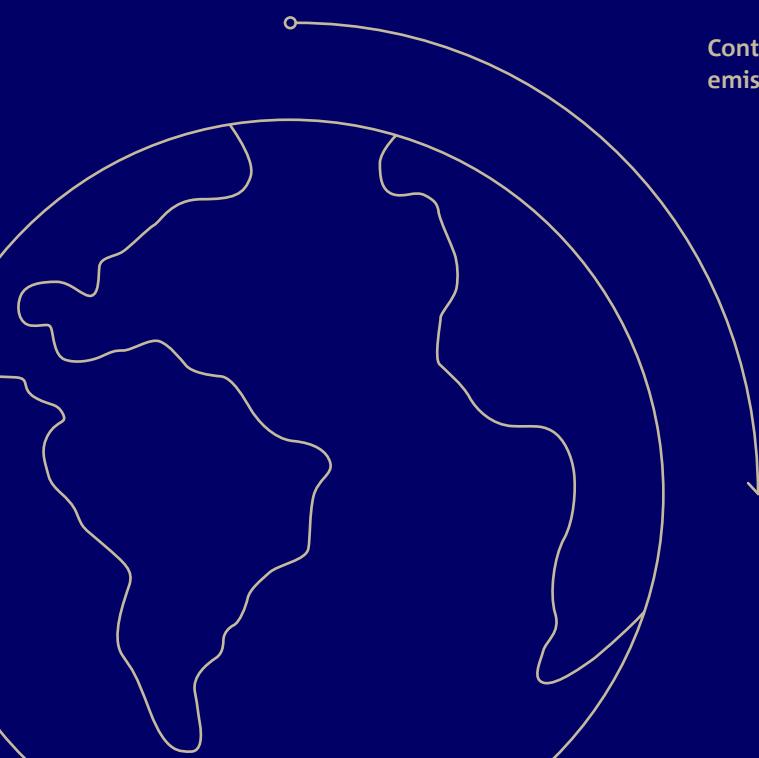
Christian Kohlpaintner



# GLOBAL BUSINESS

07 Together for climate protection

09 Sustainability at Brenntag



-CO<sub>2</sub>

Contribute to a lower-emission society

1.5° C

Limit the rise of global warming to an average of 1.5° Celsius worldwide



**Page 07**  
Together for climate protection

## TOGETHER FOR CLIMATE PROTECTION

*Climate change is the biggest long-term risk that companies are facing. In order to stop global warming, we need to reduce greenhouse gas emissions more significantly around the world, in line with the Paris Agreement. Brenntag has made the reduction of CO<sub>2</sub> emissions a strategic goal. To this end, we are continuously working to introduce savings in energy consumption and remain ambitious.*

### VOLUNTARY CO<sub>2</sub>-COMPENSATION – A CONTEMPORARY APPROACH

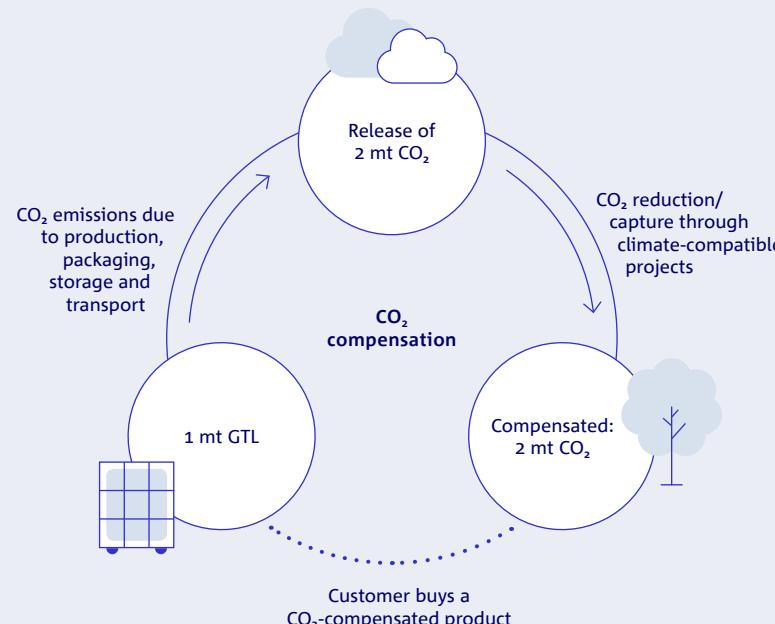
Since chemical products with net-zero emissions are currently limited, we take up an alternative solution, the offset of product emissions. The principle: For the climate, it is not decisive exactly how, where or by which processes greenhouse gases are emitted. What is decisive is the reduction of emissions worldwide. By investing in climate-compatible measures, such as reforestation projects, other activities in which CO<sub>2</sub> emissions cannot be avoided or reduced, or only at great expense, are compensated.

### BRENNETAG'S OFFER: A CO<sub>2</sub>-COMPENSATED PRODUCT

Brenntag is proud to have joined Shell's pilot "nature-based solutions" (nbs) program for its chemicals customers in 2020, and one of the benefits is the capability to enable Brenntag to offset emissions associated with certain *gas to liquid* solvents. This means, for every ton of the product group sold, we offset for two tons of CO<sub>2</sub> emissions, which are caused by production and transportation activities from source to the customer's gate. Our customers therefore receive a CO<sub>2</sub>-compensated product.

[More information can be found here.](#)

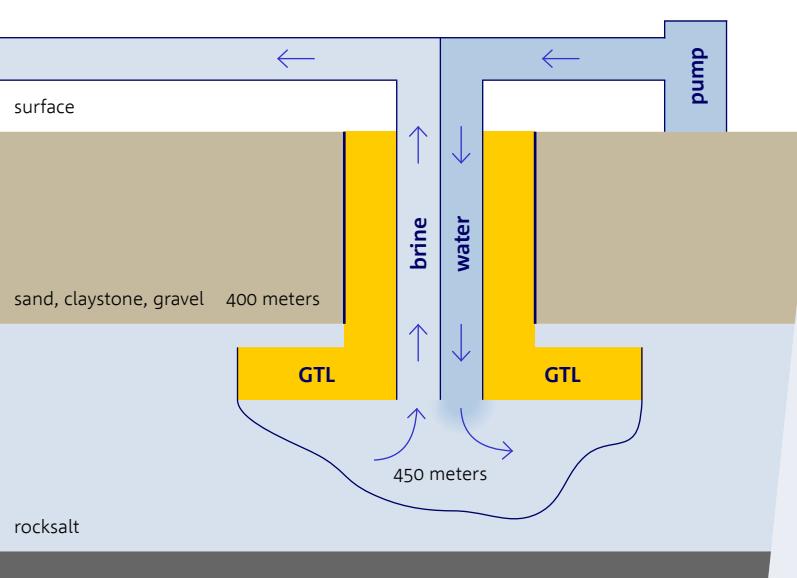
See environmental protection chapter on page 42.



*"At Shell we live by an avoid-reduce-compensate mindset. The benefit is, that it allows to take action now, while we transition to lower carbon intensity products. We're pleased to work with Brenntag to implement a compensation mechanism with the nature-based solutions program for selected Shell solvents and applaud Brenntag for being a frontrunner in the chemical industry."*

— Bas Maase, Sustainability Manager Europe (Shell)





## NATURE TO OFFSET CO<sub>2</sub> EMISSIONS

Healthy, intact forests play a significant role in ecosystems and beyond in combating climate change, because they absorb carbon dioxide from the atmosphere. This is what many of the nbs projects around the world make use of. One project in Scotland for example assists in reversing the decline of the ancient forests by planting Caledonian pine helping tackle climate change and protect and restore biodiversity. The planting of one million pines is expected to absorb 250 thousand tons of CO<sub>2</sub> emissions.

## MORE BIODEGRADABLE SOLVENTS REDUCE THE ENVIRONMENTAL IMPACT OF SOLUTION MINING

Offsetting emitted CO<sub>2</sub> emissions is a first step but we are always searching for other sustainability benefits. One of these is the superior biodegradability characteristic of gas to liquid solvents, which is recognized according to OECD 301F standards.

Solution mining companies traditionally use diesel oil in the process of salt extraction from subterranean salt caverns. The diesel oil serves as protection of the roof of the cavern from leaching and collapsing during and after the extraction process. In doing so Diesel oil comes in direct contact with the deep subsoil of the salt cavern, which is highly undesirable due to the high risk of soil contamination.

By substituting Diesel oil with the more biodegradable applicable alternative solvent, soil pollution can be reduced considerably. The applied gas to liquid solvent grades decompose significantly faster than Diesel oil while have similar product properties.

### TWO QUESTIONS TO JAN DEURLOO BUSINESS DEVELOPMENT MANAGER, MATERIAL SCIENCE (BRENNTAG)

#### **What convinced customers to switch from Diesel to a gas to liquid solvent?**

We made it an easy choice for our customers. The product performance in the solution mining application is fully comparable to the performance of Diesel. Switching to a gas to liquid solvent basically causes no technical changing costs whilst having advantages of more environmentally friendly product that is additionally CO<sub>2</sub> compensated. Brenntag ensures that customers get the product fast and in time wherever they need it.

#### **What do you think about the Shell/Brenntag partnership in the nbs program?**

The partnership for the nbs program meets the needs of many of our customers who want to actively contribute to the combat against global warming with their purchase decisions. Compensation schemes offer an important opportunity to reduce CO<sub>2</sub> emissions in the atmosphere and benefit society at large.



Jan Deurloo  
Business Development Manager,  
Material Science (Brenntag)





## SUSTAINABILITY AT BRENNTAG

“ConnectingChemistry” is the brand promise of Brenntag. As the global market leader in the distribution of chemicals and ingredients, Brenntag connects chemical manufacturers and users in a value-creating partnership. Brenntag’s key role in the value chain offers huge potential – but also entails an obligation to contribute towards greater sustainability in the industry. For us, sustainability entails more than just commercial success. We also aim to achieve long-term value creation. For this reason, Brenntag also considers the effects of its business activities on the environment and factors in social issues when making strategic decisions.

We source, transport, store, blend and sell chemicals, chemical products and ingredients all over the world. We are the global market leader in these areas. To go beyond this and make value creation forward-looking and sustainable, we address fundamentally important topics such as health and safety, conservation of resources, waste prevention and recycling. Awareness of our responsibilities – including compliance at all times with laws and regulations – is deeply rooted in our company. It determines our behaviour towards our employees, suppliers and customers as well as society in general and it has a direct influence on the success of our company. To achieve greater transparency and monitor the effects of our business activities, we have established comprehensive standards and processes worldwide throughout the Group, and we raise our employees’ awareness of these through training,

for example. In addition, we support sustainable development through our membership of various organizations and initiatives and regularly seek to engage with other players in our industry.

### **NFB** SEPARATE NON-FINANCIAL GROUP REPORT

Selected content in this sustainability report serves as the separate non-financial Group report (NFB) pursuant to Section 315c in conjunction with Section 289cff. of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft pursuant to ISAE 3000 (Revised) to obtain limited assurance. In addition, the NFB was analyzed and audited in preparation by the *Supervisory Board's Audit Committee* and finally by the entire *Supervisory Board*. The NFB is denoted with a blue line and the acronym NFB in the sustainability report. Detailed information on the NFB can be found in the Report Profile on page 57f. Information on the business model can be found in the Combined Group Management Report and the Management Report of Brenntag’s 2020 Financial Report on page 44. Information on environmental protection provisions amounting to EUR 92.4 million for the clean-up of soil and ground water at current and former own or leased locations can be found under note 25 to the consolidated financial statements for the 2020 financial year.

### **NFB** SUSTAINABILITY STRATEGY AND MANAGEMENT

**MATERIALITY ASSESSMENT:** Our last materiality assessment was conducted in 2019. To meet the requirements of the Global Reporting Initiative (GRI) and the HGB, we consider the materiality of topics in three dimensions: The importance for the stakeholders, the importance for understanding the business performance, the business result or the situation of the company, and the impact on the environment, society and the economy. Those surveyed in 2019 included internal and external stakeholders; in addition to employees, customers, suppliers and association representatives, we included investors for the first time in 2019. The results of the materiality assessment remain valid for 2020. Our material topics are shown in the matrix on page 11.

**SUSTAINABILITY ISSUES AND TARGETS:** We specified the end of 2020 as the deadline for most of our sustainability targets set in 2016. Details on the extent to which we achieved our targets for 2020 can be found on page 13. For 2021, we have set new specific targets which will be expanded further during 2021 as part of a long-term sustainability strategy. Our *new targets for 2021* in the areas of climate, safety, sustainable procurement and ratings are published on our website. We will further develop our sustainability approach, integrate it more extensively into our corporate strategy and, based on this, develop a medium to long-term target perspective.

Please see Brenntag's 2020 Financial Report, page 33.

More details here.



Our sustainability approach should be seen in a global context and it takes the guidelines of the UN Global Compact (UNGC) into consideration. We additionally want to make progress with the global *Sustainable Development Goals* (SDGs) of the United Nations. In 2019, we took part in the Young SDG Innovators Program. At the end of 2020,

the 6-month SDG Ambition Program was launched and will provide us with added momentum to incorporate the SDGs into our strategy. We are working to increasingly integrate the SDGs into the strategic planning of the Brenntag Group's projects and activities.



More SDG-related information can be found on pages 34, 44, 51, 55.

## CREATING VALUE – BRENTAG'S CENTRAL ROLE IN THE SUPPLY CHAIN

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

### Chemical manufacturers worldwide

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

#### Purchasing Transport Storage

- > 670 locations in 77 countries
- Local purchasing teams and a global sourcing organization with more than 1,000 experts
- Cost of materials in 2020: EUR 9 billion

### Filling packaging labelling Mixing and blending Extensive technical support

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

### Warehouse management Packaging transport

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

### Chemical users worldwide

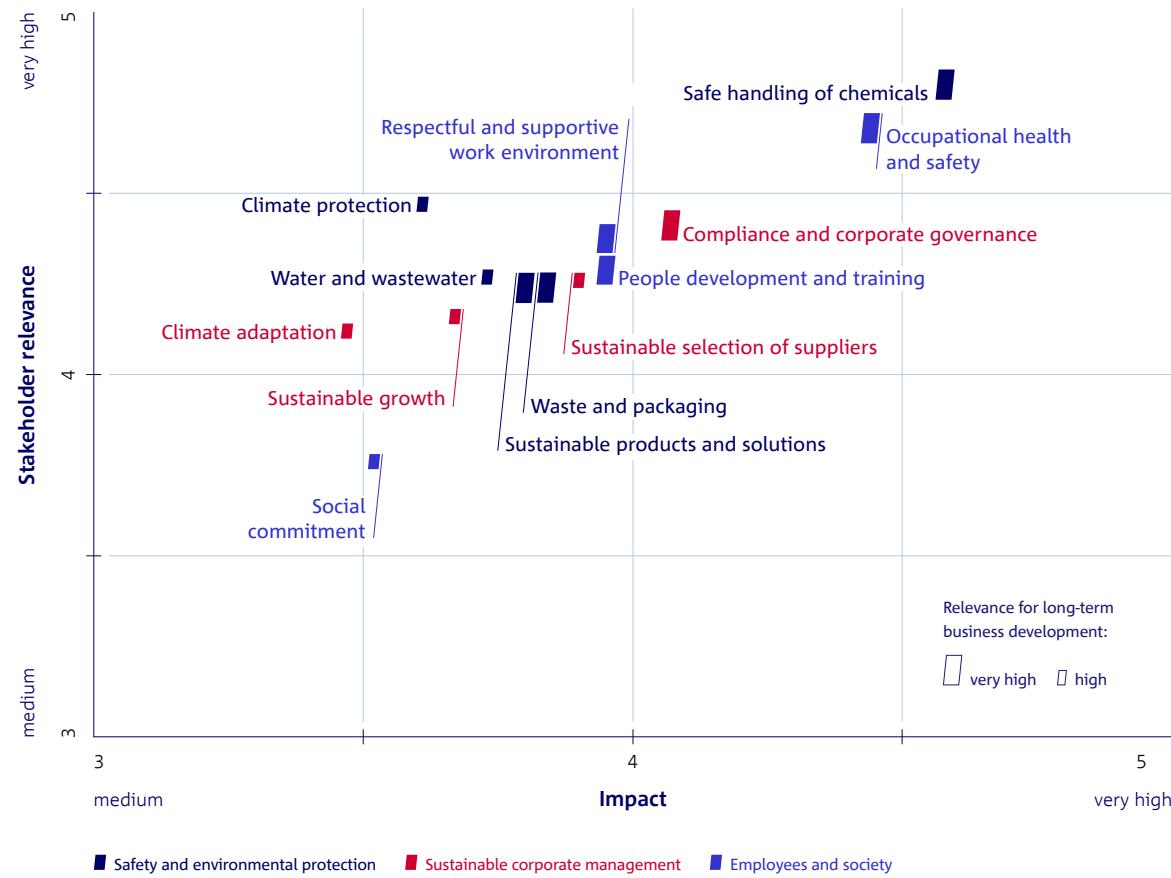
- Around 185,000 customers in various end-market industries, e.g.:

- Coatings & Construction
- Cleaning
- Cosmetics
- Polymers
- Food & Nutrition
- Pharma
- Oil & Gas
- Water Treatment

In 2020, our CEO also signed the *"Global Compact Statement of Business Leaders for Renewed Global Cooperation"* along with over 1,000 other CEOs from more than 100 countries. In response to the COVID-19 pandemic and to restrict unilateralism by individual countries, the main idea behind the initiative is to encourage countries worldwide to work together and jointly address global challenges such as climate change. The declaration aims to promote the principles of the UN Global Compact and the UN's sustainability goals. It is a commitment by companies all over the world to help create inclusive multilateral societies while calling on governments to play their part in fostering greater equity and cooperation.

**NFB** **SUSTAINABILITY MANAGEMENT:** At Group level, there are numerous strategic guidelines, policies and projects in the area of sustainability that have a global focus. Standards and processes are implemented, established and optimized and responsibilities are allocated at the various levels of the Group. Moreover, in accordance with the Group's guidelines and objectives, Brenntag's individual companies and sites pursue a large number of activities on their own and in line with local and regional requirements and commitments. We raise our employees' awareness accordingly and provide them with further training.

## BRENNETAG MATERIALITY MATRIX



More information about the statement can be found on the UN Global compact website [here](#).

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

The steering committee comprises individual representatives of the top management in the various regions. It is also consulted on a case-by-case basis for strategic discussions in particular and primarily serves as an interface to the operating units and is intended to reinforce integration relating to the issue of sustainability at an operational level. In addition to the two working groups, Brenntag has established a sustainability unit. It consists of a team, which is based in Brenntag SE's Corporate Development department (renamed in Corporate Planning & Strategy since 2021), and sustainability managers in the company's regions. The team initiates and coordinates global projects and initiatives in cooperation with these two working groups, promotes the ongoing development of the company's sustainability strategy worldwide and maintains a dialogue with those colleagues responsible for sustainability issues at Group level and in Brenntag's regions. The Board of Management receives reports on a regular basis as well as on a case-by-case and project-related basis and supports the working groups and the sustainability unit in their tasks.

NFB

In the reporting year, the decision was made to establish a new "Corporate Sustainability" department from 2021. Its organizational structure will be developed during 2021. The structural change will help us to advance sustainability topics within the Brenntag Group in an even more targeted and comprehensive manner.

Following on from the previous year, the sustainability team and the working groups focused on the following issues and projects in 2020:



Brenntag House of Elements in Essen

- I Ongoing development of Brenntag's sustainability strategy: Achievement of targets for 2020 and development of new targets
- I Continuation and improvement of global energy reporting: Since 2020, additional calculation of Scope 3 emissions for increased transparency, see page 44
- I Sustainable procurement: Initiating sustainability assessments and audits for suppliers, factoring sustainability aspects into purchasing decisions
- I Continuation of the global solar project: For the current status of the project see page 44



## SUSTAINABILITY AT BRENNTAG: OUR TARGETS

NFB	Targets	by	Status	
	Safety	LTIR <sub>1 day/1 million</sub> < 1.0 for the Brenntag Group	2020	Group accident rate LTIR was 1.4 in 2020 (2019: 1.9) (page 39).
	Check 80% of our total chemical spend (in EUR) through sustainability assessments and audits as part of our membership of "Together for Sustainability".	2020	The supplier assessments carried out by the end of 2020 cover 76% of Brenntag's total chemical spend (in EUR) (2019: around 72%) (page 51–54).	
	70% of our suppliers undergoing re-assessments should be able to improve their score by at least 1 point.	2020	The re-assessments carried out by the end of 2019 led to an improvement rate of 58% (page 51).	
	To reduce Scope 1 and 2 CO <sub>2</sub> emissions (per warehouse tonne of goods sold) by 6% (compared to 2016).	2020	2020 Brenntag Group (per 1,000 warehouse tonnes of goods sold) <sup>1</sup> : Scope 1: 18,77 tonnes CO <sub>2</sub> (2019: 19,30 tonnes CO <sub>2</sub> ) Scope 2: 4,47 tonnes CO <sub>2</sub> (2019: 5,44 tonnes CO <sub>2</sub> ) Change compared to base year 2016 <sup>2</sup> : -6% (page 42–44)	
	To achieve and sustain full coverage in compliance training for the relevant employees.	2020	Coverage rate for e-learning at the end of 2020: Code of Business Conduct: 97% Anti-corruption: 98% EU antitrust law: 96%	
	To provide a working environment where the best people want to work.	ongoing	In 2020, the learning module in our HR portal went live globally, further measures for our HR development strategy were implemented and the incorporation of our HR processes into our global HR portal was continuously expanded (page 22–31).	
	To become the preferred distributor for sustainable solutions by setting up pilot projects with 10 selected key suppliers.	2020	Completed: BASF Ongoing: Alumichem, Gas Engine Service Program, Grüner Punkt, Schütz-IBCs Since 2020: Alphashield, Dow, GEAR (page 48), SafeChem (page 48), Shell (page 7–8)	
	To achieve and sustain an EcoVadis score of at least 62 points and gold status.	ongoing	Score in April 2020: 71 points, gold status (page 18)	

<sup>1</sup> Calculated with the market-based method.

<sup>2</sup> The values given for base year 2016 have not been audited by PwC.



## QUALITY MANAGEMENT

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

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

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

Year	Relevant <sup>1</sup> Brenntag locations worldwide		Locations with ISO 9001 certifications	
	abs.		abs.	in %
2016	395		354	90
2017	422		363	86
2018	387		353	91
2019	390		355	91
2020	388		354	91

<sup>1</sup> Operational sites managed by Brenntag

## RISK MANAGEMENT AND COMPLIANCE NFB

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

**COMPLIANCE MANAGEMENT AND ORGANIZATION:** At the top of Brenntag's compliance organization is the Board of Management and, within this body, its chairman. The Governance, Risk & Compliance (GRC) manager in Brenntag SE's Compliance & Audit department regularly reports to the Board of Management on compliance issues. The regular meetings of the Supervisory Board's Audit Committee also include reporting on compliance and whistle-blowing as well as on the ongoing development of the Group-wide compliance management system. The GRC manager is supported by an internal advisory body, the Compliance Committee, which comprises the management of various departments of the Brenntag Group. Issues and measures aimed at observing human rights and fighting corruption are also on its agenda.

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

For information on Brenntag's EcoVadis rating, please see page 52.

[www.cdp.net](http://www.cdp.net)

For further information on management systems and certificates, please see the Safety chapter from page 34.

For further information on Brenntag's control and risk management system as well its report on opportunities and risks, please see pages 26ff. of Brenntag's 2020 Financial Report.



NFB

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

Following the outbreak of the COVID-19 pandemic in 2020, local, regional and global crisis units were formed in the Brenntag Group and shared their experiences of the situation at regular intervals. Throughout the year, they continuously analyzed the COVID-19 risks and developed contingency plans for each region. In addition, crisis conference calls were held every two weeks to discuss the various issues among the relevant parties from all of the regions and corporate departments. These discussions included operating business performance, the area of QSHE, infection numbers at Brenntag, IT and employee related communications. The crisis units informed the Board of Management of business performance in the various regions, infection numbers

NFB

and risks – initially on a weekly basis, then at two-week intervals. Since the outbreak of the pandemic, the CEO and CFO have also received daily updated figures from the Corporate Controlling department on the Group's business performance.

The COVID-19 pandemic did not change the risk factors that we have to take into consideration. As a result, there were no changes for our risk evaluation in 2020. With regard to the non-financial aspects of the German CSR Directive Implementation Act (CSR-RUG), a net assessment of the risks did not identify any material risks which are associated with our business activities or our business relationships, products and services and which are very likely to have serious negative effects now or in the future.

**Code of Business Conduct and Ethics:** As a global company, Brenntag is subject to a large number of laws, directives, regulations and provisions. In addition to compliance with regulatory frameworks, honesty and integrity are our top priority. All of our fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation are summarized in a comprehensive Code of Business Conduct and Ethics.

NFB

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

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

See also page 29.

The Brenntag Code of Business Conduct and Ethics is available here.

The *Code of Business Conduct and Ethics* was updated in the reporting year. In the revised version, there is a stronger emphasis on sustainability topics such as environmental and climate protection, safety, social responsibility, human rights and equality. The new Code of Business Conduct was published at the start of 2021.

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



NFB

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

**DATA PROTECTION:** Data protection requirements are increasing. As head of the Global Data Protection department, the Group Data Protection Officer reports independently and directly to the Board of Management. The Global Data Protection department is responsible for developing, implementing and managing the data protection management system for the Group. Data protection coordinators in the various regions support the Global Data Protection department and report to the central unit. There is also a Data Protection Committee, comprising Board of Management members from Brenntag SE and Brenntag Holding GmbH as well as representatives from the departments Data Protection, Legal, Human Resources, IT, Internal Audit and Compliance. It holds regular meetings to discuss recommendations under data protection law and developments within the company.

In addition to issues relating to information security, the implementation of a software platform in particular was on the agenda in the reporting year. The new platform serves as the basis for the data protection management system and is also used by the Global Information Security and Compliance department. The software supports and automates the documentation of all global processing procedures, including the service providers involved and the corresponding risk analyses.

NFB

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

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

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

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

NFB

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

Internal audits are regularly conducted at our Group companies to ensure compliance with these guidelines. The Internal Audit department conducted 32 audits in 2020. Further elements of the compliance management system relating to the prevention of corruption at Brenntag are target group-oriented training courses for employees, which are essentially rolled out via our e-learning systems. We also have a whistle-blowing system, which can be used to provide anonymous information. In the reporting year, no cases of corruption at Brenntag were reported.

 *The anti-corruption guideline is available here.*


The Internal Audit department conducted 32 audits in 2020.



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**TAXES:** Compliance also includes adherence to the applicable tax laws and tax regulations. The Brenntag Group paid EUR 155.5 million in income taxes in 2020.

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. The core elements of the tax policy are

- / Complying fully with all relevant tax laws, rules, regulations and reporting obligations wherever Brenntag operates
- / Ensuring that all tax matters are dealt with in accordance with Brenntag's business strategy and the fundamental values specified in the code of conduct
- / Applying professional diligence in relation to all tax matters
- / Maintaining constructive and transparent relationships with tax authorities that are based on integrity, cooperation and mutual trust
- / Engaging in sustainable tax planning in accordance with legal regulations. Brenntag does not engage in tax planning that is not related to business transactions

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To comply with all tax laws and regulations, Brenntag has implemented a tax compliance management system (TCMS). The TCMS is continuously enhanced and always adapted to the latest legislation or court rulings.

#### **EXTERNAL TRADE RESTRICTIONS: DUE DILIGENCE PROCESS AT BRENTAG**

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

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

NFB

information. If the suspicion proves to be founded, delivery of the product or service is suspended and additional action is taken in coordination with the authorities. There were no confirmed suspected cases in 2020.

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

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



1

**HUMAN RIGHTS**

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

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

**LABOUR STANDARDS**

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

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

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

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

**ENVIRONMENTAL PROTECTION**

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

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

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

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

NFB

For several years, Brenntag has undergone a *sustainability assessment* by the international rating agency EcoVadis every two years. In April 2020, the Brenntag Group achieved a score of 71 points, thereby confirming once again its gold status that it achieved in 2016. EcoVadis evaluates the sustainability performance of companies in terms of four categories: environment, labour practices, fair business practices and sustainable procurement. The review of aspects in the area of human rights is an essential element of this external assessment of Brenntag.

Brenntag believes that there is a big risk of potential violations of human rights in our supply chain. Brenntag's *Supplier Code of Conduct* explicitly requests that our suppliers support the observance of international human rights and that they avoid violations of human rights. Within the framework of our membership of the industry's "Together for Sustainability" (TfS) initiative, we request that our suppliers undergo EcoVadis sustainability assessments and TfS audits, which also include a review of compliance with human rights. In the reporting year, we began requesting that our suppliers take corrective actions if they had an EcoVadis score of below 45. A separate review of the area of labour and human rights

NFB

showed that 96 corrective actions were implemented. As a result, 33% of suppliers were able to improve their score in a re-assessment. This enabled us to increase the average score of our suppliers for whom we carried out at least one sustainability assessment from 45 in 2019 to 46 in 2020.

For information on the sustainability assessments and the Supplier Code of Conduct, please see the chapter Supply chain from page 51.

[www.unglobalcompact.org](http://www.unglobalcompact.org)

The Supplier Code of Conduct is available here.

See also page 11.

In 2020, we enhanced our existing commitment to the UN Global Compact when our CEO signed the *Global Compact Statement of Business Leaders for Renewed Global Cooperation*. These initiatives are part of our commitment to the sustainable development of our company as well as the industry as a whole.



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

There is a global **online training module** on the Code of Business Conduct and Ethics for all **employees**<sup>1</sup> which was continued in the reporting year. Participation is mandatory for all new employees when they join the Group. Employees can complete the one-hour training module on the internet via the e-learning platform at any time and from any location. A total of twelve topics are covered – including anti-corruption and the observance of human rights – using practical examples and exercise questions. The employees then take a test to ensure that the knowledge has been transferred. In the reporting year, a total of approximately 11,000 Brenntag employees worldwide completed this training module representing around 97% of the relevant employees.

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

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There are also in-depth compliance training modules at a regional and global level on the topics of bribery and corruption and on antitrust law. The training modules on European antitrust law and on bribery and corruption are mandatory for all commercially active employees and managers. Between its launch in 2017 and the end of 2020, some 2,300 employees in the EMEA region completed the training module on European antitrust law and around 6,800 employees completed the training module on bribery and corruption. This corresponds to approximately 96% of the relevant employees and managers for the antitrust law training module and approximately 98% for the global anti-corruption training module. Around 11,000 employees participated in an additional global training module on fraud prevention in the reporting year. Since the EU's General Data Protection Regulation (GDPR) came into force, there has been a multi-level training concept for the issue of data protection. Employees are informed of and trained on this issue through various channels.

**Whistle-blowing system:** Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints as well as compliance reports. Our employees can report relevant information either to their direct line manager or to the regional compliance manager, or alternatively via central or individual regional whistle-blowing channels and systems. The whistle-blowing system also provides the option of making anonymous reports, e.g. on violations of human rights or suspected

**NFB** cases of corruption. Third parties can submit complaints and report violations by getting in touch with the **compliance contact** indicated on Brenntag SE's website. The information received will always be dealt with on a strictly confidential basis. The reports received are examined and appropriate action taken if a compliance infringement has taken place. Email addresses and other whistle-blowing systems have also been set up at a regional level.

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

### **Number of compliance incidents<sup>2</sup>**

Year	confirmed	closed
2016	11	11
2017	13	13
2018	11	11
2019	14	14
<b>2020</b>	<b>17</b>	<b>17</b>

<sup>2</sup> These are cases notified to the GRC manager and for which sufficient evidence has been established. Compliance incidents may also occur which are reported, assessed and processed at a local or regional level but which are not reported centrally on grounds of insufficient relevance.



*Compliance*



## STAKEHOLDERS

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

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

ment, the supply chain and compliance also regularly feature in the discussions. As a *member of relevant technical and industry associations* at a local, regional and international level, Brenntag maintains an active dialogue concerning industry-specific issues, including sustainability.

In the reporting year, COVID-19-related communication with employees was key to raising their awareness and keeping them informed of the latest details regarding the level of infection within the company. In addition to regular video messages from our Board of Management, the pandemic was a topic in our regular newsletter and on the “pandemic pages” on the intranet. Furthermore, workshops on various hygiene measures were held and individual meetings with team leaders were available. We successfully expanded our digital communication within the Group.

Due to the pandemic, most trade fairs where Brenntag would normally present its portfolio of services and interact with business partners were cancelled or held online. Our interactions with customers largely continued as normal in digital format.

Brenntag's *Investor Relations* and Global Communications departments regularly and promptly notify investors, analysts and journalists of developments within the company, e.g. by presenting the company at roadshows, in analyst conference calls, press conferences and events as well as via the company's website and various social media channels.

You will find a list of Brenntag's key memberships here.

Information about our investor relations activities can be found here.



# PEOPLE

- 22 Employees
- 32 Strong solidarity: Brenntag cares



## Page 22

2020 was a year like no other – it transformed our working environment. We made the best of it and can see the opportunities we have.



## EMPLOYEES

More than 17,000 people work at Brenntag worldwide. With their expertise and their dedication, they play a key role in the company's success and our long-term competitiveness. Embedded in Brenntag's corporate strategy and *vision*, the primary goal of our human resources strategy is for us to be regarded globally as the preferred employer in the field of chemical distribution – both for current and future employees. We see it as our responsibility to offer fair working conditions and an attractive, safe and inspirational *working environment* while encouraging our employees' personal and professional development in a targeted manner.

### HUMAN RESOURCES STRATEGY AND MANAGEMENT

We have developed a globally uniform HR strategy and determined the priorities for the coming years on the basis of our corporate strategy and our corporate values. A key aspect of our HR strategy is to promote employee retention and HR development at every level. This includes embedding globally standardized measures in relation to the recruitment and retention of talent, HR development and talent management, and diversity and inclusion.

Information on our corporate vision on page 45 of Brenntag's 2020 Financial Report.

< >  
Employees

*"I have learnt a lot from these working conditions that are so new to us all. A major part of what was taken for granted before has acquired new significance. I have learnt to trust the work of my team, even if we don't see each other regularly."*

— Balu, Country Manager India,  
with Brenntag since 2009



*"An advantage of working from home is that it's easier to reconcile domestic chores and work time and that you are better protected from infection. Thanks to the technology that Brenntag equipped us with, I can do my job from home without any issues."*

— Mateus Fischer, Facilities Analyst Brazil,  
with Brenntag since 2019

*"As a sales employee working in the field, I know what it's like to occasionally work from home. But I really had to get used to not being able to go out and see the customers. I'm glad we have the technological ability to maintain business relationships despite this."*

— Brittany Jackson, Commercial & Industrial Lubricants Account Manager North America, with Brenntag since 2017

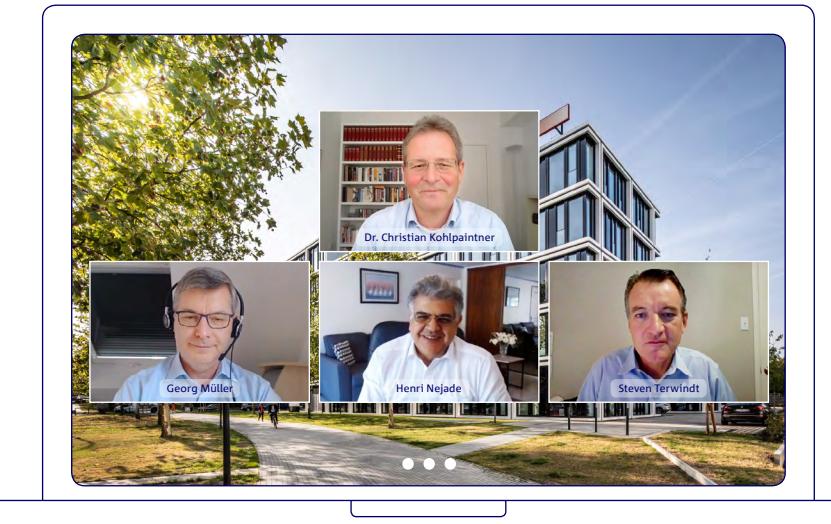
NFB

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

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

The coronavirus pandemic changed the working environment significantly in the year under review. The existing focus of our HR strategy proved to be particularly effective in this regard. As a result, the measures implemented put us in a very good position to deal with the challenges ahead, including those that arise after the crisis. In the year under review, we focused in particular on expanding our digital HR processes and HR development measures. This involved offering corresponding solutions, which we will explain in greater detail under the individual areas of focus below.

**HR PORTAL:** In order to implement and manage our globally standardized HR processes, we use a global HR management system. In the year under review, the learning module for this system was rolled out worldwide, which enabled us to reproduce and manage all HR processes throughout the Group in an integrated system.



The virtual perspective of the approximately 90 participants of the Global Leadership Conference, as the Board of Management presented details of "Project Brenntag" in late October 2020.

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In addition, we began establishing interfaces with other internal databases and administration systems in 2020, allowing us to take advantage of synergies, create greater transparency and increase data quality.

The introduction of a new reporting module by the system provider in 2020 put in place the framework to enable the establishment of a global analysis instrument. The use of a targeted people analytics system assists HR management and other managers with their duties and facilitates the continuous development of HR activities.

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**JOB ARCHITECTURE:** Our global job architecture is a framework that comprises and organizes all positions worldwide at Brenntag. It offers us the transparency to identify career opportunities within a job family and across several job families, for example, and to devise and offer needs-based training and development measures. At the same time, the global job architecture serves as a basis and resource for implementing and enhancing measures in relation to the recruitment and retention of talent, HR development and talent management.



## EXPLORE VARIETY

**Diversity that connects:** By contributing with their different talents, Brenntag employees create a common identity.

### NFB RECRUITMENT AND RETENTION OF TALENT

We strive to provide a working environment where the most talented people want to work. It is the people who make up Brenntag, our market-leading position, safety culture and diversity. These are the foundations of our **"Explore Variety"** employer brand. This brand is another important aspect of our aim to be regarded as the global employer of choice for current and future employees.

**EMPLOYER BRAND:** A modern, attractive employer brand with a uniform presence on all job markets is not just about the company's external image, but also strengthens the common identity of the people within the company. 'Explore Variety' is a promise to future employees as well as to those who work at Brenntag and are familiar with the company. Attention is focused on the people who energize our employer brand with their diversity, knowledge and passion and contribute to our company's success. Team spirit, a familiar atmosphere, a good work culture and career opportunities are what set Brenntag apart as an employer, today and in the future. We continuously expand our employer branding activities, and "Explore Variety" helps us to

**NFB** proactively make contact with talented people through various channels such as social media, colleges and universities and recruit them at an early stage.

#### PRACTICAL EXAMPLE

In the **APAC** region, Brenntag took part in the 2020 virtual JobIn(ternship) fair at Nanyang Technological University. The fair enabled over 3,600 participants to meet potential employers in Singapore and the region, with almost 450 of them visiting Brenntag's virtual stand. The alumni used the opportunity to engage with managers from Brenntag and obtain interesting insights into chemical distribution as well as information on career opportunities at Brenntag. By taking part in the online job fair, Brenntag APAC was able to adapt our employer branding activities to the change in circumstances as a result of the pandemic and establish our presence among the next generation of managers and experts with this new approach.

**APPLICATION PROCESS:** Our global application platform has been well received since its launch in 2019. It provides transparency in relation to the diversity of skills that are put into practice at Brenntag and fosters individual career opportunities – for both internal and external talent. Applicants can use our digital job portal to search for all vacant positions worldwide at Brenntag and apply directly online. Employees at Brenntag who are looking for a new challenge can access our worldwide job advertisements via our "Career Center" on the internal HR portal. Health and safety are Brenntag's top priorities. In order to protect all relevant parties during the coronavirus pandemic, we have switched most elements of the application process to virtual formats until further notice, with interviews being conducted by video, for example.

**NFB** **ONBOARDING:** We place great importance on integrating new employees successfully and training them in on their new duties as part of a structured approach. With our "onboarding" programme, we have defined a globally uniform minimum standard to ensure that newly hired employees and employees changing jobs within Brenntag quickly find their way within our company and successfully integrate into their new environment. The tools and measures provided here offer the Brenntag companies the opportunity to take into consideration regional and country-specific features and practices within the scope of the process and have met with a very positive response from those involved. Even before they begin their job at Brenntag, we offer new employees the opportunity to register on our HR portal and we actively support them during their first months of employment. Our digital learning range assists with the onboarding process. Due to the pandemic, we digitized the measures for integrating and training in new employees as part of a structured approach in the year under review: For example, we held our "Onboarding Day", which provides new employees with an insight into our business activities, application laboratories and logistics centres, as a virtual event in 2020.

More about **Explore Variety** can be found here.

### HUMAN RESOURCES DEVELOPMENT AND TALENT MANAGEMENT

Our global HR development strategy includes measures for all employees to ensure that they receive appropriate training and that crucial positions are filled at Brenntag in good time and in line with requirements.



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

**FEEDBACK DIALOGUES:** Annual feedback dialogues, which take place for all employees, are an instrument which is used to ensure long-term employee retention. In all Brenntag companies, the dialogue between employees and their line managers reflects our feedback culture while also encouraging a change and performance culture. These meetings consider employees' performance and discuss their goals and personal expectations as well as individual development measures. By integrating our globally standardized "People Performance Dialogue" into the HR portal, we are able to conduct and track the process efficiently. In the year under review, we worked to further strengthen our feedback culture, and all the relevant HR officers received corresponding training. They will enhance our feedback culture within the organization.

**IDENTIFICATION AND DEVELOPMENT OF POTENTIAL:** In order to foster internal careers and to ensure the emergence of a new generation of Brenntag managers and experts, we use a global concept for identifying high-potential employees. This approach allows us to identify at an early stage employees who meet our global criteria and stand out due to their strong performance. It

NEB

then enables us to enhance their skills and focus on preparing them for the next potential step in their career.

Our global development programme "Connecting Potential" for high-potential employees who are at the start of their career takes place annually with a total of around 60 participants in all regions. Our global programme "Leading with impact" is aimed at experienced high-potential employees. The programme brings together about 24 participants each year at global level and helps them to further develop their personal skills and leadership qualities so they can drive innovation and change and secure Brenntag's global success. Due to the pandemic, we developed virtual approaches for our programmes in 2020 and were thus able to ensure that they took place in the year under review and that development measures would be provided at other times when it is not possible to attend events in person. However, the start of our customized "Leader Excellence Acceleration Program" for our top management level had to be postponed due to the coronavirus pandemic. For this reason, we worked in partnership with the London Business School in the year under review to design another virtual programme customized to the needs and leadership skills of this target group. This modular programme will begin in 2021.

**SUCCESSION PLANNING:** Succession planning and structured HR development are closely associated with the identification of potential, and these issues are on the list of priorities for our HR strategy. As part of our global "People Review" process, management and HR officers proactively develop strategic succession scenarios, identify employees for vertical and horizontal career

NEB

moves and devise corresponding development options. Due to its importance, the Chief Human Resources Officer regularly discusses succession planning for global executive management with the Board of Management. The global standard process is continuously expanded.

**DEVELOPMENT MEASURES:** At Brenntag, we want to create a working environment where each employee can recognize and take advantage of the development opportunities that exist within our company. To that end, we offer target group-specific and individual measures and training at a global, regional and local level and provide them either in conventional events attended in person or through online training events. In the year under review, most of these measures and training courses were conducted digitally.

Our global learning platform provides our employees with a flexible and digital-based opportunity to enhance their knowledge and skills independently and efficiently. By offering a comprehensive range of specific and interdisciplinary training with presentations, videos and additional reference materials for self-learning, we foster a culture of autonomous learning. This also enables us to reach all of our employees with access to a PC so that they can take part in mandatory global and regional *compliance trainings*. This includes training on the Brenntag Code of Business Conduct and Ethics, anti-corruption, antitrust law, fraud prevention and the EU's General Data Protection Regulation. In the year under review, we completely replaced the existing e-learning system with the learning module in our HR portal so that all HR processes and measures can be linked to each other in a standardized system. The new online learning range provides our employees with access to more than



*Employee turnover indicators can be found on page 31.*



*More information on compliance training in the Sustainability at Brenntag chapter on page 19.*

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1,000 courses in numerous languages. We regularly update our global range of courses. In 2020, we also provided materials and training measures in relation to the coronavirus pandemic throughout the Group. In addition to general information on COVID-19 and hygiene regulations, this material included information on working remotely, managing virtual teams and maintaining work-life balance. We will promote virtual learning to an even greater extent in the future.

In many countries, trainee programmes enable career entrants with university qualifications to combine their theoretical knowledge with practical experience while gaining an insight into our company's various areas. The specific trainee programmes for management or specialist careers which are offered in Germany, Austria and Switzerland also provide an incentive to gain international experience. Since the programme was launched, 34 career entrants have completed these trainee programmes.

Due to the various regional and local requirements of the working environment as well as cultural differences, Brenntag largely takes charge of and manages individual development measures on a decentralized basis. We

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provide our employees with training in accordance with their duties in the company and their personal development needs. The training measures cover technical areas – including sales, logistics, chemistry, environmental protection and quality management – as well as measures to increase individual competence such as intercultural training, negotiating skills, presentation techniques and conflict management. In every Brenntag region, *occupational safety* is a core topic for training, since protecting our employees' health and safety is our top priority.

#### PRACTICAL EXAMPLES

As a substitute for training in person, **Brenntag APAC** has conducted virtual training every Wednesday since April 2020 under the title of "Super Wednesday" so that employees can take part regardless of their location. To enable this, various "Virtual Refresher & Reinforcement (VR<sup>2</sup>)" training measures were converted to digital formats. An example of this is the training programme "Managing@Brenntag: Building High Performance Teams", aimed at managers who want to enhance the effectiveness and efficiency of their teams. In 2020, 45 VR<sup>2</sup> training courses were held in the region with a total of 2,338 participants.

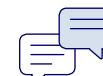
#### VR<sup>2</sup> trainings in the Brenntag APAC region in 2020



45 virtual trainings  
2,338 participants



Feedback  
survey  
chatroom



100%  
online  
interaction

**Brenntag DACH** has a special development programme for employees in specialist careers: The modular programme "MOVE – New Learning Journey" is aimed at selected specialist employees and managers in the region and helps them to further develop their specialist and personal skills. The training content of the individual measures is focused on communication skills, self-reflection, personal autonomy and flexibility and comprises a range of interactive elements, such as role playing, for example, which have been converted to a virtual format. It was therefore possible to conduct the 2020 programme as planned for all twelve participants.

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**APPRENTICESHIPS:** As a recognized training company, Brenntag offers an extensive range of training positions in a forward-looking industry in Germany, Austria and Switzerland. Via the dual education and training system, we are currently training 80 apprentices to become management assistants in wholesale and foreign trade, office managers, IT experts, management assistants in operations logistics, warehouse staff, laboratory technicians and process mechanics. Alongside comprehensive apprenticeship opportunities and the acquisition of specific skills and expertise, priority is given to the transfer of our corporate culture and company-specific working processes as well as the personal development of the apprentices.

The coronavirus pandemic has not impacted on Brenntag's ability to maintain and offer new apprenticeships. In order to continue operating as a training company in our usual form, we implemented numerous measures and support offers for apprentices and trainers. Our guideline "By far the best apprenticeship" covers all aspects that line managers and trainers need to be aware of in the new situation with regard to providing

For information on training courses in the area of *occupational safety*, please also see the Safety chapter on page 39.

## “PROJECT BRENNTAG” TRANSFORMATION PROGRAMME

In 2020, Brenntag launched one of the most comprehensive transformations in the company's history. The aim of “Project Brenntag” is to systematically expand our position as global market leader and to lay the foundations for the future today. This involves many new developments and changes, also for our employees.

We have therefore adopted a wide range of measures to provide our employees with transparent information about the content and progression of the transformation programme – for example, via letters and videos from the Board of Management, newsletters, and virtual information and discussion

sessions. In addition, we established a Change Management team at the very outset of the project. In a number of different ways, the global team will ensure that the transformation processes and measures are seamlessly integrated into day-to-day operations and that our managers and employees are supported in the change process. We conduct regular employee surveys and have set up a point of contact for our employees to direct their questions, comments and feedback on “Project Brenntag”.

Brenntag anticipates that the implementation of the various measures under “Project Brenntag” will lead to a total reduction of around 1,300 jobs worldwide

(by 2023/over two years). We plan to use natural turnover, mutual termination agreements and early retirement arrangements to implement the job reductions in a socially acceptable and responsible manner and to avoid compulsory redundancies. All measures will take local requirements and labour regulations into consideration. We are engaging in close cooperation and open dialogue with employee representatives and are respecting the defined information and consultation procedures in the countries affected.

**NB** suitable digital infrastructure, teaching the learning material and structuring the workday for apprentices when working remotely. We provide active support and assistance with regard to implementing the training plan, teaching the learning material and preparing the apprentices for their examinations. We supplement the online programmes of vocational colleges with additional learning material that we provide through the learning module in our HR portal. Other measures such as the “Onboarding day for apprentices” and in-company classes have also been converted to digital formats. The regular communication sessions between

**NB** trainers and apprentices were likewise conducted virtually in 2020. In addition, line managers, trainers and the HR department are available for individual meetings outside the regular communication sessions if needed.

The advertisement programme for training in 2021 began in August 2020 once again with 36 training places on offer. By providing training in various employment areas, Brenntag is able to raise the next generation of qualified experts and offer attractive prospects and challenges to talented apprentices after they complete their training. In the reporting year, Brenntag

**NB** received four out of five stars in the “Germany's best trainers” survey by the business magazine Capital (issue 11/2020) for the third year in a row, making it one of Germany's top training companies once again.

## EMPLOYEE COMMUNICATION AND INVOLVEMENT

In addition to development prospects, open communication and an opportunity to play a part in shaping the company are important aspects which help to promote employee motivation and loyalty. Brenntag's employees are regularly kept informed of current issues and company matters through their line managers and also through



our internal print and online media. Conversely, our employees are able to discuss issues directly with their line managers or with the HR officers responsible.

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

Regular and comprehensive communication with Brenntag employees is a key element of our culture. It was indispensable in 2020 in particular due to the pandemic. In order to reach all our employees throughout the Group and inform them promptly of our crisis management activities and our measures to combat the pandemic, we made extensive use of all digital and analogue information channels as well as our HR portal. We ensured that information on COVID-19, hygiene regulations and rules of conduct as well as details of our crisis management activities reached all our employees at our various locations. They were also kept up to date by their line managers and the persons representing their interests in the company as well as via newsletters and notices at the individual locations. Our Chief Executive Officer addressed Brenntag's employees at regular intervals through video messages which were also made available in printed format and in various languages for use as notices.

An internal online portal "ShareON" supports and promotes the additional flow of information, communication and cooperation between Brenntag employees across different locations. This platform brings people together and facilitates the transfer of knowledge while offering an opportunity to share information, experiences and

best-practice methods from different areas. In 2020 in particular, it was a helpful and supportive instrument for working remotely.

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

The programme "Brenntag Outstanding Performance Award" acknowledges and rewards those who have delivered outstanding performance on an annual basis. In the year under review, we had to postpone the Brenntag Outstanding Performance Awards to 2021 due to the pandemic.

## HEALTH AND WORK-LIFE BALANCE

Brenntag's identity as an attractive and responsible employer includes promoting the health of our employees and their work-life balance. In the year under review, some of the established measures to promote health had to be cancelled or discontinued due to the pandemic. The following information therefore relates to the regular, fundamental range of initiatives in place at Brenntag.

In all regions, we offer measures which are in line with local social systems, while frequently going beyond national practices and statutory requirements. In countries with inadequate social security arrangements, for example, supplementary private health insurance and life assurance policies are offered. In many countries, Brenntag also covers part of the cost of preventative measures or medical examinations and pays for vaccinations for its employees and their families. Brenntag also promotes its employees' physical fitness. For instance, individual companies

contribute towards gym memberships or initiate campaigns and events which provide tips on healthy eating and lifestyles. Company runs and other sporting competitions are very popular. Many Brenntag companies help their employees to reconcile work and family life by offering flexible working time models and holiday arrangements as well as other supportive services such as childcare or care for relatives. Regular initiatives take place at many Brenntag locations, when Brenntag employees can show their relatives where they work or when families are invited on group excursions.

The health, well-being and safety of our employees, business partners and society at large is a top priority for us. In the year under review, the particular circumstances of the pandemic required a swift response to reduce the risk of infection within the company. For this reason, Brenntag immediately formed global, regional and local crisis management teams in all regions and tasked them with monitoring the development of the situation and overseeing measures. To reduce the risk of infection and the spread of the virus, Brenntag developed and implemented an [action plan](#) to ensure the continuation of business operations. The measures include all WHO and country-specific guidelines and relevant procedures of local authorities while also going above and beyond these.

Every employee is required to adhere to our internal safety measures. As a result of the changes in many of our employees' work situation, we focused in particular on health measures and maintaining an optimal work-life balance. For example, our learning module provided comprehensive information and useful tips on movement and ergonomics when working remotely and on maintaining an optimum work-life balance.

[More information on Brenntag's action plan can be found here.](#)

## DIVERSITY AND INCLUSION

Our culture of fairness, of mutual appreciation and support, is the foundation of our day-to-day activities and is embedded in our core values. For us, diversity means recognizing, valuing and respecting differences. It fosters a dynamic work environment where employees can all learn from each other. Diversity is a fundamental feature of Brenntag and includes diversity in the cultural practices, qualifications and needs of our employees. At its more than 670 sites in 77 countries, Brenntag employs people from over 100 different nations. By sharing their knowledge, experience, and ideas and with their passion, they play a key part in the success of our company. We work in multinational, interdisciplinary teams around the world, thereby increasing the level of value creation for our business partners and cooperation partners as well as for our employees.

Our international “Committee for diversity and inclusion”, which was launched in 2019, seeks to embed diversity, equal opportunities and inclusion not just in our business strategy and objectives, but also in our culture. Through this committee, managers from various areas across all regions aim to increase awareness of diversity and inclusion in the company’s everyday activities and at all levels of our organization. To support our managers with their duty to deal with differences appropriately and create an inclusive work environment on this basis, the issue of “dismantling unconscious prejudices” is being addressed as an initial step. We plan to explore this issue more fully in the future via learning modules conducted both virtually and in person. The introduction of a mentoring programme focused on diversity and inclusion had to be postponed due to the coronavirus pandemic and is now scheduled for 2021.

When it comes to inclusion, Brenntag places a special emphasis on promoting the strengths and potential of employees with disabilities. Building on our “Committee for diversity and inclusion”, we would like to have a better understanding of what we can do to include people with disabilities and create an atmosphere in which people with and without disabilities feel they are on equal footing. This is why we deemed it our particular duty to join the global initiative [“The Valuable 500”](#).

Diversity must go hand in hand with equal opportunities. Guaranteeing equal opportunities is a matter of course for Brenntag, as is counteracting and eliminating any form of discrimination and harassment. The recruitment, remuneration and development of employees solely reflect their qualifications and abilities. Under no circumstances will Brenntag discriminate against employees, business partners or third parties. Equally, Brenntag expects all of its employees to fully subscribe to this principle, not to discriminate against their colleagues and to treat one another with respect. Brenntag does not tolerate any form of discrimination, harassment or bullying in the workplace. This is stipulated in our [Code of Business Conduct and Ethics](#). Violations of this code are investigated by our [compliance organization](#) with the necessary rigour. If a violation is found to have occurred, remedial and disciplinary action is taken.

## REMUNERATION AND PENSION SCHEMES

Our remuneration policy is defined by attractiveness, fairness and competitiveness. Employees’ qualifications, experience and level of responsibility are the main criteria.

We offer a competitive remuneration and benefits package. Remuneration may vary in line with local market conditions, regulations and legislation. The value-based remuneration system for management level consists of three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The ratio of fixed to variable remuneration depends on a specific manager’s influence on the company’s success. Variable remuneration is closely linked to personal performance and the company’s results, and is also dependent on whether targets for specified performance indicators are met. In addition to the aforementioned remuneration components, managers receive contractually agreed non-cash remuneration and other benefits.

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



[www.thevaluable500.com](http://www.thevaluable500.com)

Details on the [Code of Business Conduct and Ethics](#) can be found here.

For information on [compliance incidents](#), see page 19.



## EMPLOYEE STRUCTURE

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

### Employees by region and gender

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
EMEA	7,499	43.5	7,524	43.0	7,162	43.1
Women	2,848	38.0	2,831	37.6	2,677	37.4
Men	4,651	62.0	4,693	62.4	4,485	62.6
North America	4,952	28.7	5,257	30.0	5,174	31.1
Women	1,137	23.0	1,183	22.5	1,162	22.5
Men	3,815	77.0	4,074	77.5	4,012	77.5
Latin America	1,832	10.7	1,934	11.1	1,610	9.7
Women	703	38.4	742	38.4	654	40.6
Men	1,129	61.6	1,192	61.6	956	59.4
Asia Pacific	2,708	15.7	2,572	14.7	2,486	15.0
Women	1,089	40.2	1,034	40.2	987	39.7
Men	1,619	59.8	1,538	59.8	1,499	60.3
Other segments	246	1.4	205	1.2	184	1.1
Women	114	46.3	91	44.4	87	47.3
Men	132	53.7	114	55.6	97	52.7
Brenntag Group	17,237	100.0	17,492	100.0	16,616	100.0
Women	5,891	34.2	5,881	33.6	5,567	33.5
Men	11,346	65.8	11,611	66.4	11,049	66.5

### Employees in management positions<sup>1</sup> by gender

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
Women	76	21.0	72	19.1	78	20.1
Men	286	79.0	304	80.9	310	79.9
Brenntag Group	362	100.0	376	100.0	388	100.0

<sup>1</sup> Comprises the global executive management and local management groups.

### Employees by functional area and gender

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
Sales	6,301	36.6	6,446	36.9	6,348	38.2
Women	3,222	51.1	3,242	50.3	3,079	48.5
Men	3,079	48.9	3,204	49.7	3,269	51.5
Distribution	2,507	14.5	2,528	14.5	2,305	13.9
Women	287	11.4	270	10.7	250	10.8
Men	2,220	88.6	2,258	89.3	2,055	89.2
Warehouses	5,214	30.2	5,318	30.4	4,977	29.9
Women	553	10.6	561	10.5	535	10.7
Men	4,661	89.4	4,757	89.5	4,442	89.3
Administration	3,215	18.7	3,200	18.3	2,986	18.0
Women	1,829	56.9	1,808	56.5	1,703	57.0
Men	1,386	43.1	1,392	43.5	1,283	43.0
Brenntag Group	17,237	100.0	17,492	100.0	16,616	100.0

### Employees by type of employment and gender

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
Full-time	16,542	96.0	16,838	96.3	15,978	96.2
Women	5,396	32.6	5,398	32.1	5,093	31.9
Men	11,146	67.4	11,440	67.9	10,885	68.1
Part-time	544	3.1	541	3.1	550	3.3
Women	446	82.0	438	81.0	441	80.2
Men	98	18.0	103	19.0	109	19.8
Apprentices	151	0.9	113	0.6	88	0.5
Women	49	32.5	45	39.8	33	37.5
Men	102	67.5	68	60.2	55	62.5
Brenntag Group	17,237	100.0	17,492	100.0	16,616	100.0



## Employees by type of contract and gender

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
Permanent contracts <sup>1</sup>	16,708	96.9	16,995	97.2	15,881	95.6
Women	5,664	33.9	5,658	33.3	5,253	33.1
Men	11,044	66.1	11,337	66.7	10,628	66.9
Fixed-term contracts <sup>1</sup>	378	2.2	384	2.2	647	3.9
Women	178	47.1	178	46.4	281	43.4
Men	200	52.9	206	53.6	366	56.6
Apprentices	151	0.9	113	0.6	88	0.5
Women	49	32.5	45	39.8	33	37.5
Men	102	67.5	68	60.2	55	62.5
Brenntag Group	17,237	100.0	17,492	100.0	16,616	100.0

<sup>1</sup> Last updated on Sep. 9, 2020: Due to an incorrect data transfer for 2019, the original version published on Apr. 30, 2020 has been updated.

## New employees by type of entry

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
New hires	2,052	92.3	2,701	74.3	2,824	72.2
Company acquisitions	172	7.7	934	25.7	1,090	27.8
Brenntag Group	2,224	100.0	3,635	100.0	3,914	100.0

## New employees by region

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
EMEA	695	31.3	1,296	35.6	1,212	31.0
North America	631	28.4	1,107	30.5	1,321	33.8
Latin America	247	11.1	579	15.9	412	10.5
Asia Pacific	570	25.6	589	16.2	938	23.9
Other segments	81	3.6	64	1.8	31	0.8
Brenntag Group	2,224	100.0	3,635	100.0	3,914	100.0

Voluntary employee turnover rate<sup>2</sup> by region

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
EMEA	353	4.2	529	6.2	501	6.1
North America	418	7.1	538	8.2	620	10.2
Latin America	124	5.6	135	6.1	122	6.5
Asia Pacific	296	9.8	353	11.4	385	13.0
Other segments	21	7.4	21	8.8	16	7.8
Brenntag Group	1,212	6.1	1,576	7.6	1,644	8.5

<sup>2</sup> Voluntary employee resignations on the basis of the Schlüter formula

Employees by age<sup>3</sup>

	2020		2019		2018	
	abs.	in %	abs.	in %	abs.	in %
< 20	50	0.3	48	0.4	33	0.3
20–29	1,966	11.4	1,598	13.1	1,562	13.7
30–39	4,898	28.4	3,792	31.0	3,580	31.3
40–49	4,804	27.9	3,499	28.6	3,297	28.8
50–59	4,172	24.2	2,706	22.1	2,461	21.5
> 59	1,347	7.8	592	4.8	509	4.4
Brenntag Group	17,237	100.0	12,235	100.0	11,442	100.0

<sup>3</sup> Employees in the North America region were included for the first time in the 2020 financial year.

Average age and length of service by region<sup>3</sup>

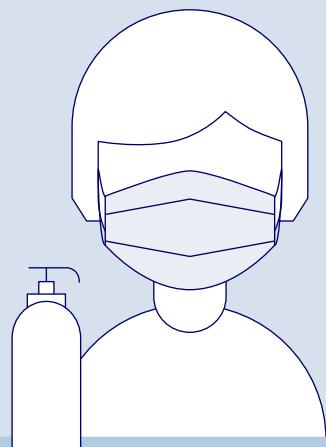
	2020		2019		2018	
	Ø-age in years	Ø-length of service in years	Ø-age in years	Ø-length of service in years	Ø-age in years	Ø-length of service in years
EMEA	44	44	43	11	11	11
North America	46			9		
Latin America	40	40	40	7	7	7
Asia Pacific	39	39	38	6	7	6
Other segments	42	43	43	8	9	10
Brenntag Group	43	42	42	9	9	9

<sup>3</sup> Employees in the North America region were included for the first time in the 2020 financial year.



## STRONG SOLIDARITY: BRENNTAG CARES

*Strong solidarity was evident during the COVID-19 pandemic in 2020 in the global fight against the virus. Brenntag's involvement largely related to donations of isopropyl alcohol (IPA) – a primary component used in the manufacturing of disinfectants. Other donations included masks and special visors. In the global distribution of protective equipment, Brenntag sites assisted each other, employees got involved, Brenntag and its cooperation partners shared responsibilities, and Brenntag and other companies in the chemical industry worked together. Here are some of the 2020 aid initiatives.*



### BRENNTAG ASIA PACIFIC

Our colleagues in APAC didn't waste a second when daily life began returning to normal in China; they sent thousands of protective masks to Brenntag locations in EMEA and North America where the disease had just started to spread.



### BRENNTAG EMEA

There was a focus here on supporting various medical facilities: To ensure that the people who use their expertise to protect, care for and cure others were able to concentrate on their valuable work, Brenntag made sure that numerous medical staff in various professions were supplied with disinfectants.



### BRENNTAG LATIN AMERICA

Brenntag Peru worked together with a company to be part of a donation of eleven tonnes of disinfectants. The partnership aimed to support hygiene and disinfection programmes for communities with few resources in order to protect the highly vulnerable population in Lima.



### BRENNTAG NORTH AMERICA

The Brenntag site in Houston, USA, worked with a supplier to assist the state of Louisiana with the manufacturing of disinfectants. The supplier donated more than 10,000 litres of isopropyl alcohol, while Brenntag Southwest contributed the containers and staff and ensured that the donation reached its destination by providing the transport.



# GLOBAL IMPACT

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**15%** of the Group's  
electricity from renewable sources



## Page 49

The Brenntag site Añelo is fully self-sufficient and not connected to the public power grid. Environmental awareness is practiced here daily.



## SAFETY

**NP** Safety is of paramount importance at Brenntag and is part of our corporate strategy. “We are the safest chemical distributor” – this is the primary objective of our vision. Worldwide, we operate in accordance with the “Safety First” principle. This applies both to the safety and health of our employees, as well as to product safety and environmental protection. We are bound by the highest standards in the industry and adopt policies which often exceed statutory requirements. We are working continuously to further improve safety within our company. We invest in our infrastructure and train our employees with this goal in mind.

Our **Group accident rate** LTIR<sub>1 day/1 million</sub> was 1.4 at the end of the reporting year. This is the best value that Brenntag has ever achieved, even if it does not meet our target of below 1.0. From 2016, when we developed our sustainability strategy, we recorded no continuous annual improvement, but rather fluctuating, upward-moving values. By 2019, the value stood at 1.9. It is therefore a success that we were able to cut the rate to 1.4 within one year. There are a number of reasons why the rate has developed in this way in recent years: The focus has not always been on the same aspects of accidents, and we have seen shifts in this regard. In some cases, this made it more difficult to implement targeted measures in the short term. Long-term improvement programmes showed a delayed effect. The level of risk-awareness among employees only changes gradually. Support is provided through special programmes which we have continuously worked to improve in the past and which

**NP** had a stronger impact in 2020. We have also continuously improved the selection and training of the team/group management. This development in the year under review was probably also supported by the positive effects of the COVID-19 pandemic, as presented below.

From 2021, we will set a target for the total recordable injury rate (TRIR). The TRIR measures the number of accidents involving injuries that require medical treatment beyond first aid. The TRIR has a broader scope than the LTIR and is therefore of significant importance internally, as it also records accidents that do not result in work absences. By recording the TRIR, analyzing and monitoring accidents or providing safety equipment, we are also acting in accordance with **SDG 8 “Decent Work and Economic Growth”**: Target 8.8 of this SDG relates to measures that promote a safe and secure working environment for employees.

The COVID-19 pandemic created major challenges for us in the reporting year. At the same time, the precautionary measures and restrictions introduced as a result of the crisis are likely to also have helped reduce the Group accident rate: We limited ourselves to fundamental operating activities, while site visits as well as internal and external audits were largely suspended. In general, only a small amount of work was performed by external staff. Our teams demonstrated increased awareness of health and safety measures, and their willingness to practise absolute caution was highly noticeable.

**NP** As a result of the pandemic, the topic of health protection assumed even greater importance at Brenntag. As early as January 2020, we established several crisis units – initially in Asia, then worldwide. Since then, they have been operating at various levels – at all times together with a representative from top management. Their duties include sharing experiences on a regular basis, introducing special measures and organizing safety equipment or other types of support. Strict hygiene protocols and measures to prevent infection are in place at all locations. Depending on the infection rates and numbers, working remotely was recommended or required in the reporting year where this was possible. For example, almost all of the approximately 650 employees at the Group headquarters in Essen worked remotely from mid-March to mid-May 2020. They gradually returned to the office building between then and the start of July. From mid-October, almost all employees worked remotely once again. At the warehouse locations, the shift timetables and work timetables were specially adapted. In some cases, teams from different work areas were strictly separated.



Safety

For information on the **Group accident rate**, see page 39.

Target **SDG 8.8**.



Werner Leitner  
Site Manager of Brenntag's site in Duisburg

## WORKING WITH LITTLE CONTACT AND AT A DISTANCE

A reason to be happy even in the midst of the pandemic: Praise came from the local government in Düsseldorf following an unannounced inspection of the measures to protect employees from infection at the location. Elaborate special shift schedules were in place at the Duisburg site in 2020. The starting and finishing times of shifts were arranged in such a way that colleagues barely encountered each other during shift changes. Contact was reduced to an absolute minimum. The communal and break rooms had

been expanded. In addition to the usual safety rounds, employees at the location conducted “coronavirus rounds” every 14 days to check whether safety regulations were being adhered to and whether and how they could be improved if necessary. All sites in the DACH region, which had already been inspected by the local authorities to verify compliance with SARS-CoV-2 workplace safety standards, were classified as faultless and exemplary.

## NFB QSHE STRATEGY AND MANAGEMENT

Brenntag has implemented a global health, safety and environment (HSE) strategy. Renamed in January 2021 as Quality, Safety, Health & Environment = QSHE. This contains our principles in the areas of safety, product stewardship, the environment, adherence to laws (compliance) and quality. The global strategy is implemented in the regions as part of their own QSHE programmes.

Brenntag's global business operations and highly diversified customer and supplier structure imply a diverse range of operating conditions (legislation, cultures, industry standards and other demands). In order to fulfil the resulting requirements as effectively as possible, Brenntag adopts a predominantly decentralized approach to its QSHE management. The control measures of the QSHE management and the inspection of its quality are also conducted at local level.

**NFB** Based on the organizational structure still in place in the reporting year, the operations and QSHE managers responsible at regional level, together with the central Corporate HSE department, form Brenntag's Global QSHE Team. The team develops and coordinates globally applicable policies, programmes and other activities and regularly shares its experiences. The chairman of the team reports to the Board of Management of Brenntag SE. A member of the Board of Management usually attends the team's annual meeting. In 2020, this was held online due to the COVID-19 pandemic.

The new position of Vice President QSHE Brenntag Group was created in connection with the implementation of the new operating business structure, with effect from January 1, 2021. The new structure will allow the Group to become more closely integrated globally and processes to be further harmonized and standardized.

**NFB** Within the regions, countries and down to the individual locations, there are QSHE organizations with similar structures that will be further adapted in line with the new global organizational structure. They form a global network of QSHE officers and teams with substantial expertise. These experts regularly share their experiences in their teams, develop measures to remedy identified deficits and work together on further improving the company's safety culture.

## QSHE AT BRENNTAG: OUR APPROACH

### Commitment to the principles of our Responsible Care/Responsible Distribution programme



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

**NFB** Compliance with the programmes is reviewed through regular internal and external audits. The decision on the frequency of these audits depends on various factors, such as the risk potential identified, legal regulations and customer requirements. Only a very small number of audits were performed in 2020 due to the pandemic. These were conducted digitally and on an exceptional basis.

**NFB** Brenntag SE successfully completed the Responsible Care audit in November 2020. Through Responsible Care, Brenntag commits itself to the safe and responsible handling of chemical substances and solutions. The audit takes place every three years. In 2020, it was conducted digitally. In **EMEA**, the DACH region was successfully certified in accordance with ISO 45001 for the first time in the 2020 reporting year.

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

For information on the **environmental provisions**, see Brenntag's 2020 Financial Report, page 149.

For information on **management systems**, see page 37.

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

To ensure effective chemicals management, data that are necessary for the safe handling of our products during storage, transport and within the delivery chain are stored in central databases at Brenntag. In Europe, for example, a central SAP-based system is used for this purpose, making it possible to implement relevant changes to European legislation in all countries at the same time and provide employees with access to them. All European companies are connected to this database.



Certified and assessed operating locations <sup>1</sup>	ISO 14001		OHSAS 18001		SQAS-ESAD <sup>2</sup> (Europe)	
	abs.	in % <sup>1</sup>	abs.	in % <sup>1</sup>	abs.	in %
2016	108	27	67	19	80	77
2017	109	26	65	17	72	71
2018	108	28	64	19	72	73
2019	115	29	72	21	61	64
<b>2020</b>	<b>120</b>	<b>31</b>	<b>91</b>	<b>27</b>	<b>68</b>	<b>71</b>

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

<sup>2</sup> SQAS-ESAD (Safety and Quality Assessment System, European Single Assessment Document) is a catalogue featuring more than 500 detailed questions on the handling of chemicals. It is intended to provide a uniform assessment of the QSHE and quality management system of chemical distributors and is associated with the Responsible Care/Responsible Distribution industry initiative. As of September 2020, we regard this requirement as also being fulfilled internally with triple certification in line with ISO 9001, ISO 14001 and OHSAS 18001/ISO 45001.

## PROCESS SAFETY

The issue of process safety has particularly high importance at Brenntag. Two important global initiatives were launched in this regard in the reporting year: Firstly, we began harmonizing processes across regions to a greater extent and in line with global regulations. A special working group is in charge of this and is initially redefining the requirements relating to processes based on the example of a pilot process for the issue of flammable liquids. A period of three years has been specified to revise all processes.

Secondly, we have been developing a comprehensive global audit programme (Asset Integrity-Process Safety Management, AIPSM) since the end of 2020 with the support of external consultants. The plans for the next stages

will be based on the results of initial audits that are expected to take place in the second quarter of 2021. This includes the establishment of an internal audit team, which will be in charge of regular process audits in the future.

### PRACTICAL EXAMPLES

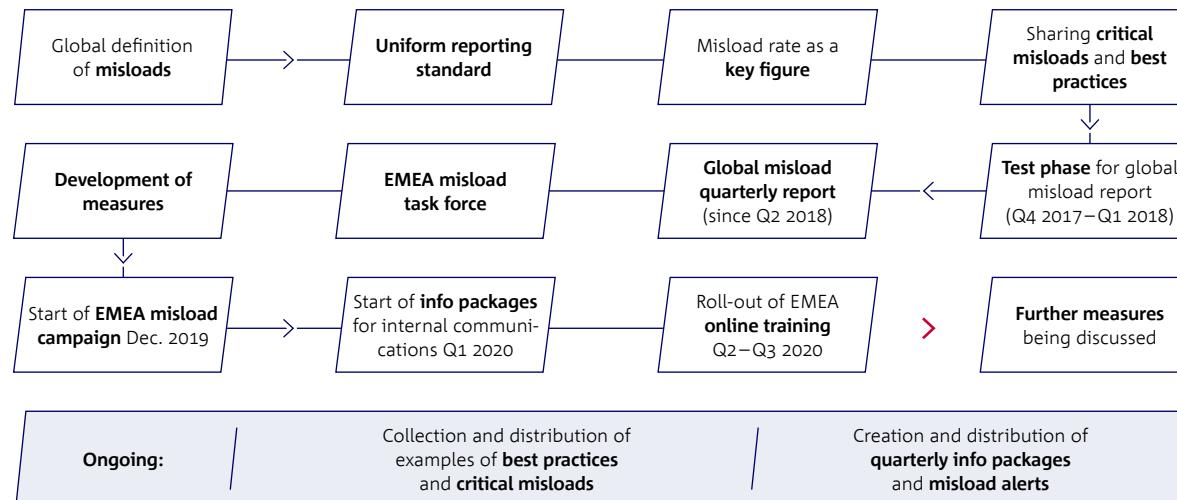
**Brenntag EMEA** has specified four of its procedural instructions as "Critical Procedures". Failure to adhere to measures described could lead to significant risks. In 2019, Brenntag experts audited a total of 29 Brenntag sites extensively. During these audits, risks are identified, assessed and classified, and the timeframe for eliminating the risk in question is specified. As a rule, the various sites always welcome information about existing risks and how to improve process security. In turn, the auditors can expand their knowledge by auditing sites outside their own region. Since the auditors do not just document the risks but also collect best-practice solutions to specific problems, the entire Group benefits from this knowledge transfer. Management also regarded the results achieved so far as a success. A further 34 audits were planned for 2020. This was not possible due to the pandemic. Processes can only be examined to a limited extent when audits are conducted remotely. The planning for further audits in EMEA depends on the progression of the pandemic and the results of the global AIPSM.

The enhanced integrated IT system for stock management, product tracking and transport management at **Brenntag North America** and **Brenntag UK & Ireland** was to be rolled out gradually across Europe from 2020. This system makes it possible to track goods on a paperless and real-time basis as they are moved from our suppliers to our sites

and then to our customers, thereby minimizing the risk of product mix-ups and incorrect deliveries. Due to the realignment of some other projects, this plan was temporarily suspended to facilitate new overall planning and make efficient use of the resources available.

In 2018, the global "Misload Control and Prevention" programme was launched. To begin with, a globally standardized definition was specified and a data analysis was conducted. A misload occurs when Brenntag or a service provider operating on behalf of Brenntag delivers an incorrect product or a product in the incorrect packaging or a product to the incorrect location. In 2019, **Brenntag EMEA** increased its efforts to prevent these misloads and reduce their number. It is a complex issue, as there are many points between ordering and delivery where an error could occur. In 2020, the responsible task force comprising representatives from QSHE, Quality, Operations, Customer Service and Human Resources as well as from various EMEA national organizations and the Group headquarters implemented various new features: A more specific analysis was made possible by enhancing the classification system for causes of misloads. According to this, by far the most frequent errors occur when the order is entered, followed by those that occur when the order is compiled. Other new features are misload alerts, quarterly information and training packs as well as online training which is available to employees in this area in 21 languages. Since the company began recording the data on a globally standardized basis, both the Brenntag Group as a whole and the APAC region recorded their best ever results in the fourth quarter of 2020.

### Brenntag's "Misload Control and Prevention" programme



### PRODUCT STEWARDSHIP AND SAFETY

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

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

NFB

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

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

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

Brenntag's high standards in process safety and product responsibility continuously earn the company external recognition. At **Brenntag North America**, a total of 22 sites where chlorine is filled and sodium hypochlorite is produced were rewarded for their exemplary safety performance in 2020 – with five of them obtaining "Diamond Level". The Chlorine Institute, a national industry association, grants its Diamond Level award to sites which have recorded zero workplace accidents or incidents and zero environmental releases over a period of at least five years.

Year	Proportion of Brenntag legal entities participating in the RC/RD programme <sup>2</sup>		
	Relevant companies	Participating companies	Participation in %
2016 <sup>1</sup>	113	86	76
2017	114	87	76
2018	106	86	81
2019	108	83	77 <sup>3</sup>
2020	111	82	74

<sup>1</sup> The values given for 2016 have not been audited by PwC

<sup>2</sup> These data do not include pure sales and service entities with revenue of under EUR 100,000 or acquired entities which, as at December 31, 2020, have been part of the Brenntag Group for less than a year.

<sup>3</sup> The value was retroactively corrected from 78% to 77%.

As a distributor of chemicals, Brenntag operates in a complex regulatory environment. Examples of this in Europe would be the *REACH Regulation* or the Biocidal Products Regulation of the European Union. Our transnational teams – consisting of a network of experienced QSHE and regulatory specialists – ensure that our operational processes and workflows comply with the relevant regulations. They work closely with management to ensure that Brenntag complies professionally, fully and efficiently with the numerous regulatory requirements.

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

- ─ Ensuring a REACH-compliant supply and usage system
- ─ Advising on a range of other regulatory questions
- ─ Safeguarding optimal communication within the supply chain
- ─ Identifying alternative substances

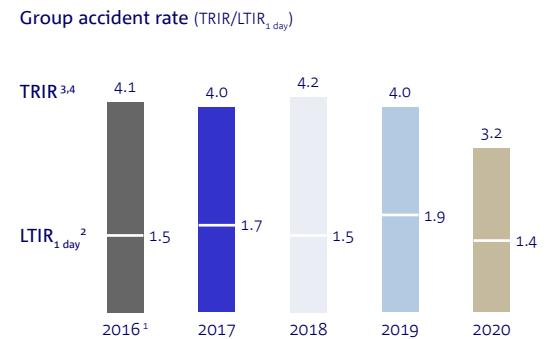
## OCCUPATIONAL SAFETY

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

**NFB** **Training and equipment:** Regular training for our employees is important in order to raise their awareness of potential hazards and to enable them to work safely. This training goes above and beyond the statutory requirements and ranges from safety instruction for new employees to comprehensive training measures that are specially tailored for the work situation and the risk

**NFB** potential of specific occupational groups or individual employees. Training is given by QSHE managers and also by external experts, both in the form of face-to-face events as well as digitally. Due to the COVID-19 pandemic, digital formats were used more widely in the reporting year and there was a sharp reduction in the amount of training conducted.

The training programme for managers and line managers in **North America** was cancelled due to the pandemic. At **Brenntag EMEA**, an internal assessment of the training of team/group management was initiated, while supervisor training measures were conducted on an individual basis in France, for example, and were well received. These training modules are to be further expanded in EMEA in 2021.



<sup>1</sup> The values given for 2016 have not been audited by PwC.

<sup>2</sup> LTIR<sub>1 day</sub> (Lost Time Injury Rate): Number of workplace accidents resulting in at least one day's absence from work per one million working hours.

<sup>3</sup> TRIR (Total Recordable Injury Rate): Number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours.

<sup>4</sup> The values given for TRIR have not been audited by PwC.

**NFB** Brenntag continuously invests in its equipment and infrastructure in order to optimize plant safety and work processes at its sites and thus further minimize safety risks and hazards. For example, Brenntag audited safety harnesses used for work operations on road tankers and rail tank cars in 2019 by launching a long-term project to improve this safety equipment. To begin with, this involved carrying out detailed site-based reviews of the various systems in place. Using action plans, the companies at **Brenntag North America** achieved all of the agreed improvements by the end of 2020 and invested several million dollars in the process. In the **EMEA** region, the plans included over 180 stations with an investment volume of several million euros. Much of the installation work was completed in 2020. The remaining work is planned for 2021 or will be incorporated into other building projects already planned.

**Accident reporting:** Accidents at work, near misses and similar occurrences are recorded and evaluated centrally according to a standardized system. Any important conclusions are communicated throughout our organization. Furthermore, the findings and the measures derived from these are incorporated into the global QSHE guidelines, regional QSHE manuals and prevention and training measures. As an enhancement to the existing accident reporting system, Brenntag introduced the so-called "potential hurt level" model (PHL model) at the end of 2019. With this model, accidents are assessed not just according to the actual severity of the injuries suffered but also according to the potential severity. This enhanced assessment enables us to focus our countermeasures better on the most important aspects of accidents. The PHL model was very well received and implemented in the reporting year. We plan to extend it further over

[Further information on REACH here](#)

[and on the website of the Federal Environment Agency, here.](#)



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

NFB

the next year so that other accidents, incidents and near misses can be assessed worldwide using this system. If the PHL value is high, this will automatically require a report to be submitted to the Corporate QSHE department in future.

The new “Board Review” measure was initiated in 2020. Under this measure, the accident analysis and remedial measures are examined by a member of the Board of Management and the QSHE officer for the region, along with a representative from the site concerned. The reviews were initially conducted for all accidents that led to work absences (lost-time injuries). They were subsequently extended to include accidents with a high potential hurt level and other significant incidents.

Our ongoing process of improvement enabled us to steadily reduce the number of reportable workplace accidents within the Group over many years. Unfortunately, this trend did not progress as continuously in recent years, and we had to report a year-on-year increase for 2017 and 2019. At the end of 2020, however, Brenntag recorded its lowest ever Group accident rate of 1.4. As presented on page 34, we attribute this to a combination of the impact of our improvement initiatives and the positive effects of the COVID-19 pandemic.

With the exception of Latin America, the accident rate decreased in all regions in 2020. In the Asia Pacific region only one accident that led to a work absence in the reporting year occurred. Developments in North America were just as positive, where the LTIR improved by more than 60%. At five of the nine companies in North America, there were no accidents that led to work absences.

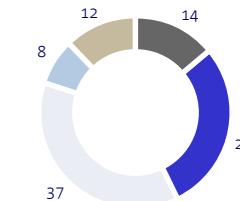
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The EMEA region also contributed to the positive performance. However, the LTIR remains at a relatively high level here. Specific sites here with high accident rates had a strong influence. In Latin America, there was a slight increase on what was a very good level. Parallel to the LTIR, the TRIR (Total Recordable Injury Rate) was also measured.

31 of the 51 **Brenntag EMEA** sites with more than 40 employees recorded zero lost-time injuries (LTI) in the year under review. Four of these 31 sites have gone ten years without an accident-related work absence, and a further 13 sites have gone five years without one.

A closer analysis of the accidents shows that contact with chemicals, slips/trips/falls, accidents involving vehicles and accidents involving equipment/tools are the most common causes of injuries and absences from work at Brenntag. Our measures are therefore focused on making improvements in these areas. With regard to injuries resulting from contact with chemicals in particular, which is an industry-specific injury, a wide range of measures enabled us to reduce the number of incidents Group-wide by 75% between 2010 and 2018. However, there was a significant increase again in the last two years. While most of this was due to chemical burns or irritation to the neck and head in 2019, arms and hands as well as legs and feet were also affected in the reporting year. We must continue working on preventing direct contact with chemicals. However, we also need to check protective measures, such as the correct use of personal protective equipment (e.g. safety goggles and visors), and make improvements by conducting training sessions and regular checks.

Cause of lost time injuries 2020 (in %)





The number of injuries due to slips/trips/falls was reduced by 60% in the reporting year. In almost all cases, these accidents were caused by a lack of attention and incorrect behaviour. Brenntag will continue conducting campaigns at various levels to reduce these accidents.

The number of accidents involving vehicles (forklift trucks, trucks, cars) was reduced by around 70% in the reporting year. One area of focus for accidents in the past was internal transport in EMEA. The programmes initiated in recent years have now had a positive effect, as only two accidents of this type were reported. In addition, the number of traffic accidents involving Brenntag vehicles has fallen sharply worldwide. Measures ranging from driving safety training, to the use of devices to analyze driving in trucks, to improved road signage for internal transport and for pedestrians at sites are also continuing.

After 2019, there was an increase in accidents involving equipment and tools also in 2020. To counteract this, the use of technical aids and suitable protective equipment is to be optimized in the future.

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

All employees and temporary workers are asked to report work situations that they believe could pose a risk of injury. Reports of this kind are handled discreetly and help us to increase occupational safety and remain true to our Safety First principle.

**BEST programme:** A key element of our efforts to increase safety is the global Brenntag Enhanced Safety Thinking (BEST) programme. It focuses on the safety behaviour of Brenntag employees at all levels within the company, which is a key cause of accidents in more than 75% of cases. Two BEST employee surveys were conducted between 2015 and 2018. According to the findings of the last survey, the participants believe that the safety culture at Brenntag is at a high level overall. Internal communication was regarded as having room for improvement. There were large regional differences. The results were incorporated into various action plans for the coming years that take account of the varying circumstances locally. The next survey is scheduled for the second half of 2021.

### HONOURED!

Matt Fridley, Director Safety and Security at **Brenntag North America**, had every reason to be happy: He was awarded the title of "DISTRIBUTOR OF THE YEAR" in 2020. The reason for the accolade was his outstanding involvement in coordinating the distribution of safety equipment to numerous companies in the chemical industry during the COVID-19 pandemic. The award is given annually by the *National Association of Chemical Distributors* (NACD).

 [More details here.](#)

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

### PRACTICAL EXAMPLES

Since 2014, **Brenntag North America** has had particularly positive experiences using a system that records driving behaviour and traffic situations with a video camera in its trucks. If necessary, truck drivers can then analyze critical situations and unsafe behaviour with their direct managers using video clips. The Brenntag fleet in North America covered a distance of approximately 50 million miles in 2020 and was once again able to reduce the number of accidents per 1 million miles travelled. The figure is now 83% lower than when the programme was launched.

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

Safety Days are usually held in the regions every year and feature a wide range of elements that aim to strengthen the safety culture at Brenntag in an informative and entertaining way within a sociable environment. Many of these events had to be cancelled in 2020 due to the COVID-19 pandemic. The global Brenntag Safety Day, which was set to be launched in 2020, was also postponed indefinitely.

**Brenntag UK & Ireland** held its second Safety Day in a heavily restricted form while adhering to stringent hygiene and social distancing regulations. The event centred on video call sessions at the sites, and special safety site walks and a safety safari also took place. A review of employees' PSAPs were also part of the programme.





## ENVIRONMENTAL PROTECTION

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

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

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

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Due to the outbreak of the COVID-19 pandemic in the reporting year, meetings were primarily held online, while business travel at Brenntag was also significantly limited worldwide. The associated positive impact from an ecological perspective is something that Brenntag would like to maintain in the future where possible. Within the Group, the Board of Management formulated new recommendations in 2020 for attending internal and external meetings, with the aim of limiting business travel. We did not identify any impact of the pandemic on global energy consumption. Operating processes continued virtually unrestricted at the sites in the reporting year.

### ENERGY AND SCOPE 1 AND 2 EMISSIONS

Brenntag has had Group-wide energy reporting in place since 2016. Site energy consumption data are collected quarterly and are compiled and evaluated centrally by Brenntag’s sustainability team. On that basis, the associated [CO<sub>2</sub> emissions](#) (Scope 1 and 2 emissions – definitions on page 44) are calculated. These data enable us to identify energy-saving potential. To increase transparency of Scope 2 emissions, we calculated them for the first time in 2020 using not just the location-based method but also the market-based method. We have detailed both values in this report to create a basis for comparison (see

**NF**

table entitled CO<sub>2</sub> emissions Brenntag Group; for details on calculation, see page 43). By using the “market-based” method, we are able to present the company-specific procurement of energy from renewable sources more transparently. The following information only relates to the values calculated using the market-based method.

Our increasing use of green electricity<sup>1</sup> had a positive effect on the CO<sub>2</sub> emissions generated by the Brenntag Group’s global activities in the reporting year. Overall, we obtained 15% of our total electricity consumption from renewable sources in 2020. As a result, we produced 240,755 tonnes of CO<sub>2</sub> emissions (Scope 1 and 2) in the reporting year. Energy consumption at our sites (offices and warehouses) accounted for around 43% of these, while the vehicle fleet (trucks, company cars and other vehicles) accounted for around 57%. This resulted in a year-on-year decrease in total Scope 1 and Scope 2 CO<sub>2</sub> emissions despite the inclusion of data from various company acquisitions. CO<sub>2</sub> emissions per warehouse tonne of goods sold decreased by 6.06% compared to the previous year. We achieved our target of cutting the Scope 1 and 2 CO<sub>2</sub> emissions (per warehouse tonne of goods sold) by 6% by the end of 2020 compared to 2016<sup>2</sup> with a reduction of 6%.

For further information on Brenntag’s QSHE strategy and organization, please see the Safety chapter on page 35 and 36.



**Environmental protection**

<sup>1</sup> Electricity from renewable sources, which we get through direct supply contracts by purchasing guarantees of origin and by generating it on site.

<sup>2</sup> The values given for the base year 2016 have not been audited by PwC.



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Energy consumption Brenntag Group<sup>1</sup>

	2020		2019 <sup>3</sup>		Base year: 2016 <sup>2</sup>	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
Electricity (in MWh)	143,338	13.8	139,240	13.7	146,904	16.5
District heating (in MWh)	4,317	0.4	4,538	0.4	—	—
Gas (in MWh)	280,370	27.1	307,067	30.1	178,702	20.1
Diesel (in 1,000 litres)	47,192	4.6	44,401	4.4	36,290	4.1
Petrol (in 1,000 litres)	4,701	0.5	6,321	0.6	6,141	0.7
Other <sup>4</sup> (in 1,000 litres)	3,834	0.4	3,947	0.4	3,870	0.4

CO<sub>2</sub> emissions Brenntag Group<sup>1</sup>

	2020		2019 <sup>2,3</sup>		Base year: 2016 <sup>2</sup>	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
<b>Scope 2</b>						
Electricity (in tonnes)						
Location-based	51,732	5.0	46,766	4.6	63,666	7.2
Market-based	45,344	4.4	54,430	5.3	68,921	7.7
District heating (in tonnes)	919	0.1	967	0.1	—	—
<b>Scope 1</b>						
Gas (in tonnes)	51,451	5.0	56,350	5.5	32,818	3.7
Diesel (in tonnes)	124,467	12.0	117,769	11.6	96,336	10.8
Petrol (in tonnes)	10,820	1.0	14,550	1.4	14,072	1.6
Other <sup>4</sup> (in tonnes)	7,754	0.8	7,967	0.8	7,933	0.9
<b>Scope 1+2 (in tonnes)</b>						
Location-based	247,143	23.9	244,369	24.0	214,825	24.1
Market-based	240,755	23.2	252,033	24.7	220,080	24.7
Change compared to base year 2016 <sup>2</sup> (in %)						
Location-based	—	-1.15	—	-0.60	—	—
Market-based	—	-6.00	—	+0.07	—	—

<sup>1</sup> The data for the reporting year do not include the following operating units: Brenntag International Chemicals, Quimisa S.A. (included from Q3/2020), Brenntag Finished Lubricants (Thailand) Ltd., Brenntag Sourcing Uruguay S.A., Brenntag Tanzania Ltd., Neuto Chemical Corp, the acquired caustic soda business of Suffolk Solutions Inc., Pachem Distributing Inc.

<sup>2</sup> The values given for the base year 2016 and the CO<sub>2</sub> emissions calculated using the market-based method for 2019 have not been audited by PwC.

<sup>3</sup> As part of our ongoing improvement process, the energy consumption reported for 2019 and the CO<sub>2</sub> emissions calculated using the location-based method were again reviewed and adjusted.

<sup>4</sup> Gas oil, kerosene, propane gas

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Note about calculation  
of CO<sub>2</sub> emissions:

Up to and including 2018, CO<sub>2</sub> emissions were calculated for electricity using the respective country-specific factors (**location-based method**) as per the Greenhouse Gas Protocol Factors (2012) and for all other energy types using the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2016). Since the 2019 reporting year, CO<sub>2</sub> emissions have been calculated for electricity using the respective country-specific factors (**location-based method**) as per IEA (2019), for district heating using the factor as per UBA (2018) and for all other energy types using the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2019).

Since 2020, we have also calculated the CO<sub>2</sub> emissions generated by electricity using the **market-based method**. This approach uses the specific emission factor of the electricity purchased (e.g. of the energy producer) and not the average emission factor of a country. If this factor is not available, the European residual mix factors of AIB (2019) or the country-specific factors as per IEA (2019) are used.

Environmental  
protection



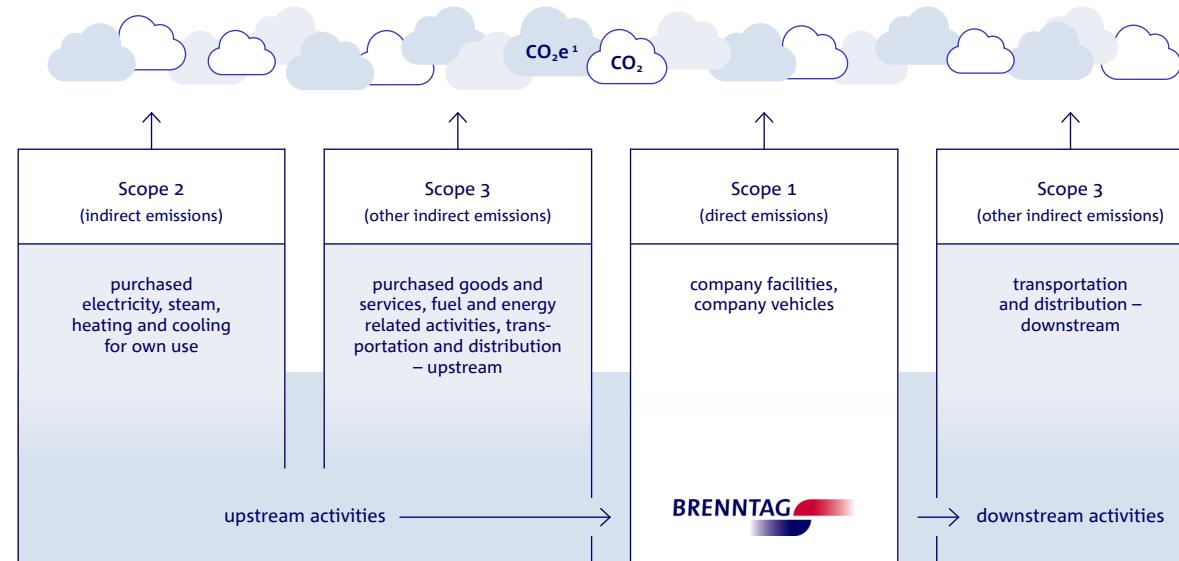
NFB

We continuously work to optimize our energy consumption and improve our energy efficiency throughout the Group. In the reporting year, we replaced all of the conventional lighting at additional sites with energy-saving LED lights. Furthermore, existing technical solutions were substituted with alternatives that generate lower emissions. For this reason, we replaced additional forklifts and vehicles that run on diesel or petrol with electrically powered vehicles in the year under review.

We expect to see significant CO<sub>2</sub> reduction effects in the future as a result of our global project to enable the company to produce its own electricity from renewable sources. After selecting service providers in 2019, we examined the statics and condition of our available warehouse rooftops from various safety perspectives in 2020, e.g. with regard to the chemicals stored there and the risk posed by their flammability. After developing a comprehensive safety plan, construction of the first system will begin in Moerdijk in the Netherlands in the course of 2021. We will install the solar panels at a large number of Brenntag sites worldwide so that we can meet our electricity needs in the future with our own "green" electricity as much as possible. With this project, we are helping to increase the share of renewable energy in the global energy mix and acting in accordance with [Target 7.2 of SDG 7 "Affordable and Clean Energy"](#).

## SCOPE 3 EMISSIONS

Up until 2020, our CO<sub>2</sub> reduction target comprised only Scope 1 and 2 CO<sub>2</sub> emissions as per the [Greenhouse Gas Protocol](#). To help create greater transparency of effects on the climate within our value chain, we will include Scope 3 emissions in our reporting in the future. Scope 3



NFB emissions refer to emissions that are generated before or after our business activities and include CO<sub>2</sub> emissions generated in the supply chain, for example. For the 2020 reporting year, we have provided information for the first time on emissions in the Scope 3 categories that are relevant for us. They are based on a materiality analysis of Scope 3 emissions conducted by Brenntag's international sustainability project team in 2020. The team assessed the estimated emission volume and the ability of Brenntag to influence the Scope 3 categories. Scope 3.1, i.e. the emissions relating to the chemicals we purchase, were identified as the main Scope 3 emission source. They account for around 77 times our total Scope 1 and 2 CO<sub>2</sub> emissions. Although the calculations are based on a limited data set, they provide us with another basis for greater transparency.

Scope 3 category according to the Greenhouse Gas Protocol <sup>3</sup>	2020 (tCO <sub>2</sub> e) <sup>1</sup>
3.1 Purchased Goods and Services	18,436,121
3.3 Fuel- and Energy-Related Activities <sup>4</sup>	54,301
3.4 Upstream Transportation and Distribution	140,359 (outbound transportation) 162,579 (inbound transportation as well as direct business) <sup>2</sup>
3.9 Downstream Transportation and Distribution	14,364 (outbound transportation) 115,502 (inbound transportation as well as direct business) <sup>2</sup>

<sup>1</sup> CO<sub>2</sub> equivalents: Unlike Scope 1 and Scope 2 emissions, the values include other greenhouse gases in addition to CO<sub>2</sub> emissions.

<sup>2</sup> The values given for incoming transport and direct business have not been audited by PwC.

<sup>3</sup> The explanatory notes on the [calculations of Scope 3](#) emissions have been audited by PwC and can be found in the report profile (page 58).

<sup>4</sup> Not included in Scope 1 or 2.

GHG Protocol

For calculations of Scope 3 emissions, see the report profile, section Data basis and calculation, on page 58.

Target SDG 7.2.



In the international [CDP](#) climate rating initiative, Brenntag was once again given a rating of C (Awareness) in 2020. CDP compares thousands of companies worldwide every year (currently more than 10,000) with regard to their strategic approach to the challenges of climate change and assesses their climate management system based on a comprehensive catalogue of criteria. By participating in the initiative, Brenntag is aiming to enhance its energy reporting using recognized standards. At the same time, it also allows us to address our customers' and investors' requirements for greater transparency and comparability in our energy consumption reporting and to demonstrate our progress in the areas of energy efficiency and energy management.

## PRACTICAL EXAMPLES

Brenntag Food & Nutrition opened a new site at the start of 2020 in **Padua**, Italy, that combines innovative expertise with the benefits of state-of-the-art facilities and technology. As a result, the site not only provides customers and suppliers all over Europe with new prospects and products, but also has key advantages in terms of its energy efficiency. New solar arrays installed on the rooftops went online at the start of 2021. They can produce around 210 MWh of electricity per year. This will cover around one third of the site's total energy consumption.

The commitment to the continuous search for energy-saving opportunities in the various regions takes many forms and is characterized by creativity and a strong willingness to change habitual practices. In 2020, Brenntag's **Dos Hermanas** site in Spain declared itself to be a producer of its own nitrogen and built its own production facility for this purpose. In 2019, its nitrogen was still delivered by a partner company. Nitrogen is used to store hazardous substances safely. As a result of the site's newly obtained independence, transport journeys, storage, and loading and unloading processes are no longer necessary, which is both cost-efficient and reduces CO<sub>2</sub> emissions.

## TRANSPORT/FLEET MANAGEMENT

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

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

## WATER

Brenntag uses water in its business operations, for example to produce solutions, to clean pipe systems and to cool or heat chemicals and tank facilities. Water withdrawal varies widely at Brenntag's sites and is subject to fluctuations, as it is largely dependent on the nature and scope of the products handled and services provided. In addition, water is extracted to operate the buildings and plants, for example in the sanitary facilities or to clean surfaces, road tankers and containers. Before the used water can be returned to the system, it passes through waste water treatment facilities that purify the water in line with statutory regulations.

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



[www.cdp.net](http://www.cdp.net)

## PRACTICAL EXAMPLE

**Brenntag Latin America** regularly measures the water withdrawal at all of its sites as part of its extensive CASA programme. There are several reasons for consumption fluctuating over time: Company acquisitions and changes in the number of employees increase or reduce water needs. Water-intensive processes, such as hydrostatic testing of new tanks or test operations on fire protection systems, also occur at irregular intervals. Absolute water withdrawal in the Brenntag Latin America region rose by 16% in 2020 compared to the previous year, and relative consumption by 9%. This was due to the first-time inclusion of the acquisition of the Quimisa and Quimilog sites in Brazil which partly operate their own cleaning facilities – for drums, IBCs (intermediate bulk containers), etc. A lot of water is needed at these sites as a result. The use of rainwater for cleaning processes is currently being examined.

## PROTECTION OF SOIL, WATER AND AIR

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

**NFB** With many of Brenntag's sites having been used industrially for decades, including those purchased through acquisitions, there is historical soil and groundwater contamination at the sites, which we are combating with appropriate remediation measures. The soil and groundwater situation at all of the sites is reviewed and recorded annually in cooperation with external partners, and the necessary remediation measures will be derived and implemented. Whenever new buildings or plants are constructed or necessary modernization and renovation work is undertaken, environmental protection issues are considered and reflected both in terms of the construction approach and plant engineering.

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

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

## BRENTAG LATIN AMERICA: WATER WITHDRAWAL

Total (in millions of litres)



Per warehouse tonne of goods sold (in litres)



## GREEN THUMBS UP

You reap what you sow, as the saying goes, and this can clearly be seen at the Santo Tomas terminal in Guatemala. After two years, tender greenery is now taking hold at the operating location. Amid concrete and metal, beautifully planted areas are sprouting a variety of local plant life. For what reason? To create areas where rainwater can drain away better and increase groundwater reserves. To prevent erosion damage. To improve working conditions and safety at the location by reducing direct and indirect sunlight – and last but not least: To create a nicer working environment.

Along with these long-term benefits, the team at the location reaped a large portion of praise: “Looking ahead, other locations in the region could also soon be planted,” explains Alejandro Valenzuela, Vice President QSHE: “The project is to be implemented at other sites of Brenntag Latin America as best practice in the area of environmental management.” Recognition also came from Guatemala’s industry association, which gave the initiative an environmental award. Keep up the good work!



## WASTE/RECYCLING

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

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

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

## PRACTICAL EXAMPLE

When it comes to recycling waste, the efforts of each and every person count. This is the logic behind the “Brenntag Garden” initiative in the **Brenntag South Africa** region. There, colourful recycling containers for collecting paper, sheet metal and plastic have been distributed to all locations. All employees are urged to play an active part in separating and collecting waste. Doing so benefits the environment and is worthwhile for everyone, as the containers are emptied by recycling companies that pay for the reusable materials. Brenntag uses the income generated for the company's own gardens and buys seeds and



seedlings for herbs, fruit trees and vegetables. It is a great opportunity for employees, who look after the gardens during their breaks and, in return, can take the harvested produce home with them.



## SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS

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

Brenntag also continuously works to add new products to its portfolio which increase efficiency, reduce consumption or decrease environmental impact when applied, thereby providing sustainable alternatives to conventional products. Brenntag's expertise and portfolio thus help improve the level of efficiency within the supply chain and support its customers' in optimizing their use of resources and improving productivity.

Applying our circular economy approach will allow us to ensure that chemicals suitable for this can be used more than once. This enables us to prevent and reduce waste and provide our customers with new opportunities with added value.

We achieved our target of implementing various pilot projects with ten selected key suppliers by 2020 to make us the preferred distributor for *sustainable solutions* (see also page 13). Overview of projects and partner companies:

### Circular Economy

- / Grüner Punkt (reported on in 2018)
- / Alumichem (reported on in 2019)
- / GEAR (see below)
- / SafeChem (see below)
- / Schütz IBCs (reported on in 2018)

### CO<sub>2</sub> Compensation

- / Shell (see page 7–8)

### Efficiency/use of resources

- / Gas Engine Service Program (reported on in 2018)
- / Dow (see below)

### Sustainable products

- / BASF (closed and reported on in 2016)
- / Alphashield (see below)

### ⌚ PRACTICAL EXAMPLES

Following the successful completion of the pilot project with the Danish company Alumichem, we have been involved in the joint project **GEAR** since December 2020. The project is supported by the Danish government. In addition to **Brenntag Nordic**, other distributors and production companies as well as a university are part of the project team. The purpose of the project is to research and develop purification technologies for solvents in the pharmaceutical industry. Purifying these solvents is a key aspect of reusing them. The substances can only be used as high-quality second-use chemicals if the impurities that they contain after their initial use are removed to a high degree. Extending the product life cycle in this way will lead to less waste and lower CO<sub>2</sub> emissions in the long term.

In partnership with Citroleo, a local supplier that prioritizes sustainability, **Brenntag Brazil** has developed an environmentally friendly ingredient for hand sanitizer: **Alphashield**. The 100% biodegradable substance is plant-based and obtained from ethereal vegetable oils. The new product combines antibacterial hand hygiene with skin protection and is particularly eco-friendly.

Together with **SafeChem**, Brenntag offers its customers an innovative, service-based and sustainable business model in the area of solvents with its "chemical leasing" business model. Payment is based on functional units in the process, e.g. the overall processing costs prior to the launch of the new business model, and no longer on the volume of chemicals that are delivered and used for purifying the components. Volumes and payment are no longer linked. Brenntag receives a fixed monthly fee and therefore has an interest in using as few cleaning agents as possible. Chemical leasing offers advantages for sellers and customers because the desired effect can be achieved with the lowest possible amount and therefore the most cost-efficient use of chemicals. In addition, the chemicals are used more than once in a closed and safe circular system.

**Brenntag North America** and **Dow** have formed a joint team with the aim of reducing CO<sub>2</sub> emissions in their common supply chain. In particular, the project team is looking for ways to optimize logistics and thus achieve CO<sub>2</sub> savings (e.g. through delivery by rail instead of by truck). According to the current project status, the optimization project should be able to achieve a saving of around 57 tonnes of CO<sub>2</sub> per year.



*Sustainable  
solutions*

## HOLISTIC SITE CONCEPT: AÑELO AS A MODEL

*The fight against climate change is a global challenge, that we, as Brenntag, also want to face globally. Among other things, the solar project to promote the Group's own production of electricity is of great importance in this regard. With this project, Brenntag plans in the years ahead to significantly expand electricity production from renewable sources worldwide, to further reduce its CO<sub>2</sub> emissions and to be more independent as a self-supplier in this area. In Añelo, Argentina, it's about more than just producing solar energy. Environmental protection was already an important factor in the planning phase and during construction of the site. Since it began operating in 2020, a range of measures to increase environmental awareness in daily business operations has also been in place. It is an approach that has received much recognition within the Group and serves as a model for existing and future Brenntag sites.*



Details regarding the solar project please also see page 44.

We are the only site in the company that produces 100% of its electricity itself from renewable energies. We are completely self-sufficient. Even our floodlights have their own solar modules."

*Project Manager Esteban Nitzke is proud not to be connected to the local energy network.*

### COMPLETELY SELF-SUFFICIENT

When it comes to being a self-supplier, one of the Brenntag sites in **Brenntag Latin America** has taken on a special pioneering role: In Añelo, in southwestern Argentina, the site produces 100% of its electricity itself. No other location in the Group has managed to achieve this so far. Initially, the idea to become a self-supplier was born out of necessity: When the site was being constructed, there was no infrastructure in the area, or services of any kind. In an undeveloped area, they had to find their own solutions and help themselves – and that is exactly what Brenntag did.

### CAUTIOUS AND ECONOMICAL USE OF RESOURCES

All thoughts and ideas began with a focus on the consumption of resources. It was clear that this had to be limited to what was necessary. That was kept in mind for all planning, giving rise to a site concept that took into consideration various ways in which the consumption of energy and water could potentially be reduced. For example, the terrace-like structure of the facility makes use of the force of gravity to transport products in the pipeline systems, which means that less electricity is needed from the outset. For lighting at the site, a combination of natural light and the use of LEDs and motion sensors keeps



energy consumption low. These and other measures enable the site to meet 100% of its energy needs in regular operation using its own off-grid solar energy system. In addition to this, the design of the buildings was planned in a way that takes full advantage of sunlight at the location and minimizes the level of dust exposure.

While sunlight in Añelo is high by global comparison, with an average of twelve hours of sunshine per day, the situation with water is different. As a result, water is used cautiously and economically: With precipitation at a low level in Añelo, the precious rainwater is channelled from the warehouse roof into a collection basin. It can hold around 10,000 litres of water which is then available for watering the plants at the site. A drip irrigation system ensures that the water is used economically. The open spaces at the site were planted with local plant life during its construction. This aims to counterbalance the intrusion into the natural environment caused by the creation of infrastructure and the construction of the buildings. In addition to that, the local plants protect the site from strong winds and soil erosion, even if some of the trees are not fully mature yet.

### RESPONSIBLE WASTE MANAGEMENT

The business operations at the site produce regular industrial and office waste. With industrial waste, Añelo takes the same conscientious and careful approach as everywhere else in the Brenntag Group. The chemical

containers, known as IBCs, are used multiple times, and pipelines, pumps and hoses are provided to clean the tanks. The site only disposes of what cannot be cleaned or reused. With office waste, the ten or so employees at the site all adhere to the rules: After separating, recycling and composting the waste at the site's own composting station, there is only around 10 to 20 kg per month left that has to be disposed of as waste.

### ACTING OUT OF CONVICTION

The approach to employee recruitment is also integrative. This is reflected, for example, in the policy to hire people from the region first. There is also a focus on social matters that are relevant to the local community. For example, the site has contracted a cleaning company that employs and supports women who have suffered gender-based violence.



From planning, to construction, to commencing operations and performing daily business operations: In Añelo, nothing is left to chance – forward-looking action and day-to-day attentiveness are indispensable.



## SUPPLY CHAIN

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

Brenntag was able to continue building on the stable foundations of these long-standing business relationships and partnerships worldwide in 2020 and demonstrate its reliability as a partner with a global presence. Throughout the reporting year, Brenntag maintained its ability to supply customers even under the difficult circumstances of the pandemic. Although isolated bottlenecks occurred locally, and in some cases regionally, due to the temporary closures of plants by suppliers and disruptions to transport chains, we were able to overcome these bottlenecks with prompt planning and flexible countermeasures as well as our global and reliable network of partnerships. As a result, we maintained our ability to supply customers at all times as part of a strong global supply chain.

**NB** Already in 2016, Brenntag set itself the goal of monitoring its own supply chain more closely with regard to the various sustainability aspects and gradually making it more sustainable. Among our sustainability targets to be achieved by 2020, we aimed to analyze a specific percentage of our total chemical spend (in EUR)

through *sustainability assessments or audits* as part of our membership of the “Together for Sustainability” initiative (TfS). In 2016, we set a target of 50% for our coverage rate, which we achieved and exceeded by the end of 2017 with a rate of around 64%. We then aimed for an ambitious coverage rate of 80% by 2020. We almost reached this target: By the end of 2020, we had analyzed around 76% of our total chemical spend (in EUR) at least once using sustainability assessments or audits. Through these assessments and audits of our suppliers, we promote the global sustainability objectives relating to *Target 12.6. of SDG 12 “Responsible Consumption and Production”*. This target is relevant as we encourage our suppliers to adopt sustainable practices and to integrate them into their reporting cycle.

In addition to achieving greater transparency in relation to sustainability performance through a higher coverage rate, Brenntag also prioritizes continuous improvements in its suppliers’ sustainability performance. We therefore specified another target in the area of sustainable procurement: By 2020, we wanted 70% of our suppliers undergoing *re-assessment* to have improved their score by at least one point compared to their previous assessment. In practice, this goal proved to be very challenging: By the end of 2020, around 58% of our suppliers had improved their score following re-assessment. This puts us below the rate that we set for ourselves. Practical experience, including from our work within the TfS initiative, has shown that is difficult in particular for suppliers that already have good assessment results to

**NB** improve even further. Even though we did not meet our target in this area, we regard it as a success that a total of around 1,300 of our suppliers underwent an assessment or re-assessment between the launch of the programme in 2016 and the end of 2020. In the future we will adjust the re-assessment rate to match past experience.

### SUPPLIER MANAGEMENT

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

In selecting new suppliers and evaluating existing supplier relationships, both economic and quality criteria and issues of environmental protection and safety, labour and social standards as well as compliance and governance



For the sustainability assessments, please also see the corresponding sections in this chapter on page 53.

are relevant for Brenntag. In 2019, internal processes were developed to ensure and check that sustainability criteria are adequately taken into consideration when purchases are being made. Introduction of these processes began on a gradual basis in 2020 and will continue beyond 2020. In the reporting year, we introduced a measure whereby suppliers whose EcoVadis rating is below 45 will automatically receive advice on specific potential improvements that should make it easier to achieve further progress.

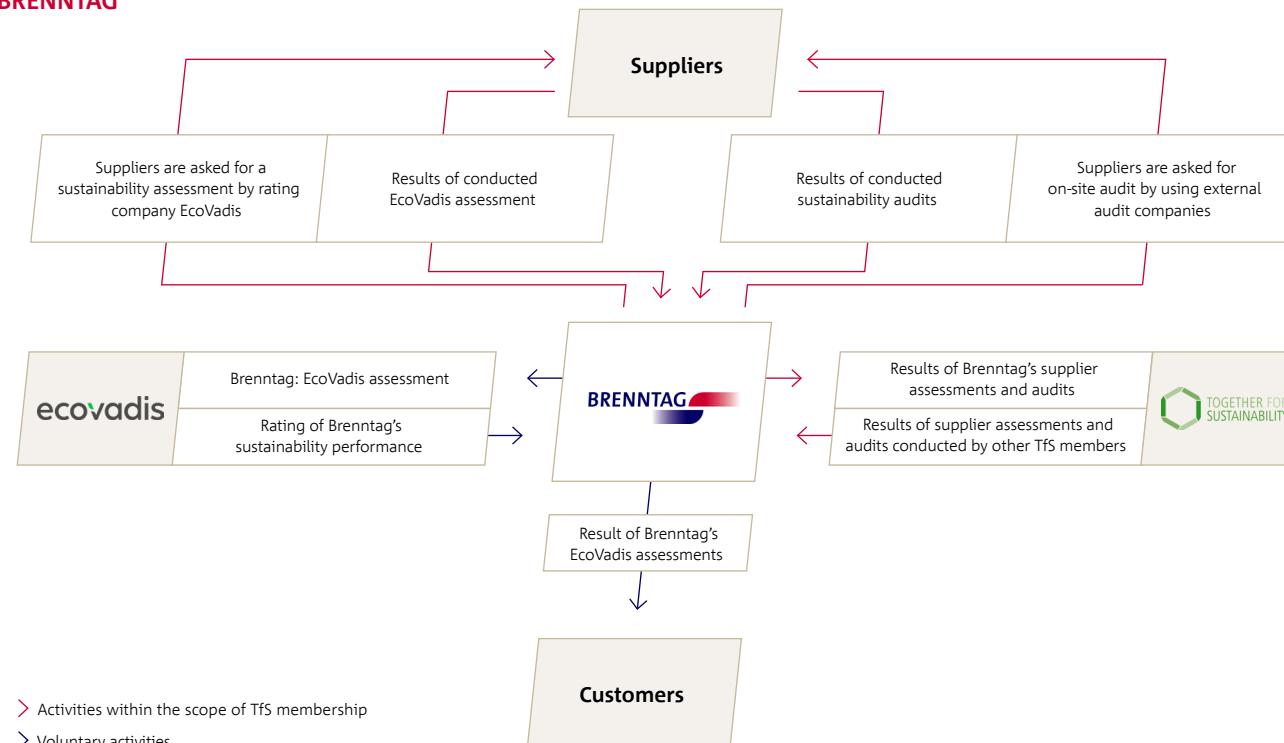
NFB

The topic of sustainable procurement is advanced within our international corporate structures by a dedicated project team. The team consists of representatives from the purchasing units of the four Brenntag regions, the Brenntag Global Sourcing Organization and Brenntag's sustainability team. The sustainability manager regularly reports on the topic of sustainable procurement to Brenntag SE's Board of Management. In 2020, there was a focus on monitoring the achievement of targets under the sustainability strategy and on obligations as part of the company's membership of the "Together for Sustainability" initiative (see below).

**NFB Supplier Code of Conduct:** Brenntag has drawn up a code of conduct specifying what we expect of our suppliers in the areas mentioned. The code is based on the principles of the United Nations Global Compact, the chemical industry's global Responsible Care programme and Brenntag's Code of Business Conduct and Ethics. It can be found on the company's website and is therefore available to all suppliers. To encourage greater compliance with the code of conduct in the future, we want to directly call on our suppliers to actively recognize the code in the coming years. In order to verify compliance with the code of conduct,

The Supplier Code of Conduct is available on our website.

## SUSTAINABLE PROCUREMENT AT BRENTAG



NFB

we invite selected suppliers to undergo a sustainability assessment or audit. They are requested to undergo a re-assessment or re-audit after three years – sooner if the results are insufficient. This process, in particular the conducting of re-assessments, is a requirement for ensuring that a company can be added to the group of “key suppliers” with which Brenntag cooperates on a regular and long-term basis.

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

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

Brenntag evaluates its suppliers’ *assessment results*. We found that suppliers which represent some 69% of our total chemical spend scored 45 points or higher. According to the EcoVadis assessment system, these

NFB

companies have, as a minimum, a structured and proactive sustainability approach, policies and tangible actions in relation to the areas evaluated and a basic reporting system or set of performance indicators. Depending on their performance, Brenntag requests that its suppliers take corrective measures (corrective action plan) or it arranges a supplementary audit. In the year under review, we focused once again on the suppliers that scored less than 45 points and/or whose scorecard was older than three years. The targeted improvements will be evaluated as part of a re-assessment.

As part of the joint work done by the project team, regular detailed discussions take place between the sustainability team and the purchasing units. In addition, we regularly train our purchasing staff on the assessment procedure and therefore also on sustainability issues, enabling them to assist and to advise their suppliers during the review process.

Share of total chemical spend in EUR (in %)



NFB

**Sustainability audits of suppliers:** In the event that a sustainability audit is conducted at a supplier’s location, auditing is based on a catalogue of requirements developed by TfS and covers the areas of sustainability management, environment, health and safety, labour and human rights, and corporate governance. The results of all audits are shared within TfS. Alternatively, we also accept sustainability audits in accordance with SQAS (Safety and Quality Assessment System) as well as SMETA (Sedex/Supplier Ethical Data Exchange Members Ethical Trade Audit) and PSCI (Pharmaceutical Supply Chain Initiative). Brenntag reviews its suppliers’ audit results. If necessary, we agree on corrective measures with the company and the auditor and follow up on their implementation.



[www.tfs-initiative.com](http://www.tfs-initiative.com)

## BRENTAG AS A SUPPLIER

For a number of years now, Brenntag has registered an increasing demand for information on how we deal with sustainability issues – particularly on the part of our customers. We are regularly asked to document our sustainability performance. We are pleased to respond to these needs by making our principles and activities transparent and measurable in various ways. As well as our annual sustainability report, this also includes our own regular EcoVadis assessment, issue-specific audits at our sites and our participation in the climate rating initiative of the international organization *CDP*. In some cases, customers also request information from us that goes beyond the reporting mentioned. This additional information usually relates to the topics of CO<sub>2</sub> emissions, water and waste as well as various topics in the area of human resources, such as diversity. Brenntag’s membership of TfS also

For CDP see the Environmental Protection chapter on page 45.

enables us to provide our customers with information about our suppliers' sustainability score and thus make our supply chain even more transparent.

**EcoVadis score:** In its most recent *EcoVadis assessment* in April 2020, the Brenntag Group achieved a score of 71 points, thereby once again confirming the gold status (Gold Recognition Level) that it achieved in October 2016. This result puts us among the top 1% of companies assessed in our industry category. As specified in our sustainability objectives, we ideally want to maintain our gold status and our score on a long-term basis. For example, we are planning measures to make improvements in the area of the environment with regard to the publication of Scope 3 emissions. The next assessment is scheduled for the end of 2021.

**Safety data sheets:** As a distributor, Brenntag plays a major role in safeguarding the seamless flow of information along the supply chain and must ensure complete product documentation. Together with every product sold, Brenntag therefore sends its customers safety data sheets that contain specific and detailed information on the appropriate and safe handling of the chemicals in question. We thereby make a very concrete contribution to greater transparency and safety in the supply chain. In 2020, Brenntag sent around 600,000 safety data sheets to customers in the EMEA region and the USA alone.

## NFB TOGETHER FOR SUSTAINABILITY

Brenntag has been involved in the chemical industry's "Together for Sustainability" initiative (TfS) since October 2014. In October 2016, it became the first chemical distributor to obtain full membership of the initiative when it achieved an EcoVadis score of over 60 points for the first time.

TfS was established in 2011 and currently has 30 members. The initiative is gradually establishing a uniform global programme for the responsible procurement of goods and services in the chemical industry in order to achieve greater transparency in relation to sustainability performance throughout the supply chain and to make further improvements to its suppliers' ecological and social standards. For this purpose, all TfS members regularly evaluate and review their suppliers by means of a standardized process using assessments and audits. This information is shared confidentially and used jointly within the network, which provides efficiency benefits for every participant and creates more transparency. Between 2011 and 2020, a total of around 16,000 supplier assessments and audits (around 13,800 assessments and 2,200 audits) were conducted via TfS and shared within the initiative. 2,100 suppliers reported on their progress in 2020 and shared it with TfS.

With regard to improvements as a result of re-assessments or follow-up audits in 2020, 57% of TfS suppliers were able to improve in a re-assessment, while the improvement rate for follow-up audits was 75%.

Since 2016, we have been working continuously at Brenntag to use the findings we have obtained to improve our suppliers' sustainability performance. Our involvement with TfS provides us with an opportunity to advance the issue of sustainability within the chemical industry's supply chain and to learn from the best-practice experiences of the other members. This enables us to further professionalize our sustainability approach in the area of supplier management. As a member, Brenntag has a seat and voting rights at the general assembly, the top decision-making body of TfS. In addition, Brenntag employees in Europe, Asia, Latin America and the USA are involved in working groups. Together with representatives of the other TfS members, they are working, for example, to further develop the audit programme, to increase awareness of the initiative and its objectives at events in the industry and to convince other suppliers of the added value created by the voluntary sustainability assessments and audits. Other colleagues got involved in the newly established "*Greenhouse Gas Scope 3 emissions*" task force. Brenntag extended its reporting to include these emissions for the first time in 2020.



The results of the *EcoVadis Rating* are available here.



See also pages 44 and 58.

Together for Sustainability 2011–2020:  
Total number of supplier assessments

around **16,000**



## COMMUNITY

Brenntag is present at more than 670 sites in 77 countries worldwide, where it is an employer, a business partner and a neighbour in local communities in many different countries and cities. We see ourselves as part of these communities, as a “corporate citizen”, and we maintain a lively dialogue with them and aim to contribute to a positive environment.

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

### PROMOTION OF EDUCATION

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

### PRACTICAL EXAMPLES

Although practical project work was restricted in the reporting year due to the pandemic, it was not impossible. If in-person events had to be cancelled, we used digital formats when possible, or provided support for their use.

**Brenntag North America** has supported the work of the Chemical Educational Foundation (CEF) for many years. The work done by the CEF has led to the **You Be the Chemist** programme that provides inspiration to both students and teachers by combining science with a fun, practical approach. In 2020, the competition took place – shortly before the lockdown – in a new format: For the first time, teams of four competed against each other. As always, they had to solve a range of chemistry challenges, which also involved making short videos this year. In the reporting year, Brenntag sponsored and organized the local competition in Lancaster, Lehigh Valley and Berks (Pennsylvania).

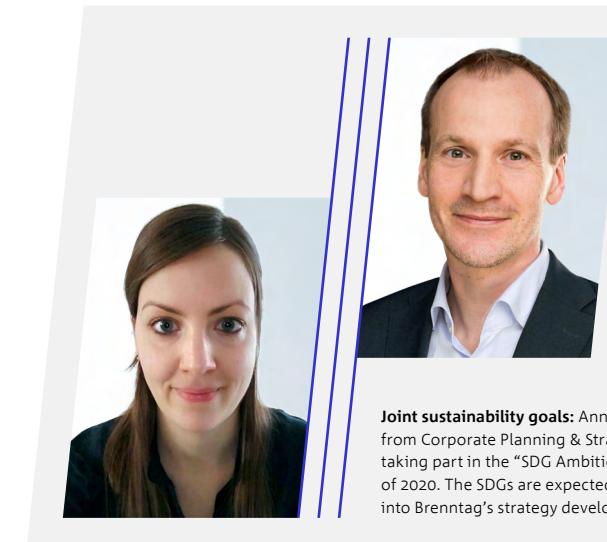
Despite the difficulties caused by the pandemic in the reporting year, we were able to continue and enhance our partnership with Ostfalia University, which began in 2019. In November 2020, we introduced Brenntag in a virtual presentation as part of the “Trade and Logistics”

course, focusing on logistics at Brenntag's locations in **Germany**. The partnership with the university enables Brenntag to enhance the practical focus of the applied study course. To achieve this, Brenntag employees give specialist presentations in lectures, for example, or we make case studies available, or facilitate excursions for the students to Brenntag's logistics sites. In exchange, the faculty increases Brenntag's profile as an employer, e.g. with job offers or apprenticeship places.



[www.chemed.org](http://www.chemed.org)

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



**Joint sustainability goals:** Anne Troost and Dr Dirk Eckert from Corporate Planning & Strategy, Brenntag SE, have been taking part in the “SDG Ambition Programme” since the end of 2020. The SDGs are expected to be increasingly integrated into Brenntag's strategy development.

## LOCAL COMMITMENT

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

## PRACTICAL EXAMPLES

Within the Brenntag Group, we demonstrate our commitment to diversity, equal treatment and inclusion in many different ways. For example, **Brenntag EMEA** in Spain once again supported the work of the Adecco foundation in the reporting year. In 2020, the "*Vulnerables*" campaign focused public attention on the importance of protecting and providing support to people with disabilities, particularly in the workplace. We supported the call for greater commitment to and awareness of this issue.

Employees at **Brenntag Caribe** put great effort into fighting dengue fever and malaria in the reporting year. Both diseases, which are transmitted by mosquitoes, are widespread in the Caribbean. Since there is no vaccine for dengue or malaria, medical advice and mosquito nets are of crucial importance as preventive measures. The local Brenntag team distributed mosquito nets and provided space for medical education.



CASA Manager Carlos Rodriguez accepts an award from the local development organization PADESCHA for Brenntag Caribe's commitment to the fight against dengue fever and malaria in the city of Haina.

**Brenntag Mid South** in Kentucky, USA, has farmland at its site that is used to grow crops. The team uses various products from the Brenntag portfolio in the cultivation of corn and soya beans on test plots of land. One third of the profit generated by the sale of the crops goes to Brenntag and two thirds to local farmers. In the reporting year, the increased yield from Brenntag's portion of the harvest was donated to Cliff Hagan Boys & Girls Club of Henderson, an organization that provides care and support to children.

In response to the devastating bushfires in Australia, **Brenntag Asia Pacific** contributed in various ways: Some Brenntag employees performed voluntary work, provided accommodation or storage space for animal feed, or distributed clothing and food to those in need. The offices in Australia and New Zealand collected donations.

[www.somosvulnerables.org](http://www.somosvulnerables.org)

See the Employees chapter for more information on support to people with disabilities on page 29.



# ABOUT THIS REPORT

## REPORT PROFILE

### REPORTING PRINCIPLES

Brenntag's 2020 Sustainability Report is its eighth sustainability report. Brenntag reports on its sustainability activities every year. This report complies with international standards for sustainability reporting – the Global Reporting Initiative (GRI) and the principles of the United Nations Global Compact (UNGC).

- I This report has been prepared in accordance with the GRI Standards: Core Option. The GRI Content Index can be found from page 62.
- I This Sustainability Report for 2020 is also an annual progress report (Communication on Progress – COP) for the [UNGC](#), which Brenntag joined in October 2014. This report has therefore also been published on the organization's website.

### NFB Separate non-financial Group report

The content in this report marked with a blue line and the acronym NFB forms the separate non-financial Group report (NFB) pursuant to Section 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. To provide a structured presentation of this content, Brenntag has used the standards of the Global Reporting Initiative (GRI) as a framework. The description of the concepts required under the HGB is based on the structure of the GRI management approaches. This is used in the description of the materiality analysis (GRI 101 management approach) as well as for management approaches relating to "environmental matters",

NFB

"employee matters", "respect for human rights", "anti-corruption and bribery matters" and "responsibility in the supply chain" (GRI 103 management approach). In addition, the GRI Content Index contrasts the GRI indicators with the corresponding passages in the report. This GRI Content Index is published from page 62 of the 2020 sustainability report. Information on the fulfilment of the GRI indicators and references to information not contained in the sustainability report or in the combined Group management report and management report of Brenntag SE constitutes additional information and is not part of this separate non-financial Group report.

The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) pursuant to ISAE 3000 (Revised) to obtain limited assurance. The Practitioner's Report can be found on pages 60–61.

### Identification of material content

The issues presented in the materiality matrix on page 11 form the basis for determining the NFB content. The matrix is the result of a materiality assessment which is based on the principles defined by the GRI: Sustainability context, materiality, completeness and stakeholder inclusiveness. In order to determine the material topics for the NFB, Brenntag has adhered to the definition of Section 289c, para. 3, sentence 1 of the (HGB). These topics were assessed for the NFB using the following criteria:

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

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

[www.unglobalcompact.org](http://www.unglobalcompact.org)

### Material topics pursuant to section 289c, para. 3, sentence 1 of the HGB

Aspects	Issue and page reference
Environmental matters	<ul style="list-style-type: none"> <li>I Safe handling of chemicals (page 38–39)</li> <li>I Climate protection (page 42–45)</li> </ul>
Employee matters	<ul style="list-style-type: none"> <li>I Occupational health and safety (page 34–36, 39–40)</li> <li>I HR development and training/Respectful and supportive work environment (page 22–27)</li> </ul>
Respect for human rights	<ul style="list-style-type: none"> <li>I Compliance and governance (page 14–19)</li> </ul>
Anti-corruption and bribery matters	<ul style="list-style-type: none"> <li>I Compliance and governance (page 14–19)</li> </ul>
Social matters	<ul style="list-style-type: none"> <li>I Identified as being immaterial to the separate non-financial Group report within the meaning of the law</li> </ul>
Responsibility in the supply chain	<ul style="list-style-type: none"> <li>I Sustainable selection of suppliers (page 51–54)</li> </ul>



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Social matters were identified as being immaterial to Brenntag within the meaning of the law and were therefore not included in the NFB. We have reported on the social activities and wide-ranging involvement of our employees in the Community chapter from page 55. In addition, Brenntag has identified responsibility in the supply chain as being material to the company. As the market leader in chemical distribution, we believe we have a responsibility to reduce negative effects with regard to the non-financial aspects within the supply chain and to strengthen positive effects.

### Data basis and calculation

This sustainability report covers Brenntag SE, which is included in the consolidated financial statements, as well as the fully consolidated subsidiaries which are also included, along with structured companies. For information on the group of consolidated companies and consolidation method, see page 117 and page 122 as well as the list of companies included in the consolidated financial statements on page 181ff. of Brenntag's 2020 Financial Report. Any deviations from these parameters are indicated in the relevant section of this sustainability report.

The reporting period for this sustainability report covers the 2020 financial year (January 1, 2020 to December 31, 2020) of the Brenntag Group and follows on from the Sustainability Report for the financial year 2019, which was published in April 2020. Any deviations regarding 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

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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.

Selected Scope 3 emissions have been published in this report for the first time. Calculation of these emissions varies by category:

**Scope 3.1 Purchased goods and services:** The emissions were calculated for Brenntag's main product categories, which account for 77% of its total chemical spend (in tonnes). They were calculated using a combined approach of volume and consumption-based emission factors from LCA<sup>1</sup> 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 GBW<sup>2</sup> 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 DBEIS (previously DEFRA)<sup>3</sup> 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 incoming and outgoing transportation involving external trucks was calculated, as were emissions caused by direct business. They were calculated using a combined approach of volume and consumption-

based emission factors from DBEIS (previously DEFRA)<sup>3</sup>, which were correlated with the number of tonne-kilometres. The average distance per consignment was calculated initially for the EMEA region for individual countries with significant transport volumes. For the North America region, it was possible to use the distances per consignment, on the basis of 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 HFM<sup>4</sup> and GBW<sup>2</sup> system for the respective global regions. At the end, the total emissions calculated were allocated to categories 3.4 and 3.9 based on the Incoterms<sup>5</sup>.

### Boundaries of material topics pursuant to GRI (103-1)

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

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

<sup>1</sup> Life Cycle Assessment

<sup>2</sup> Global Business Warehouse

<sup>3</sup> Department for Business, Energy & Industrial Strategy

(Department for Environment Food & Rural Affairs)



Material topic	Relevant within the organization	Relevant outside the organization	Related GRI Standard 2016 or management approach for additional material topics
SUSTAINABLE GOVERNANCE	Compliance and governance	x	<ul style="list-style-type: none"> <li>/ GRI 205: Anti-corruption 2016</li> <li>/ GRI 206: Anti-competitive behaviour 2016</li> <li>/ GRI 207: Tax 2019</li> <li>/ GRI 307: Environmental compliance 2016</li> <li>/ GRI 406: Non-discrimination 2016</li> <li>/ GRI 407: Freedom of association and collective bargaining 2016</li> <li>/ GRI 408: Child labour 2016</li> <li>/ GRI 409: Forced or compulsory labour 2016</li> <li>/ GRI 410: Security practices 2016</li> <li>/ GRI 411: Rights of indigenous peoples 2016</li> <li>/ GRI 412: Human rights assessment 2016</li> <li>/ GRI 417: Marketing and labelling 2016</li> <li>/ GRI 418: Customer privacy 2016</li> <li>/ GRI 419: Socioeconomic compliance 2016</li> </ul>
	Sustainable growth	x	<ul style="list-style-type: none"> <li>/ GRI 201: Economic performance 2016</li> <li>/ Brenntag 2020 Financial Report p. 45–46</li> <li>/ <a href="https://www.brenntag.com/corporate/en/about/strategy-organisation/vision-values/">https://www.brenntag.com/corporate/en/about/strategy-organisation/vision-values/</a></li> </ul>
	Climate adaptation	x	<ul style="list-style-type: none"> <li>/ SR p. 42–45</li> </ul>
	Sustainable selection of suppliers	x	<ul style="list-style-type: none"> <li>/ GRI 204: Procurement practices 2016</li> <li>/ GRI 308: Supplier environmental assessment 2016</li> <li>/ GRI 414: Supplier social assessment 2016</li> </ul>
SAFETY AND ENVIRONMENTAL PROTECTION	Safe handling of chemicals	x	<ul style="list-style-type: none"> <li>/ GRI 416: Customer health and safety 2016</li> <li>/ GRI 303: Water and effluents 2018</li> <li>/ GRI 306: Waste 2020</li> </ul>
	Climate protection	x	<ul style="list-style-type: none"> <li>/ GRI 302: Energy 2016</li> <li>/ GRI 305: Emissions 2016</li> </ul>
	Waste and packaging	x	<ul style="list-style-type: none"> <li>/ GRI 306: Waste 2020</li> </ul>
	Water and effluents	x	<ul style="list-style-type: none"> <li>/ GRI 303: Water and effluents 2018</li> </ul>
EMPLOYEES AND COMMUNITY	Sustainable products and solutions	x	<ul style="list-style-type: none"> <li>/ GRI 416: Customer health and safety 2016</li> <li>/ GRI 417: Marketing and labelling 2016</li> </ul>
	Occupational health and safety	x	<ul style="list-style-type: none"> <li>/ GRI 403: Occupational health and safety 2018</li> </ul>
	HR development and training	x	<ul style="list-style-type: none"> <li>/ GRI 404: Training and education 2016</li> </ul>
	Respectful and supportive work environment	x	<ul style="list-style-type: none"> <li>/ GRI 401: Employment 2016</li> <li>/ GRI 402: Labour/management relations 2016</li> <li>/ GRI 405: Diversity and equal opportunity 2016</li> <li>/ GRI 406: Anti-discrimination 2016</li> <li>/ GRI 407: Freedom of association and collective bargaining 2016</li> </ul>
	Social commitment	x	<ul style="list-style-type: none"> <li>/ GRI 413: Local communities 2016</li> </ul>



## PRACTITIONER'S REPORT

### INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING<sup>1</sup>

#### To Brenntag SE, Essen

We have performed a limited assurance engagement on the separate non-financial Group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Brenntag SE, Essen, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

#### Responsibilities of the Executive Directors

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

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

#### Independence and Quality Control of the Audit Firm

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

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

#### Practitioner's Responsibility

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

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

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate Non-financial group report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.



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

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

- I Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
  - I Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
  - I Identification of the likely risks of material misstatement of the Non-financial Report
  - I Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites

- | Analytical evaluation of selected disclosures in the Non-financial Report
  - | Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
  - | Evaluation of the presentation of the non-financial information

## Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

## Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 16 April 2021

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke  
Wirtschaftsprüfer  
[German public auditor] ppa. Mirjam Kolmar



## GRI CONTENT INDEX

GRI standard and description	References	Comments and online resources	UNGC
<b>GRI 101:</b> Foundation 2016			
<b>GRI 102:</b> General Disclosures 2016			
<b>Organizational profile</b>			
102-1 Name of the organization		Brenntag SE	
102-2 Activities, brands, products, and services	SR: p. 2, 9–10 FR: p. 44	www.brenntag.com	
102-3 Location of headquarters	SR: p. 2	Messeallee 11, 45131 Essen, Germany	
102-4 Location of operations	FR: p. 181–189		
102-5 Ownership and legal form	FR: p. 10, 44		
102-6 Markets served	FR: p. 53–56		
102-7 Scale of the organization	SR: p. 2–3, 10 FR: fold-out page, p. 108–109		
102-8 Information on employees and other workers	SR: p. 30–31		6
102-9 Supply chain	SR: p. 2, 10, 51–54		
102-10 Significant changes to the organization and its supply chain	SR: p. 51–54 FR: p. 46, 49–50		
102-11 Precautionary Principle or approach	FR: p. 45, 88–90		
102-12 External initiatives	SR: p. 10, 18, 36, 39, 53–54		
102-13 Membership in associations		<a href="https://www.brenntag.com/corporate/documents/sustainability/brenntag_list_of_memberships_20190630.pdf">https://www.brenntag.com/corporate/documents/sustainability/brenntag_list_of_memberships_20190630.pdf</a>	
<b>Strategy</b>			
102-14 Statement from senior decision-maker	SR: p. 4–5		
<b>Ethics and integrity</b>			
102-16 Values, principles, standards, and norms of behavior	SR: p. 9–10, 14–18	<a href="https://www.brenntag.com/corporate/en/about/strategy-organisation/vision-values/">https://www.brenntag.com/corporate/en/about/strategy-organisation/vision-values/</a>	10
<b>Governance</b>			
102-18 Governance structure	FR: p. 16–25, 26–29, 30–41		
<b>Stakeholder engagement</b>			
102-40 List of stakeholder groups	SR: p. 20		
102-41 Collective bargaining agreements		Due to its large number of international locations and the broad range of labour regulations applicable to these locations, Brenntag does not record this data in a consolidated Group-wide format.	3
102-42 Identifying and selecting stakeholders	SR: p. 20		
102-43 Approach to stakeholder engagement	SR: p. 20, 51–54, 55–56		
102-44 Key topics and concerns raised	SR: p. 7–8, 9–13, 20, 49–50		

SR: Brenntag Sustainability Report for the Financial Year 2020

FR: Brenntag 2020 Financial Report



GRI standard and description	References	Comments and online resources	UNGC
<b>Reporting practice</b>			
102-45 Entities included in the consolidated financial statements	FR: p. 117–118, 181–189		
102-46 Defining report content and topic boundaries	SR: p. 9–13, 57–59		
102-47 List of material topics	SR: p. 11, 59		
102-48 Restatements of information	SR: p. 3, 27, 31, 34–35, 39, 43–44 FR: p. 115–117		
102-49 Changes in reporting	SR: p. 57–59 FR: p. 115–117, 118–123		
102-50 Reporting period	SR: p. 58		
102-51 Date of most recent report		2020	
102-52 Reporting cycle		Annually	
102-53 Contact point for questions regarding the report	SR: p. 68		
102-54 Claims of reporting in accordance with the GRI Standards		Core	
102-55 GRI content index	SR: p. 62–67		
102-56 External assurance	SR: p. 60–61		
<b>ECONOMIC</b>			
<b>GRI 201: Economic Performance 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	FR p. 45, 50–56		
201-1 Direct economic value generated and distributed	FR: fold-out page, p. 106, 137		
201-3 Defined benefit plan obligations and other retirement plans	FR: p. 137, 151–159		
<b>GRI 204: Procurement Practices 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 51–54		
204-1 Proportion of spending on local suppliers	SR: p. 50–53	Local and regional purchasing is of only minor significance for the business model of a chemical distributor, in particular in the area of commodities.	
<b>GRI 205: Anti-corruption 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13–16		
205-1 Operations assessed for risks related to corruption	SR: p. 16	Within the scope of internal audits, a total of 32 Brenntag companies were reviewed in relation to corruption risks, etc. in the reporting year.	10
205-2 Communication and training about anti-corruption policies and procedures	SR: p. 14–16, 19		10
205-3 Confirmed incidents of corruption and actions taken	SR: p. 16		10
<b>GRI 206: Anti-competitive Behavior 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	FR: p. 98		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	FR: p. 98		
<b>GRI 207: Tax 2019</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 17		
207-1 Approach to tax	SR: p. 17		
207-2 Tax governance, control, and risk management	SR: p. 17, 20		
207-3 Stakeholder engagement and management of concerns related to tax	SR: p. 17, 20		
207-4 Country-by-country reporting	SR: p. 17 FR: p. 51–52, 106		

SR: Brenntag Sustainability Report for the Financial Year 2020

FR: Brenntag 2020 Financial Report



GRI standard and description	References	Comments and online resources	UNGC
<b>ENVIRONMENTAL</b>			
<b>GRI 302:</b> <b>Energy 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 42, 44		
302-1 Energy consumption within the organization	SR: p. 43		7, 8
302-3 Energy intensity	SR: p. 43		8
302-4 Reduction of energy consumption	SR: p. 42–45		8, 9
302-5 Reductions in energy requirements of products and services	SR: p. 42, 44–45		
<b>GRI 303:</b> <b>Water and Effluents 2018</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 42, 45–46		
303-1 Interactions with water as a shared resource	SR: p. 45		7, 8
303-2 Management of water discharge-related impacts	SR: p. 45		7, 8
303-5 Water withdrawal	SR: p. 45–46		7, 8
<b>GRI 305:</b> <b>Emissions 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 42, 44		
305-1 Direct (Scope 1) GHG emissions	SR: p. 43		7, 8
305-2 Energy indirect (Scope 2) GHG emissions	SR: p. 43		7, 8
305-3 Other indirect (Scope 3) GHG emissions	SR: p. 44		7, 8
305-4 GHG emissions intensity	SR: p. 43		8
305-5 Reduction of GHG emissions	SR: p. 42, 44–45		8
<b>GRI 306:</b> <b>Waste 2020</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 47		7, 8
306-1 Waste generation and significant waste-related impacts	SR: p. 47		7, 8
306-2 Management of significant waste-related impacts	SR: p. 47–48		
306-3 Waste generated	SR: p. 50	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. Therefore, only one example is given in this report.	
<b>GRI 307:</b> <b>Environmental Compliance 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13–15 FR: p. 98		
307-1 Non-compliance with environmental laws and regulations	FR: p. 98	The Brenntag Group paid fines of approx. EUR 123,000 in the reporting period due to non-compliance with environmental regulations.	8
<b>GRI 308:</b> <b>Supplier Environmental Assessment 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 51–54		
308-1 New suppliers that were screened using environmental criteria	SR: p. 51–54		8
<b>SOCIAL</b>			
<b>GRI 401:</b> <b>Employment 2016</b>			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 22–23, 27		
401-1 New employee hires and employee turnover	SR: p. 31	Brenntag reports the total number and ratio of new employees as well as the total number and ratio of employee turnover by region.	6
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: p. 28–29	Due to our company's decentralized and international structure, it is not possible to provide a complete list of the benefits which our employees receive. For this reason, only a few examples are provided in this report.	6



GRI standard and description	References	Comments and online resources	UNGC
<b>GRI 402:</b> <b>Labor/Management Relations 2016</b>			
<b>GRI 103:</b> Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 27–28		
402-1 Minimum notice periods regarding operational changes		Brenntag informs its employees of impending operational changes at an early stage and comprehensively, while complying with applicable national and international notification periods.	3
<b>GRI 403:</b> <b>Occupational Health and Safety 2016</b>			
<b>GRI 103:</b> Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 34–36, 39–41		
403-1 Occupational health and safety management system	SR: p. 34–36, 39–41		
403-2 Hazard identification, risk assessment, and incident investigation	SR: p. 39–41		
403-3 Occupational health services	SR: p. 28	Brenntag pursues a decentralized approach. Large production sites partly have local occupational health services, otherwise each site has a direct contact person for occupational health concerns.  Temporary workers who have been with the company for more than three months also participate in the BEST employee surveys.	
403-4 Worker participation, consultation, and communication on occupational health and safety	SR: p. 28–29, 41		
403-5 Worker training on occupational health and safety	SR: p. 39, 41		
403-6 Promotion of worker health	SR: p. 28–29		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR: p. 39–40		
403-8 Workers covered by an occupational health and safety management system		All employees are covered by the global QSHE management system.	
403-9 Work-related injuries	SR: p. 34, 39	Temporary workers are included in the accident reporting. There were no fatalities in the reporting year 2020.	
<b>GRI 404:</b> <b>Training and Education 2016</b>			
<b>GRI 103:</b> Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 24–25		
404-2 Programs for upgrading employee skills and transition assistance programs	SR: p. 24–28	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.	
<b>GRI 405:</b> <b>Diversity and Equal Opportunity 2016</b>			
<b>GRI 103:</b> Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 29		
405-1 Diversity of governance bodies and employees	SR: p. 29–31 FR: p. 30–41		6
405-2 Ratio of basic salary and remuneration of women to men	SR: p. 29	The recruitment, remuneration and development of employees solely reflect their qualifications and abilities in relation to their respective duties.	6
<b>GRI 406:</b> <b>Non-discrimination 2016</b>			
<b>GRI 103:</b> Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13, 16, 19		
406-1 Incidents of discrimination and corrective actions taken	SR: p. 16, 19	Brenntag reports on the total number of confirmed compliance incidents. For confidentiality reasons, we do not disclose the exact number of complaints by type. Accordingly, we do not explicitly report the number of complaints relating to discrimination.	6



GRI standard and description	References	Comments and online resources	UNGC
<b>GRI 407: Freedom of Association and Collective Bargaining</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 17–18, 28, 51–54		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR: p. 17–18, 28, 51–54	As part of our TfS membership, we request that our suppliers undergo sustainability assessments, which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's Code of Business Conduct and Ethics as well as our Supplier Code of Conduct also require the protection of human rights, equal treatment and fair working conditions.	3
<b>GRI 408: Child Labor 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 13–16, 17–19, 51–54		
408-1 Operations and suppliers at significant risk for incidents of child labor	SR: p. 14–16, 17–19, 51–54		5
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 13–16, 17–19, 51–54		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR: p. 14–16, 17–19, 51–54		4
<b>GRI 410: Security Practices 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>			
410-1 Security personnel trained in human rights policies or procedures		Brenntag will review the relevance of this aspect.	1
<b>GRI 411: Rights of Indigenous Peoples 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 14–15		
411-1 Incidents of violations involving rights of indigenous peoples		We have not received any reports on incidents for the reporting period.	1
<b>GRI 412: Human Rights Assessment 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 14–16, 17–18		
412-1 Operations that have been subject to human rights reviews or impact assessments	SR: p. 14–16, 17–18		2
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		For every company acquisition, aspects such as compliance and employment agreements are examined in addition to commercial factors as part of due diligence. We disclose information about these transactions in the Financial Report (page 49–50). For information on the due diligence process on acquisitions, please see our website at <a href="https://www.brenntag.com/corporate/en/sustainability/sustainability-management/compliance/">https://www.brenntag.com/corporate/en/sustainability/sustainability-management/compliance/</a>	2
<b>GRI 413: Local Communities 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 55		
413-1 Operations with local community engagement, impact assessments, and development programs	SR: p. 55–56	Brenntag does not systematically assess the impact of its community and social activities.	1
<b>GRI 414: Supplier Social Assessment 2016</b>			
<b>GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)</b>	SR: p. 51–54		
414-1 New suppliers that were screened using social criteria	SR: p. 51–54	Within the framework 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.	

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GRI standard and description	References	Comments and online resources	UNGC
<b>GRI 416:</b> Customer Health and Safety 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 28–29, 38–39		
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.	
<b>GRI 417:</b> Marketing and Labeling 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 38–39		
417-1 Requirements for product and service information and labeling	SR: p. 38–39		
417-2 Incidents of non-compliance concerning product and service information and labeling		There were no incidents during the reporting period.	
417-3 Incidents of non-compliance concerning marketing communications		There were no incidents during the reporting period.	
<b>GRI 418:</b> Customer Privacy 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 16, 19		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR: p. 16, 19	Brenntag reports on the total number of confirmed compliance incidents. For confidentiality reasons, we do not disclose the exact number of complaints by type. Accordingly, we do not explicitly report the number of complaints relating to data protection measures.	
<b>GRI 419:</b> Socioeconomic Compliance 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	SR: p. 13–15 FR: p. 98		
419-1 Non-compliance with laws and regulations in the social and economic area	FR: p. 98		

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