



2023

Annual report

Key financial figures at a glance

Consolidated income statement

		2023	2022	Change in %	Change in % (fx adj.)
Sales	EUR m	16,815.1	19,429.3	-13.5	-11.0
Operating gross profit	EUR m	4,041.8	4,319.0	-6.4	-3.7
Operating EBITDA	EUR m	1,584.6	1,808.6	-12.4	-9.2
Operating EBITDA / operating gross profit	%	39.2	41.9		
Operating EBITA	EUR m	1,265.0	1,511.7	-16.3	-13.1
Operating EBITA / operating gross profit	%	31.3	35.0		
Profit after tax	EUR m	721.1	902.5	-20.1	
Basic earnings per share	EUR	4.73	5.74		
Diluted earnings per share	EUR	4.73	5.74		

Consolidated balance sheet

		Dec. 31, 2023	Dec. 31, 2022
Total assets	EUR m	10,337.8	11,373.0
Total equity	EUR m	4,356.7	4,802.7
Working capital	EUR m	2,005.8	2,588.6
Net financial liabilities	EUR m	2,186.8	2,049.7

Consolidated cash flow

		2023	2022
Net cash provided by operating activities	EUR m	1,663.9	956.7
Payments to acquire intangible assets and property, plant and equipment	EUR m	-321.1	-267.2
Free cash flow	EUR m	1,712.0	1,005.1

Key data on the Brenntag shares

		2023	2022
Share price	EUR	83.22	59.72
No. of shares (unweighted)		147,453,837	154,500,000
Market capitalization	EUR m	12,271	9,227
Free float	%	89.52	100.00

Company Profile

Brenntag is the global market leader in chemicals and ingredients distribution. The company holds a central role in connecting customers and suppliers of the chemical industry. With its two global divisions Brenntag Essentials and Brenntag Specialties the company provides a portfolio of industrial and specialty chemicals and ingredients as well as tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory know-how and digital solutions for a wide range of industries.

Brenntag operates a global network of about 600 locations in 72 countries. With its global workforce of more than 17,700 employees Brenntag generated sales of about EUR 16.8 billion in 2023.

Letter from the CEO



Dear ladies and gentlemen, dear shareholders,

Your Brenntag is turning 150 years old! On this anniversary, we can look back, both full of respect and with pride, on an impressive history of growth. Pioneering spirit, vision and a focus on our strengths are among the skills that have taken us from humble beginnings as an egg wholesaler in Berlin in 1874 to what we are today, the global market leader in chemical and ingredients distribution. Our desire to continually evolve and shape the future of our industry is what drives us and remains our inspiration.

Our strong customer focus and close alliance with our suppliers were and still are essential ingredients in this success story. We never cease strengthening these foundations further. Whether by optimizing our processes and services or through a stronger focus on digitalization and the value inherent in our transaction data. On average worldwide, Brenntag currently receives an order every ten seconds. Every day, more than 17,700 employees put into practice our aspiration to be the best, the most reliable and the most flexible partner in the market. The very high level of satisfaction among our customers, as shown by a clear improvement in our customer net promoter score since 2020, is visible and reassuring proof.

In light of the multiple geopolitical, social and macroeconomic challenges, Brenntag's success is not something that could be taken for granted. Geopolitical crises, such as the wars in Ukraine and the Middle East, have had an adverse effect on international supply chains and global economic growth, while inflationary trends continue to place a considerable strain on costs. Against the background of the tensions that can be seen worldwide and social polarization, we take all the more care to ensure that our corporate values are put into practice. Brenntag stands for diversity, equity, tolerance and respect. We speak out against any form of discrimination, exclusion and hatred within our own company and beyond.

In view of this challenging environment, Brenntag delivered a solid performance overall in 2023 and once again demonstrated its resilience. We are satisfied with our financial results, even though, as expected, they were down on 2022, a record year. Brenntag generated sales of EUR 16.82 billion and operating gross profit of EUR 4.04 billion in financial year 2023. Our operating EBITA came to EUR 1.27 billion. The challenging external influences are also reflected in the figures of our two divisions. Operating gross profit at Brenntag Essentials came to EUR 2.53 billion. Operating EBITA stood at EUR 848.9 million in financial year 2023. Brenntag Specialties posted operating gross profit of EUR 1.48 billion. Operating EBITA came to EUR 550.8 million. To counter the challenging macroeconomic conditions, we took measures to reduce costs, among other things, which had the intended effect during the second half of the year.

Above all last year, Brenntag continued the transformation it initiated in autumn 2020. We worked consistently to execute our growth strategy “Strategy to Win”, through which we are gradually aligning our two divisions more closely with global market conditions and customer and supplier needs. An important part of this strategy is to modernize and consistently expand our IT infrastructure and our digital and data basis. The aim is to make Brenntag a more data- and technology-driven company that stands out for efficiency, growth and excellence in all areas of the organization.

As announced in summer 2023, we are also making further adjustments to the governance and organizational structures in conformity with our “Strategy to Win”, both for the Group and for the two Brenntag divisions. This will enable our divisions to have more differentiated and market-aligned steering in accordance with their growth strategies and in line with customer and supplier needs. At the Capital Markets Day in December 2023, we set out our plans in greater detail: to better leverage Brenntag Essentials’ full potential in the highly attractive global market for chemical distribution and to clearly improve Brenntag Specialties’ performance capability in Life Science and Material Science. At the same time, we are driving forward the two divisions’ operational and legal disentanglement. Thus, we will gradually create independent, autonomous and market-leading businesses.

As global market leader with an extremely resilient business model, a compelling growth strategy and a very robust financial profile, Brenntag is best positioned to consolidate the still highly-fragmented chemical distribution market and thus drive our growth. In the past year, we signed or closed eight acquisitions in focus industries and growth markets of strategic importance to us. A total spend of EUR 570 million on mergers and acquisitions puts us slightly above our planned average annual M&A corridor of EUR 400 to 500 million which we set for 2023 and subsequent years.

Brenntag believes that being the global leader in one's industry also means playing a pioneering role in ESG (environment, social and governance). Our top priority is to act responsibly in all three dimensions of ESG. In the reporting period, various initiatives and new services enabled us to increase the sustainability of our product portfolio and give our customers more transparency over the carbon footprint of the products sourced from us, for example. Our performance and our offering in this area have been recognized and qualified by way of well-known ratings and certifications. In addition to responsibility for the environment, responsibility toward our employees is also firmly embedded in our DNA. We put everyone's health and safety first in everything we do. I am therefore delighted that we moved another step closer to our goal of achieving a TRIR of less than 2.0 and preventing serious accidents completely by 2030. The TRIR continued to fall and stood at 2.5 in financial year 2023. This performance is thanks to the diverse initiatives to promote safety and raise employee awareness that we are always implementing at Brenntag. We were particularly pleased that we once again achieved third place among the DAX companies in Germany in the DVFA corporate governance quality ranking.

Dear shareholders, we can look back on a long track record of success at our company, during which we have paved the way for a successful future, especially in recent years. Here, our sincere thanks go to Doreen Nowotne, who stepped down from the Supervisory Board as scheduled at the 2023 Annual General Meeting after serving more than thirteen years on the Board, three of them as Chair.

The continuing development of our – your – company is aimed not least of all at creating attractive value for you. Through our share buyback program initiated in March 2023 and now almost completed, we have acquired and withdrawn treasury shares at a total purchase price of EUR 750 million in two tranches. Since going public in 2010, we have also reliably increased our dividend. This year too, for the thirteenth time in succession, we will propose to the Annual General Meeting that it be increased and a dividend of EUR 2.10 be distributed per share.

What can you expect from Brenntag in 2024, its anniversary year? We will continue our track record of success. By continuing to consistently drive our transformation and implementing and developing our strategy in a targeted manner. In addition to measures that ensure our two divisions' organic growth, this also includes value-enhancing acquisitions. In the process, we will always adapt our decisions in line with macroeconomic and geopolitical developments. Time and time again during our 150-year history, we have proven that we turn challenges into opportunities for Brenntag and thus continue to grow. Currently, the slight, sequential signs of recovery in our volumes in the second half of 2023 make us cautiously optimistic of a medium-term improvement in market conditions. We expect this trend to continue in 2024, but at the same time also anticipate that the general economic uncertainty will persist. Against this background, we expect the Brenntag Group's operating EBITA for 2024 to be between EUR 1,230 million and EUR 1,430 million.

Dear shareholders, I would like to thank you for your loyalty and your support. In this anniversary year, I again look forward to actively shaping Brenntag's further success together with our employees, the full Board of Management, our global management team and the Supervisory Board.

Essen, March 7, 2024



Dr. Christian Kohlpaintner
Chief Executive Officer

1 To our Shareholders

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Brenntag on the Stock Market

Brenntag SE continued to operate in a challenging market environment in 2023. Global conditions were shaped by ongoing geopolitical uncertainties, such as the war in Ukraine and the Middle East conflict, slowly narrowing inflation and rising interest rates.

These conditions were a cause of uncertainty in business activities across industries. The European Economic Area in particular saw a general reluctance to invest and a slowdown in economic growth. The global economy was more resilient than expected, however, and ended the calendar year 2023 by posting slight growth of around 3.0%.

This performance was also reflected in international capital markets. Contrary to expectations, global equity markets, including Germany's leading index the DAX, have shown a significantly better performance. In light of falling inflation rates and lower inflation expectations for 2024, the US Federal Reserve and the European Central Bank have recently refrained from raising key interest rates any further. These decisions and the hope of future falls in interest rates boosted capital markets and led to a rally at the end of the year. Thus, Germany's leading index reached an all-time high of 17,003 points in mid-December and ended the calendar year 2023 with a plus of just over 20%.

Brenntag share price performance



1.01 Brenntag share price performance in financial year 2023¹⁾ (indexed); Univar shares delisted at the end of July 2023

¹⁾ Total return incl. reinvestment of dividends

Brenntag shares rose by around 39% (around 43% including the dividend payment) over the course of the year, clearly outperforming the DAX. Brenntag shares also delivered an encouraging performance versus the sector index, the STOXX Europe 600 Chemicals, and our listed competitors in financial year 2023.

Following an exceptionally strong set of annual results for 2022, the Brenntag Group faced a very challenging operating environment in 2023. In its forecast at the beginning of the year, the Board of Management of Brenntag SE had already indicated that the Brenntag Group's operating earnings performance in calendar year 2023 would be in line with or below the previous year. Despite this expected decline in earnings, the capital market rewarded the Brenntag Group's operating performance, which showed an extremely high level of resilience in the Brenntag Essentials division in particular.

Although the business performance of many companies fell or stagnated in 2023 due to sustained inflation and subdued customer demand, capital markets moved in the opposite direction. This was also the case at Brenntag.

The announcement of the further steps in the company's strategy, which were presented to investors and analysts at the Capital Markets Day 2023 in London in December, likewise had a positive effect. Among others, these include the further development of the operating model and the increasing independence and autonomy of the Brenntag Essentials and Brenntag Specialties divisions under the Brenntag SE umbrella. In this context, Brenntag SE has already started to disentangle the legal entities and the operating activities of the two divisions.

Starting from its annual low of EUR 60.70 on January 2, 2023, the Brenntag share price rose steadily over the course of the year and marked its annual high at EUR 83.22 on December 29, 2023. This is where the Brenntag shares also closed the financial year.

Share buyback program

At the beginning of March 2023, Brenntag SE announced a share buyback program of up to EUR 750 million. In an initial tranche between March and October 2023, Brenntag shares worth around EUR 500 million were repurchased. The treasury shares acquired in the course of the first tranche were withdrawn and the share capital of Brenntag SE was reduced accordingly. In a second tranche between January and March 13, 2024 at the latest, Brenntag shares worth up to EUR 250 million will be acquired and then also withdrawn.

Reference data on the Brenntag shares

Due to the share buyback program described above, the subscribed capital of Brenntag SE decreased as at December 31, 2023, to EUR 147.5 million (previously EUR 154.5 million). The share capital is divided into 147,453,837 no-par value registered shares, each with a notional value of EUR 1.00.

Since September 2021, Brenntag SE has been a member of the German leading index DAX; the stock market flotation was in 2010.

Brenntag shares are also included in major international indices such as selected MSCI indices and the STOXX Europe 600, which tracks the performance of the 600 largest companies from 17 European countries, as well as in various sector indices such as the STOXX Europe 600 Chemicals. In addition, Brenntag shares are included in various sustainability indices such as the DAX 50 ESG and the DAX ESG Target Index.

According to the criteria of Deutsche Börse AG, the Brenntag share ranked 30th among all listed companies in Germany at the end of 2023. The market capitalization as at December 31, 2023, was EUR 12,271 million.

	Dec. 31, 2023	Dec. 31, 2022
Number of shares	147,453,837	154,500,000
WKN	A1DAHH	A1DAHH
ISIN	DE000A1DAHH0	DE000A1DAHH0
Trading symbol	BNR	BNR
Market segments	Regulated Market / Prime Standard	Regulated Market / Prime Standard
Trading venues	Xetra and all German regional exchanges	Xetra and all German regional exchanges
Selected indices	DAX, MSCI, Stoxx Europe 600, STOXX Europe 600 Chemicals, DAX 50 ESG, DAX ESG Target	

1.02 Key data on the shares

Brenntag in dialog with the capital market

Brenntag SE's Investor Relations activities aim to deliver a fair and transparent communication policy that provides equal treatment to all stakeholders. This is intended to increase awareness of the company as an attractive investment and further develop Brenntag's standing on the capital market. The company's business performance and strategy are communicated continuously, promptly and reliably. This is intended to further strengthen investors' confidence in Brenntag and help to ensure that our shares are adequately valued on the capital market.

In 2023, Brenntag again attached significant importance to personal contact with capital market participants. The Board of Management and the Investor Relations team were in constant dialog with investors and analysts worldwide. The company's performance was discussed in detail in numerous meetings at international roadshows and investor conferences, at the Annual General Meeting and in the course of the Capital Markets Day.

The Investor Relations team made use of a variety of formats to communicate with investors, both virtually and in person. The corporate governance roadshow in February 2023 is worthy of note. In the course of this multi-day roadshow, Doreen Nowotne, former Chair of the Supervisory Board of Brenntag SE, answered questions about the composition of the Board of Management and the Supervisory Board, the independence of the Supervisory Board members, the Board of Management remuneration system and the role of ESG within Brenntag SE together with Richard Ridinger, the serving Chair of the Supervisory Board, and the head of Corporate Investor Relations. As in the previous year, Brenntag SE received recognition from the DVFA (Deutsche Vereinigung für Finanzanalyse und Asset Management) for its implementation of corporate governance in 2023, gaining third place among DAX companies.

At the Capital Markets Day in London in December 2023, the Board of Management of Brenntag SE presented the further steps in the context of the Group strategy toward "Horizon 3". A video recording of the event can be viewed on the Brenntag SE website in the Investor Relations section. In addition to the above-mentioned activities, the Board of Management and the Investor Relations team regularly provided institutional investors, analysts and retail investors with information on Brenntag SE in numerous discussions.

In February 2024, Brenntag conducted another corporate governance roadshow. In the course of this annual event, the Chair of the Supervisory Board of Brenntag SE, Richard Ridinger, presented the role of the Supervisory Board in the context of the new corporate strategy, among other things.

This year, we will continue to present the company at numerous roadshows and capital market events. You will find the latest list of dates in our financial calendar in the Investor Relations section of the Brenntag website at www.brenntag.com/financial_calendar.

Shareholder structure

As at February 29, 2024, notification had been received from the following shareholders under Section 33 of the German Securities Trading Act (WpHG) that their share of the voting rights exceeded the 3%, 5% or 10% threshold:

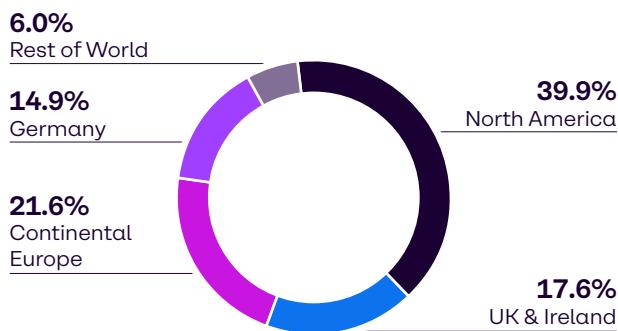
Shareholder	Interest in %	Date of notification
Kühne Holding AG ¹⁾	>10	Sep. 01, 2023
Flossbach von Storch AG	>5	Jun. 01, 2023
Wellington Management Group	>5	Sep. 28, 2023
BlackRock, Inc.	>3	Feb. 02, 2024
The Capital Group Companies	>3	Sep. 26, 2023

1.03 Shareholder structure

¹⁾ Details of person subject to the notification obligation: Klaus-Michael Kühne

All voting rights notifications are published on the company's website at <https://corporate.brenntag.com/en/investor-relations/brenntag-share/voting-rights-notifications/>.

As at December 31, 2023, 89.52% of Brenntag shares were in free float as defined by Deutsche Börse (STOXX). Around 95% of the identified shares are held by institutional investors and organizations.



1.04 Shareholdings of institutional investors by region¹⁾

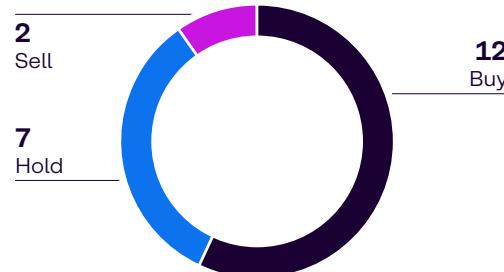
¹⁾ Data collected as at December 31, 2023; Source: Nasdaq

Directors' dealings

In financial year 2023, twelve transactions were reported in directors' dealings notifications (managers' transactions). These can be viewed at any time on the Brenntag website at www.brenntag.com/managerstransactions.

Analysts' opinions

Brenntag is continuously monitored and rated by a large number of international financial analysts. Currently, 21 banks regularly publish research reports on our company's latest performance and issue recommendations.



1.05 Analysts' opinions

Twelve analysts have a buy recommendation, seven have a hold recommendation and two have a sell recommendation on the Brenntag shares. Many analysts value Brenntag highly as a growth stock with strong cash flow generation. Furthermore, the Brenntag Group's operating performance in financial year 2023, which showed an extremely high level of resilience in the Brenntag Essentials division in particular, is viewed favorably. In the case of the successful implementation of "Project Brenntag", analysts also see additional potential through the implementation of the next phases of the company's transformation, Brenntag's "Strategy to Win" and the path to "Horizon 3". As at February 29, 2024, the average share price target was EUR 87.45.

Analysts covering Brenntag SE

- Baader Helvea
- Bank of America
- Bankhaus Metzler
- Barclays
- Berenberg Bank
- Citigroup
- Deutsche Bank
- DZ Bank
- Exane BNP Paribas
- Goldman Sachs
- HSBC
- J. P. Morgan Cazenove
- Jefferies
- Kepler Cheuvreux
- LBBW
- Morgan Stanley
- Oddo BHF
- Societe Generale
- Stifel
- UBS
- Warburg Research

Up-to-date information on this can be found on our website at <https://corporate.brenntag.com/en/investor-relations/brenntag-share/analysts-opinions/>.

Creditor relations

Brenntag has an extremely strong, long-term financial profile. We have a capital structure that enables the Group to cover its potential financing requirements, even in a difficult capital market environment. This gives us a high degree of security, independence and financial flexibility. The most important component in the financing structure of Brenntag SE is the Group-wide syndicated loan agreement. In addition, two bonds and a promissory note transaction are currently outstanding on favorable terms, underscoring Brenntag SE's high credit standing.

This strong credit profile maintained by Brenntag is reflected in investment grade ratings from the two international rating agencies Standard & Poor's and Moody's.

In August 2023, Standard & Poor's raised Brenntag SE's rating to "BBB+" (outlook: stable). Previously, Standard & Poor's had assigned Brenntag a "BBB" rating (outlook: positive). Since March 2021, Moody's has assigned Brenntag SE a "Baa2" rating (outlook: stable).

In February 2023, Brenntag agreed a new syndicated credit facility for around EUR 1.5 billion, which has a term of five years and is divided into two revolving credit lines: a EUR 1 billion line of credit and a USD line of credit totaling USD 525 million. In a first for Brenntag, the interest rates on the credit facility were linked to the achievement of quantitative ESG criteria. The ESG targets defined for this purpose are derived from the ESG strategic objectives for 2030. The following table provides an overview of the key data on the two bonds placed.

		Bond 2025	Bond 2029
Issuer		Brenntag Finance B.V.	Brenntag Finance B.V.
Listing		Luxembourg stock exchange	Luxembourg stock exchange
ISIN		XS1689523840	XS2394063437
Aggregate principal amount	EUR m	600	500
Denomination	EUR	1,000	100,000
Minimum transferrable amount	EUR	100,000	100,000
Coupon	%	1.125	0.500
Interest payment	annual	27 Sep.	6 Oct.
Maturity		Sep. 27, 2025	Oct. 6, 2029

1.06 Key data on the bonds of the Brenntag Group

Annual General Meeting

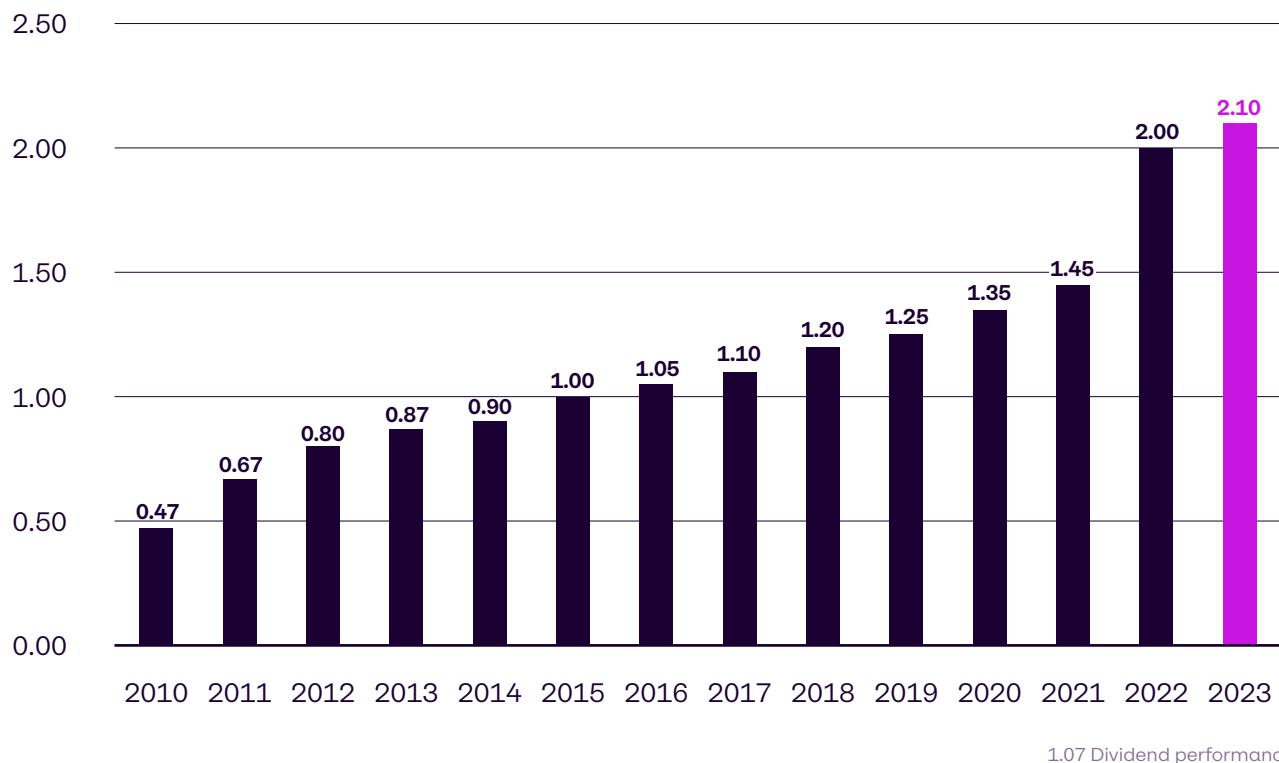
The virtual Annual General Meeting of Brenntag SE was held in Essen on June 15, 2023. With attendance at around 83%, the shareholders were represented to a greater extent than ever before. The Annual General Meeting confirmed all resolutions proposed by the Board of Management and the Supervisory Board. At the Annual General Meeting, shareholders reelected Richard Ridinger as a member of the Supervisory Board. In addition, Sujatha Chandrasekaran was elected as a new member of the Supervisory Board of Brenntag SE. Doreen Nowotne, former Chair of the Supervisory Board, did not stand for reelection and stood down from the Supervisory Board of Brenntag SE at the close of the Annual General Meeting. At the Supervisory Board's constituting meeting, Richard Ridinger was elected to serve as the Board's new Chair.

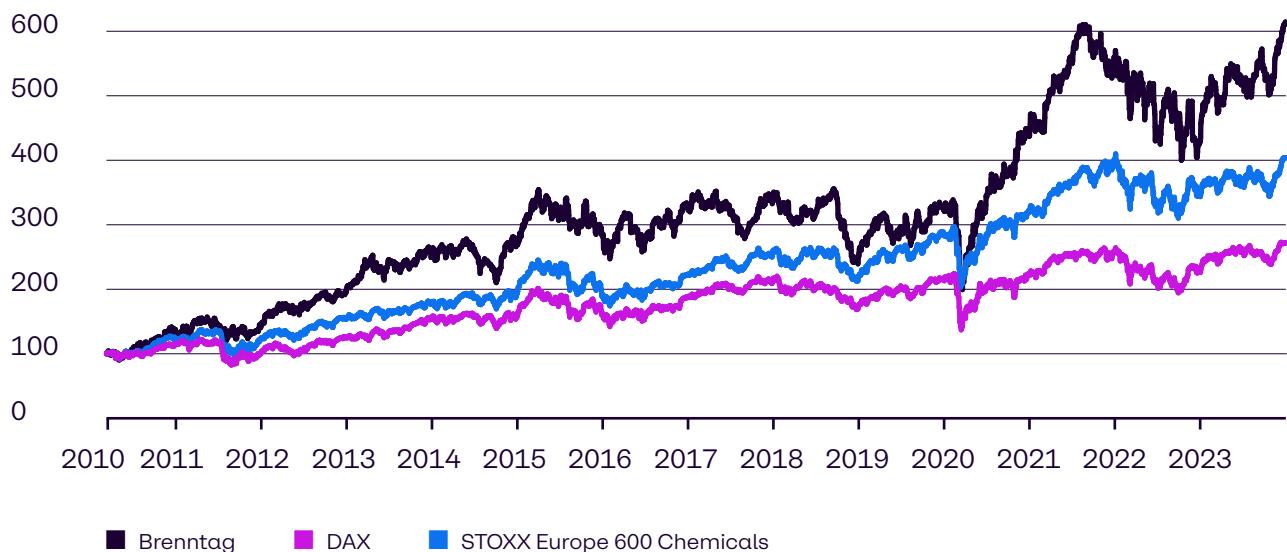
The proposal to pay a dividend of EUR 2.00 per share was approved. The dividend increased by 38% compared with the previous year.

Attractive dividend proposal for 2023

Since going public in 2010, the company has paid its shareholders a higher dividend each year. Since the stock market flotation in 2010, the average annual increase in the dividend on Brenntag shares, including the current dividend proposal, has been around 13% per annum, meaning that the absolute dividend has increased by around 426% overall.

Brenntag intends to increase the dividend for its shareholders for financial year 2023, too. The Board of Management and the Supervisory Board will recommend to shareholders at the Annual General Meeting on May 23, 2024, a dividend payment of EUR 2.10 per share. Subject to its approval at the Annual General Meeting, this will be the thirteenth consecutive dividend increase since the stock market flotation. The payout ratio based on the consolidated profit after tax attributable to shareholders of Brenntag SE and based on the shares as at December 31, 2023, would therefore be around 43%. Through this payout ratio, which is in line with capital market communications, we are allowing shareholders to participate in the company's positive earnings and cash flow performance.



Historical performance

1.08 Historical performance¹⁾ of Brenntag shares compared with the DAX (Mar. 29, 2010 to Dec. 31, 2023)

¹⁾ Share price performance including dividends

in %	1 year	3 years	5 years	10 years
Brenntag shares ¹⁾	43.2	12.0	20.0	8.8
DAX	20.3	6.9	9.7	5.8
STOXX Europe 600 Chemicals	17.6	8.1	13.2	8.4

1.09 Annual growth rate of Brenntag shares and relevant benchmark indices in percent¹⁾

¹⁾ Received dividends reinvested. Due to rounding, the absolute totals may differ.

Service for shareholders

	Dec. 31, 2023	Dec. 31, 2022
No. of shares	147,453,837	154,500,000
Dividend (in EUR)	2.10 ⁷⁾	2.00
Dividend yield (in %) ¹⁾	2.52	3.30
Payout ratio (in %, rounded) ²⁾	43.00	35.00
Earnings per share (in EUR) ³⁾	4.73	5.74
Book value per share (in EUR) ⁴⁾	29.20	30.80
XETRA closing price (in EUR)	83.22	59.72
XETRA high (in EUR)	83.22	81.08
XETRA low (in EUR)	60.70	55.70
XETRA average price (in EUR)	72.17	68.21
Average daily trading volumes XETRA and Frankfurt		
Shares	410,652	444,560
EUR k	29,519,493	30,267,458
Market capitalization (in EUR m) ⁵⁾	12,271	9,227
Price-earnings ratio ⁶⁾	17.67	10.40

1.10 Key data on the Brenntag shares

You can find comprehensive information on Brenntag SE and the Brenntag shares on the Investor Relations website. In addition to financial reports and presentations, it also contains all the key dates on the financial calendar. The conference calls on the quarterly and annual financial statements are recorded and offered in audio format. Shareholders and interested parties can register by e-mail to be placed on the investor mailing list. The Investor Relations team would also be happy to help you in person.

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Fax: +49 (0) 201 6496 2003

E-mail: IR@brenntag.de

Web: <https://corporate.brenntag.com/en/investor-relations/>

¹⁾ Dividend / closing price x 100

²⁾ Dividend taking into account the number of shares as at December 31, 2023 / profit attributable to shareholders of Brenntag SE

³⁾ Profit attributable to shareholders of Brenntag SE / average weighted number of outstanding shares (151.1 million)

⁴⁾ Equity attributable to shareholders of Brenntag SE / number of shares as at December 31, 2023

⁵⁾ Market capitalization at year-end

⁶⁾ Closing price / earnings per share

⁷⁾ As per the proposal for the appropriation of profit presented by the Board of Management and the Supervisory Board, subject to approval at the Annual General Meeting on May 23, 2024

Report of the Supervisory Board



Dear ladies and gentlemen, dear shareholders,

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

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

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

Governance on the Supervisory Board

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

Effective dialog with the Board of Management

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

Meetings of the Supervisory Board

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

REPORT OF THE SUPERVISORY BOARD

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

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

1.11 Meeting attendance in 2023

Intense contact with investors

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

No reported conflicts of interests of Supervisory Board members

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

Trainings and professional development

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

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

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

Topics of the Supervisory Board meetings

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

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

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

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

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

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

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

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

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

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

Committee activities

Audit and Compliance Committee

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

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

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

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

Nomination and Remuneration Committee

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

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

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

Transformation and ESG Committee

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

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

Composition of the Board of Management and Supervisory Board

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

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

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

Audit of annual and consolidated financial statements

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

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

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

For the Supervisory Board



Richard Ridinger
Chair
Essen, March 2024

Corporate Governance Statement

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

Corporate Governance

Commitment to responsible corporate governance

As in previous years, in this reporting year the Board of Management and the Supervisory Board thoroughly examined corporate governance and the requirements of the German Corporate Governance Code ("GCGC"). On the basis of these deliberations, they issued, on December 14, 2023, the following declaration of conformity with the recommendations of the GCGC of April 28, 2022:

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

The Board of Management and the Supervisory Board of Brenntag SE are obliged to resolve a Declaration of Conformity in accordance with Article 9, para. 1 lit. c ii) SE-VO in conjunction with Section 161 of the German Stock Corporate Act (Aktiengesetz). The last Declaration of Conformity was resolved on December 13, 2022 and updated on April 18, 2023.

The Board of Management and the Supervisory Board hereby declare that Brenntag has complied with the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (GCGC 2022) since the last update of the declaration of conformity dated April 18, 2023 with the exception of the recommendations in sections G.7 and G.8 GCGC 2022. The exception is explained for the following reasons:

According to recommendation G.7 s. 1 GCGC 2022, referring to the forthcoming financial year, the Supervisory Board shall establish the performance criteria for all variable remuneration components for each Management Board member, which - in addition to operational targets - shall primarily be based on strategic goals. Furthermore, pursuant to recommendation G.8 GCGC 2022, subsequent changes to the target values or the comparison parameters shall be excluded.

By resolution dated April 18, 2023, the Supervisory Board approved a revised remuneration system for the Board of Management, which was approved by the Annual General Meeting on June 15, 2023 and came into force with effect from January 1, 2023. To apply the revised remuneration system as widely as possible, the Supervisory Board had the option of agreeing with the members of the Board of Management to adjust their service contracts to the new remuneration system, possibly with retroactive effect from January 1, 2023. If the service contracts of the Board of Management members are amended with retroactive effect to the requirements of the new remuneration system, new performance criteria must be determined accordingly. As the revised remuneration system only came into force (retroactively) when it was approved by the Annual General Meeting on June 15, 2023, the new performance criteria could not be set at a point in time compliant with the recommendation of G.7 GCGC 2022. To the extent G.7 GCGC 2022 should be applicable in such a case, a precautionary deviation from recommendation G.7 GCGC 2022 is declared. The overall composition and structure of the variable remuneration has changed as a result of the revised remuneration system. An adjustment of the remuneration of the current members of the Board of Management to the revised remuneration system during the year therefore automatically led to changes in the targets and comparison parameters and thus to a deviation from recommendation G.8 GCGC 2022.

Furthermore, the Board of Management and the Supervisory Board declare that Brenntag complies with all recommendations of GCGC 2022 and will continue to do so in the future."

Explanations of the deviations from the recommendations of the German Corporate Governance Code

As a precautionary measure, Brenntag declares a deviation from recommendation C.7 GCGC 2022 and C.8 GCGC 2022 with regard to the remuneration system for the members of the Board of Management which entered into force retroactively on January 1, 2023. The aim behind the revised remuneration system was, on the one hand, to meet the requirements and interests of stakeholders in an even better way and, on the other hand, to implement the change in strategy "Strategy to Win" resolved in November 2022. In line with the change in strategy, the revised remuneration system for the Board of Management includes new and different performance criteria for both short-term and long-term variable remuneration. Where performance criteria have been retained, their weighting within the respective variable remuneration has changed in some cases under the revised remuneration system. To ensure that the revised remuneration system could be applied as comprehensively as possible, the Supervisory Board should have the option of agreeing with the members of the Board of Management to adjust their Board of Management service agreements to the new remuneration system, possibly with retroactive effect from January 1, 2023. Therefore, the deviation was only declared in financial year 2023. Brenntag currently complies with all recommendations of the GCGC 2022.

Declaration on the suggestions made in the GCGC

Brenntag complies with all suggestions made in the GCGC 2022.

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

Disclosures on corporate governance practice

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

Compliance management and organization: The compliance organization of Brenntag SE is headed by the Board of Management and, within the Board, by the Chairman. The Senior Vice President (SVP) Compliance Brenntag Group of Brenntag SE regularly provides the Board of Management and the Supervisory Board with information on compliance matters. Reports on compliance and whistleblowing cases and the development of the Group-wide compliance management system are also given in the regular Audit and Compliance Committee meetings of the Supervisory Board. Regional compliance managers ensure coordination of the compliance management system at regional level. They are supported in their work by local compliance contacts. The regional compliance managers are responsible for implementing the Compliance Management System in their respective regions and are the people to contact with regard to compliance matters in their region. They regularly exchange information and experience with the SVP Compliance of the Brenntag Group. In this way, we ensure close networking of compliance management with our business activities at regional and local levels.

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

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

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

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

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

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

Board of Management



Ewout van Jarwaarde

Chief Executive Officer
Brenntag Essentials

Dr. Christian Kohlpaintner

Chief Executive Officer
Chairman of the Management Board

Dr. Kristin Neumann

Chief Financial Officer

Michael Friede

Chief Executive Officer
Brenntag Specialties

Board of Management

Since August 1, 2023, the Board of Management of Brenntag SE has consisted of four members: the Chairman of the Board of Management (CEO) of Brenntag SE, Dr. Christian Kohlpaintner, the Chief Financial Officer (CFO), Dr. Kristin Neumann, and the divisional CEOs of the two divisions. Ewout van Jarwaarde, former Chief Transformation Officer, was appointed CEO Brenntag Essentials effective August 1, 2023. He took over from Steven Terwindt, who had decided not to extend his contract with Brenntag when it ended at the end of July 2023. Michael Friede, who was appointed to the Board of Management in January 2023 effective April 1, 2023 in line with the GCGC, initially for a period of three years, took over the position of CEO Brenntag Specialties effective August 1. He suc-

ceeded Henri Nejade, who did not extend his contract, which ended on June 30, 2023, and stepped down from the Board of Management effective March 31, 2023.

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

Members of the Board of Management

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

Dr. Christian Kohlpaintner		Dr. Kristin Neumann
Position	CEO	CFO
First appointed	January 1, 2020	April 1, 2022
Responsibilities	<ul style="list-style-type: none"> - Corporate Board Office - Global Human Resources - Corporate Planning, Strategy & M&A Brenntag Group - Global Communications - Global Marketing - Internal Audit Brenntag Group - Compliance & Privacy Brenntag Group - QSHE Brenntag Group - Sustainability Brenntag Group - Brenntag Excellence - Indirect Procurement 	<ul style="list-style-type: none"> - Corporate Controlling - Accounting Brenntag Group - Legal Brenntag Group - Tax Brenntag Group - Treasury Brenntag Group - Corporate Investor Relations - Corporate Insurance Management - Shared Services Brenntag Group - Regional Finance Brenntag
External positions	Evonik Industries AG, Essen, Germany (listed) (Member of the Supervisory Board)	Zeppelin GmbH, Friedrichshafen, Germany (Member of the Supervisory Board)
Group company positions		BRENNTAG GmbH (Chair)

Ewout van Jarwaarde		Michael Friede
Position	CEO Brenntag Essentials	CEO Brenntag Specialties
First appointed	January 1, 2021	April 1, 2023
Responsibilities	<ul style="list-style-type: none"> - Brenntag Essentials - Digital, Data & Technology - Customer & Supplier Excellence BES - Supply Chain BES - Business Development BES - Controlling BES 	<ul style="list-style-type: none"> - Brenntag Life Science - Brenntag Material Science - Supply Chain & Customer Services BSP - Business Development BSP - Controlling BSP
External positions		Pearl Polyurethanes LLC, Dubai, United Arab Emirates (Member of the Advisory Board)
Group company positions		Brenntag (Shanghai) Enterprise Management Co., Ltd.

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

Working practices of the Board of Management

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

The Board of Management manages the business of Brenntag SE independently. In doing so, it must act in the company's best interest, and therefore in the interest of the shareholders, employees and other stakeholders. The Board of Management operates in accordance with the applicable laws and the provisions of the individual service agreements of its members as well as the company's Articles of Association, its rules of procedure and the business responsibility plan. The Board of Management has set up a sustainable risk management and risk monitoring system that also covers sustainability goals and includes processes and systems for collecting and processing sustainability-related data. Furthermore, the Board of Management develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

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

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

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

Furthermore, internal guidelines applicable throughout the Group have been implemented which also require a resolution passed by the entire Board of Management or by individual members of the Board of Management for certain matters. The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues of Brenntag SE and its subsidiaries with regard to strategy, corporate governance, the business policy it plans and other fundamental questions of corporate planning, the company's profitability, business performance and current position, risk management and compliance. The Board of Management addresses in particular any departures of business performance from the plans made or targets agreed, stating the reasons for such departures. In addition, the Board of Management requires the prior consent of the Supervisory Board for certain major matters which are described in detail in the chapter "Supervisory Board".

Supervisory Board

As in the previous year, the Supervisory Board of Brenntag SE consists of six members. The previous Chair of the Supervisory Board, Doreen Nowotne, stepped down from the Supervisory Board at the end of her term of office at the close of the Annual General Meeting on June 15, 2023. Sujatha Chandrasekaran was elected by the shareholders as the new member of the Supervisory Board. Following the Annual General Meeting, Richard Ridinger was elected Chair of the Supervisory Board. There are no employee representatives on the Supervisory Board of Brenntag SE as the German One-Third Employee Participation Act (Drittelparteiengesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable. The members of the Supervisory mentioned by name below are therefore all shareholders' representatives.

Members of the Supervisory Board

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

Name	Profession	Member from	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2023)
Richard Ridinger (Chair) Nomination and Remuneration Committee Transformation and ESG Committee	Independent Management Consultant	June 10, 2020	DSM-Firmenich AG, Kaiseraugst, Switzerland (listed) (Non-executive Member of the Board of Directors) Roar HoldCo AB, Stockholm, Sweden (not listed) (Non-executive Member and Chair of the Board of Directors) and Recipharm AB, Stockholm, Sweden (Group company, shares held by Roar HoldCo AB, not listed) (Non-executive Member and Chair of the Board of Directors)
Dr. Andreas Rittstieg (Deputy Chair) Nomination and Remuneration Committee	Lawyer	March 19, 2010	Hapag Lloyd AG, Hamburg, Germany (listed) (Member of the Supervisory Board) Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany (not listed) (Member of the Administrative Board) Huesker Holding GmbH, Gescher, Germany (not listed) (Member of the Advisory Committee) Kühne Holding AG, Schindellegi, Switzerland (not listed) (Member of the Administrative Board)
Stefanie Berlinger Audit and Compliance Committee	Managing Director Lilja & Co. GmbH	June 9, 2015	
Sujatha Chandrasekaran Audit and Compliance Committee	Independent Management Consultant	June 15, 2023	American Eagle Outfitters Inc., Pittsburgh, PA, USA (listed) (Non-executive Member of the Board of Directors) Cardinal Health Inc. Dublin, OH, USA (listed) (Non-executive Member of the Board of Directors) Agendia Inc., Irvine, CA, USA (not listed) (Non-executive Member of the Board of Directors) Atos SE, Bezons, France (listed) (Non-executive member of the Board of Directors)
Wijnand P. Donkers Nomination and Remuneration Committee Transformation and ESG Committee	Independent Management Consultant	June 8, 2017	EV Technology Group Inc., Toronto, Canada (listed), (Member of the Board of Directors)
Ulrich M. Harnacke Audit and Compliance Committee Transformation and ESG Committee	Chartered Accountant and Independent Business Consultant	June 8, 2017	Vossloh AG, Werdol, Germany (listed) (Member of the Supervisory Board) Thüga Group: Contigas Deutsche Energie-AG, Thüga AG and Thüga Holding GmbH & Co. KGaA, Munich, Germany (Member of the Supervisory Board / Shareholders' Committee) Zentis GmbH & Co. KG, Aachen, Germany (not listed) (Member of the Advisory Board)

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

Working practices of the Supervisory Board

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

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

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

The Supervisory Board members are in principle elected for a period up to the close of the Annual General Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The Annual General Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory

Board may be reelected. All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest. New members of the Supervisory Board are given a comprehensive introduction to their office in a set onboarding process and already receive targeted information material prior to taking up office in order to prepare them for their work. The resignation of Supervisory Board members is accompanied by a structured offboarding process to ensure that data and documents are deleted or returned and access is blocked.

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

Good corporate governance also involves a regular assessment of how effectively the Supervisory Board as a body as a whole and its committees as such are fulfilling their duties. The Supervisory Board performs an assessment of its activities on a regular basis. The last efficiency review took place in 2023. The Supervisory Board conducted a comprehensive multi-step assessment of the work and organization of the body and its committees and set specific goals. It drew up a comprehensive questionnaire covering in particular questions regarding the frequency, organization and structure of the meetings, the work culture, the composition of the Supervisory Board, the focus of the work conducted by the Supervisory Board and its committees, the scope and the nature of the information provided, communication within the Supervisory Board and with the committees as well as collaboration between the Board of Management and the Supervisory Board. Furthermore, the Supervisory Board defined key topics. In 2023, the Supervisory Board focused in particular on assessing the effectiveness of the Supervisory Board's work on corporate strategy and on communication with the capital market. The questionnaire was answered in detail by all members of the Supervisory Board and analyzed with the support of an external consultant. The results were documented in a report and serve as the basis for the objectives for 2024 to further improve the effectiveness of its activities. The next self-assessment is scheduled for 2024.

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

Nomination and Remuneration Committee

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

Audit and Compliance Committee

The Supervisory Board of Brenntag SE has set up an Audit and Compliance Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the quality of the audit of the annual financial statements. The Audit and Compliance Committee has three members who were appointed by the Supervisory Board. As in the previous year, they are Ulrich Harnacke as its Chair and Stefanie Berlinger. Sujatha Chandrasekaran has also been a member of the Committee since June 15, 2023. Thanks to the many years he has spent working as a chartered accountant and tax consultant, the Chair of the Audit and Compliance Committee, Ulrich M. Harnacke, has expertise in financial statement auditing and special knowledge and experience of applying accounting principles and internal control procedures. Furthermore, he is not a former member of the company's Board of Management. Stefanie Berlinger has special

expertise in the field of financial statement auditing, which she has acquired through her many years of experience as a finance expert and managing director as well as her years of service on the Audit Committee. The expertise of both also refers to sustainability reporting and auditing. Both therefore qualify as finance experts within the meaning of Section 100, para. 5 AktG and the recommendation of D.3 GCGC.

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

The Committee also reviews observance of and compliance with the statutory provisions and internal company policies as well as compliance with the relevant rules of the German Corporate Governance Code. On behalf of the Supervisory Board, the Committee also monitors in particular the quality of the audit and the auditor's independence, including compliance with statutory requirements regarding the tendering process, proper awarding of non-audit services, compliance with the upper limit for permissible non-audit services and observance of requirements to rotate the statutory auditor. In addition, the Committee engages the auditors to conduct the audit of the annual financial statements and, if necessary, a review of the half-year and quarterly financial reports. Furthermore, it discusses the scope and main points of the audit as well as cooperation between the statutory auditor and Internal Audit Brenntag Group and other departments

involved in risk management. On behalf of the Supervisory Board, the Committee authorizes the auditors' fee. In addition, the Audit and Compliance Committee discusses the financial, investment and liquidity plans with the Board of Management, including the plans with respect to the observance of financial covenants and the adequacy of interest hedging for the Group as well as deviations of the actual development from targets previously reported. The Audit and Compliance Committee is responsible for the receipt and handling of complaints by employees and third parties about the accounting, the internal company control system, risk management, the audit of the financial statements and other accounting-related issues (whistleblowing). The Audit and Compliance Committee may assume other tasks which the Supervisory Board assigns to it. It obtains regular reports about the work of the Corporate Internal Audit department, in particular about that department's audit focuses and audit findings. The same applies to risk management, the monitoring of compliance and cyber security.

Transformation and ESG Committee

The Supervisory Board has also set up a Transformation and ESG Committee. The Committee reports to the Supervisory Board and prepares the consultations and resolutions of the Supervisory Board in the fields of strategy and sustainability. To this end, it reviews and monitors the corporate strategy and the optimization of company structures as well as the sustainability and digitalization strategies. Doreen Nowotne chaired this Committee until June 15, 2023. She was succeeded by Wijnand Donkers as the new Chair, who was elected by the Supervisory Board due to his experience and expertise in the fields of Environment, Social und Governance. The other members of the Transformation and ESG Committee are Richard Ridinger and Ulrich Harnacke.

Shares held by the Board of Management and Supervisory Board members

On December 31, 2023, no member of the Board of Management or the Supervisory Board held share packages of Brenntag SE or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag SE either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

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

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

Reportable securities transactions of Board of Management and Supervisory Board members

Pursuant to Section 26, para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the Regulation (EU) no. 596/2014, termed the Market Abuse Regulation, any persons working in a management capacity for an issuer of securities and any persons closely associated with said persons are obliged to report transactions involving shares of Brenntag SE or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 20,000. Transactions reported in financial year 2023 were duly published and are available on Brenntag's website at [Managers' Transactions | Brenntag](#). Transactions in previous reporting periods were also duly published and can also be accessed at any time on the website.

D&O insurance deductible

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

Appropriate control and risk management

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

Transparency and equal treatment through comprehensive information

Brenntag SE aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag SE, constant dialogue with its shareholders and potential investors is a matter of course. Communications with the capital market are handled by the Board of Management and the Investor Relations team. The company maintained its dialogue with capital market participants at a high level in 2023. An overview of the various activities in this area can be found in the chapter "Brenntag on the Stock Market". In addition, the Chair of the Supervisory Board is, if required, available to discuss specific topics that fall within the scope of the Supervisory Board. Brenntag SE regards corporate governance as an integral part of communications with the capital market and its investor relations activities. In February and March 2023, in-depth discussions were held between the then Chair of the Supervisory Board, Doreen Nowotne, Richard Ridinger and selected investors as part of a multi-day corporate governance roadshow. Subjects discussed included the composition of the Board of Management and Supervisory Board, the Board of Management remuneration system and the role of ESG within Brenntag SE. In advance of the Annual General Meeting 2023, further talks were also held with many top investors regarding the Supervisory Board candidates, the composition of the Supervisory Board and the company's strategy. Furthermore, Doreen Nowotne and Richard Ridinger had numerous one-to-one talks with various major investors.

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

Shareholders and Annual General Meeting

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

As was also the case in the previous year, shareholders were offered the option of exercising their right to vote at the 2023 Annual General Meeting in writing by electronic postal vote, without appointing a person to represent them. It is also planned to offer the option of electronic postal voting for the 2024 Annual General Meeting. To provide information for the shareholders, Brenntag SE posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As was also the case in the previous year, notice of the 2024 Annual General Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming Annual General Meeting are also available in good time for downloading from the website of Brenntag SE. After the Annual General Meeting, Brenntag SE also publishes attendance and the results of votes on the Internet.

The Annual General Meeting, which took place on June 15, 2023, was held as a virtual annual general meeting without the physical presence of the shareholders. In accordance with the new provisions of the German Stock Corporation Act on virtual annual general meetings, shareholders connected electronically had the opportunity to speak by means of video communication. All questions were answered at the Annual General Meeting.

Accounting and financial statement auditing

The consolidated financial statements of Brenntag SE are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial statements of Brenntag SE, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. The single-entity and consolidated financial statements of Brenntag SE are being audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft for the first time for financial year 2023. In accordance with Regulation (EU) no. 537/2014 of the European Parliament and of the Council of Ministers dated April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (EU Audit Regulation), Brenntag SE is obliged to change the statutory auditors for the first time for the audit of the single-entity and consolidated financial statements for financial year 2024. In view of this, it decided to conduct a selection process for the audit of the 2023 single-entity and consolidated financial statements in the 2022 financial year in accordance with Article 16 of the EU Audit Regulation. On the basis of this procedure, the Audit Committee formulated and submitted its recommendation and preference to the Supervisory Board, which in turn followed the recommendation in its proposal to the Annual General Meeting. The audit is being managed centrally by the Deloitte branch in Düsseldorf. The undersigned statutory auditors are André Bedenbecker (consolidated financial statements), Christian Siepe (both for the single-entity and consolidated financial statements) and Michael Habenicht (for the single-entity financial statements). The statutory requirements and the obligations to rotate pursuant to Sections 319 and 319a of the German Commercial Code (HGB) are met. For financial year 2023, it was again agreed with the statutory auditors that the Chair of the Audit and Compliance Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

Information on targets for the percentage of women and diversity

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

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

In Doreen Nowotne (member until June 15, 2023), Sujatha Chandrasekaran (member since June 15, 2023) and Stefanie Berlinger, the Supervisory Board has two female members so the share of women on the Supervisory Board was 33.3% in the reporting period and remains so. With Dr. Kristin Neumann as Chief Financial Officer, we again achieved the 20% target for the percentage of women on the Board of Management in 2023.

As at December 31, 2023 the percentage of women on the first management level below the Board of Management was roughly 31.6%, which corresponds to six women. The share of women on the second management level below the Board of Management was 39.5%, which corresponds to 17 women.

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

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

Information on the diversity policy

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

Diversity policy for the Board of Management

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

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

The Supervisory Board takes these requirements into consideration when appointing new Board of Management members. Together with the Board of Management, the Supervisory Board ensures long-term succession planning that is geared to the company's interests. Alongside the diversity policy, long-term succession planning takes into account the requirements of the German Stock Corporation Act, the GCGC, the Supervisory Board's rules of procedure and the targets for the percentage of women on the Board of Management set by the Supervisory Board. Internal and external candidates for Board of Management positions are discussed on a regular basis. For this purpose, potential candidates are divided into the categories immediate, medium-term and long-term succession candidates. The Supervisory Board members also attended the Global Leadership Team meeting in the reporting year in order to identify potential internal candidates and gain a better understanding of the top management level. Furthermore, the Chair of the Board of Management regularly reports to the Nomination and Remuneration Committee on any developments regarding the members of the internal talent pool. If necessary, external consultants provide support in identifying suitable external succession candidates. The Nomination and Remuneration Committee took account of the above-mentioned criteria in appointing the new member of the Board of Management effective April 1, 2023. Michael Friede was selected as a new member in suitably well-structured processes. In its current composition, the

Board of Management of Brenntag SE fulfils the requirements of the diversity policy.

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

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

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

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

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

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

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

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

- At least one member of the Supervisory Board shall be familiar with sustainability, in particular ESG.

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

The Supervisory Board pursues these objectives and the implementation of the diversity policy as a whole in its proposals to the Annual General Meeting for the election of Supervisory Board members, last for the re-election of Richard Ridinger and the election of Sujatha Chandrasekaran at the Annual General Meeting 2023. Supported by an external HR consultant, the Supervisory Board had already started in the summer of 2022 to search for a Supervisory Board candidate with relevant international experience in the fields of IT, digitalization and supply chain management to adequately oversee the strategic digital change processes and transformations. The Nomination and Remuneration Committee carefully examined the various candidates profiles for election to the Supervisory Board. After conducting a transparent and structured succession planning and selection process, the Supervisory Board proposed Sujatha Chandrasekaran to the Annual General Meeting as a candidate with in-depth experience in the development and implementation of digitalization strategies and large-scale transformation projects. In addition, she has extensive knowledge in the fields of supply chain management and data analysis as well as many years of governance experience.

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

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

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

1.14 Qualification matrix of the Supervisory Board

An overview of the current qualifications and expertise of the Supervisory Board members meeting the profile of skills and expertise is published on our website at [Supervisory Board | Brenntag](#).

Independence

In the Supervisory Board's opinion, a suitable number of independent members is at least three. The Supervisory Board believes that all current members are to be regarded as independent as defined by the GCGC. When arriving at this assessment, the Supervisory Board took into consideration that, as of March 2024, Dr. Andreas Rittstieg has been a member of the Supervisory Board for more than 14 years. However, further indicators for a lack of independence as set out in the GCGC do not apply to him. The length of tenure indicator does not conflict with overall independence.

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

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

A further aspect considered in the assessment of independence was that Dr. Andreas Rittstieg does not represent any shareholder on the Supervisory Board. He was re-elected by a large majority (over 94% of the votes cast) at the Annual General Meeting 2020 after disclosing his previous committee membership. The Supervisory Board sees this as confirmation that, in addition to his own assessment, the shareholders also have sufficient confidence that Dr. Andreas Rittstieg maintains his independence when performing his duties.

Finally, it should be noted that Dr. Andreas Rittstieg also has other duties and holds other offices and no business relations exist between him and the company.

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

2 Remuneration Report

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50	Composition of the Board of Management
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Introduction

The remuneration report of Brenntag SE was prepared jointly by the company's Board of Management and the Supervisory Board and reports on the remuneration awarded and due to the current and former members of the Board of Management and the Supervisory Board in financial year 2023.

The remuneration report complies with the regulatory requirements of Section 162 of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the

German Corporate Governance Code (GCGC) as amended on April 28, 2022.

The remuneration report has been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. This audit went beyond the requirements of Section 162, para. 3 of the German Stock Corporation Act (AktG). The audit opinion is attached to the remuneration report.

Remuneration of the Board of Management

Business performance and target achievement in financial year 2023

Thanks to their robust business model and their global reach, the two global divisions, Brenntag Specialties and Brenntag Essentials, performed largely in line with expectations in a challenging market environment. Nevertheless, the Brenntag Group's profit after tax fell by 20% to EUR 721.1 million compared with the previous year's record figure of EUR 902.5 million.

The payout amount of the annual bonus under the Remuneration System 2023, which is based on the philosophy of "Pay for Performance", reflects this development. The annual bonus for the CEO for financial year 2023 amounted to 0% of the target amount, which reflects the below-average business performance of the Brenntag Group.

2023 also marked the end of the performance period for the first tranche of the long-term variable remuneration under the Remuneration System 2020. A total payout amount of 200% of the target amount was reached over the four-year performance period. This is based on measurement of the relative shareholder return and the change in the share price, which underlines the very positive change in shareholder return between 2020 and 2023, both in absolute terms and in comparison to relevant global competitors and the German stock market. Further details are to be found in the section "Performance criteria for the variable remuneration".

Composition of the Board of Management

Henri Nejade stepped down from the Board of Management by mutual agreement on March 31, whereas his service agreement ended on June 30, 2023. Michael Friede took on the role of Chief Operating Officer (COO) for Brenntag Specialties at Brenntag SE effective April 1, 2023.

Brenntag restructured its Board of Management as of August 1, 2023 and established a new governance model for the two divisions. The Board of Management of Brenntag SE now consists of four members. As part of the restructuring, Ewout van Jarwaarde was appointed CEO of Brenntag Essentials and succeeded Steven Terwindt, who had decided not to extend his contract with Brenntag when it expired on July 31, 2023. Michael Friede, the COO of Brenntag Specialties, was also appointed CEO of Brenntag Specialties effective August 1, 2023. Prior to this, Ewout van Jarwaarde's contract was extended by five years and now runs from January 1, 2024 to December 31, 2028.

Consideration of the resolution of the Annual General Meeting 2023

The remuneration report of Brenntag SE for financial year 2022 was approved by the Annual General Meeting on June 15, 2023 with an 89.22% share of the votes cast.

The investor and proxy adviser feedback received in connection with the approval of the Remuneration Report 2022 was also taken into account when preparing the Remuneration Report 2023.

REMUNERATION OF THE BOARD OF MANAGEMENT

Consequently, an adjustment has been made in the interpretation of the remuneration awarded and due in accordance with Section 162 AktG. This change affects both the presentation of the variable remuneration components in the report and the overall length of the remuneration report. The aim is to improve the clarity and comprehensibility of the report. Detailed information on this adjustment can be found in the section "Information on remuneration awarded and due to Board of Management members serving in financial year 2023 and former members in accordance with Section 162 of the German Stock Corporation Act (AktG)".

Implementation of a revised remuneration system

In order to align the remuneration system of the Board of Management of Brenntag SE with the "Strategy to Win", the Supervisory Board has revised the remuneration system in consultation with the Nomination and Remuneration Committee. The Board of Management remuneration system for 2023 was resolved by the Supervisory Board on April 18, 2023 and approved by 94.11% of the votes cast at the Annual General Meeting on June 15, 2023. This revised system applies with retroactive effect from January 1, 2023 to all current and future Board of Management members.

The Board of Management Remuneration System 2020 was adopted by the Supervisory Board on December 23, 2020 and approved by the Annual General Meeting on June 10, 2021 with a 91.62% share of the vote.

After approval by the Annual General Meeting 2023, adjustments to the service agreements and target agreements of the Board of Management members were necessary in order to implement the new remuneration system with retroactive effect from January 1, 2023. In this context, Brenntag updated the declaration of conformity in order to explain the necessary deviations from recommendations G.7 and G.8 of the German Corporate Governance Code in the version of April 28, 2022.

The revised remuneration system also incorporates feedback from investors and proxy advisers given during the Annual General Meeting 2021, at which the previous remuneration system was approved, and during the corporate governance roadshows in February 2023 and 2022.

The following table provides an overview of the most important changes to the Board of Management remuneration system:

Components	Remuneration System 2020	Remuneration System 2023	Rationale
Short-term variable remuneration Plan type: Target bonus model	<ul style="list-style-type: none"> ■ Performance criteria: <ul style="list-style-type: none"> - 60% organic EBITDA - 20% working capital turnover - 20% earnings per share - Individual performance multiplier (0.7–1.3) ■ Cap: max. 200% of target amount 	<ul style="list-style-type: none"> ■ Performance criteria: <ul style="list-style-type: none"> - 60% organic operating EBITDA - 20% working capital turnover - 20% earnings per share - Individual performance multiplier (0.8–1.2) ■ Cap: max. 200% of target amount 	<ul style="list-style-type: none"> ■ Strategic alignment to steering KPI ■ Reduction of discretionary leeway
Long-term variable remuneration Plan type: Virtual performance share plan	<ul style="list-style-type: none"> ■ Performance period: Four years ■ Performance criteria: <ul style="list-style-type: none"> - Outperformance of the total shareholder return (TSR) of the Brenntag share <ul style="list-style-type: none"> ■ 50% vs. national index (DAX) ■ 50% vs. peer group of global competitors ■ Cap: max. 200% of target amount 	<ul style="list-style-type: none"> ■ Performance period: Four years ■ Performance criteria: <ul style="list-style-type: none"> - 70% ranking of the TSR of the Brenntag share vs. peer group of global competitors - 30% ROCE - ESG multiplier (0.8–1.2) ■ Cap: max. 250% of target amount 	<ul style="list-style-type: none"> ■ Stronger focus on direct peers ■ Higher ambition level for the TSR ■ Consideration of ESG targets
Maximum remuneration according to Section 87a, para. 1, sentence 2, no. 1 AktG	<ul style="list-style-type: none"> ■ Chair of the Board of Management: EUR 6,000,000 ■ Other members of the Board of Management: EUR 4,000,000 	<ul style="list-style-type: none"> ■ Chair of the Board of Management: EUR 7,500,000 ■ Other members of the Board of Management: EUR 5,000,000 	<ul style="list-style-type: none"> ■ Adjustment to facilitate a balanced risk-reward profile

2.01 Changes to the Board of Management remuneration system

REMUNERATION OF THE BOARD OF MANAGEMENT

Board of Management remuneration systems

The Supervisory Board is responsible for determining the remuneration of the Board of Management members. The Nomination and Remuneration Committee of the Supervisory Board discusses and reviews the remuneration system for the Board of Management at regular intervals and prepares resolutions on any changes thereto. In its decisions on the setting of the remuneration system, the Supervisory Board takes into account the remuneration and employment conditions of the employees of Brenntag SE, in particular the senior managers.

In setting the remuneration, the Supervisory Board pays attention to an appropriate relationship between the tasks and performance of the Board of Management members and the situation of the company. In order to assess the appropriateness of the remuneration system and the individual remuneration of the members of the Board of Management, the Supervisory Board conducts a horizontal review of the remuneration levels and structure. The horizontal comparison is carried out with companies of comparable size at national level, e.g. with the companies listed in the DAX and MDAX. In addition, the Supervisory Board may conduct a horizontal review at international level, e.g. based on the respective composition of the global peer group for the performance share plan.

The Board of Management remuneration systems, in particular the Board of Management remuneration system that was introduced in 2023, is in line with the German Corporate Governance Code in the version of April 28, 2022 and the requirements of the amended German Stock Corporation Act. These systems are designed to be clear and comprehensible and support the Group's long-term performance by creating effective incentives for growth and increasing profitability. The aim of the remuneration systems is to create an incentive for successful and sustainable corporate development. The systems are therefore geared to transparent, performance-based remuneration that is strongly focused on the company's success and that depends, in particular, on long-term, but also operational targets, the performance of the Brenntag share price as well as sustainability targets.

Two different remuneration systems were applied in 2023. The Remuneration System 2023 applies to all Board of Management members of Brenntag SE currently in office. Henri Nejade and Steven Terwindt, who both stepped down from the Board of Management in mid-2023, were still covered by the provisions of the Remuneration System 2020 until the termination of their respective contracts.

The annual base salary and the variable remuneration components are shown separately in the following. There then follows a description of benefits in kind and other contractual provisions that are structured in a comparable manner in both remuneration systems.

REMUNERATION OF THE BOARD OF MANAGEMENT

Fixed remuneration	<ul style="list-style-type: none"> ▪ Base salary ▪ Benefits in kind ▪ Pension allowance 								
Short-term variable remuneration	<ul style="list-style-type: none"> ▪ Plan type: Target bonus model ▪ Performance criteria: <ul style="list-style-type: none"> - 60% organic operating EBITA - 20% working capital turnover - 20% earnings per share - Individual performance multiplier (0.8-1.2) ▪ Cap: max. 200% of the target amount 								
Long-term variable remuneration	<ul style="list-style-type: none"> ▪ Plan type: Virtual Performance Share Plan ▪ Performance period: Four years ▪ Performance criteria: <ul style="list-style-type: none"> - 70% percentile ranking of the total shareholder return (TSR) of the Brenntag share vs. peer group of global competitors - 30% ROCE - ESG multiplier (0.8-1.2) ▪ Cap: max. 250% of the target amount 								
Other remuneration components and contractual provisions	<ul style="list-style-type: none"> ▪ Malus & Clawback: The Supervisory Board is contractually entitled <ul style="list-style-type: none"> - to retain variable remuneration (malus) - to reclaim variable remuneration (clawback) ▪ Share Ownership Guideline in the amount of the annual base salary: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">- Chair of the Board of Management:</td> <td style="width: 20%; text-align: right;">200%</td> </tr> <tr> <td>- Other members of the Board of Management:</td> <td style="text-align: right;">100%</td> </tr> </table> ▪ Maximum remuneration according to Section 87a, para. 1, sentence 2, no. 1 AktG <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">- Chair of the Board of Management:</td> <td style="width: 20%; text-align: right;">EUR 7,500,000</td> </tr> <tr> <td>- Other members of the Board of Management:</td> <td style="text-align: right;">EUR 5,000,000</td> </tr> </table> 	- Chair of the Board of Management:	200%	- Other members of the Board of Management:	100%	- Chair of the Board of Management:	EUR 7,500,000	- Other members of the Board of Management:	EUR 5,000,000
- Chair of the Board of Management:	200%								
- Other members of the Board of Management:	100%								
- Chair of the Board of Management:	EUR 7,500,000								
- Other members of the Board of Management:	EUR 5,000,000								

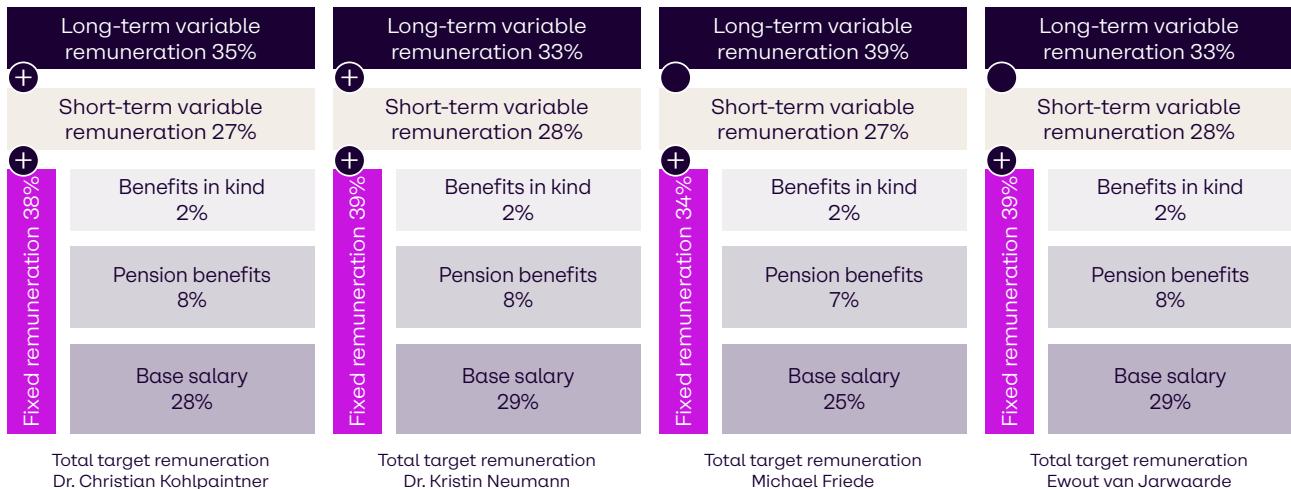
2.02 Remuneration components – Remuneration System 2023

Board of Management Remuneration System 2023

The Board of Management Remuneration System 2023 applies to the following Board of Management members in 2023: Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede and Ewout van Jarwaarde. It is applied exactly within the framework of the Board of Management remuneration system adopted by the Supervisory Board and approved by the Annual General Meeting 2023.

The remuneration comprises fixed remuneration and variable remuneration. The fixed remuneration consists of a base salary, pension allowance and benefits in kind. The variable remuneration is made up of short-term and long-term variable remuneration components. Of the target total remuneration of the Board of Management members, fixed remuneration accounts for between 34% and 39%, short-term variable remuneration components for between 27% and 28% and long-term variable remuneration components for between 33% and 39%.

REMUNERATION OF THE BOARD OF MANAGEMENT

2.03 Remuneration structure – Remuneration System 2023¹⁾¹⁾ Note: In accordance with Remuneration System 2023, any fixed sign-on bonus is not considered in the presentation of the remuneration structure for benefits in kind.

In addition to the above-mentioned remuneration components, the Board of Management members receive benefits in kind under their service agreements such as a mobility allowance or company car, also for private use, accident insurance cover, and benefits for health care and long-term care insurance.

The annual base salary is paid in twelve equal monthly instalments at the end of each month. If the service agreement begins or ends during a financial year, the annual base salary for that financial year is payable on a pro rata temporis basis.

The variable remuneration consists of two components that support the performance of the Group by creating effective incentives for growth and increased profitability to ensure the successful and sustainable development of the company: short-term variable remuneration in the form of an annual bonus payment (annual bonus) and long-term variable remuneration in the form of virtual shares (performance share plan). The annual bonus provides an incentive to achieve the operational business objectives of the financial year, which in turn are derived from the business strategy and the annual budget plans. The performance share plan provides an incentive to ensure the long-term performance of the company.

Annual bonus under the Remuneration System 2023

The annual bonus depends both on Brenntag's overall performance and on the specific responsibilities and challenges of the Board of Management members. It is determined based on the achievement of certain targets set for the financial year, which include organic operating EBITA, working capital turnover and earnings per share.

In 2023, the targets set for working capital turnover and earnings per share relate to Group level for all members of the Board of Management. For Dr. Christian Kohlpaintner, Dr. Kristin Neumann and Ewout van Jarwaarde (until July 31), the target for organic operating EBITA related to Group level. For Michael Friede and Ewout van Jarwaarde (since August 1), 75% of the target for organic operating EBITA related to Group level and the remaining 25% to divisional level in order to align the targets with their particular divisional responsibilities.

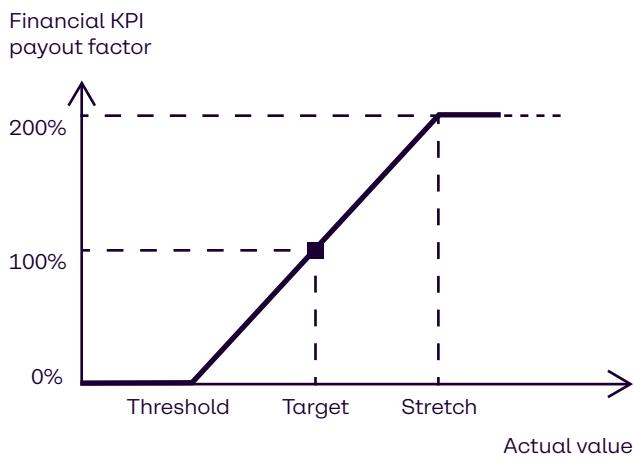
Organic operating EBITA is the key performance indicator for the implementation of Brenntag's strategy. It can take into account different depreciation profiles and thus enable the differentiated strategic steering of Brenntag's divisions; this KPI is weighted at 60% in the bonus calculation. Working capital turnover is a key performance indicator for Brenntag to ensure efficient deployment of capital; the weighting is 20%. Earnings per share, as a parameter for measuring Brenntag's shareholder value, is also weighted at 20%. The payout factor for each key performance indicator lies within a range of 0% to 200%. Target, threshold and stretch values for the three key performance indicators are derived from the annual budget plans and are set annually by the Supervisory Board.

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2.04 Structure of the annual bonus – Remuneration System 2023

If the defined target value for each performance criterion is achieved, this results in a payout factor of 100%. If the actual value for each performance criterion is equal to or below the threshold, this results in a payout factor of 0%. If the actual value for each performance criterion is equal to or above the stretch, this results in a maximum payout factor of 200%. If the actual values are between the respective target and threshold values or between the respective target and stretch values, the payout factor is determined by linear interpolation. The following is an example of a payout factor curve which is defined for each financial performance criterion:

2.05 Annual bonus payout factor curve –
Remuneration System 2023

The overall payout factor is calculated by multiplying the payout factors of the three performance criteria by their respective weightings and then adding together these three weighted payout factors.

In order to determine the final payout amount, the overall payout factor is multiplied by the individual performance multiplier and by the target amount. The individual performance multiplier is set by the Supervisory Board after each financial year in a range between 0.8 and 1.2. In doing so, the Supervisory Board takes into account the individual financial and non-financial performance.

To measure the individual performance, the Supervisory Board defines individual performance aspects to evaluate the personal contribution of each member of the Board of Management. The individual performance aspects may be based on the three dimensions growth, people and risk management. They may include strategic and operational aspects as well as non-financial aspects as the Supervisory Board also sees these aspects as being important for the strategy and success of Brenntag and wishes to reward them.

The final payout amount is capped at max. 200% of the individual and contractually agreed target amount (Cap). If the overall payout factor for the financial performance criteria is already 200%, the individual performance multiplier cannot increase the annual bonus further.

If the service agreement begins or ends during a financial year, the target amount for that financial year applies on a pro rata temporis basis.

The annual bonus should be paid out within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year for which the annual bonus has been determined.

REMUNERATION OF THE BOARD OF MANAGEMENT

Long-term variable remuneration under the Remuneration System 2023

The long-term variable remuneration is granted in the form of virtual shares (performance share units). The number of virtual shares may increase or decrease depending on the long-term performance of Brenntag measured using specified performance criteria over a four-year performance period.

The number of virtual shares to be granted initially is calculated by dividing the individual and contractually agreed target amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the target amount for that financial year shall be calculated on a pro rata temporis basis.



2.06 Structure of the performance share plan – Remuneration System 2023

The number of virtual shares finally awarded to the member of the Board of Management is linked to two financial performance criteria and to ESG targets by way of an ESG multiplier. The two financial performance criteria are Brenntag's total shareholder return (TSR) compared with a global peer group (weighting: 70%) and the return on capital employed (ROCE) (weighting: 30%). The sum of the respective weighted share awards for each performance criterion is then multiplied by the achievement of certain ESG targets by means of an ESG multiplier, which can range from 0.8 to 1.2. The resulting overall share award is then multiplied by the number of virtual shares initially granted, resulting in the number of virtual shares finally awarded to the member of the Board of Management at the end of the four-year performance period. The number of virtual shares finally awarded is limited to 200%.

The respective payout amount depends on the absolute change in the Brenntag share price over the four-year performance period and is determined by multiplying the number of virtual shares finally awarded by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months prior to the end of the performance period plus dividend payments during the

performance period. The payout amount is capped at maximum 250% of the individual and contractually set target amount (Cap).

The payout amount shall be paid out within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year in which the performance period ends.

The TSR is a key performance indicator for our shareholders. The TSR reflects the change in the equity value and dividend distributions, i.e. the return of the Brenntag share. In addition to changes in share price and dividends, other capital measures are also considered. When comparing the TSR of the Brenntag share with the shareholder return of other companies, the advantages of an investment in the Brenntag share are measured compared with alternative investments in shares of other companies. It is of central importance for the long-term stability of the company that shareholders receive an attractive return on their investment in Brenntag shares.

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The relative TSR is defined as the ranking of Brenntag's TSR performance compared with the TSR performance of a group of global peer companies. When selecting global peer companies, the Supervisory Board considers the chemical distribution market as well as the distribution business model and the underlying market of Brenntag. The global peer group can be adjusted by the Supervisory Board if necessary to maintain

a meaningful composition of the peer group (e.g. mergers, acquisitions and delisting of companies in the peer group).

Univar Inc. was delisted on August 1, 2023 and the company is therefore no longer part of the peer group. The global peer group therefore now consists of the following companies:

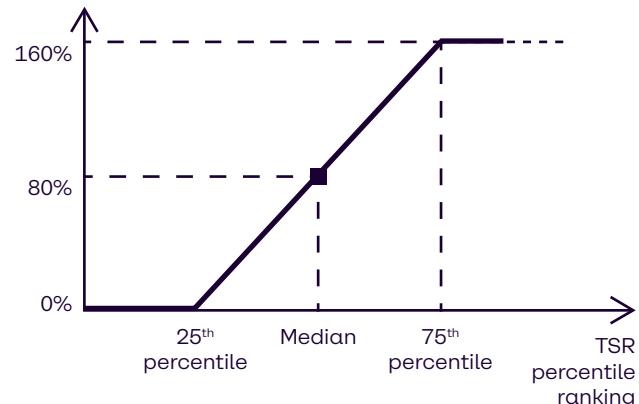
Chemical distributors	Other distributors	Chemical producers
Azelis Group N.V.	Bossard Holding AG	Ashland Global Holdings Inc.
DKSH Holding AG	Bunzl plc	Croda International plc
IMCD N.V.	Rexel S.A.	Evonik Industries AG
	RS Group plc	Koninklijke DSM N.V. ¹⁾
	WW Grainger Inc.	LANXESS AG
		Solvay S.A.

2.07 Peer group of global competitors – Remuneration System 2023

¹⁾ Koninklijke DSM (DSM) was delisted on May 31, 2023 owing to its merger with Firmenich; it was therefore removed from the peer group. The shares of the merged companies, DSM-Firmenich AG, were listed on the stock exchange on April 18, 2023. Koninklijke DSM N.V. will not be part of the peer group for the LTIP tranche 2023–2026. DSM-Firmenich AG will be included in the peer group for the LTIP tranche 2024–2027 as of January 1, 2024.

The share award for the relative TSR is determined based on the percentile ranking method. If Brenntag's TSR percentile ranking is equal to the median (50th percentile), the share award for the relative TSR is 80%. If Brenntag's TSR percentile ranking is equal to or below the 25th percentile, the share award for the relative TSR is 0%. If Brenntag's TSR percentile ranking is equal to or exceeds the 75th percentile, the share award for the relative TSR is 160%. The range for relative TSR is defined as 0–160%, in contrast to the range for ROCE, to create a balanced risk-reward profile around the median through symmetry. Values in-between are determined by linear interpolation. This results in a share award curve as follows:

Relative TSR
share award



2.08 Relative TSR share award curve

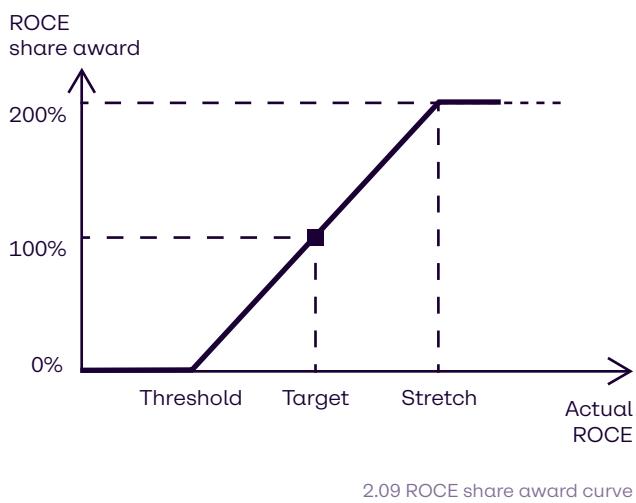
REMUNERATION OF THE BOARD OF MANAGEMENT

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

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

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

The Supervisory Board sets a threshold, target and stretch value for ROCE in the final year of the four-year performance period. If the defined target value for ROCE is achieved, this results in a share award of 100%. If the actual value for ROCE is equal to or below the threshold, this results in a share award of 0%. If the actual value for ROCE is equal to or above the stretch, this results in a maximum share award of 200%. If the actual values are between the respective target and threshold values or between the respective target and stretch values, the share award is determined by linear interpolation. The following is an example of a share award curve defined for ROCE:



To ensure the sustainable and long-term success of Brenntag and its commitment to sustainable solutions in its own sector and the industries served, the Supervisory Board is required to define ambitious ESG targets based on Brenntag's sustainability strategy. Based on the relevance of the strategic ESG key areas which are subject to continuous evolution, the Supervisory Board selects up to three performance criteria and defines ambitious targets to be achieved at the end of the performance period of the respective tranche and translating into a multiplier between 0.8 and 1.2 for each ESG target. The multipliers for each ESG target are weighted equally resulting in an overall ESG multiplier between 0.8 and 1.2.

For example, the specific ESG targets for the 2023–2026 tranche of the performance share plan, which are aligned with the ESG targets for a new syndicated credit facility, are as follows:

- Reduction of greenhouse gas emissions (Scope 1 and Scope 2)
- Further increase in occupational safety (Total Recordable Injury Frequency Rate (TRIR) reduction)
- Increase in the proportion of female employees at various management levels

Malus and clawback

The company is contractually entitled to withhold variable remuneration ("malus") in whole or in part if the members of the Board of Management breach their obligations under Section 93 of the German Stock Corporation Act or in case of breaches of duty which would justify a termination for cause (Section 626 German Civil Code (BGB)). Equally, the company is contractually entitled to correct the amount of variable remuneration determined if that determination was based on incorrect data. In addition, the company is contractually entitled to demand partial or complete repayment ("clawback") of variable remuneration if members of the Board of Management breach their obligations under Section 93 of the German Stock Corporation Act, or in case of breaches of duty which would justify a termination for cause (Section 626 German Civil Code), or payout of the variable remuneration was made on the basis of incorrect data. Malus and clawback events generally only have an effect on variable remuneration components for those financial years during which they actually occurred. Variable remuneration can be clawed back for a period of three years following payout.

In financial year 2023, no variable remuneration was retained or clawed back.

REMUNERATION OF THE BOARD OF MANAGEMENT

Caps and maximum remuneration

The Board of Management members' total remuneration is limited by a cap applying to each variable remuneration component and by maximum remuneration. Exceptional performance is required to achieve the cap of each variable remuneration component.

If the upper threshold for the financial key performance indicators of the annual bonus is achieved, a maximum preliminary payout amount of 200% of the target amount is reached. Even the application of the individual performance multiplier cannot increase the payout amount above this cap of 200%.

Under the performance share plan, the number of final virtual shares achievable is limited to 200% of the number of initial virtual shares granted. This maximum number of shares can only be reached if the Brenntag share performs better than 75% of the companies in the global peer group and if the upper thresholds for both ROCE and the ESG multiplier are reached. In addition, the payout amount depends on the performance of the Brenntag share price and dividend payments. The total payout under the performance share plan is limited to 250% of the initial target amount.

The maximum total remuneration comprises the annual base salary, maximum annual bonus remuneration, maximum performance share plan remuneration, the pension allowance and benefits in kind. The maximum total remuneration has been set at EUR 6,800,000 for Dr. Christian Kohlpaintner, at EUR 3,300,000 for Dr. Kristin Neumann and Ewout van Jarwaarde, and at EUR 4,150,000 for Michael Friede. If the service agreement begins or ends during a financial year, the remuneration cap for that financial year is adjusted on a pro rata temporis basis.

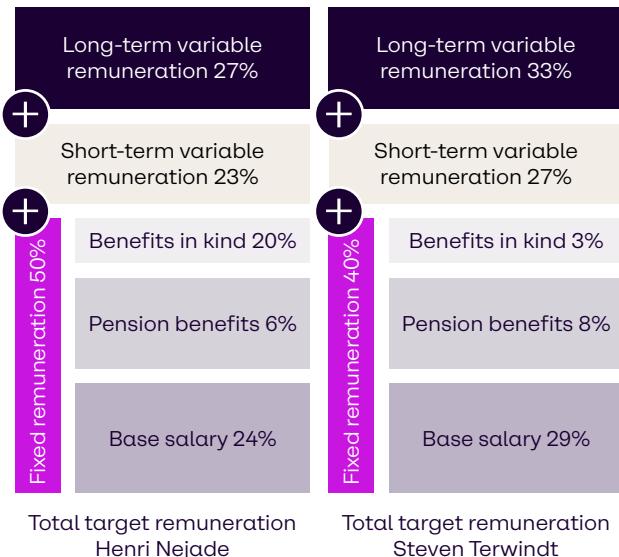
Share Ownership Guideline

In order to bring the interests of the Board of Management and shareholders more closely into line and to strengthen the Board of Management members' ownership in the company, an obligation to accumulate and hold Brenntag shares (Share Ownership Guideline) applies. The chair of the Board of Management is obliged to accumulate and continue to hold shares to the value of 200% of their annual base salary for two years after the end of their service. Dr. Kristin Neumann, Michael Friede and Ewout van Jarwaarde are obliged to accumulate and continue to hold shares to the value of 100% of their annual base salaries for two years after the end of their services. They must accumulate the shares within four years at the latest. In each of these four years, shares equivalent to 25% of the holding obligation must be acquired. Compliance with the obligation to hold shares is checked

once a year, as at December 31. The last check as at December 31, 2022 showed that all Board of Management members subject to the obligation had met their obligation to hold shares in full. The next check as at December 31, 2023 is expected to take place in March 2024.

Board of Management Remuneration System 2020

The Board of Management Remuneration System 2020 applied to Henri Nejade and Steven Terwindt until they stepped down from the Board of Management in mid-2023. Furthermore, the performance period for tranche 2020 of the performance share plan under the Remuneration System 2020 ended in 2023.

2.10 Remuneration structure – Remuneration System 2020¹⁾

¹⁾ Note: The post-contractual non-compete compensation for Steven Terwindt is not taken into account in the presentation of the remuneration structure.

The above remuneration structure under the Remuneration System 2020 illustrates the common framework of the two remuneration systems through the remuneration components. The following sections provide a detailed explanation of the annual bonus and the performance share plan under the Remuneration System 2020.

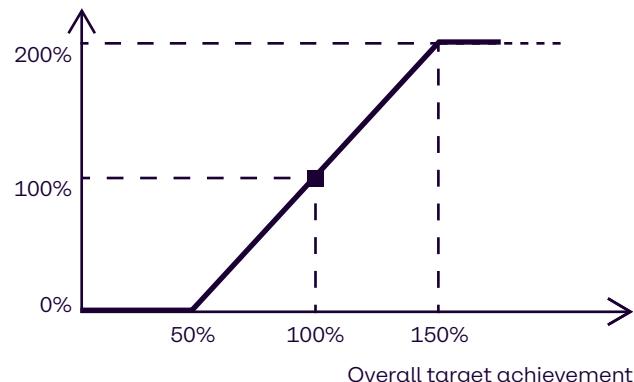
Annual bonus under the Remuneration System 2020

The annual bonus depends on the business success of Brenntag in the past financial year. It is calculated on the basis of achievement of the targets set for that financial year for organic EBITDA, working capital turnover and earnings per share.

REMUNERATION OF THE BOARD OF MANAGEMENT

For Henri Nejade and Steven Terwindt, 75% of organic EBITDA related to the Group level in 2023 while the remaining 25% related to the divisional level. Working capital turnover and earnings per share related to Group level.

Preliminary
payout amount



2.11 Payout curve of the annual bonus –
Remuneration System 2020

The achievement of each KPI target is calculated by comparing the figure actually achieved in the past financial year with the target set before the beginning of the past financial year. This ratio is expressed as a percentage. Overall target achievement is calculated by multiplying the target achievement figures of the three KPIs by their respective weightings and then adding together these three weighted target

achievement figures. If overall target achievement is 100%, the preliminary payout amount is 100% of the target amount. If overall target achievement is 50% or less, the Board of Management members receive no annual bonus. For an overall target achievement of 150% or more, the preliminary payout amount is 200% of the target amount. Values in-between are determined by linear interpolation.

In order to determine the final payout amount, the preliminary payout amount is multiplied by the individual performance multiplier. The individual performance multiplier is set by the Supervisory Board after each financial year in a range between 0.7 and 1.3. In doing so, the Supervisory Board takes into account the individual financial and non-financial performance that cannot be reasonably measured by applying KPIs. This refers to topics of environmental and social responsibility (e.g. succession planning, development of executive employees of the company, environmental responsibility, compliance) and sustainable corporate development (e.g. integration of acquisitions). The final payout amount is capped at max. 200% of the individual and contractually agreed target amount (Cap). If the service agreement begins or ends during a financial year, the target amount for that financial year is granted on a pro rata temporis basis.

The annual bonus shall be paid out within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year for which the annual bonus has been determined.



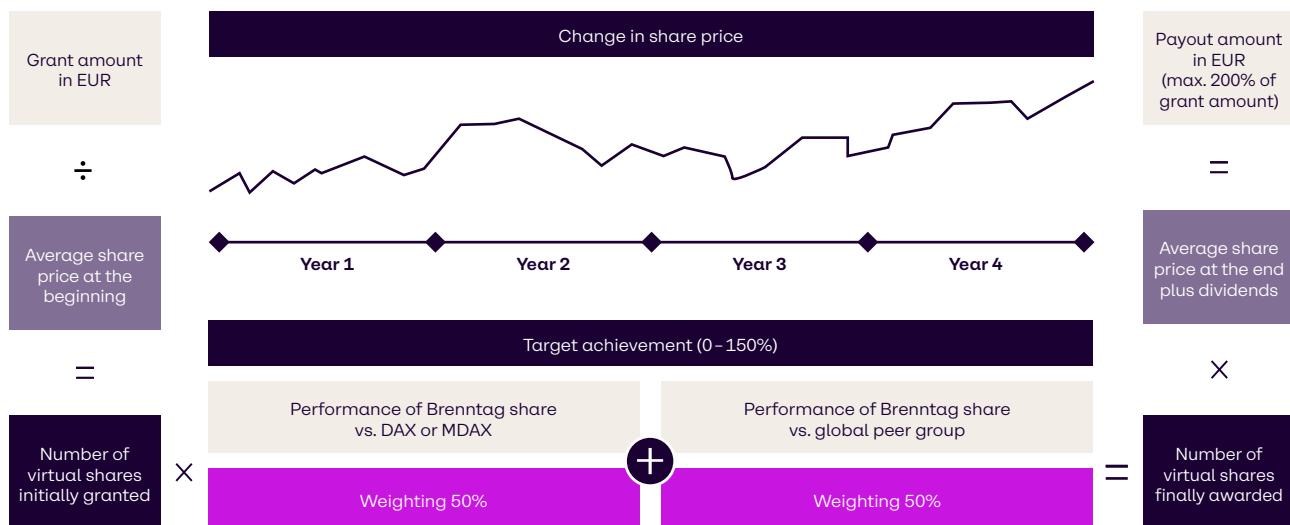
2.12 Structure of the annual bonus – Remuneration System 2020

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Long-term variable remuneration under the Remuneration System 2020

The long-term variable remuneration is in the form of virtual shares (performance share units). The value of the payout depends on the relative performance of the Brenntag share compared with two peer groups and the absolute change in the Brenntag share price over a four-year performance period.

The annual virtual shares are contingently granted on January 1 of each financial year. The number of shares initially granted is calculated by dividing the individual and contractually agreed grant amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the amount for that financial year is granted on a pro rata temporis basis.



2.13 Structure of the performance share plan – Remuneration System 2020

The number of virtual shares that a Board of Management member is finally granted at the end of the four-year performance period depends on two performance criteria that are set by the Supervisory Board and each weighted at 50%: the outperformance of the total shareholder return (TSR) of the Brenntag share compared with

- the TSR performance of the DAX or MDAX and
- the average TSR of a peer group of global competitors.

Due to the inclusion of Brenntag in the DAX, the national benchmark index was changed from the MDAX to the DAX in 2022. Furthermore, Azelis Group NV was added to the peer group of global competitors in 2022.

Therefore, the benchmark parameters for the performance criteria of the individual tranches are as follows:

Tranche	National benchmark index	Peer group of global competitors
2020		Companies in Figure 2.15 below excluding Azelis Group NV
2021	MDAX	
2022	DAX	Companies in Figure 2.15 below including Azelis Group NV
2023		

2.14 Overview of the benchmark parameters for each tranche

REMUNERATION OF THE BOARD OF MANAGEMENT

Univar Inc. was delisted on August 1, 2023 and the company is therefore no longer part of the peer group. The global peer group therefore now consists of the following companies:

Aalberts N.V.	Air Liquide S.A.	Ashland Global Holdings Inc.	Azelis Group NV
Bunzl plc	DKSH Holding Ltd.	RS Group plc ¹⁾	Evonik Industries AG
Ferguson plc	IMCD N.V.	Linde plc	McKesson Corporation
Rexel S.A.	Travis Perkins plc	W.W. Grainger, Inc.	

2.15 Peer group of global competitors – Remuneration System 2020

¹⁾ Note: RS Group plc. formerly traded under the name Electrocomponents plc.

Target achievement of each performance criterion is calculated by subtracting the performance of the DAX or MDAX or the average TSR of the global peer group from the TSR of the Brenntag share. If the performance of the DAX or MDAX or the average TSR of the global peer group equals the TSR of the Brenntag share, target achievement is 100%. If the TSR of the Brenntag share outperforms the DAX or MDAX or the average TSR of the global peer group by 25% or more percentage points, target achievement is 150%. If the TSR of the Brenntag share underperforms the DAX or MDAX or the average TSR of the global peer group by 25% or more percentage points, target achievement is 0%. Values in-between are determined by linear interpolation. Overall target achievement is calculated by multiplying the target achievement figures of the two performance criteria by their respective weightings and then adding together these two weighted target achievement figures.

The number of virtual shares that a Board of Management member is finally granted at the end of the four-year performance period is calculated by multiplying the number of virtual shares initially granted by the overall target achievement.

The payout amount is determined by multiplying the number of virtual shares finally granted by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months prior to the end of the performance period plus dividend payments during the performance period. The payout amount is capped at max. 200% of the individual and contractually set grant amount (Cap).

The payout amount shall be paid within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year in which the performance period ends.

Early payout of the tranches of the performance share plan is not possible under the Remuneration System 2020.

Malus and clawback

All variable remuneration components of a Board of Management member are only paid out after the end of the regular plan period. The Supervisory Board is contractually entitled to retain the variable remuneration (malus) in whole or in part if a Board of Management member violates their obligations under Section 93 of the German Stock Corporation Act. In addition, the Supervisory Board is contractually entitled to reclaim parts of the variable remuneration (clawback) if a Board of Management member violates their obligations under Section 93 of the German Stock Corporation Act, payout of the variable remuneration was made on the basis of incorrect data or the company's EBITDA decreases by at least 25% within two years and during the Board of Management member's service compared with the EBITDA for which the variable remuneration was paid. Clawback of variable remuneration is possible up to an amount of 25% of the total remuneration for the respective financial year.

In financial year 2023 no variable remuneration was retained or clawed back.

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Caps and maximum remuneration

Under the Remuneration System 2020, total remuneration is limited by upper thresholds, including caps for each variable remuneration component, as previously described, and by the maximum remuneration. Maximum remuneration for Steven Terwindt was set at EUR 3,000,000 and for Henri Nejade at EUR 3,400,000. As their service agreements ended during 2023, a pro rata temporis adjustment is made to these amounts for this year.

Further remuneration and contractual provisions

The following describes further remuneration and contractual provisions that are largely applicable under both remuneration systems.

For building up pension entitlements, Dr. Christian Kohlpaintner receives from the company an annual amount of EUR 300,000 and may decide at his own discretion how to use this money. The annual amount made available is paid in twelve equal monthly instalments, in each case at the end of the month. If the service agreement begins or ends during a financial year, the annual amount will be granted on a pro rata temporis basis for that financial year.

For building up pension entitlements, the other members of the Board of Management receive an annual amount of 13.5% (rounded to the next full EUR 1,000) of their annual base salary and the short-term variable remuneration (on 100% target achievement, i.e. irrespective of the actual targets achieved). Dr. Kristin Neumann, Michael Friede, Ewout van Jarwaarde and Steven Terwindt are paid out the relevant amount for building up pension entitlements every year and may decide at their own discretion how to use this money. Henri Nejade had the option either to use this amount in whole or in part for contributions to his French social insurance or to also pay it annually into the Deferred Compensation Contingency Plan of Brenntag SE. For 2023, Henri Nejade had decided to pay the amount into the Deferred Compensation Contingency Plan.

The Brenntag pension plan is a defined benefit pension commitment with pension payments commencing when the Board of Management member reaches the age of 63, provided that he or she is no longer in the service of the company. The contributions are converted into pension modules in the year in which the contributions are paid. The pension entitlements are calculated solely on the basis of the sum of the pension modules accumulated up to the age limit. This pension plan also contains an arrangement for a widows and

orphans pension which would amount to 60% and 20% respectively of the full pension entitlements. In accordance with the statutory provisions pursuant to Section 16 of the German Occupational Pensions Act (BetrAVG), the interest on the annual installments and the annual increase in pension payments is 1%. The pension liability insurance policies taken out with the Board of Management member as beneficiary are pledged to that member.

In financial year 2023 a total of EUR 22k was recognized for Henri Nejade as a pension commitment expense, and the present value of his pension commitment is EUR 1,804k. Apart from that, no expenses or provisions for pension commitments were incurred or recognized for the other members of the Board Management serving in financial year 2023, and they had no existing pension commitment.

Apart from the amounts explained above, which are made available to build up pension entitlements, no other arrangements for retirement and early retirement have been agreed.

In addition to the above-mentioned remuneration components, the Board of Management members receive benefits in kind and other benefits, such as a company car, also for private use, or a car allowance, and benefits for health care and long-term care insurance.

The benefits for health care and long-term care insurance are limited to max. 50% of the premium they pay into their health care and long-term care insurance. Should Ewout van Jarwaarde be subject to the statutory social security system in the Netherlands, Brenntag will pay the corresponding employer contributions to the Dutch social security system up to an amount of EUR 20,000 per year. Steven Terwindt was provided with supplementary health insurance based on the national health insurance system in Canada. Furthermore, a group accident insurance has been taken out. In addition, the company has taken out Directors & Officers Insurance (damage liability insurance) for the Board of Management members. This provides for a deductible of 10% of the damages claimed in each case, but in each year limited to 150% of the annual base salary. For his services as director for Brenntag companies in Asia Pacific of Brenntag Asia Pacific Pte. Ltd., Singapore, Henri Nejade also received fixed remuneration from this subsidiary in the amount of SGD 600,000 per annum, depending on the exchange rate but no more than EUR 400,000. Steven Terwindt was also provided with a budget for a transitional period, which could be used for accommodation at the Essen location. For Steven Terwindt, this budget was EUR 16,200 per year and was only available until July 31, 2023.

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In the event of temporary disability due to illness, accident, or any other cause not due to the fault of a Board of Management member, said member is entitled to continued payment of the full annual base salary for a period of no more than nine months. For the first three months of such incapacity, full entitlement to the annual bonus and the target or grant amount of the long-term variable remuneration is also retained. In the event of the death of a Board of Management member, the base salary is paid to their surviving dependents for the month of their death and the six months following their death or until the date on which the service agreement would have been terminated without their death, whichever event occurs first.

Contract termination provisions

The service agreements of the Board of Management members end automatically on specified dates without any notice of termination being required. The employment of Board of Management members may only be terminated prematurely for good cause or by mutual agreement. If employment is terminated prematurely, the service agreement limits any severance pay to the value of twice the total annual remuneration, but no more than the amount of remuneration that would be paid until the end of the term of the service agreement.

A post-contractual non-compete clause has been agreed with Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede, Ewout van Jarwaarde and Steven Terwindt. The post-contractual non-compete obligation applies for a period of 24 months after the termination of the service agreement. During this period Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede, Ewout van Jarwaarde and Steven Terwindt receive a continuous payment amounting to 75% of their annual base salary. Any earnings pursuant to Section 74c of the German Commercial Code (HGB) are deducted from this payment. There is no separate post-contractual non-compete clause for Henri Nejade.

There are no separate change-of-control arrangements.

Target remuneration of Board of Management members serving in financial year 2023

In order to ensure transparent reporting of the Board of Management remuneration, the following table first shows the contractually agreed target amounts for the individual remuneration components for each serving Board of Management member plus the benefits in kind. The target amounts for the annual bonus and the performance share plan result from the contractually agreed target amounts. As Dr. Kristin Neumann was appointed to the Board of Management during 2022 and Michael Friede during 2023, and Henri Nejade and Steven Terwindt stepped down from the Board of Management during 2023, the target amounts indicated in the respective year are pro rata temporis amounts.

REMUNERATION OF THE BOARD OF MANAGEMENT

	Dr. Christian Kohlpaintner	Dr. Kristin Neumann	Michael Friede
Term of service agreement as a Board of Management member	(until Dec. 31, 2025) in EUR k	(until Mar. 31, 2025) in EUR k	(until Mar. 31, 2026) in EUR k
Annual base salary	2023 1,050 2022 1,000	525 438	394 -
Pension allowance	2023 300 2022 300	139 116	109 -
Benefits in kind / other benefits	2023 60 2022 38	35 30	277 ¹⁾ -
Total non-performance-based remuneration	2023 1,410 2022 1,338	699 583	780 -
Short-term variable remuneration	2023 1,000 2022 900	500 417	413 -
Long-term variable remuneration	2023 1,300 2022 1,200	600 500	600 -
Total performance-based remuneration	2023 2,300 2022 2,100	1,100 917	1,013 -
Total remuneration	2023 3,710 2022 3,438	1,799 1,500	1,793 -

	Ewout van Jarwaarde	Henri Nejade	Steven Terwindt
Term of service agreement as a Board of Management member	(until Dec. 31, 2028) in EUR k	(until Jun. 30, 2023) in EUR k	(until Jul. 31, 2023) in EUR k
Annual base salary	2023 500 2022 475	268 525	306 525
Pension allowance	2023 132 2022 125	70 139	81 139
Benefits in kind / other benefits	2023 42 2022 36	227 454	32 ²⁾ 44
Total non-performance-based remuneration	2023 674 2022 636	565 1,118	419 708
Short-term variable remuneration	2023 475 2022 450	250 500	292 500
Long-term variable remuneration	2023 575 2022 550	300 600	350 600
Total performance-based remuneration	2023 1,050 2022 1,000	550 1,100	642 1,100
Total remuneration	2023 1,724 2022 1,636	1,115 2,218	1,061 1,808

2.16 Target remuneration of the Board of Management members serving in financial year 2023

¹⁾ Including a contractually agreed sign-on bonus in the amount of EUR 250k.²⁾ The contractually agreed post-contractual non-compete compensation, amounting to EUR 164k, is not included in the target remuneration.

REMUNERATION OF THE BOARD OF MANAGEMENT

Performance criteria for the variable remuneration

As previously described, Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede and Ewout van Jarwaarde were incentivized under the Board of Management Remuneration System 2023, Henri Nejade and Steven Terwindt under the Board of Management Remuneration System 2020.

The following table shows the respective targets and the results actually achieved. The respective target achievement is calculated from the two figures. The results of the organic operating EBITA and the organic EBITDA were calculated based on constant exchange rates. Specifically, the exchange rates as per the 2023 budget were used, as they were also applied in determining the target values.

Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede and Ewout van Jarwaarde					
2023	Threshold	Target	Cap	Result	Target achievement
Organic operating EBITA (in EUR m)					
Brenntag Group	1,426.2	1,501.3	1,576.4	1,308.3	-
Brenntag Specialties	740.4	779.4	818.4	572.3	-
Brenntag Essentials	821.4	864.6	907.8	870.9	114.6%
Working capital turnover					
Brenntag Group	7.61 x	7.77 x	7.94 x	7.25 x	-
Earnings per share (in EUR)					
Brenntag Group	5.45	6.06	6.66	4.73	-

2.17 Performance criteria for the annual bonus 2023 – Remuneration System 2023

Henri Nejade and Steven Terwindt			
2023	Target	Result	Target achievement
Organic EBITDA (in EUR m)			
Brenntag Group	1,808.7	1,629.0	90.1%
Brenntag Specialties	815.1	617.8	75.8%
Brenntag Essentials	1,145.1	1,131.2	98.8%
Working capital turnover			
Brenntag Group	7.77 x	7.25 x	93.3%
Earnings per share (in EUR)			
Brenntag Group	6.05	4.73	78.2%

2.18 Performance criteria for the annual bonus 2023 – Remuneration System 2020

The Supervisory Board and the Board of Management members agreed that individual performance aspects are to be determined on the basis of three dimensions: growth, people and risk. This approach enabled a holistic view to be taken when determining the individual performance multipliers for 2023. These individual performance aspects include:

- Ensuring the execution of the Horizon 2 strategy in the divisions and across the Group

- Improving and further harmonizing financial systems and processes
- Implementing Digital.Data.Excellence Program for 2023
- Executing the defined M&A programs in the divisions
- Further developing the capabilities of employees and the performance-oriented corporate culture.
- Executing Brenntag's ESG agenda in the divisions and across the Group.

REMUNERATION OF THE BOARD OF MANAGEMENT

- Further improving the internal control and risk management system
- Taking measures to further reduce risks related to the safety of people, facilities, and processes

Taking a holistic view and using reasonable discretion, the Supervisory Board considers the expectations placed on the Board of Management members with regard to progress on the individual performance aspects to have been met.

The reference to ESG (environmental, social, governance) in the individual performance multiplier is established directly through the relevant performance aspects. In addition, there is a requirement for all serving Board of Management members that special weight is given to the avoidance of particularly serious HSE (health, safety, environment) incidents when

assessing their individual performance. In the spring of 2023, Henri Nejade stepped down from the Brenntag Board of Management in order to pave the way for a smooth transition to his successor Michael Friede. His individual performance assessment is therefore primarily based on his role in this crucial transition phase for Brenntag.

The individual performance multiplier that is applied to the annual bonus in both remuneration systems was therefore set by the Supervisory Board at 1.0 for Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede, Ewout van Jarwaarde, Henri Nejade, and Steven Terwindt.

The annual bonuses for 2023 are calculated on the basis of the performance criteria previously described and the individual performance multipliers as follows:

2023	Dr. Christian Kohlpaintner	Dr. Kristin Neumann	Michael Friede	Ewout van Jarwaarde
Target amount	EUR 1,000k	EUR 500k	EUR 413k	EUR 475k
Organic operating EBITA (weighting 60%)				
Brenntag Group				
Target achievement	-	-	-	-
Brenntag Specialties				
Target achievement	-	-	-	-
Brenntag Essentials				
Target achievement	-	-	-	114.6%
EBITA overall target achievement	-	-	-	28.7%
Working capital turnover (weighting 20%)				
Brenntag Group				
Target achievement	-	-	-	-
Earnings per share (weighting 20%)				
Brenntag Group				
Target achievement	-	-	-	-
Overall target achievement	-	-	-	7.2%
Preliminary payout amount	-	-	-	EUR 34k
Individual performance multiplier	1.00	1.00	1.00	1.00
Final payout amount	-	-	-	EUR 34k

2.19 Calculation of the annual bonus for 2023 – Remuneration System 2023

REMUNERATION OF THE BOARD OF MANAGEMENT

2023	Henri Nejade	Steven Terwindt
Target amount	EUR 250k	EUR 292k
Organic operating EBITDA (weighting 60%)		
Brenntag Group		
Target achievement	90.1%	90.1%
Brenntag Specialties		
Target achievement	75.8%	-
Brenntag Essentials		
Target achievement	-	98.8%
EBITDA overall target achievement	86.5%	92.2%
Working capital turnover (weighting 20%)		
Brenntag Group		
Target achievement	93.3%	93.3%
Earnings per share (weighting 20%)		
Brenntag Group		
Target achievement	78.2%	78.2%
Overall target achievement	86.2%	89.6%
Payout factor	72.4%	79.3%
Preliminary payout amount	EUR 181k	EUR 231k
Individual performance multiplier	1.00	1.00
Final payout amount	EUR 181k	EUR 231k

2.20 Calculation of the annual bonus for 2023 – Remuneration System 2020

The performance criteria for the 2020–2023 tranche of the performance share plan under the Board of Management Remuneration System 2020 were set at the end of 2019. Recipients of this tranche include Dr. Christian Kohlpaintner and Steven Terwindt.

The performance period ran from January 1, 2020, to December 31, 2023, and the payout amounts for the 2020–2023 tranche of the performance share plan are determined on the basis of the performance criteria previously described as follows:

2023	Dr. Christian Kohlpaintner	Steven Terwindt
Grant amount	EUR 1,200k	EUR 229k
Average share price at the beginning of the performance period	EUR 46.85	EUR 46.85
Number of virtual shares initially granted	25,614	4,891
Brenntag TSR performance	75.6%	75.6%
Average TSR performance of the global peer group (weighting 50%)	68.7%	68.7%
TSR outperformance vs. global peer group	6.9%	6.9%
Target achievement	113.8%	113.8%
MDAX TSR performance (weighting 50%)	-4.4%	-4.4%
TSR outperformance vs. MDAX	80.0%	80.0%
Target achievement	150.0%	150.0%
Overall target achievement	131.9%	131.9%
Number of virtual shares finally awarded	33,785	6,451
Average share price at the end of the performance period plus dividend	EUR 80.98	EUR 80.98
Payout amount (max. 200% of grant amount)	EUR 2,400k	EUR 458k

2.21 Calculation of the 2020–2023 tranche of the performance share plan – Remuneration System 2020

REMUNERATION OF THE BOARD OF MANAGEMENT

Information on remuneration awarded and due to Board of Management members serving in financial year 2023 and former members in accordance with Section 162 of the German Stock Corporation Act (AktG)

In the remuneration report for 2023, a change is made with regard to the interpretation option for the remuneration awarded and due within the meaning of Section 162 of the German Stock Corporation Act (AktG).

From the Remuneration Report 2023 onwards, the second interpretation option acceptable to the Institute of Public Auditors in Germany (IDW) will be applied and remuneration will therefore be deemed to have been "awarded and due in the financial year" if the underlying activity has been performed in full by the end of the financial year or the vesting period has been completed in full and the vesting requirements have been met.

In the past, the first interpretation, which is also acceptable to the IDW, was applied, namely that remuneration is deemed to have been "awarded and due in the financial year" if it has actually been received.

The change in the interpretation option affects the variable remuneration components in particular. Following the change in interpretation, it is the annual bonus for the financial year and not the annual bonus for the previous year that is reported as awarded and due. In addition, the long-term variable remuneration is now reported as awarded and due for the performance period ending in the financial year and not for the performance period ending in the previous year.

In line with the "pay for performance" philosophy and with a view to improving clarity and comparability, consistency of reporting over time has been broken. The aim is to present the correlation between the business results of a financial year and the resulting remuneration for the financial year.

This means that there is also no reporting on the performance criteria for variable remuneration for the previous year's annual bonus and on the long-term variable remuneration the performance period of which ended in the previous year. The aim is to shorten the report for the reader by avoiding multiple disclosures over time and thus improve the overview.

Furthermore, the voluntary reporting disclosures on remuneration granted and earned in accordance with Section 4.2.5, para. 3 of the German Corporate Governance Code in the version dated February 7, 2017 (GCGC 2017) can also be dispensed with in future. Following the change in interpretation, the 'earned' perspective is already reflected in the remuneration awarded and due. The remuneration granted is replaced by the voluntary provision of a target remuneration table.

Information on remuneration awarded and due to Board of Management members serving in financial year 2023 in accordance with Section 162 AktG

On March 31, 2023, Henri Nejade stepped down from the Board of Management, his service agreement remaining in force until June 30, 2023. Until this date, Henri Nejade actively supported the company, in particular on questions relating to Brenntag Specialties and in order to provide Michael Friede with the best-possible assistance during his induction process.

Steven Terwindt stepped down from the Board of Management on July 31, 2023 and his service agreement ended on the same day in accordance with the terms of the contract. By mutual agreement, the post-contractual non-compete clause under the Remuneration System 2020 was shortened from 24 months to 12 months. Consequently, Steven Terwindt will only receive non-compete compensation for this shortened period.

In accordance with their respective service agreements, Henri Nejade and Steven Terwindt received their annual base salary and the pension components on a pro rata temporis basis.

The annual bonuses for Henri Nejade and Steven Terwindt for 2023 will also be calculated on a pro rata basis. In accordance with the Remuneration System 2020, these bonuses will be paid in 2024. In accordance with the Remuneration System 2020, the performance share plan entitlements will be paid after completion of the performance period of the respective tranche. Details on the 2020–2023 tranche are given in the section "Performance criteria for the variable remuneration".

REMUNERATION OF THE BOARD OF MANAGEMENT

Michael Friede took on the role of COO Brenntag Specialties on the Board of Management of Brenntag SE on April 1, 2023. A sign-on bonus of EUR 1 million was agreed in order to offset possible losses from his previous long-term remuneration plans, which had a significantly higher payout potential. This amount will be split as follows: EUR 250,000 was paid together with his first monthly salary. The target bonus will be increased by EUR 50,000 for three years, which gives a total of EUR 150,000. Furthermore, the target amount for the performance share plan will be increased yearly by EUR 200,000 for three years, which gives a total of EUR 600,000.

As Dr. Christian Kohlpaintner had skillfully led the company through challenging times and, with Project Brenntag, laid the foundation for further sustainable growth, his service agreement was extended from January 1, 2023. His exceptional performance in the transformation of Brenntag paved the way for an 8% increase in his target direct remuneration, which comprises the basic salary and both variable remuneration components.

In his role as Chief Transformation Officer, Ewout van Jarwaarde has made an important contribution to Brenntag's extremely successful transformation. In order to acknowledge his performance and bring his remuneration package in line with that of the other Board of Management members, his target direct remuneration was increased by 10%.

These three new remuneration packages remain moderate compared with those paid in the peer group of DAX and MDAX companies.

REMUNERATION OF THE BOARD OF MANAGEMENT

The total remuneration for the individual Board of Management members serving in financial year 2023 is as follows:

		Dr. Christian Kohlpaintner	Dr. Kristin Neumann	Michael Friede	
Term of service agreement as a Board of Management member		(until Dec. 31, 2025)	(until Mar. 31, 2025)	(until Mar. 31, 2026)	
		in EUR k	in %	in EUR k	in %
Annual base salary	2023	1,050	27.5	525	75.1
	2022	1,000	31.9	438	30.9
Pension allowance	2023	300	7.9	139	19.9
	2022	300	9.5	116	8.2
Benefits in kind / other benefits	2023	60	1.6	35	5.0
	2022	38	1.2	30	2.1
Total non-performance-based remuneration	2023	1,410	37.0	699	100.0
	2022	1,338	42.6	583	41.2
Short-term variable remuneration	2023	-	-	-	-
	2022	1,800	57.4	833	58.8
Long-term variable remuneration	2023	2,400	63.0	-	-
	2022	-	-	-	-
Total performance-based remuneration	2023	2,400	63.0	-	-
	2022	1,800	57.4	833	58.8
Total remuneration	2023	3,810	100.0	699	100.0
	2022	3,138	100.0	1,416	100.0

		Ewout van Jarwaarde	Henri Nejade	Steven Terwindt	
Term of service agreement as a Board of Management member		(until Dec. 31, 2028)	(until Jun. 30, 2023)	(until Jul. 31, 2023)	
		in EUR k	in %	in EUR k	in %
Annual base salary	2023	500	70.7	268	39.6
	2022	475	30.9	525	26.5
Pension allowance	2023	132	18.6	-	-
	2022	125	8.1	-	139
Benefits in kind / other benefits	2023	42	5.9	227	33.6
	2022	36	2.4	454	22.9
Total non-performance-based remuneration	2023	674	95.2	495	73.2
	2022	636	41.4	979	49.4
Short-term variable remuneration	2023	34	4.8	181	26.8
	2022	900	58.6	1,000	50.6
Long-term variable remuneration	2023	-	-	-	458
	2022	-	-	-	-
Total performance-based remuneration	2023	34	4.8	181	26.8
	2022	900	58.6	1,000	50.6
Total remuneration	2023	708	100.0	676	100.0
	2022	1,536	100.0	1,979	100.0

2.22 Remuneration awarded and due to Board of Management members serving in financial year 2023 in accordance with Section 162 AktG

¹⁾ Including a contractually agreed sign-on bonus in the amount of EUR 250k.

REMUNERATION OF THE BOARD OF MANAGEMENT

The following table shows the remuneration awarded and due in the change-over year for financial year 2022 according to the previous interpretation option:

		Dr. Christian Kohlpaintner	Dr. Kristin Neumann	Ewout van Jarwaarde			
Term of service agreement as a Board of Management member		(until Dec. 31, 2025)	(until Mar. 31, 2025)	(until Dec. 31, 2028)			
		in EUR k	in %	in EUR k	in %	in EUR k	in %
Annual base salary	2022	1,000	31.9	438	75.0	475	30.9
Pension allowance	2022	300	9.5	116	19.9	125	8.1
Benefits in kind / other benefits	2022	38	1.2	30	5.1	36	2.4
Total non-performance-based remuneration	2022	1,338	42.6	583	100.0	636	41.4
Short-term variable remuneration	2022	1,800	57.4	-	-	900	58.6
Long-term variable remuneration	2022	-	-	-	-	-	-
Total performance-based remuneration	2022	1,800	57.4	-	-	900	58.6
Total remuneration	2022	3,138	100.0	583	100.0	1,536	100.0

		Henri Nejade	Steven Terwindt		
Term of service agreement as a Board of Management member		(until Jun. 30, 2023)	(until Jul. 31, 2023)		
		in EUR k	in %	in EUR k	in %
Annual base salary	2022	525	18.2	525	30.7
Pension allowance	2022	-	-	139	8.2
Benefits in kind / other benefits	2022	454	15.8	44	2.6
Total non-performance-based remuneration	2022	979	34.0	708	41.5
Short-term variable remuneration	2022	1,000	34.7	1,000	58.5
Long-term variable remuneration	2022	905	31.3	-	-
Total performance-based remuneration	2022	1,905	66.0	1,000	58.5
Total remuneration	2022	2,884	100.0	1,708	100.0

2.23 Interpretation option for the remuneration awarded and due according to the Remuneration Report 2022

REMUNERATION OF THE BOARD OF MANAGEMENT

Information on remuneration awarded and due to former Board of Management members in accordance with Section 162 of the German Stock Corporation Act (AktG)

In financial year 2023, EUR 305k was paid as part of a pension commitment to a former Board of Management member who retired before 2014.

Steven Terwindt received a contractually agreed post-contractual non-compete compensation in the amount of EUR 164k for the period from August 1, 2023, to December 31, 2023.

Apart from these amounts, no remuneration was awarded or due to former Board of Management members in financial year 2023.

Therefore, the following table contains only one prior-year figure for the remuneration awarded and due to former Board of Management members:

	2022	Karsten Beckmann		Markus Klähn		Georg Müller	
		in EUR k	in %	in EUR k	in %	in EUR k	in %
Annual base salary	2022	-	-	-	-	163	4.5
Benefits in kind / other benefits	2022	-	-	-	-	4	0.1
Total non-performance-based remuneration	2022	-	-	-	-	167	4.6
Short-term variable remuneration	2022	-	-	-	-	207	5.7
Long-term variable remuneration	2022	-	-	-	-	3,069	85.0
Total performance-based remuneration	2022	-	-	-	-	3,276	90.7
Termination benefits	2022	-36	-3.9	-	-	-	-
Pension payments received	2022	959	104	-	-	-	-
Total remuneration	2022	923	100.0	-	-	3,443	100.0

2.24 Remuneration awarded and due to former Board of Management members in accordance with Section 162 AktG

The following table shows the remuneration awarded and due in the change-over year for financial year 2022 according to the previous interpretation option:

	2022	Karsten Beckmann		Markus Klähn		Georg Müller	
		in EUR k	in %	in EUR k	in %	in EUR k	in %
Annual base salary	2022	-	-	-	-	163	7.2
Pension allowance		-	-	-	-	-	-
Benefits in kind / other benefits	2022	-	-	-	-	4	0.2
Total non-performance-based remuneration	2022	-	-	-	-	167	7.4
Short-term variable remuneration	2022	-	-	-	-	876	39.0
Long-term variable remuneration	2022	-	-	1,873	81.3	1,206	53.6
Total performance-based remuneration	2022	-	-	1,873	81.3	2,082	92.6
Termination benefits	2022	-36	-3.9	431	18.7	-	-
Pension payments received	2022	959	104	-	-	-	-
Total remuneration	2022	923	100.0	2,304	100.0	2,249	100.0

2.25 Interpretation option for the remuneration awarded and due according to the Remuneration Report 2022

REMUNERATION OF THE BOARD OF MANAGEMENT

Information on shares granted in the financial year

Since 2020, Dr. Christian Kohlpaintner, Dr. Kristin Neumann, Michael Friede, Ewout van Jarwaarde, Henri Nejade and Steven Terwindt have been contingently granted virtual Brenntag shares, so-called performance share units, as part of their

long-term variable remuneration under both the Remuneration System 2020 and the Remuneration System 2023.

The performance share units are paid out after the end of the respective four-year performance period. The specific performance criteria previously defined for the relevant Board of Management remuneration system are taken into account.

	Dr. Christian Kohlpaintner	Dr. Kristin Neumann	Michael Friede	Ewout van Jarwaarde	Henri Nejade	Steven Terwindt
2020 tranche ¹⁾	25,614	-	-	-	-	4,891
2021 tranche ²⁾	20,057	-	-	9,193	10,028	10,028
2022 tranche ³⁾	15,072	6,280	-	6,908	7,536	7,536
2023 tranche ⁴⁾	21,124	9,750	9,750	9,344	4,875	5,687

2.26 Performance share units initially contingently granted

¹⁾ The relevant Brenntag share price was EUR 46.85 at the beginning of the performance period and EUR 74.93 at the end of the performance period.

²⁾ Price of the Brenntag share applicable at the beginning of the performance period: EUR 59.83

³⁾ Price of the Brenntag share applicable at the beginning of the performance period: EUR 79.62

⁴⁾ Price of the Brenntag share applicable at the beginning of the performance period: EUR 61.54

Compliance with maximum remuneration

In order to comply with the maximum remuneration requirement, all remuneration components hitherto awarded and due for a financial year are listed and allocated to the financial years in which they were granted. These amounts are added up and compared with the maximum remuneration to be applied for that financial year.

It was confirmed that the maximum remuneration for each Board of Management member was complied with in 2020, 2021, 2022 and 2023. However, it is important to note that not

all remuneration components for 2021, 2022 and 2023 have already been awarded or are currently due. In particular, entitlements under the long-term variable remuneration cannot be determined until after the end of the respective performance periods.

The following table gives a detailed breakdown of how the maximum remuneration requirement for the financial year 2020 is met:

in EUR k	Dr. Christian Kohlpaintner	Steven Terwindt
Annual base salary	1,000	208
Pension allowance	300	74
Service cost	-	-
Benefits in kind / other benefits	31	9
Short-term variable remuneration	1,790	-
Long-term variable remuneration 2020-2023	2,400	458
Total remuneration realized in accordance with Sec. 87a, para. 1, sentence 2, no. 1 AktG	5,521	749
Maximum remuneration agreed	5,650	1,250¹⁾

2.27 Compliance with the maximum remuneration 2020 – Remuneration System 2020

¹⁾ On a pro rata temporis basis for the period from August 1 to December 31, 2020; whole year equivalent: EUR 3,000,000

Remuneration of the Supervisory Board

An adjusted remuneration system for the Supervisory Board was approved by 95.32% of the votes cast at the Annual General Meeting of Brenntag SE on June 15, 2023 and introduced retroactively with effect from January 1, 2023.

The provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code on remuneration for members of the Supervisory Board provide the regulatory framework for the remuneration system. The remuneration of the members of the Supervisory Board is purely fixed remuneration:

Fixed remuneration of the members of the Supervisory Board

Chair
of the Supervisory Board
EUR 325,000

Deputy Chair
of the Supervisory Board
EUR 162,500

Member
of the Supervisory Board
EUR 130,000

Remuneration for committee memberships of the members of the Supervisory Board

Chair
Presiding and Nomination Committee
Audit Committee
Transformation and Sustainability Committee and
any additional committee that may be established
each EUR 125,000

Member
Presiding and Nomination Committee
Audit Committee
Transformation and Sustainability Committee and
any additional committee that may be established
each EUR 50,000

Share ownership guidelines for the members of the Supervisory Board

Personal investment in shares of Brenntag SE (20% of gross fixed remuneration per year)
with holding obligation for the duration of an appointment period.

2.28 Remuneration system for the members of the Supervisory Board

The remuneration of the Supervisory Board members was adjusted to reflect the increased requirements of their roles. This adjustment ensures that the remuneration remains market-competitive to enable Brenntag to attract and retain experts with a high level of expertise in various business areas in an international market environment.

The remuneration levels take into account the functions and the respective responsibilities of the members of the Supervisory Board and are in an appropriate relationship to the situation of Brenntag. The remuneration of Supervisory Boards and committees in comparable national and international companies of the same industry is also considered. To maintain the competitiveness of the remuneration in national and international comparison, the fixed remuneration of the members of the Supervisory Board has been increased moderately from EUR 120,000 to EUR 130,000.

The differentiation made in the remuneration for the various roles of the Supervisory Board since 2015 did not adequately reflect the increased commitment, effort and responsibility the role of Chair of the Supervisory Board involves. In line with best market practice, a greater difference in the fixed remuneration for the Chair of the Supervisory Board by a factor 2.5 instead of 1.75 is to be made.

The expertise of Supervisory Board members needed for constructive work in different committees and their time commitment are very similar for the committees. Therefore, the remuneration paid for committee memberships is being standardized.

REMUNERATION OF THE SUPERVISORY BOARD

In line with international market practice, the members of the Supervisory Board shall invest part of their fixed remuneration in Brenntag shares in order to align with the interests of shareholders.

The following table shows the amounts due in 2023 to Supervisory Board members serving in financial year 2023 and former members:

in EUR k		Fixed remuneration	Remuneration for committee work	Total
Richard Ridinger Chair (since Jun. 15, 2023)	2023	236	100	336
	2022	120	50	170
Doreen Nowotne Chair (until Jun. 15, 2023)	2023	149	115	264
	2022	210	75	285
Dr. Andreas Rittstieg Deputy Chair	2023	163	91	253
	2022	150	25	175
Stefanie Berlinger	2023	130	50	180
	2022	120	25	145
Sujatha Chandrasekaran (since Jun. 15, 2023)	2023	70	27	98
	2022	-	-	-
Wijnand P. Donkers	2023	130	141	271
	2022	120	50	170
Ulrich M. Harnacke	2023	130	152	282
	2022	120	85	205
Total remuneration	2023	1,008	675	1,683
	2022	840	310	1,150

2.29 Remuneration awarded and due (vesting-based interpretation) to the Supervisory Board¹¹

¹¹ Note: The remuneration of the Supervisory Board members is purely fixed remuneration.

The members of the Supervisory Board serving as at December 31, 2023 are obliged to invest 20% of the gross fixed remuneration for 2023 as a personal investment in Brenntag shares and to hold these shares in their ownership until the end of their term of office. The investment obligation comes into effect at the end of 2023 and must be met by the end of 2024. The check for compliance with this obligation as at December 31, 2024 is expected to be performed in March 2025 and a report will be made in the Remuneration Report 2025.

Furthermore, Directors & Officers insurance (damage liability insurance) has been taken out for the members of the Supervisory Board. Beyond this, Supervisory Board members received no further remuneration or benefits for personal services rendered, in particular advisory and mediatory services, in the reporting year. No loans or advances were granted to members of the Supervisory Board in the reporting year, nor were any guarantees or other commitments entered into in their favor.

CHANGES IN EARNINGS AND REMUNERATION OVER TIME

Changes in earnings and remuneration over time

	Actual 2023	Actual 2022	Change in 2023 compared with 2022	Change in 2022 compared with 2021	Change in 2021 compared with 2020
Remuneration of current members of the Board of Management					
Dr. Christian Kohlpaintner (since Jan. 1, 2020)	EUR 3,810k	EUR 3,138k	+ 21.4%	-	+ 0.5%
Dr. Kristin Neumann (since Mar. 1, 2022)	EUR 699k	EUR 1,417k	- 50.7%	+ 100.0%	-
Michael Friede (since Apr. 1, 2023)	EUR 780k	-	+ 100.0%	-	-
Ewout van Jarwaarde (since Jan. 1, 2021)	EUR 708k	EUR 1,536k	- 53.9%	- 0.1%	+ 100.0%
Henri Nejade (until Jun. 30, 2023)	EUR 676k	EUR 1,979k	- 65.8%	- 30.8%	+ 24.7%
Steven Terwindt (until Aug. 31, 2023)	EUR 1,273k	EUR 1,708k	- 25.5%	+ 0.9%	+ 481.8%
Remuneration of former members of the Board of Management					
Karsten Beckmann	-	EUR 923k	- 100.0%	EUR 937k ¹⁾	- 100.3%
Markus Klähn	-	-	-	- 100.0%	- 0.3%
Georg Müller (until Mar. 31, 2022)	-	EUR 3,443k	- 100.0%	+ 25.2%	+ 23.3%
Remuneration of current members of the Supervisory Board					
Richard Ridinger (since Jun. 10, 2020)	EUR 336k	EUR 170k	+ 97.4%	-	+ 112.5%
Doreen Nowotne (until Jun. 15, 2023)	EUR 264k	EUR 285k	- 7.5%	-	+ 50.8%
Ulrich M. Harnacke	EUR 282k	EUR 205k	+ 37.6%	-	-
Stefanie Berlinger	EUR 282k	EUR 145k	+ 94.6%	-	-
Wijnand P. Donkers	EUR 271k	EUR 170k	+ 59.2%	-	+ 30.8%
Dr. Andreas Rittstieg	EUR 253k	EUR 175k	+ 44.6%	-	+ 9.4%
Sujatha Chandrasekaran (since Jun. 15, 2023)	EUR 98k	-	+ 100.0%	-	-
Remuneration of former members of the Supervisory Board					
-	-	-	-	-	-
Remuneration of employees					
Ø employee Brenntag SE	EUR 120k	EUR 110k	+ 9.1%	+ 8.9%	+ 6.5%
Change in earnings					
Profit after tax Brenntag Group	EUR 721.1m	EUR 902.5m	- 20.1%	+ 95.6%	-
Profit after tax Brenntag SE	EUR 120.6m	EUR 250.7m	- 51.9%	+ 3.8%	+ 8.8%

2.30 Changes in Board of Management, Supervisory Board and employee remuneration

¹⁾ Since Karsten Beckmann repaid an amount of EUR 14k, the remuneration awarded and due to him in 2021 was negative. The corresponding change in 2022 compared with 2021 can therefore only be stated in absolute terms.

The above table shows the changes in the remuneration of the Board of Management, Supervisory Board and employees as well as the changes in the company's earnings.

Changes in remuneration and the company's earnings were shown for the first time from 2020 to 2021 and are now updated every year in the remuneration report. In the case of

CHANGES IN EARNINGS AND REMUNERATION OVER TIME

Board of Management members serving in financial year 2023 and former members, the total remuneration awarded and due is taken into account as described in the section "Information on remuneration awarded and due to Board of Management members serving in financial year 2023 and former members in accordance with Section 162 of the German Stock Corporation Act (AktG)". In the case of current and former Supervisory Board members, the total remuneration awarded and due is taken into account as described in the section "Remuneration of the Supervisory Board". Apart from apprentices, interns and pre-retirement part-time workers, all employees who had a valid employment contract with Brenntag SE in the respective financial year are included in the changes in average employee remuneration.

Part-time employment and entries and departures from the company during the year are extrapolated to the full-year, full-time equivalent. Base salary and short-term and long-term

variable remuneration paid in the financial year are included in the calculation for employees. Benefits in kind and company pension schemes for employees are excluded from the calculation as these remuneration components are to a large extent purely administrative and are not subject to the classic, annual adjustment mechanism. In this analysis, we focus only on the employees of Brenntag SE in order to avoid a distorted picture in the future as a result of takeovers and different remuneration dynamics in other countries.

The following table shows a comparison of the remuneration awarded and due in the change-over year for financial year 2022 according to the previous interpretation option. Detailed information on the change in the interpretation option is given in the section "Information on remuneration awarded and due to Board of Management members serving in financial year 2023 and former members in accordance with Section 162 of the German Stock Corporation Act (AktG)".

	Actual 2022	Actual 2021	Change in 2022 compared with 2021	Change in 2021 compared with 2020
Remuneration of current members of the Board of Management				
Dr. Christian Kohlpaintner (since Jan. 1, 2020)	EUR 3,138k	EUR 3,127k	+ 0.4%	+ 134.9%
Dr. Kristin Neumann (since Mar. 1, 2022)	EUR 583k	-	+ 100.0%	-
Ewout van Jarwaarde (since Jan. 1, 2021)	EUR 1,536k	EUR 637k	+ 141.1%	+ 100.0%
Henri Nejade (until Jun. 30, 2023)	EUR 2,884k	EUR 2,290k	+ 25.9%	+ 26.7%
Steven Terwindt (until Jul. 31, 2023)	EUR 1,708k	EUR 693k	+ 146.5%	+ 138.1%
Remuneration of former members of the Board of Management				
Karsten Beckmann	EUR 923k	EUR 1,737k	- 46.9%	- 52.9%
Markus Klähn	EUR 2,304k	EUR 1,219k	+ 89.0%	- 31.2%
Georg Müller (until Mar. 31, 2022)	EUR 2,249k	EUR 2,213k	+ 1.6%	+ 37.7%
Remuneration of current members of the Supervisory Board				
Richard Ridinger (since Jun. 10, 2020)	EUR 170k	EUR 170k	-	+ 112.5%
Doreen Nowotne (until Jun. 15, 2023)	EUR 285k	EUR 285k	-	+ 50.8%
Ulrich M. Harnacke	EUR 205k	EUR 205k	-	-
Stefanie Berlinger	EUR 145k	EUR 145k	-	-
Wijnand P. Donkers	EUR 170k	EUR 170k	-	+ 30.8%
Dr. Andreas Rittstieg	EUR 175k	EUR 175k	-	+ 9.4%
Remuneration of former members of the Supervisory Board				
-	-	-	-	-
Remuneration of employees				
Ø employee Brenntag SE	EUR 110k	EUR 101k	+ 8.9%	+ 6.5%
Change in earnings				
Profit after tax Brenntag Group	EUR 902.5m	EUR 461.4m	+ 95.6%	- 2.6%
Profit after tax Brenntag SE	EUR 250.7m	EUR 241.5m	+ 3.8%	+ 8.8%

2.31 Interpretation option for the remuneration awarded and due according to the Remuneration Report 2022

Auditor's report

To Brenntag SE, Essen

We have audited the accompanying remuneration report of Brenntag SE, Essen / Germany, ("the Company") for the financial year from January 1 to December 31, 2023, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and of the Supervisory Board

The executive directors and the supervisory board of Brenntag SE, Essen / Germany, are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfil the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the remuneration report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgment. This includes assessing the risk of material misstatements, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the remuneration report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the supervisory board as well as an evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2023, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG.

Formal Audit of the Remuneration Report

The audit of the content of the remuneration report described in this report comprises the formal audit required under Section 162 (3) AktG including the issuance of a report on this audit. Since our audit opinion on the audit of the content is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the remuneration report.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

This report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Brenntag SE, Essen/Germany, and our liability is also governed by the engagement letter dated 12 December 2023 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) in the version dated 1 January 2017 (IDW-AAB). However, we do not accept or assume liability to third parties.

Düsseldorf, March 6, 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

André Bedenbecker

Christian Siepe

Wirtschaftsprüfer
(German Public Auditor)

Wirtschaftsprüfer
(German Public Auditor)

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Dear readers, dear shareholders,

The effects of numerous geopolitical crises on global trade relations posed particular challenges for Brenntag again last year. Rising energy costs for our suppliers in Europe amplify the already-strong pressure in a market environment that remains volatile. At the same time, companies face increasing requirements for transparency and comprehensive ESG reporting. Nevertheless, or perhaps especially in this environment, clear ESG targets provide direction, and their systematic implementation is a central focus for us at Brenntag going forward. We must play a role in shaping the ecological and social transformation of both our company and society through responsible governance, thereby contributing to a sustainable way of life.

As the global market leader in chemicals and ingredients distribution, we see ourselves in a key position to drive the transition to sustainability in the markets we serve. In 2023, we once again expanded our product portfolio so as to offer more sustainable alternatives to many established chemicals and ingredients. We are helped in this by CO₂Xplorer, our tool for calculating the greenhouse gases associated with individual products (product carbon footprint (PCF)). We are enhancing the transparency of our portfolio and making it easier for business partners to select sustainable product alternatives and thus improve their own carbon footprint. The independent testing service provider TÜV Rheinland has certified the CO₂Xplorer calculation method, thereby confirming that it meets the requirements of ISO 14067:2018 and the Together for Sustainability PCF Guideline.

We also see considerable potential for sustainable development in recycling and the circular economy. In 2023, Brenntag entered into an agreement with RubberJet Valley Group regarding the distribution of rubber powder and granules made from recycled end-of-life tires. The polymers produced through an environmentally friendly process are a suitable replacement for natural rubber. Together with our partners, we are thus helping to conserve resources, save on costs and diversify supply chains.

Our long-term ESG strategy also includes assessing our sites worldwide for specific risks. We investigate physical climate risks, such as those arising from flooding, heatwaves or storms, in different global warming scenarios. In 2023, we worked hard to prepare ourselves for the German Supply Chain Due Diligence Act. For example, we carried out a risk assessment on several thousand of our suppliers in order to identify and minimize risks of human rights violations.

Sustainability criteria also play an important role for our own financing. In the reporting period, we linked the interest rates on our new, EUR 1.5 billion credit facility to the achievement of specific ESG targets in a first for Brenntag.

All these measures contribute toward our sustainability vision Future Sustainable Brenntag. We are also delighted about the recognition we have received for our sustainability efforts in the form of awards and ratings. In the reporting period, for example, Brenntag was a finalist for the renowned German Sustainability Prize. In the Institutional Shareholder Services group of companies (ISS) ESG rating, we improved our score from C to C+, the highest level in our sector of industry.

Our intention in 2024 is to analyze the product portfolio of further lines of business from a sustainability perspective and thus increase the share of sustainable solutions in our range. We will also place a focus on innovation.

Implementing ESG measures is a shared task. In addition to the collaboration with our customers and suppliers, the commitment and creativity of our global workforce in particular help to make our company and our industry more sustainable. I would like to sincerely thank all colleagues for that.

Dear readers, as global market leader, we wish to continue to lead the way in the global distribution of sustainable chemicals and ingredients. I would be delighted if you would accompany and support us on our journey toward a Future Sustainable Brenntag.

Sincerely yours,



Dr. Christian Kohlpaintner
Chief Executive Officer of Brenntag SE

About this report

Reporting principles

This separate non-financial Group report (NfR) for financial year 2023 is a report published by Brenntag SE on its sustainability activities. The NfR has been integrated into the Annual Report, but is not part of the Group management report.

Under the German act transposing the EU CSR Directive into German law (Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports), it is mandatory to use a framework for non-financial reporting. This NfR is based on the Global Reporting Initiative ([GRI](#)) requirements and indicators and therefore takes into account the interests of investors, customers, partners, suppliers, NGOs, employees and interested members of the public (GRI Index from [page 128](#)).

In addition, the following standards are used voluntarily as a supplement to the above:

- the principles of the United Nations Global Compact ([UNGCG](#)),
- the standards issued by the Sustainability Accounting Standards Board ([SASB](#), [SASB "Chemicals" standard](#) and [SASB "Road transportation" standard](#), index on [page 135](#)) and
- the standard issued by the Task Force on Climate-related Financial Disclosures ([TCFD](#), index on [page 133](#)). The TCFD looks at the financial risks that climate change poses to companies' business performance.

This NfR was prepared in accordance with Sections 289c to 289e in conjunction with Section 315c of the German Commercial Code (HGB) and fulfills both the legal requirements of the HGB and the statutory provisions set out in Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation).

To provide a structured presentation of this content, Brenntag has used the GRI standards as a framework. The description of the requirements under the HGB is based on the structure of the GRI management approaches. This structure is used in the description of the materiality analysis as well as for management approaches relating to "environmental matters",

"employee matters", "respect for human rights", "anti-corruption and bribery matters" and "responsibility in the supply chain" (GRI 3: Material Topics 2021). In addition, a GRI Content Index contrasts the GRI indicators with the corresponding passages in the report. This GRI Content Index is published from [page 128](#). The following disclosures are additional information and not part of this separate NfR and therefore not subject to the audit: references to information not contained in the NfR or the combined Group management report and management report of Brenntag SE, the SASB and TCFD indices, and the principles of the UNGC.

The NfR has been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) pursuant to ISAE 3000 (Revised) to obtain limited assurance. Three metrics were subjected on a voluntary basis to an audit pursuant to ISAE 3000 (rev.) to obtain reasonable assurance. The Practitioner's Report can be found on [page 138](#). The NfR was also preliminarily analyzed and audited by the Supervisory Board's Audit Committee and subsequently by the entire Supervisory Board.

Information on the business model can be found in the combined Group management report and management report of Brenntag SE on [pages 142-143](#).

In this NfR, correlations have been identified with amounts reported in the consolidated financial statements. Information on environmental provisions amounting to EUR 107.5 million (2022: EUR 108.9 million) for the clean-up of soil and groundwater at current and former, owned or leased sites can be found under [note 25](#) to the consolidated financial statements for financial year 2023.

Data basis and calculation

This NfR covers Brenntag SE, which is included in the consolidated financial statements, as well as the consolidated subsidiaries, which are also included along with structured entities. For information on the group of consolidated companies and consolidation method, see [page 194](#) and [page 198](#), as well as the list of companies included in the consolidated financial statements, [page 265](#).

The reporting period for this NfR covers the Brenntag Group's financial year 2023 (January 1, 2023 to December 31, 2023).

ABOUT THIS REPORT

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

Identification of material content

The topics presented in the materiality matrix on [page 90](#) form the basis for determining the NfR content. The matrix is the result of a materiality analysis that was updated in 2022 in that the stakeholders included assessed the relevance and the effects of the various topics. The materiality analysis was thus updated for the second time since it was first conducted in 2015. The results of the last update were judged to be still valid for 2023. In order to determine the material topics, Brenntag adhered to the requirements of Section 289c, para. 2 in conjunction with para. 3 of the HGB and the Global Reporting Initiative standards. These topics were assessed for the NfR using the following criteria:

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

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

Aspects	Issue and page reference
Environmental matters	Combating climate change (page 109) Waste and packaging (page 115) More sustainable products (page 107) Circular business models (page 116) Responsible use of water (resources) (page 115) Climate resilience (page 97)
Employee matters	Occupational health and safety (page 99) People development and training (page 104) Respectful and caring work environment (page 101) Safe handling of chemicals (page 99)
Respect for human rights	Compliance and corporate governance (page 93) Responsible supplier management (page 105)
Anti-corruption and bribery matters	Compliance and corporate governance (page 94)
Social matters	Not material
Sustainable governance	Integration of sustainability in governance structures (page 96)

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

Social matters were identified as being immaterial to Brenntag within the meaning of the law and were therefore not included in the NfR applying a global approach. However, Brenntag reports on local, social activities and employees' involvement outside the NfR. In accordance with the German Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports, Brenntag has identified "Sustainable governance" as being material in addition to the topics covered by the law. This aspect is explained under the topic "Integration of sustainability in governance structures". Brenntag understands this topic to involve implementing management structures for business ethics and taking sustainability aspects into account in portfolio and investment steering. Under the German Act to Strengthen Non-financial Disclosures by Companies in their

ABOUT THIS REPORT

Management and Group Management Reports, Brenntag is required to report on management structures for business ethics in the NfR, whereas it reports on portfolio and investment steering voluntarily.

Moreover, non-financial risks to Brenntag SE's business activities are addressed as part of its risk management. This is explained in detail in the risk report contained in the combined management report. Pursuant to Section 289c, para. 3, no. 3 and 4 of the HGB, no material risks were identified in the reporting period which are associated with Brenntag SE's business relationships, products and services and which are very likely to have serious negative effects on the aspects named in the German Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports now or in the future. Moreover, no non-financial performance indicators were classed as significant (Section 289b, para. 3, no. 5, Section 315, para. 3 HGB). References to amounts reported in the consolidated financial statements are not necessary to form an understanding.

The business model

Brenntag is the global market leader in chemicals and ingredients distribution. The company plays a central role in connecting the chemical industry's customers and suppliers. In the field of sustainability, Brenntag pursues specific goals and is committed to sustainable solutions in its own sector and the industries served. In this context, the company identifies the sustainability needs of its numerous customer indus-

tries and works together with its suppliers to develop appropriate products and services. In doing so, Brenntag also takes care to minimize the effects of its business activities on the environment by trying to prevent releases and reduce CO₂ emissions, for example. You can read more about the business model on [page 142](#) of the Group management report.

Sustainability at Brenntag

Strategy

Brenntag aims to fulfill its responsibility and play a significant role in shaping the future of the industry. The company supports its partners in its networks and promotes collaboration and shared success.

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

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

In order to demonstrate its leading role on the journey to an eco-friendly and sustainable future and make an impactful contribution, Brenntag signed up to the [Science Based Targets initiative \(SBTi\)](#) in 2022, thereby committing to have its climate goals validated by the end of 2024 at the latest. These are science-based, 1.5°C-aligned goals. In 2022, the company developed its sustainability vision Future Sustainable Brenntag and formulated an ESG strategy. The vision refers to Brenntag's overarching set of long-term objectives and describes the basic direction. The strategy, in turn, describes the planned approach and the specific actions taken to achieve the sustainability vision. Brenntag's ESG strategy is based on two different and equally important components. Firstly, the focus is on shrinking the carbon footprint, for example by reducing emissions. At the same time, Brenntag strives to increase its positive contribution, such as by developing environmentally friendly products and solutions. These two points of focus are intended to drive meaningful and lasting changes for the company and society. From the ESG strategy, the company derives clearly defined and ambitious medium- and long-term goals along the value chain. Brenntag is thus shaping the sustainable future of global chemical distribution.

SUSTAINABILITY AT BRENNETAG

Focus areas

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

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

Brenntag has identified eight United Nations [Sustainable Development Goals \(SDGs\)](#) that are of most relevance to the company and to which it can make the greatest contribution. These eight SDGs are: good health and well-being; gender equality; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; responsible consumption and production; climate action.

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



Management structures for business ethics



Portfolio and investment steering



Fair and safe employer



Responsible partner for
suppliers and communities



Climate protection and reduction of emissions



Resource efficiency and circular economy



3.02 SDGs

Targets

Brenntag has set clear medium-term targets and some long-term targets for each focus area. In order to achieve these, it has also defined short-term targets, the progress toward

which must be measured on a yearly basis. The targets and the current status of the targets are explained in further detail in the individual sections.

Focus areas	Targets 2024–2030	Targets 2030–2045	Target achievement 2023
Management structures for business ethics	Refine the regular reporting to regional, divisional and global management on the development of the compliance management system (2024)		Further adjustment of Board remuneration based on ESG goals (2024). Target for 2024 fully achieved: ESG goals firmly integrated into long-term variable remuneration with effect from January 1, 2023
Portfolio and investment steering	100% portfolio steering toward sustainability (2025) Develop strategies to support technological advancement in important industry segments (e.g. automotive) (2025)		All new sites green building certified
Fair and safe employer	100% targeted expansion of unconscious bias training for leaders, managers and recruiters (2025) Annual global employee engagement survey, including action planning and monitoring (2024–2026)	Female representation of at least 30% across our entire management below the Board of Management (2030) TRIR ¹⁾ < 2.0 (2030) 25% reduction in process spillages vs. 2023 (2030) ³⁾	100% of employees earn at least a living wage Global organizational diversity, equity and inclusion structure set up Female representation across management levels in percent: L-1 ≥ 22.2%; L-2 ≥ 26.6%; L-3 ≥ 30.0%; L-4 ≥ 30.0%; L-5+ ≥ 26.9% Engagement survey developed and organized TRIR < 2.65 Total spillages < 0.8 events/MMH ⁵⁾
Responsible partner for suppliers and communities	All suppliers are covered by risk management (as of 2024) ²⁾		Responsibilities assigned for 100% of high-risk suppliers
Climate protection and reduction of emissions	100% energy consumption from renewable sources (2025) 100% offsetting of remaining Scope 1 and 2 emissions (2025)	40% absolute carbon reduction vs. 2020 (2030) ⁴⁾ Net zero carbon emissions (2045)	12.6% reduction in total Scope 1 and 2 Co ₂ e emissions vs. base year 2020
Resource efficiency and circular economy	Assess at least 60% of the product portfolio (sales in EUR) for sustainability (2024) Ten circular businesses, each generating > EUR 1 million a year (2025)		At least 30% of the product portfolio (sales in EUR) assessed for sustainability and quantitative target for 2025 set 24 circular business models analyzed

■ achieved

■ partially achieved

■ not achieved

3.03 Focus areas

¹⁾ Total Recordable Injury Rate.

²⁾ All active suppliers managed in the global ERP system.

³⁾ Irrespective of the target, uncontained spillages, PSE1 and releases of hazardous gases will be disclosed from the 2024 reporting period onwards.

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

⁵⁾ MMH = million man-hours.

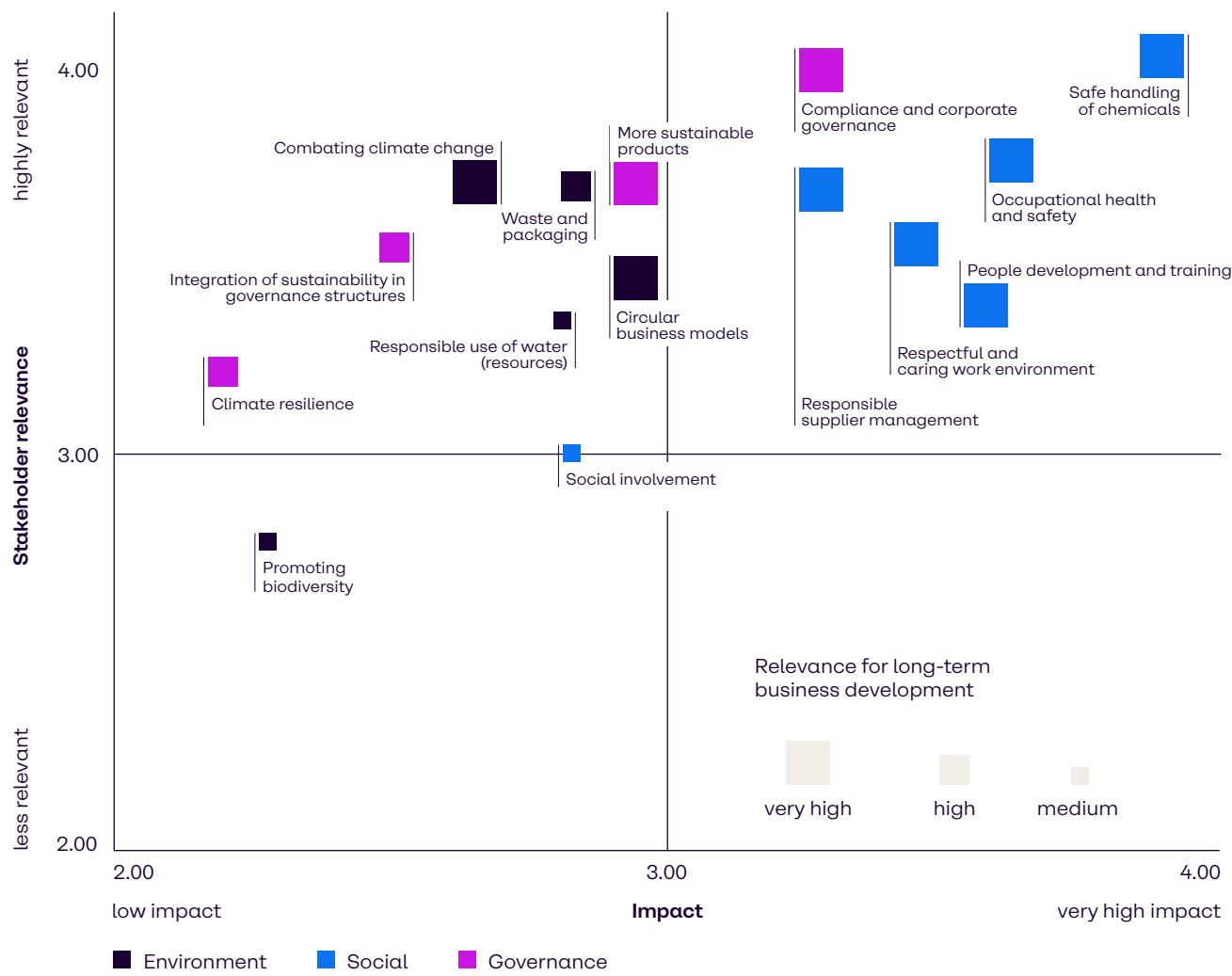
Materiality analysis

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

effects of Brenntag's activities on the environment, society and the economy. The materiality analysis updated in 2022 was judged to be still valid for 2023.

The analysis included stakeholders such as employees, managers, customers, suppliers, association representatives and investors. The findings of the stakeholder survey confirm the strategy and long-term Future Sustainable Brenntag vision: All topics identified as being material are also taken into account in the defined focus areas.

Materiality matrix



3.04 Materiality matrix

Dialog with stakeholders

Brenntag maintains open and target group-specific dialog with various stakeholders. These include customers, employees, suppliers and business partners along with investors and analysts, the media and other representatives of society. The aim is to keep stakeholders appropriately up to date on company developments and objectives and to create transparency. In return, this interaction enables the company to identify stakeholder expectations and give them appropriate consideration in its business decisions.

As a member of relevant technical and industry associations at a local, regional and international level, Brenntag devotes time and attention to industry-specific issues. It is also essential to the success of the sustainability strategy that employees are kept fully informed about sustainability issues and given opportunities to actively participate. To this end, the company offers various communication channels, such as the sustainability magazine Sustainability Insights, the sustainability newsletter and virtual information events. The global Brenntag intranet is also a source of information on news and developments.

Non-financial Group Report

Governance

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Governance

Management structures for business ethics

5 GENDER EQUALITY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Values

Brenntag's business partners and other stakeholders quite rightly expect the highest level of quality, reliability and efficient, innovative solutions. In order to meet these standards, Brenntag uses five core values to systematically guide its actions. All business activities and business relationships are shaped by these values.

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

Brenntag wishes to embed these values introduced at the end of 2022 in day-to-day business and ensure that employees live them. In 2023, a series of digital and analog options was delivered with the aim of encouraging employees to consciously engage with the values, discuss them within the team and use them to guide their own actions. This begins during

the new employee recruitment process, which is shaped by the Brenntag values, continues during human resources development and involves interaction both among employees and with external partners. This is to be continued in 2024.

ESG management and organization

Sustainability only becomes effective once it is firmly embedded in organizational and management systems. The Supervisory Board of Brenntag SE has established a separate Transformation and ESG Committee to enable the implementation and tracking of the corporate and sustainability strategy, including sustainability objectives, to be monitored at the highest level of the company. The Committee is composed of Supervisory Board members Wijnand Donkers, Richard Ridinger and Ulrich Harnacke.

In 2022, Brenntag established a Sustainability Council made up of managers from different regions and functions and headed by the CEO. The Sustainability Council met three times in the reporting period to discuss the implementation of the sustainability strategy and cross-function initiatives.

In order to strengthen its commitment to sustainable governance, Brenntag's objective for 2024 was to adapt the Board of Management remuneration system and explicitly implement ESG goals. The Supervisory Board achieved this objective as early as 2023 in that a revised Board of Management remuneration system became effective with retrospective effect from January 1, 2023 following its approval at the 2023 Annual General Meeting and the Supervisory Board firmly integrated ESG goals into long-term variable remuneration. These ESG goals are generally based on measurable, quantitative performance criteria derived from Brenntag's sustainability strategy. The specific ESG goals for the 2023–2026 tranche of long-term variable Board remuneration are as follows:

- Reduction in greenhouse gas emissions (Scope 1 and Scope 2)
- Further increase in occupational safety (reduction in the TRIR)
- Increase in the percentage of women at different levels of management

At Group level, Brenntag has numerous guidelines that apply worldwide. Sustainability Brenntag Group works to advance sustainability topics in a targeted manner throughout the company. It is headed by the Vice President (VP) Sustainability

Brenntag Group. He reports directly to the CEO and is part of the global leadership team. This promotes the integration of sustainability topics in other areas of the Group and in the regions. In the Brenntag Essentials and Brenntag Specialties divisions, there are now dedicated roles that drive and assume responsibility for sustainability in business operations. In addition, the individual companies and sites pursue a large number of sustainability activities on their own, both regionally and locally.

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

Compliance and integrity

Brenntag has traditionally attached great importance to responsible, future-oriented and sustainable corporate governance. In 2023, it continuously further developed its compliance processes in order to continue to ensure that the company and its employees comply consistently with the laws, rules and guidelines of relevance to Brenntag. Among other things, this further development includes the organizational expansion of the compliance department, the extension of the internal compliance reporting system and the implementation of new, additional whistleblowing channels.

The Senior Vice President (SVP) Compliance & Privacy Brenntag Group reports once a quarter to the Board of Management and the Audit and Compliance Committee, on a monthly basis to the Supervisory Board and to the CEO of the Brenntag Group. The Regional Compliance Managers based in the regions, who are assisted in their work by local compliance contacts, regularly exchange information and experience with the SVP Compliance & Privacy Brenntag Group and the regional management. Based on the organizational developments at the company, reporting on the compliance management system will be refined accordingly in 2024.

Brenntag has set up particularly safe and confidential points of contact for whistleblowers. In the reporting period, the compliance department provided employees and third parties with new, additional whistleblowing channels for this purpose. A case handling system was also implemented. This is used primarily by the compliance and internal audit departments in the context of investigating reports. Fourteen

confirmed cases were reported in 2023. One report of possible corrupt action was submitted and an investigation launched. In this case, the suspicion was not confirmed at the end of the investigation. In addition, two reports received in 2023 are still the subject of ongoing investigations. Employees and third parties can access the relevant whistleblowing channels through the Brenntag website. Seventeen confirmed cases were reported in the 2022 reporting period. In addition, two reports of possible corrupt action were submitted. In neither of the two cases was the suspicion confirmed at the end of the investigation.

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

Among other means, the new Brenntag Compliance intranet site, internal newsletters and other communication measures are used to familiarize employees with relevant topics and provide extensive materials, guidelines and manuals. Brenntag also offers regular training through resources such as the Group-wide e-learning platform in order to keep employees' knowledge of compliance topics up to date. As an example, the online training module on the Code of Business Conduct and Ethics is mandatory for employees once a year. This was completed by 96% of the relevant employees in the reporting period (2022: 94%). In addition, based on their activity, employees took part in antitrust law training (completed by 96% of the relevant employees; 2022: 92%) and anti-corruption training (completed by 97% of the relevant employees; 2022: 91%).

Data protection

Group-wide data protection places particular requirements on Brenntag. Different statutory provisions must be observed at each of the Group's international sites. At the same time, it is necessary to appropriately protect the interests of all data subjects and ensure that data protection standards are adhered to throughout the company. For this, the provisions of the General Data Protection Regulation and the requirements of numerous other international data protection laws (e.g. in Brazil, California (USA), China, South Africa, etc.) must be implemented and harmonized. In particular, this requires

comprehensive and in particular local expertise, well-coordinated communication and integrated data protection management.

As head of the Global Data Protection department, the Group Data Protection Officer reports independently and directly to the CEO at regular meetings. In 2023, the department underwent expansion and further development of its organizational structure. Notably, the addition of a privacy engineer was made to enhance coverage of technological aspects within the area of data protection. Data protection coordinators in the various regions support the Global Data Protection department and report to the central unit. Data protection recommendations and developments are discussed with other departments at least once a quarter.

The global data privacy management system introduced in 2020 supports and automates the documentation of all processing procedures worldwide, including the service providers involved and the corresponding risk analyses. Since the system was introduced, data and processes have been managed locally and controlled centrally. In 2023, the quality of documentation was further improved and the data protection coordinators in the regions received training in this regard. In 2023, additional measures were implemented to advance the digitalization of data protection processes. Another point of focus was providing support to the Digital.Data.Excellence initiatives, including with regard to the auditing of service providers and projects. In addition, the project teams involved received comprehensive guidance.

Internal audit

Brenntag's governance model is based on the Three Lines Model. In addition to operational management (first line) and standard-setting functions such as compliance and risk management (second line), this provides for an internal audit function independent of day-to-day business (third line) within the corporate structure.

Brenntag's Group internal audit function is divided into regional audit teams based in Singapore, Houston (USA) and Essen (Germany) and functional teams for IT audits, forensic audits, audit policies and audit analytics. All teams and team leaders report to the Senior Vice President Internal Audit Brenntag Group, who reports to the CEO.

The aim of Internal Audit is to protect the Group's corporate values and gain insights into internal processes that are relevant to the Group. For this purpose, it conducts independent audits of the effectiveness of processes and controls as well as compliance with internal guidelines, with these audits based on a risk-based audit plan. Audit findings are assessed

with regard to the resulting risk for the Group. The results of the audits are reported to the Group Board of Management, the Supervisory Board's Audit Committee and other stakeholders, such as subsidiaries' management teams. Internal Audit also provides advisory services in accordance with the relevant professional standards.

Internal Audit agrees measures to remedy the weaknesses with the units audited and monitors their implementation through suitable follow-up processes. Thirty-two audits were conducted in the Brenntag Group in the reporting period (2022: 28 audits). In this context, a total of 205 (2022: 186) measures were agreed with the units audited.

Tax policy

Adherence to applicable tax laws and regulations is an essential element of compliance (tax compliance). In 2023, the Brenntag Group paid EUR 249.1 million (2022: EUR 344.9 million) in income taxes.

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

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

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

To comply with tax laws and regulations, Brenntag has begun to build a tax compliance management system (Tax CMS) within the meaning of IDW Aus 980, starting with the German subsidiaries. This system is to be rolled out across the Group on schedule at the end of 2024. The Tax CMS is continuously enhanced and always adapted to the latest legislation or court rulings.

For information on the handling of tax risks, please refer to the practitioner's report.

Portfolio and investment steering



Brenntag aims to further embed sustainability in governance structures by implementing guidelines and processes so as to ensure that sustainability is integrated into important activities and the portfolio and investments can therefore be steered toward sustainability.

Portfolio steering

Brenntag aims to be the chemical industry leader in sustainability. This includes the company focusing its product portfolio more on innovative and sustainable products that result in greater efficiency, lower consumption and fewer impacts on people and the environment across the entire value chain. Close working relationships with customers and suppliers play an important role here. By offering sustainable products and solutions, the company provides its customers with ever better support in meeting their own sustainability targets. This also opens up further business opportunities for Brenntag.

To this end, Brenntag aims to use sustainability criteria to steer 100% of the relevant product portfolio from the end of 2025 onwards and to market more products that make a particular contribution to sustainability while reducing products that are negative contributors to sustainability. On its journey to a more sustainable product portfolio, Brenntag analyzed around 70% of its product portfolio from a sustainability perspective in an initial examination carried out in 2022. In the reporting period, Brenntag segmented in more detail around 31% (sales in EUR) of its product portfolio using established methods such as the Portfolio [Sustainability Assessment of the World Business Council for Sustainable Development \(WBCSD\)](#) as its guide. Industry- and region-specific sustainability trends and sustainability criteria for the products marketed by Brenntag are identified at workshops with the respective business segments. In contrast to last year, the number of workshops is no longer a relevant metric, as segmentation was carried out as a project this year and workshops were just one part of the implementation process. Sustainability criteria can include RSPO certifications¹⁾ for the HI&I (Household, Industrial & Institutional Care) segment or biobased solvents, for example. This method is used to gen-

erate an overview of how much sales revenue the business segment concerned makes from particularly sustainable products and how many products have a sustainability flaw. This enables the portfolio to be steered toward greater sustainability. The aim is to extend the product portfolio with regard to sustainability criteria in light of regional market requirements and trends in the customer industries.

Brenntag benefits from the fact that its global presence and comprehensive application and product expertise mean that the company has knowledge of heavily regulated markets and an extensive supplier network. Brenntag can also leverage this knowledge in less regulated markets so as to proactively offer appropriate products to customers wishing to comply with safety standards that go beyond regional regulations. In the reporting period, Brenntag therefore developed a guideline with a view to reducing the use of substances of very high concern (SVHCs) in sold products at a concentration above 0.1% not just in the EU, but worldwide. The company is concentrating on SVHCs on the EU-REACH authorization list (Annex XIV) and the EU-REACH candidate list.

Initial steps toward a more sustainable product portfolio were taken through Brenntag's own [Step4Change](#) initiative in the EMEA region back in 2020. Step4Change helps customers to reach their sustainability targets by identifying more sustainable product solutions from our partners that meet their needs and making them available quickly and flexibly. The business initiative by Brenntag Essentials EMEA made considerable progress in 2023. For example, Step4Change entered into initial distribution agreements with customers and also signed agreements on the joint market development of sustainable products.

In its quest to promote technological advancement in important industry segments such as e-mobility and chemical recycling, Brenntag aims to develop strategies by the end of 2025. For the rapidly developing e-mobility market, Brenntag Essentials Battery Materials and Solutions has already positioned itself along the value chain in lithium-ion batteries and similar technologies. Contact has been established with potential customers with a view to developing joint solutions for the supply of materials and value-added services.

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

Investment steering

Sustainability also plays a central role for Brenntag when it comes to assessing investments. Since 2022, ESG factors have been an integral part of due diligence on mergers and acquisitions. Brenntag prepares a sustainability appraisal on each acquisition candidate, in which it determines whether the company in question is a good fit with its own ESG strategy. Among other things, the appraisals assess energy consumption, energy sources and the products offered by the acquisition candidate that are classified as sustainable. Portfolio risks relating to the acquisition candidate's sustainability are also examined and incorporated into the investment assessment. Brenntag has developed a guideline specifically for this purpose. Eleven assessments were prepared for mergers and acquisitions in the reporting period (2022: five assessments).

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

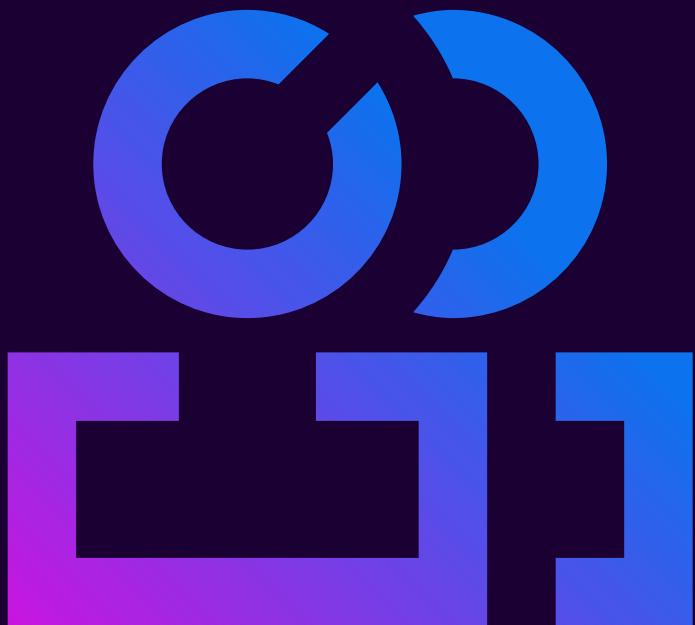
Brenntag pursues a sustainability strategy for its own buildings, too. In 2022, the Corporate Sustainable Building Guideline was introduced to this end. This requires each new Brenntag-owned building to be certified to defined sustainable building standards. Recognized standards include LEED, BREEAM and Green Star. Existing buildings also have to be certified to one of the aforementioned standards if there are any relatively large-scale modernization or renovation projects scheduled. No building projects were part of the Guideline in the reporting period.

In 2022, the company launched a pilot project together with an external service provider with a view to identifying future physical climate risks for the Brenntag sites worldwide, for example as a result of rising sea levels or exceptional heat-waves. The initial focus was on a qualitative assessment of each site's exposure to such risks in different global warming scenarios. In the reporting period, the project was developed in greater detail by holding workshops with different departments. The focus here was on methodology, data quality and risk presentation. The results are to be used to increase the Brenntag sites' resilience to changes in climatic conditions.

Non-financial Group Report

Social

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Social

Fair and safe employer



Occupational health and safety

Safety is one of Brenntag's five core values. As a global business with a highly diversified supplier and customer structure, the company faces particular challenges, as it is confronted with different regional laws and requirements, industry standards and work cultures.

Safe handling of chemicals

At Brenntag, there is a combination of various aspects of health and safety. Chemical process safety provides the basis for the safe handling of chemicals. However, it is also important that all parties have the necessary risk awareness and conduct themselves accordingly and that appropriate protective measures are introduced and adhered to. Added to this are the occupational safety issues arising from activities in transportation, storage, packaging and distribution. Responsibility for occupational safety also includes external transport companies, customers and contractors if they are working at Brenntag sites or if they are supplied by Brenntag.

In order to fulfill this responsibility, Brenntag pursues a global, standards-based QSHE (quality, safety, health, environment) strategy. In this context, Brenntag standards are defined based on industry standards such as ISO 9001, Responsible Care/Responsible Distribution and the CCPS (Center for Chemical Process Safety) model. The QSHE strategy is built on four pillars: Culture, Team, Management System and Monitoring & Controlling.

Culture

Throughout the Group, Brenntag operates in accordance with the "Safety First" principle, relying strongly on personal commitment and responsibility. Brenntag uses various methods to continuously raise employee awareness of occupational health and safety. Documented QSHE training tailored to the requirements of each activity provides the basis. This is supplemented by communication formats such as five-minute talks, lessons learned and best practices, which

enable insights gained from incidents or examples of good working practices to be shared within the organization in a structured manner.

Running for a certain period, there are also global and regional safety projects on a variety of topics. Individual critical problems are addressed in dedicated global campaigns so as to specifically raise awareness among employees in this area and ensure harmonized corrective and preventive measures.

The Brenntag Global QSHE Policy

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

Since the end of 2021, when an increase in accidents was registered in this area, the worldwide "Zero Tolerance to Chemical Exposures" campaign had been using detailed information materials and an animated video "5 Golden Rules" to convey the safe handling of hazardous chemicals and how to avoid direct contact with those substances. During the campaign and after it concluded, the number of such accidents fell significantly. At assessments and site visits carried out in 2023, it was then examined how the content of the campaign had been implemented and adopted into the daily routine locally. In the reporting period, Brenntag initiated the Contractor Management campaign. This covers the criteria according to which contractors are selected, how preventive measures for safe working are developed in collaboration with contractors and how compliance with those measures is appropriately monitored. The first campaign in 2024 will address fire safety.

The global Brenntag Enhanced Safety Thinking (BEST) program also helps to raise awareness of safety. It consists of the Brenntag Safety Behavior Standard and an employee survey that builds on the behaviors described in the Standard. The aim is to evaluate safety behavior and safety awareness within the company and, if necessary, improve it by way of action plans. In all global regions, the most recent survey in 2022 showed employees giving safety awareness and safety behavior a much better rating compared with the two previous editions in 2015 and 2018. The next survey is scheduled for 2025.

Once a year, Brenntag presents the Global Safety Awards in two categories: the Safety Excellence Award for the best safety record and the Safety Phoenix Award for the strongest improvement in terms of safety. In 2023, the Mosquera site in Colombia (Safety Excellence Award) and the Montville site in France (Safety Phoenix Award) were honored for the achievements shown.

Team

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

Management system

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

Internally, the company issued a global QSHE manual that combines its guidelines setting out company-wide minimum standards in QSHE. The content has since been regularly revised and updated in order to adapt relevant aspects and control measures accordingly.

One important element of the QSHE management system at Brenntag is its participation in the international [Responsible Care / Responsible Distribution \(RC/RD\)](#) initiative of the International Chemical Trade Association (ICTA). Regardless of legal requirements, the initiative wishes to ensure that member companies continuously improve their environmental and health performance and report openly on this progress on a regular basis. Brenntag companies with operating sites or with direct sales are expected to participate if national associations offer a corresponding program¹⁾. At the end of 2023, 92 out of a total of 98 relevant companies were taking part in an RC/RD program (2022: 85 out of 87 relevant companies).

Ensuring safe handling of loose, unpackaged chemicals, termed bulk goods, requires safe facilities and processes. Brenntag has therefore established process safety management (PSM) programs at all sites worldwide that work with such bulk chemicals. For this, the sites conduct a self-assessment using a questionnaire based on the internationally recognized CCPS model, currently at intervals of one to two years. Within the QSHE organization, Brenntag has also built up an international team of PSM experts that supports the sites and carries out PSM assessments. Using a risk-based approach, a structured system was developed under which all sites concerned undergo a PSM assessment at least once every three years. The number of assessments carried out was increased from 20 in 2022 to 77 in the reporting period.

To ensure quality, Brenntag aims for all operating sites to be certified to ISO 9001. Where useful and necessary, the company has supplemented or replaced this with further product- or industry-related quality management systems²⁾. At the end of 2023, 363 of Brenntag's 364 relevant sites worldwide were certified accordingly (2022: 356 out of 364 relevant sites).

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

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

Monitoring & controlling

Brenntag has established an extensive monitoring and controlling system in order to continuously improve its safety measures. Since 2023, a new central QSHE reporting platform has been collating information from the regional systems. The Brenntag companies report on accidents and incidents in accordance with the Brenntag Global Standard Reporting Criteria. Brenntag also relies strongly on monitoring and controlling as a preventive tool, such as in the case of near misses and in the form of safety inspections and certifications.

Brenntag made further progress on occupational safety in the reporting period. The TRIR¹⁾ (Total Recordable Injury Rate) decreased from 2.7 in the previous year to 2.5 in the reporting period. Nevertheless, an employee of an external company engaged by Brenntag was unfortunately seriously injured by sulfuric acid in an accident at a tank farm in Germany. The insights gained and resulting actions fed directly into the Contractor Management campaign. In Germany, Austria and Switzerland, for example, Brenntag fully revised its contractor management and extended it accordingly.

All spillages in excess of 200 liters of liquid and solid products that are classified as dangerous goods in accordance with the international UN transport regulations are included in Brenntag's total spillage rate. This rose from 0.83 in 2022 to 1.11 spillages per million man-hours in 2023 and was therefore well above the target of no more than 0.80. At 83%, the rise in spillages of packaged goods, from intermediate bulk containers for example, was significantly higher than the 16% increase in spillages from process and bulk facilities. Such process spillages are a subset of the process safety events described below and often entail greater risks than those from packaging. Brenntag therefore places greater focus on this type of spillage at a global level and has also modified its target accordingly. By 2030, Brenntag intends to reduce the rate of process spillages by at least 25%, starting from 1.88 cases per one million tonnes of outgoing products from warehouse locations in 2023. Brenntag sites are equipped with internal retention systems so that all spillages are collected insofar as is possible. In an incident in which a storage tank in Poland failed, however, around 60 t of hydrochloric acid were not contained and some entered the soil. The necessary clean-up measures were then agreed with the local authorities.

During the night of August 11, 2023, a fire broke out at our site in Rexdale (Canada) for as-yet-unknown reasons, completely destroying the site, at which oils and lubricants were stored. While local forces were fighting the fire, large quantities of fire-fighting water were used, causing retention capacity to be exceeded. As a result, products released from the warehouse made their way into two streams and from there into Lake Ontario along with the fire-fighting water. Extensive clean-up and remediation measures were then immediately decided upon and carried out in consultation with the environmental authorities.

Accidental releases of products, energy and such like from process facilities are termed process safety events (PSEs). In 2023, as in the previous year, there were eleven PSE1²⁾ (higher-category events with consequences such as injuries that lead to absence, exceeded threshold quantities or evacuation in the surrounding area). Brenntag is therefore in line with the upper limit of twelve PSE1 set for the year as a whole. The aforementioned fire in Canada is not classed as a PSE because, based on the facts as they currently stand, it was not caused by a process. Despite the large quantity released, the release in Poland is classed as a PSE2 (lower-category event), as there were no injured parties and the product's potential for further damage is rated by the CCPS as being relatively low.

Working conditions and employee benefits

Remuneration and employee benefits

Through their expertise and dedication, Brenntag's employees make a decisive contribution to the company's success. For this reason, the company wishes to attract the best staff available for selection in an appointment process, in terms of education and experience for example, and offer them an attractive, safe and inspiring environment.

For the management level, Brenntag has introduced a performance-related remuneration system. This consists of three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The variable remuneration is closely linked to personal performance, the achievement of targets for predefined performance indicators and the company's results. In addition to the above-mentioned remuneration components, managers

¹⁾ Number of injured people who receive medical treatment beyond first aid per one million work hours.

²⁾ PSE classification is made based on the definitions of the CCPS (Center for Chemical Process Safety). The revised CCPS guide in use since 2023, containing new criteria for classifying releases, leads to a lower number of PSE1.

receive contractually agreed benefits in kind and other benefits. Depending on the country, benefits in kind may include payment of relocation costs, a company car or insurance, such as health insurance in the USA. Other benefits include rent or travel allowances, for example.

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

In 2023, Brenntag also implemented a living wage policy that specifies that the salaries of all Brenntag employees should meet living wage standards. Brenntag works together with an organization that provides living wage data for all the countries in which Brenntag operates. In accordance with the guideline, Brenntag completes an annual process to identify any living wage gaps (gap analysis), where remuneration at Brenntag is compared against the living wage data. Any gaps are to be permanently closed. In some countries in which the company operates, the statutory minimum wages are less than an adequate income. In the reporting period, a gap analysis was again carried out together with external service providers with a view to determining where at Brenntag there are employees whose salaries do not meet living wage standards. Any gaps brought to light by the analysis were then closed by making appropriate salary adjustments, as a result of which no members of staff were employed below living wage standards at the end of the reporting period.

Global framework 'New Work'

Throughout the Group, Brenntag places emphasis on agile and flexible working. The company is open to opportunities to make working at Brenntag more flexible around the globe, and has implemented appropriate measures.

The framework under the title 'New Work – Towards Greater Flex', which was developed by Global HR in close cooperation with the regional and local human resources departments at the international sites, provides the basis for this. It includes the guiding principles for creating a more flexible work environment in all Brenntag regions, business units and functions, bearing in mind local differences.

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

The measures to enhance flexibility are intended to help make working conditions at Brenntag as safe and fair as possible and counteract employee turnover. The key indicator employee turnover is determined centrally for each Brenntag company on a quarterly basis and reported to Global HR. Due to regional and country-specific differences, the figures are analyzed at local level. In the event of atypical deviations, the causes are identified, and suitable measures are taken as needed. In the reporting period, voluntary employee turnover across the Brenntag Group was 7.8% (2022: 9.4%).

Voluntary turnover rate¹⁾ according to region

	2023		2022		2021	
	abs.	in %	abs.	in %	abs.	in %
EMEA	502	6.2	678	8.1	591	7.2
North America	474	7.8	624	9.8	628	10.3
Latin America	181	8.7	196	9.2	205	9.6
Asia Pacific	363	11.9	401	12.8	385	12.2
Other segments	33	6.1	25	6.1	45	10.7
Brenntag Group	1,553	7.8	1,924	9.4	1,854	9.3

3.06 Voluntary turnover rate according to region

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

Diversity and inclusion

As a company with operations worldwide, Brenntag employs staff from over 100 nations. Diversity at Brenntag encompasses several aspects, such as employees' different cultural backgrounds, qualifications and needs. Through the exchange of knowledge, ideas and experience, diversity makes a decisive contribution to Brenntag's success. The company wishes to foster this exchange and further increase the diversity of the workforce so as to create a cosmopolitan work culture and a dynamic work environment where all employees can learn from one another.

The new diversity management structure is being driven forward with a view to better promoting diversity and inclusion across the workforce going forward. The associated goal of setting up a global organizational diversity, equity and inclusion structure in 2023 has already been partially achieved. The developments in the North America region, where a new DE&I¹⁾ structure was introduced with sponsors at the most senior management level, are particularly worthy of note. The plan for 2024 is to drive the further development of global DE&I.

Employee Resource Groups (ERGs) are also an important element of diversity management. Led by employees, these groups aim to promote a diverse and integrative workplace. In addition to the ERG for women already established in the EMEA region, a steering group and a sponsor at the most senior management level were put in place for an ERG for women in North America.

Brenntag strives for diversity at all levels of the company. The aim by 2030 is to increase the percentage of women at all levels of management below the Group Board of Management to at least 30%. On its [Career pages](#) too, the company makes it clear that Brenntag sees diversity as a strength: In every job advertisement, the company points out that Brenntag offers a fair, respectful and supportive work culture where all employees are able to develop and grow in line with their individual needs and skills.

Employees in leadership positions according to management level¹⁾ and gender

	2023		2022		2021	
	abs.	in %	abs.	in %	abs.	in %
Level L-1	38	1.2	44	1.4	35	1.2
Women	9	23.7	10	22.7	7	20.0
Men	29	76.3	34	77.3	28	80.0
Level L-2	228	7.3	207	6.9	180	6.3
Women	75	32.9	63	30.4	46	25.6
Men	153	67.1	144	69.6	134	74.4
Level L-3	622	19.9	503	16.7	466	16.4
Women	218	35.0	181	36.0	178	38.2
Men	404	65.0	322	64.0	288	61.8
Level L-4	1,040	33.3	942	31.2	883	31.0
Women	379	36.4	351	37.3	318	36.0
Men	661	63.6	591	62.7	565	64.0
Level L-5+	1,194	38.3	1,320	43.8	1,284	45.1
Women	296	24.8	329	24.9	334	26.0
Men	898	75.2	991	75.1	950	74.0
Brenntag Group	3,122	100.0	3,016	100.0	2,848	100.0
Women	977	31.3	934	31.0	883	31.0
Men	2,145	68.7	2,082	69.0	1,965	69.0

3.07 Employees in leadership positions according to management level and gender

¹⁾ Management level L-1 refers to the first level below the Brenntag SE Board of Management, L-2 refers to the second level, etc. L-5+ refers to the fifth and all other levels.

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

¹⁾ DE&I stands for diversity, equity and inclusion.

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

Advancement of women at Brenntag

The company has initiated various mentoring and coaching programs with a view to providing women at Brenntag with targeted support to promote their professional development. 'Women at Brenntag' is a six-month coaching program with external coaches that is open to all women at Brenntag who have been working for the company for at least two years. In group and individual coaching sessions, they learn strategies that help them in their professional development. The program takes place once a year. Women at all career levels can apply, provided their line managers approve their application to the program. In 2023, there were 64 participants (2022: 174 participants).

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

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

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

People development and training

Brenntag wishes to develop its employees according to their talents and qualifications. Across all levels of the company and at all sites, it establishes a culture of learning and gives employees numerous opportunities to develop professionally and personally. The individual and continuous support given to our employees accords with Brenntag's corporate values ([see Values, page 93](#)). In this context, the company places emphasis on development measures and a feedback culture at all levels that is also part of the training programs. Brenntag offers several learning programs aimed at different target groups.

Connecting Potential

This six-month program is aimed at employees at the start of their career who could take on leadership roles at Brenntag in the future. In 2023, 48 employees took part in the program (2022: 44 employees).

Leading with Impact

This program is tailored to employees with an intermediate level of leadership experience who are rising through the Group ranks. In 2023, 24 employees took part in the program (2022: 21 employees).

New Leader Transition

In 2023, 55 employees worldwide took part in this six-month coaching program for prospective and new managers (2022: 50 employees).

Women at Brenntag

This six-month coaching program for women recorded 64 participants in the reporting period (2022: 174 participants).

Inspire and Grow

Thirty-three employees took part in this mentoring program specifically for women in the reporting period (2022: 52 employees).

Leading to New Horizons

This newly introduced development program is aimed at experienced managers. Thirty-seven managers took part in this eight-month program in the reporting period.

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

Even after the restrictions imposed as a result of the COVID-19 pandemic came to an end, Brenntag continued to make its training and continuing education options flexible and initiated more digital learning options. Due to the positive response from employees, the company continued and expanded virtual learning formats in the reporting period. In doing so, Brenntag was able to build on its already-extensive online learning range and thus further enhance it. One key success factor here is its internal preparation of digital learning content with a focus on Brenntag-specific topics – “by us for us” as it were. Due to increased demand for individual coaching for the purposes of personal and professional development, coaching has become a significant element of the culture of learning at Brenntag.

Responsible partner



Supply chain and human rights

As the global market leader in chemicals and ingredients distribution, Brenntag takes its responsibility to uphold human rights very seriously. The company undertakes to respect human rights worldwide within its supply chains. These are among Brenntag's top principles. Brenntag is a member of the UN Global Compact and committed to its ten principles for human rights, labor standards, fair remuneration, environmental protection and fighting corruption. Worldwide, the company works to ensure fair working relationships and, as described in the sustainability strategy, acts as a responsible partner to suppliers. In order to meet this aspiration, Brenntag has implemented numerous measures developed centrally by various departments such as Sustainability, Legal and Compliance Brenntag Group. In addition, the human rights officer has been responsible for human rights risk management since 2022 and regularly reports on this to the CEO.

Employees can report human rights violations via the whistle-blowing system. External third parties can also use this system. The system was further developed in the reporting period (see Compliance and integrity, [page 94](#)). As was also the case in the previous year, Brenntag did not receive any reports of human rights violations within the company in the reporting period.

Brenntag tries to minimize the risk of human rights violations in its complex supply chains by communicating its expectations to suppliers at the beginning of the business relationship. In its Supplier Code of Conduct, Brenntag requests that they actively work to protect human rights within the organization and their supply chains. In the reporting period, this Supplier Code of Conduct was updated to meet the extended requirements of the German Supply Chain Due Diligence Act (LkSG).

Since 2016, Brenntag has been a member of the industry's Together for Sustainability ([TfS](#)) initiative. One core element of the joint work within TfS involves audits or online assessments of companies in the chemical industry, for example. The aim is to always create and leverage synergies. The central idea behind the audits and assessments is that a supplier assessment can be used by all member companies, thereby reducing the cost and effort for suppliers. Here, Brenntag works together with [EcoVadis](#), a leading provider of

sustainability assessments that is well established in the chemical industry. EcoVadis evaluates companies in terms of four categories: environment, labor and human rights, ethics and sustainable procurement. In doing so, it scores the companies' sustainability performance on a scale from 0 to 100. In addition, each company receives a detailed overview of strengths and weaknesses as well as specific suggestions for improvement.

In the reporting period, Brenntag continued to see its suppliers making considerable advances in improving their sustainability performance. By the end of 2023, for example, it appeared that 60% (2022: 69%) of suppliers who underwent re-assessment had improved their score compared with the previous year.¹⁾

Brenntag itself also undergoes an EcoVadis assessment on a regular basis. In the most recent assessment published in December 2022, the company improved on its previous score and achieved 77 points (previous assessment: 71 points), the highest result in the company's history since assessments began in 2014. Brenntag was awarded the EcoVadis platinum metal for this result and thus ranks among the top 1% of all companies rated by EcoVadis. On sustainable procurement, the company scores a particularly high 90 out of a possible total of 100 points and is rated as outstanding.

Brenntag obtains a more detailed picture of sustainability performance by performing on-site supplier sustainability audits. In this case, the audits are based on a catalog of requirements developed by TfS and cover sustainability management, the environment, health and safety, employee and human rights, and corporate governance. The results of all audits are shared within TfS. Like the other TfS members, Brenntag also accepts sustainability audits conducted in accordance with [SQAS \(Safety and Quality Assessment System\)](#), [SMETA \(Sedex Members Ethical Trade Audit\)](#) and [PSCI \(Pharmaceutical Supply Chain Initiative\)](#) standards. Brenntag reviews its suppliers' audit results. If necessary, it agrees on corrective measures with the supplier and the auditor and follows up on their implementation.

In the reporting period, Brenntag also initiated further significant steps to augment the existing human rights risk management system in order to prepare itself for future statutory provisions, such as the German Supply Chain Due Diligence Act. Brenntag will first fall under the Supply Chain Due

Diligence Act in 2024, as the company employs fewer than 3,000 staff in Germany.

The measures include expanding the cross-function project team entrusted with implementing the due diligence obligations, for example. The interdisciplinary project team consists of experts from the fields of sustainability, QSHE (quality, safety, health and environment), compliance, legal and procurement. In the field of sustainability, the team was augmented by adding an employee who deals solely with human rights.

In the reporting period, the innovative IT solution of a third-party provider was established based on preparations already made for the Supply Chain Due Diligence Act in 2022, enabling a risk analysis to be produced. This risk analysis serves as a basis for preparing a guideline for preventive measures and is part of our holistic approach to risk management. This includes carrying out extensive risk analysis and prioritization, and building on that by initiating preventive measures. Our aim is to have all suppliers covered by risk management as of 2024.

The multi-step process includes an initial risk analysis that takes into account sector and industry risks as well as the degree of influence that Brenntag is able to exercise over the supplier in question. All suppliers on the platform are assigned to four different risk categories based on a score from 1 to 100 and prioritized accordingly. For suppliers for which this results in an increased risk profile, detailed AI²⁾-supported screening is also carried out for potential incidents on the supplier's side. For 100% of the suppliers categorized as high-risk, Brenntag has also assigned internal responsibilities so as to ensure that potential human rights risks at the supplier's end are addressed and thus reduced.

Additional preventive measures are based on the existing risk management system and include EcoVadis supplier audits, TfS audits and the Supplier Code of Conduct. In addition, the company has prepared and published a Policy Statement on Human Rights. In this context, internal training sessions were conducted for the employees concerned from the human resources, QSHE, legal, compliance and procurement departments.

Brenntag will continue working to also train its suppliers more on sustainability issues, to which end it will make greater use of the TfS Academy or e-learning resources, for example. In

¹⁾ The KPI "Coverage of purchasing volume by sustainability certifications" is no longer reported. In the reporting year, Brenntag started to change the ESG assessment system for its suppliers.

²⁾ Artificial intelligence

the course of continuously developing measures to further reduce potential risks, Brenntag will continuously expand its efforts to respect human rights across global procurement and supply chains.

Together for Sustainability (TfS)

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

TfS was established in 2011 and currently has 50 members. In 2023, the member companies generated combined revenues of over EUR 800 billion. The members evaluate and review their suppliers by means of a standardized process using assessments and audits. This information is shared confidentially and used jointly within the network, which provides efficiency benefits for every member and creates more transparency.

TfS also develops standards and guidelines for the industry, including the Product Carbon Footprint (PCF) Guideline (see [Environment, page 108](#)). This assists manufacturers and suppliers in determining the environmental footprint of their products. Brenntag was involved in developing the Guideline. In addition, tailored learning and development courses are offered through the TfS Academy in order to train TfS member companies' procurement teams and their suppliers in sustainability matters.

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

Non-financial Group Report

Environment

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Environment

Climate protection and reduction of emissions



Climate protection strategy and CO₂ management

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

Climate protection plays a particularly important role in Brenntag's ESG strategy, as the entire value chain is affected. Not only do Brenntag's own activities produce CO₂ emissions; the products that the company buys have also emitted greenhouse gases during their manufacture. Moreover, climate protection is important to many of Brenntag's customers. The CEO of the Brenntag Group is therefore responsible for climate protection as part of his direct responsibility for Sustainability Brenntag Group, which has functional management responsibility for all climate protection-related matters. As a result, the CEO is responsible, among other things, for developing CO₂ reduction targets, monitoring target achievement, driving forward measures to achieve targets and promoting climate-related issues in different areas of the company. The Vice President Sustainability Brenntag Group is involved in all important investment decisions as well as decisions regarding mergers and acquisitions so that alignment with the climate protection strategy can be ensured in these areas, too.

For Scope 1 and 2 greenhouse gas emissions, i.e. those generated by its own activities, Brenntag has set several targets: The company wants to reduce its Scope 1 and 2 emissions by 40% in absolute terms between the 2020 base year and 2030¹⁾, and over the long term to be net zero in accordance with the Paris Agreement²⁾ by 2045, so that it contributes to

the 1.5°C target. The company also wants to procure 100% of its electricity from renewable sources³⁾ by 2025. In order to achieve the net-zero target, Brenntag intends to gradually replace company cars and forklift trucks with low-carbon alternatives, substitute heating systems with sustainable alternatives such as heat pumps, and switch the truck fleet over to carbon-free transport, for example. In accordance with technological developments (e.g. in the case of electric trucks), conditions at the individual sites (e.g. available charging infrastructure) and the need for replacements (e.g. in the case of heating systems), the focus here will first be on replacing company cars and forklift trucks, then heating systems and trucks. A further aim is to offset 100% of unavoidable emissions from 2025 onward.

With regard to Scope 3 emissions, which include all other indirect emissions generated in a company's value chain, Brenntag wants to work together with its suppliers and data service providers to create a better data set. On this basis, the company wants to reduce Scope 3 emissions through sustainable portfolio steering, for example. A Scope 3 emissions reduction target has not yet been set and is to be developed in 2024.

In 2022, Brenntag pledged its commitment to the [Science Based Targets initiative \(SBTi\)](#) that it would set science-based targets by October 2024. The SBTi is a joint climate protection initiative between WRI, CDP, WWF and the UN Global Compact. It helps companies to set science-based climate targets. The Scope 1 and 2 emissions reduction targets are already partly guided by the SBTi specifications. Brenntag had already expressed its commitment to climate protection (100% renewable electricity by 2025) and contributed to raising awareness of this issue among employees by joining the [RE100 initiative](#) back in summer 2021. RE100 provides a global guideline where businesses pledge to source 100% renewable electricity over the medium term.

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

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

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

Scope 1, 2 and 3: direct and indirect emissions

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

Scope 1 emissions are all direct emissions from sources that are owned or controlled by a company itself, e.g. emissions from fuels and coolants at the company's own site or from the company's own vehicle fleet.

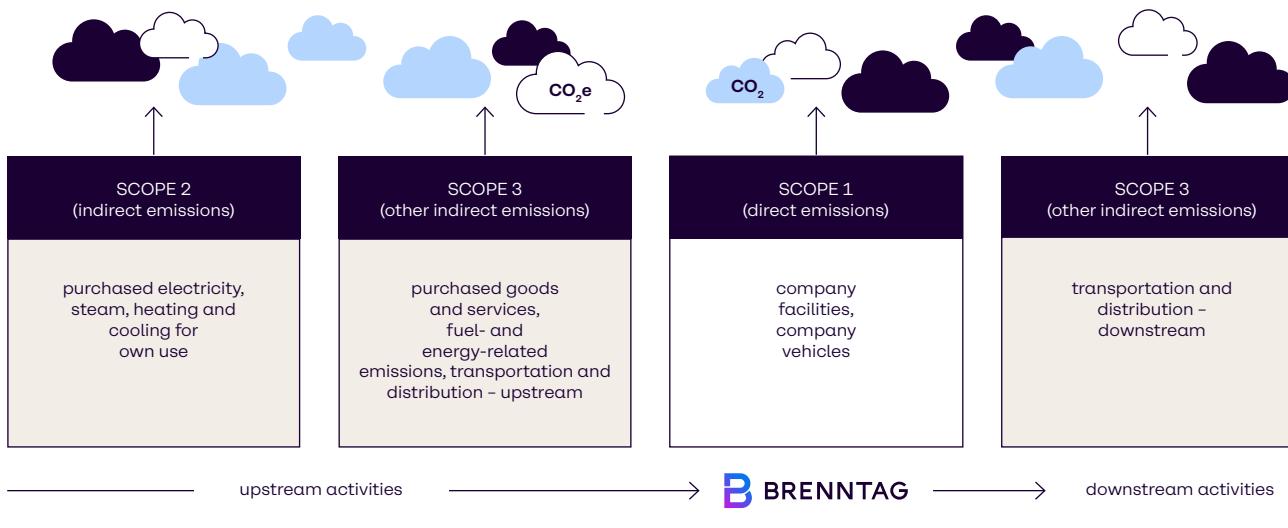
Scope 2 emissions are indirect emissions from the generation of purchased energy, e.g. electricity or district heating from an energy provider.

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

Energy and Scope 1 and 2 emissions

Brenntag established Group-wide energy reporting back in 2016. Information on the sites' energy consumption is collected on a quarterly basis. The Brenntag sustainability team centrally consolidates the data, evaluates them and calculates the associated direct and indirect greenhouse gas emissions. During 2023 Brenntag started to track the emissions related to refrigerants. This inventory will continue during 2024.

To increase transparency over Scope 2 emissions, Brenntag has calculated these emissions using the market-based method in addition to the location-based method since 2020. In the case of the location-based method, location-based, average emission factors in the region where energy consumption occurs are used for the calculation. In the case of the market-based method, the calculation uses the emission factors of the energy supplier or an individual electricity product. Using the market-based method enables company-specific purchases of energy from renewable sources to be presented in a more transparent manner. It is therefore used as the basis for the following information and for setting targets. The calculations under the location-based method serve only to facilitate comparability with earlier reports.



3.08 Scope

Brenntag's target for 2023, derived from the linear reduction target toward net zero in 2045, was to reduce total Scope 1 and 2 emissions by at least 12.6% compared with the 2020 base year¹⁾. Brenntag achieved -22.2% (2022: -9.3%). Including acquisitions recognized from 2021, the reduction is -15.6% (2022: -7.0%).

Energy consumption Brenntag Group

	2023	Previous year: 2022	Base year: 2020
Electricity (in MWh)	146,273	150,010	139,928
thereof electricity from renewable sources which we procure through direct supply contracts and by purchasing guarantees of origin	117,016	122,101	21,216
thereof electricity from renewable sources we generate on site	3,158	1,455	285
District heating (in MWh)	9,223	10,007	4,317
Natural gas (in MWh)	185,153	328,280	282,180
Diesel / biodiesel (in 1,000 liters)	52,255	49,302	48,638
Diesel (in MWh)	546,451	525,464	518,384
Biodiesel (in MWh)	2,402	--	--
Petrol/bioethanol (in 1,000 liters)	5,947	4,947	4,686
Petrol (in MWh)	55,636	47,918	45,389
Bioethanol (MWh)	555	--	--
Other ¹⁾ (in 1,000 liters)	3,926	3,696	3,850
Other ¹⁾ (in MWh)	36,199	31,119	32,706

3.09 Energy consumption Brenntag Group

¹⁾ Gas oil, heating oil, LPG, CNG.

Note about calculation of CO₂e emissions:

The CO₂e emissions for electricity were calculated for both the location-based and the market-based method using the respective country-specific factors according to IEA (2020) for the base year 2020, according to IEA (2022) for the year 2022 and according to IEA (2023) for the year 2023. If the specific emission factor of the purchased electricity (e.g. of the energy producer) was available, the factor has been applied in the market-based method instead of the country-specific factor. For district heating, the calculation was carried out in all years using the factor according to UBA (2018); for all other energy types, it was carried out using the respective energy-specific factors according to UK Government GHG Conversion Factors for Company Reporting (2020) for the base year 2020 and according to UK Government GHG Conversion Factors for Company Reporting (2023) for the year 2023. Since not all energy consumption could be reported at the time of the audit, extrapolations were made. In the reporting period, the extrapolated emissions for 2022 (for the 2022 report) were compared against the real values determined in the course of Q1 2023. This resulted in only minimal changes (<0.3%), as a result of which only a low level of uncertainty can be assumed for this year's extrapolations.

CO₂e emissions Brenntag Group

	2023	Previous year: 2022	Base year: 2020
Scope 1			
Natural gas (in tonnes)	33,870	59,924	51,884
Diesel (incl. biodiesel in tonnes)	138,363	132,811	130,016
Petrol (incl. bioethanol in tonnes)	13,789	11,575	10,847
Other ¹⁾ (in tonnes)	8,223	7,371	7,780
Scope 2			
Electricity (in tonnes)			
Location-based	47,024	47,542	49,655
Market-based	8,255	6,057	40,795
District heating (in tonnes)	1,993	2,162	933
Scope 1 + 2 (in tonnes)			
Location-based	243,262	261,385	251,116
Market-based	204,494	219,900	242,255
Location-based	-3.1% ²⁾	4.1% ²⁾	-
Market-based	-15.6% ²⁾	-9.2% ²⁾	-

3.10 CO₂e emissions Brenntag Group

¹⁾ Gas oil, heating oil, LPG, CNG.

²⁾ Compared with the base year.

The main contributor to the reduction in Scope 1 and 2 emissions was the company's continued drive in the reporting period to purchase electricity from renewable energy sources (2025 target: 100%). In the reporting period, the share was 82% (2022: 82%). Brenntag procures electricity from renewable sources by generating it on site, through direct supply contracts and by purchasing guarantees of origin. It is intended to install solar panels at sites where this is technically possible (e.g. there must be no storage of flammable liquids) and makes financial sense. In the reporting period, solar panels were installed and put into operation at the Brenntag site in Santa Fe Springs (USA) and Brenntag Ingred. Public Co. Ltd. (Thailand). These supplement the existing installations on Brenntag warehouses and offices in places such as Anelo and Zarate (Argentina), Kandzin-Cosel (Poland), Padua (Italy), Singapore and Gurugram (India). Further savings were achieved by switching partly to biodiesel in filling up company cars, for example. Biodiesel's share of total diesel consumption was 0.5% in the reporting period (2022: N/A).

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

To make the efforts to reduce greenhouse gases as efficient as possible, Brenntag introduced an internal carbon management program in 2022 (see info box), where an internal price is placed on all Scope 1 and 2 emissions produced. In the reporting period, 43 project ideas for cutting the greenhouse gas emissions produced by the respective sites were submitted for internal funding from the resulting central budget for 2024 (approximately EUR 6.6 million). Awareness and the appeal of the program increased compared with the previous year, when 16 project proposals were submitted. The projects put forward range from purchasing electric company cars and trucks plus charging stations to replacing gas heating systems with heat pumps and installing solar panels. The Traun site in Austria is even aiming to complete the switch to being a zero-emissions site in the next few years. Brenntag determines who is awarded the support on the basis of factors such as the projects' potential emissions savings and innovative spirit as well as the opportunity to gain experience and foster the cultural transition toward greater sustainability. The eleven projects that were awarded support in 2022 were mostly implemented in the reporting period. The first electric trucks are now in operation in the USA and Brazil, for example, sites in Belgium and Switzerland are being heated using heat pumps, and the installation of charging stations at a number of sites worldwide enables electric vehicles to be charged.

In addition, back in 2022 Brenntag began to offset unavoidable Scope 1 and 2 emissions through certified projects. In 2023, 45% (2022: 26%) were offset in this way. This percentage is to be increased each year in order to offset 100% of the remaining Scope 1 and 2 emissions by 2025.

In the reporting period, two different carbon offset projects were selected that cover additional sustainability targets: producing green energy in Indonesia and supplying the population with clean drinking water in Uganda. Both offset projects take place in countries where Brenntag itself has sites, and meet the certified emission reduction (CER) quality standard. On these projects, greenhouse gas emissions are saved and CO₂ certificates generated, which Brenntag uses to offset its own emissions. The Ulubelu geothermal power plant in South Sumatra is expected to produce 867,000 MWh of renewable energy a year and thus save a total of around 581,000 t of CO₂e. The drinking water project in Uganda not only reduces greenhouse gas emissions; it is also intended to serve the health of over a million people, improve their standard of living and protect forests by dispensing with the need for firewood to boil drinking water.

Scope 3 emissions

To create more transparency over environmental impacts in the value chain, Brenntag has also included Scope 3 emissions in its reporting since 2020. Scope 3.1, i.e. emissions from purchased chemicals, was identified as the main Scope 3 emission source and accounts for approximately 98% of total calculated emissions¹⁾. In the reporting period, the Scope 3.1 calculation was switched to an improved data source (Carbon Minds), rather than solely to generic ecoinvent data. This explains the year-on-year increase. Emissions resulting from outbound transport carried out by external companies (categories 3.4 and 3.9) decreased compared with the previous year due to the updated emission factor. A target has not yet been developed for Scope 3 emissions.

In 2023, Brenntag worked intensively to further improve the quality of the data. In particular, it looks at transportation by external companies and the products purchased by Brenntag. Under the transportation management system (TMS), it is cur-

Carbon management program

The carbon management program is an innovative, internal incentive system for climate protection measures with an internal CO₂e price: Each Brenntag company is held accountable for the emissions it causes through a set internal price for the emissions. The amount generated under this system is paid virtually into an internal climate protection fund, which provides the resulting budget. Each company or site can apply for this budget by submitting greenhouse-gas-saving projects. Brenntag is relying on the inventiveness of its employees to propose innovative projects that best fit the local conditions. At the end of each year, the emissions caused are compared against the Brenntag Group's desired emissions reduction target toward net zero. In the following year, the CO₂e price is set based on the results. This is intended to create a stronger incentive to reduce emissions while simultaneously increasing the budget to fund projects. Responsibility for setting the internal price and selecting the projects that are to receive support lies with the Sustainability Council.

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

rently examining how this transportation can also be covered by the carbon management program in future.

In calculating products' CO₂e footprint (product carbon footprint (PCF)), Brenntag relies on external data. Ideally, product carbon footprints are made available by suppliers as primary

data. At present, very few values are available from suppliers (<1%). The company therefore works together with specialist providers such as Carbon Minds in order to calculate secondary data that are as precise as possible and uses other databases in order to estimate Scope 3 emissions as precisely as possible.

Scope 3 emissions Brenntag Group

Scope 3 category according to Greenhouse Gas Protocol ¹⁾	2023 (tCO ₂ e)	Previous year: 2022 (tCO ₂ e)	Base year: 2020 (tCO ₂ e)
3.1 Purchased goods and services	27,087,295	21,284,553	22,021,336
3.3 Fuel- and energy-related emissions ²⁾	65,710	65,553	49,750
3.4 Transportation and distribution (upstream)	117,932 (outgoing transportation) 146,750 (incoming transportation and direct business) ³⁾	151,243 (outgoing transportation) 176,971 (incoming transportation and direct business) ³⁾	140,359 (outgoing transportation) 162,579 (incoming transportation and direct business) ³⁾
3.9 Transportation and distribution (downstream)	12,096 (outgoing transportation) 133,021 (incoming transportation and direct business) ³⁾	17,407 (outgoing transportation) 159,178 (incoming transportation and direct business) ³⁾	14,364 (outgoing transportation) 115,502 (incoming transportation and direct business) ³⁾

3.11 Scope 3 emissions Brenntag Group

¹⁾ Information on the calculation of Scope 3 emissions is included in the Appendix, [page 127](#).

²⁾ Not included in Scope 1 or 2.

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

Product carbon footprint service for Brenntag customers

Since December 2022, Brenntag has been providing its customers with detailed PCF data on request. The PCF service named CO₂Xplorer aims to promote and improve transparency over greenhouse gas (GHG) emissions with a view to driving the reduction of emissions throughout the supply chain. In addition to suppliers' primary data, Brenntag uses carbon footprints from an external data provider that provides country-specific data for a number of chemicals. Brenntag's own distribution-related emissions are also included in the overall calculation. In the reporting period, the calculation method was certified by the independent external testing service provider TÜV Rheinland following a systematic review. This confirms that Brenntag's PCF methodology meets the requirements of the internationally recognized ISO 14067:2018 standard and the Together for Sustainability (TfS) PCF Guideline. It was also determined that the principles underlying the method are generally suitable for assessing the potential effects of chemicals on greenhouse gas emissions.

CDP climate score

In 2023, Brenntag was awarded a Level B CDP climate score (Management) for the third time in succession. Every year, CDP compares more than ten thousand companies worldwide in terms of their strategic approach to the challenges of climate change and assesses their climate management system based on a comprehensive catalog of criteria.

Other emissions

Emissions such as NOx (nitrogen oxides) and SOx (sulfur oxides) are not relevant to Brenntag as a chemical distributor. In order to counter the potential impact of VOC emissions (volatile organic compounds)¹⁾, VOCs are treated in accordance with the respective applicable legal framework. Depending on technical conditions, this involves the application of activated carbon filters in exhaust air, the use of incinerators or gas displacement when filling containers.

Transport and fleet management

To keep the fuel consumption and harmful emissions of the vehicle fleet to a minimum, trips are planned as efficiently as possible through structured transport logistics. In the course of transport planning, systems that differ locally are used for effective transport management. The transport network is analyzed for potential synergies and optimized. The aim in this context is to combine volumes by allocating hubs or cross-docks. Make-or-buy analyses aim to determine the optimum fleet size bearing in mind efficiency criteria. By using its own vehicle fleet, Brenntag creates synergies between incoming and outgoing shipments, particularly in empty-container management. Delivery frequency analyses provide the basis for optimizing shipment sizes with the aim of further increasing the vehicles' capacity utilization rate. Requesting freight quotations for intermodal transportation on suitable transport routes is an integral part of strategic freight service procurement and enables the use of more environmentally-friendly modes of transport. Operational planning aims to optimize freight capacity utilization and is supported by strategic analyses and the strategic procurement of freight services.

In addition, more and more Brenntag companies are using telematics systems in order to optimize the use of their vehicle fleets. They record vehicle- and trip-related data and thus facilitate safe and eco-efficient driving. The data captured through a telematics system serve as the basis for the fuel and energy report. Metrics such as the ratio of distance traveled to fuel consumption, estimated CO₂ emissions and idle times create transparency and provide information on the fuel efficiency and the fuel consumption of the vehicles in the fleet.

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

Resource efficiency and circular economy

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13 CLIMATE ACTION



Brenntag works continuously to reduce resource consumption and minimize the environmental impacts of its business activities on the soil, water and air. The company implements appropriate environmental protection measures at all sites. Depending on conditions and the nature of the products, this may include multi-stage retention systems or water treatment facilities, for example. Any soil and groundwater contamination that is known to already exist is regularly reviewed and assessed in the course of the annual IFRS project. Resource efficiency measures such as water and waste are implemented at process level by the QSHE department. Product- and service-specific matters such as the use of critical materials and recycling options are handled by the operating business. The overarching sustainability reporting and the consolidation of the topics are the responsibility of Sustainability Brenntag Group.

Waste

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

Brenntag gives its employees regular training on the handling of chemical products, including with regard to storage and transportation, in order to avoid unnecessary waste from the outset and reduce the volume of waste. The company also carries out various measures to reduce the environmental impacts of waste in countries where legal requirements for avoiding and separating waste are not yet implemented to

the same extent as they are in the EU. All sites in the Latin America region, for example, are required to systematically separate waste.

As part of its digital enhancements, the company is centralizing global waste tracking. This initiative aims to standardize and improve waste monitoring at a global level, and reflects Brenntag's commitment to end-to-end waste management. Brenntag is currently in the data capture and process adaptation phase. In the reporting period, an analysis of the various data capture processes across all global regions was carried out for this purpose.

Brenntag's future aim is to improve and harmonize waste reporting for all operating sites. One important milestone planned for 2024 is the provision of corporate guidelines and the development of reporting functions for waste management.

Water

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

Brenntag also consumes water in operating the buildings and plants, for example in sanitary facilities or to clean surfaces, road tankers and buildings. The used water is treated in wastewater treatment facilities that purify it in line with statutory regulations before being returned to the system.

Brenntag obtains water mainly from the public water supply network. Some sites also use other types of water supply, such as rainwater or their own wells. Brenntag's aim here is to minimize water consumption and be economical with resources in all processes. The site in Zarate (Argentina), for example, captures rainwater, treats it and uses it for industrial purposes.

As part of its digital enhancements, the company is centralizing the global recording of water consumption. This initiative aims to standardize and improve water consumption monitoring at a global level, and reflects Brenntag's commitment to end-to-end water management. Brenntag is currently in the data capture and process adaptation phase. In the reporting period, the company conducted an analysis in order to better understand in a global context where there are regional differences in water management.

In 2024, Brenntag wishes to improve and harmonize the reporting for all operating sites. The company therefore plans to develop corporate guidelines and reporting functions for water consumption.

Packaging

Brenntag has a strategy for reused packaging (reusable packaging). The aim is to reduce the need to purchase packaging materials by designing standardized packaging and increasing the fill weight per package. In collaboration with customers, Brenntag is also working to increase packaging material return rates. Tracking tools and software solutions are being examined in order to make the lifecycle of the individual packaging visible. A global guideline for packaging standardization and utilization has been planned for 2024 with a view to implementing the current initiatives worldwide.

Circular economy

Brenntag is aware of the importance of a circular economy model for managing environmental challenges and fostering responsible resource management. Brenntag's aim is therefore to establish ten circular businesses by the end of 2025, each generating more than EUR 1 million a year. To this end, a list for circular economy business models was created and 24 business models were analyzed in the reporting period. Brenntag in EMEA, for example, entered into an agreement with a rubber recycling company regarding the technical development and commercialization of rubber powder and granules. This fully recycled end product is produced by recycling large, end-of-life off-the-road tires. Brenntag signed a further collaboration agreement with a plastics recycling company to promote the distribution of high-quality recyclate for applications such as in the automotive and household appliance industry. In order to achieve the target of ten circular businesses by the end of 2025, the following goal was set for 2024 together with the two divisions Brenntag Essentials and Brenntag Specialties: develop a plan for each business and start implementing the plan for five businesses per division.

In the reporting period, Brenntag further expanded its internal organization for the circular economy in EMEA with a view to centralizing regional knowledge and thus being able to offer more support for new circular development projects in the individual countries. In this context, Brenntag is developing a communication and support strategy for the individual countries in EMEA and using special tracking, analysis and reporting tools for the circular economy. In addition, Brenntag intends to work even more closely together with suppliers and customers in future.

EU Taxonomy

Background to and scope of the reporting

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

Against this background, in the following section, Brenntag SE as a non-financial parent company presents the proportion of its consolidated turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the 2023 reporting period that is associated with Taxonomy-eligible economic activities in relation to all six environmental objectives pursuant to Art. 8 of the EU Taxonomy. Brenntag also discloses information on Taxonomy-alignment in relation to the first two environmental objectives (climate change mitigation and climate change adaptation) pursuant to Art. 8 of the EU Taxonomy. Information on Taxonomy-alignment in relation to the other environmental objectives is only required to be disclosed as of the following reporting period.

Brenntag's Taxonomy-eligible economic activities

Brenntag, as a distributor, generates external sales only in the context of one activity: the sale of chemicals and ingredients. The review of the economic activities under environmental objectives three to six added by the Environmental Delegated Act (see Delegated Regulation (EU) 2023/2486) and the amendments to the existing Delegated Regulations govern-

ing content and presentation (see Delegated Regulations (EU) 2021/2178) and the technical screening criteria for the climate-related environmental objectives (Climate Delegated Act; see Delegated Regulations (EU) 2023/2485 and (EU) 2021/2139) revealed that Brenntag's activity is covered only by Annex II to the Environmental Delegated Act (transition to a circular economy). More specifically, this means that a small portion of the turnover is attributable to certain chemicals named in the Regulation which we recycle ourselves (which, in the context of the Regulation, is regarded as the "treatment of hazardous waste"), i.e. we receive hazardous waste and reprocess it such that it can be reused by our business partners. Brenntag therefore presents both the turnover attributable to this Taxonomy-eligible and, where applicable, Taxonomy-aligned economic activity (see table 3.16) and the capital and operating expenditure related to assets or processes that are associated with this activity ("category a" acc. to Section 1.1.2.2 of Annex I to the Art. 8 Delegated Act).

Description of the Brenntag activity	Annex II to the Environmental Delegated Act
Recycling of hazardous waste	2.4. Treatment of hazardous waste

3.12 Relevant Brenntag activity and corresponding economic activity in the EU Taxonomy

Brenntag also discloses capital and operating expenditure related to the purchase of output from Taxonomy-eligible economic activities and certain individual measures to improve energy efficiency. These are economic activities and individual measures listed in Annex I to the Climate Delegated Act and in Annexes I to IV to the Environmental Delegated Act ("category c" Section 1.1.2.2. of Annex I to the Art. 8 Delegated Act; see table 3.16). Brenntag has identified the following purchase of output and the following individual measures that correspond to economic activities pursuant to the EU Taxonomy and therefore result in Taxonomy-eligible (and possibly Taxonomy-aligned) CapEx/OpEx:

ENVIRONMENT

Description of the Brenntag activity	Corresponding economic activity in the EU Taxonomy	
	Annex I to the Climate Delegated Act	Annexes I to III to the Environmental Delegated Act
Motor vehicles		
Purchase and leasing of heavy goods vehicles for freight transport	Freight transport services by road (CCM 6.6.)	
Purchase, leasing, repair and maintenance of industrial trucks	Manufacture of other low-carbon technologies (CCM 3.6.)	
Purchase and leasing of passenger cars as company vehicles	Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5.)	
Renewable energy technologies		
Purchase, leasing and maintenance of renewable energy technologies for electricity and heat generation at Brenntag sites, e.g. solar panels, heat pumps and wind turbines	Installation, maintenance and repair of renewable energy technologies (CCM 7.6.)	
Buildings		
Construction of new buildings	Construction of new buildings (CCM 7.1.)	Construction of new buildings (CE 3.1.)
Acquisition and leasing of existing buildings	Acquisition and ownership of buildings (CCM 7.7.)	
Installation, maintenance and repair of energy efficiency equipment	Installation, maintenance and repair of energy efficiency equipment (CCM 7.3.)	
Installation and maintenance of charging stations for electric vehicles	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CCM 7.4)	
Equipment		
Installation and maintenance of water treatment facilities		Treatment of urban waste water (WTR 2.2.)
Environmental remediation		Remediation of contaminated sites and areas (PPC 2.4.)

3.13 Relevant Brenntag activity and corresponding economic activity in the EU Taxonomy

For the allocation of turnover, CapEx and OpEx, Brenntag identified the relevant sales, purchases and measures, and then allocated to these the related economic activity in the Climate Delegated Act and the Environmental Delegated Act. In this way, Brenntag ensures that no turnover, CapEx or OpEx is included more than once. The turnover, CapEx or OpEx thus identified forms the numerator of the performance indicators reported below.

Taxonomy-alignment

For the 2023 reporting period, the review for Taxonomy-alignment was carried out only in relation to the first two environmental objectives: climate change mitigation and climate change adaptation. It consists of multiple steps that must be followed individually, with the results documented by the Group companies. In addition to the economic activity's substantial contribution to one of the two climate-related environmental objectives, the criteria on avoiding significant harm to one or more of the six environmental objectives, referred to as the 'do no significant harm' (DNSH) criteria, and compliance with the minimum requirements regarding human rights, anti-corruption, taxation and fair competition

must also be checked. With regard to compliance with the minimum requirements, the review must also be carried out for Brenntag SE without reference to a specific economic activity.

The review of Brenntag SE's compliance with the minimum requirements revealed that not all of the criteria are met because Brenntag has so far only taken into account direct suppliers with regard to fulfilling human rights due diligence obligations. As all of the above-mentioned criteria must be met, no Taxonomy-aligned turnover, CapEx or OpEx can be presented.

Brenntag therefore reports the following KPIs:

Turnover KPI

Financial year 2023	2023	Substantial contribution criteria								
		Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
Economic activities (1)										
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
none										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			EUR 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Treatment of hazardous waste	CE 2.4./ PPC 2.2.	EUR 5,159,618	0,03%	N/EL	N/EL	N/EL	EL	EL	N/EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		EUR 5,159,618	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		EUR 5,159,618	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
Turnover of Taxonomy-non-eligible activities		EUR 16,809,938,854	99.97%							
Total		EUR 16,815,098,473	100.00%							

3.14 Turnover KPI

Financial year 2023

DNSH criteria
(Does not significantly harm)

Economic activities (1)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2), turnover year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
none										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N	N	N	N	N	N	N	0.00%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Treatment of hazardous waste								0.00%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)								0.00%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)								0.00%		
B. TAXONOMY-NON-ELIGIBLE-ACTIVITIES										
Turnover of Taxonomy-non-eligible activities										
Total										

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

3.14 Turnover KPI

CapEx KPI**Financial year 2023****2023****Substantial contribution criteria**

Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
none									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0 EUR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Freight transport services by road	CCM 6.6.	EUR 19,571,571	3.18%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6.	EUR 5,404,921	0.88%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	EUR 31,293,713	5.09%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	EUR 2,074,892	0.34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 3.1./ CE 7.1.	EUR 17,255,459	2.80%	EL	N/EL	N/EL	N/EL	EL	N/EL
Acquisition and ownership of buildings	CCM 7.7.	EUR 129,635,627	21.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	EUR 4,097,581	0.67%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	EUR 380,854	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Urban waste water treatment	WTR 2.2.	EUR 380,400	0.06%	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Treatment of hazardous waste	CE 2.4./ PPC 2.2.	EUR 194,933	0.03%	N/EL	N/EL	N/EL	EL	EL	N/EL
Remediation of contaminated sites and areas	PPC 2.4.	EUR 52,324	0.01%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		EUR 210,342,275	34.19%	34.09%	0.00%	0.06%	0.04%	0.00%	0.00%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		EUR 210,342,275	34.19%	34.09%	0.00%	0.06%	0.04%	0.00%	0.00%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		EUR 404,844,938	65.81%						
Total		EUR 615,187,213	100.00%						

3.15 CapEx KPI¹⁾

Financial year 2023

DNSH criteria
(Does not significantly harm)

Economic activities (1)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
none										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N	N	N	N	N	N	N	0.00%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Freight transport services by road								0.74%		
Manufacture of other low carbon technologies								1.28%		
Transport by motorbikes, passenger cars and light commercial vehicles								1.61%		
Installation, maintenance and repair of renewable energy technologies								0.31%		
Construction of new buildings								0.82%		
Acquisition and ownership of buildings								4.52%		
Installation, maintenance and repair of energy efficiency equipment								0.41%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)								0.00%		
Urban waste water treatment								0.00%		
Treatment of hazardous waste								0.00%		
Remediation of contaminated sites and areas								0.00%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)								9.69%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)								9.69%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
CapEx of Taxonomy-non-eligible activities										
Total										

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

3.15 CapEx KPI¹⁾

¹⁾ The rise in CapEx – for both Taxonomy-eligible and Taxonomy-non-eligible economic activities – is attributable to a higher level of additions from acquisitions and the increase in investment in right-of-use assets in the reporting period. The continuous development of internal reporting and analytical tools also resulted in an increase in CapEx for Taxonomy-eligible economic activities.

OpEx KPI**Financial year 2023****2023****Substantial contribution criteria**

Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
none									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		EUR 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Freight transport services by road	CCM 6.6.	EUR 4,814,960	2.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6.	EUR 1,521,570	0.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	EUR 4,028,322	1.89%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	EUR 100,522	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 3.1./ CE 7.1.	EUR 154,779	0.07%	EL	N/EL	N/EL	N/EL	EL	N/EL
Acquisition and ownership of buildings	CCM 7.7.	EUR 9,416,796	4.41%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	EUR 124,050	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	EUR 3,279	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Urban waste water treatment	WTR 2.2.	EUR 10,979	0.01%	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Treatment of hazardous waste	CE 2.4./ PPC 2.2.	EUR 0	0.00%	N/EL	N/EL	N/EL	EL	EL	N/EL
Remediation of contaminated sites and areas	PPC 2.4.	EUR 29,160,305	13.67%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		EUR 49,335,561	23.12%	9.45%	0.00%	0.01%	13.67%	0.00%	0.00%
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		EUR 49,335,561	23.12%	9.45%	0.00%	0.01%	13.67%	0.00%	0.00%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		EUR 164,055,268	76.88%						
Total		EUR 213,390,829	100.00%						

3.16 OpEx KPI¹⁾

Financial year 2023

DNSH criteria
(Does not significantly harm)

Economic activities (1)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2), OpEx, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
none										
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N	N	N	N	N	N	N	0.00%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Freight transport services by road								1.35%		
Manufacture of other low carbon technologies								0.44%		
Transport by motorbikes, passenger cars and light commercial vehicles								0.27%		
Installation, maintenance and repair of renewable energy technologies								0.03%		
Construction of new buildings								0.00%		
Acquisition and ownership of buildings								0.00%		
Installation, maintenance and repair of energy efficiency equipment								0.00%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)								0.00%		
Urban waste water treatment								0.00%		
Treatment of hazardous waste								0.00%		
Remediation of contaminated sites and areas								0.00%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)								2.09%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)								2.09%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
OpEx of Taxonomy-non-eligible activities										
Total										

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

3.16 OpEx KPI¹⁾

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

¹⁾ The rise in OpEx for Taxonomy-eligible economic activities is due mainly to the addition of the economic activity "Remediation of contaminated sites and areas" (PPC 2.3) in connection with the introduction of environmental objectives three to four and to the continuous development of internal reporting and analytical tools.

Accounting policies

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

Turnover KPI

The proportion of Taxonomy-eligible economic activities in the total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on the company's consolidated net turnover in accordance with International Accounting Standard (IAS) 1.82(a), which can be taken from the consolidated financial statements; see the consolidated income statement on [page 186](#). You can find further details on Brenntag's accounting policies for consolidated net turnover on [page 200](#).

With regard to the numerator, the company refers to the explanations above ("Brenntag's Taxonomy-eligible economic activities" section).

CapEx KPI

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

It includes additions to property, plant and equipment (IAS 16), intangible assets (IAS 38) and right-of-use assets (International Financial Reporting Standards, IFRS 16). Additions resulting from business combinations are also included. Goodwill is not included in CapEx because it is not defined as an intangible asset in accordance with IAS 38. You can find further details on the accounting policies with regard to the company's CapEx on [pages 201 to 202](#).

Brenntag's total CapEx can be derived from the consolidated financial statements from the statements of changes in property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets (see [table 5.47 Property, plant and equipment](#), [table 5.48 Intangible assets](#) and [table 5.52 Right-of-use assets](#)). It is the sum total of the following transaction types:

- Business combinations
- Other additions

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

With regard to the numerator, Brenntag refers to the explanations above ("Brenntag's Taxonomy-eligible economic activities" section).

OpEx KPI

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

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

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

- The Brenntag Group does not incur any research and development expenses.
- The volume of uncapitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases, variable leases and low-value leases (see [table 5.53 Lease expenses](#)). Even though variable leases and low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, Brenntag has interpreted the legislation as to include these leases.

- Maintenance and repair and other direct expenditures relating to the servicing of assets of property, plant and equipment were recorded in separate accounts. The related cost items can be found in the other operating expenses item in the consolidated income statement and are part of maintenance and energy costs (see [table 5.26 Other operating expenses](#)). This also includes building renovation measures. As a rule, these are costs for services and material costs.
- Expenses for the remediation of environmental damage, mainly for soil and groundwater for current and former, owned or leased sites. The related cost items are included in the other operating expenses item in the consolidated income statement and are part of miscellaneous operating expenses ([see 5.26 Other operating expenses](#)).

With regard to the numerator, Brenntag refers to the explanations above ("Brenntag's Taxonomy-eligible economic activities" section).

Appendix

Calculation of Scope 3 emissions

Scope 3.1 Purchased goods and services:

The greenhouse gas emissions were calculated for Brenntag's main product categories, which account for 97.6% of its total chemical spend in tonnes. They were calculated using a combined approach of volume- and consumption-based emission factors from Life Cycle Assessment (LCA) databases, which were considered to be representative of Brenntag's respective product categories. By multiplying them by the volume-related purchasing data for the product categories taken from our Global Business Warehouse (GBW) and extrapolating them to the total spend, it was possible to determine a value that reflects the total emissions in category 3.1.

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

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

Scope 3.4 Transportation and distribution (upstream and downstream):

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

GRI Index

Statement of use	Brenntag has reported the information cited in this GRI content index for the period Jan. 1 to Dec. 31, 2023 with reference to the GRI Standards.
GR1 used	GRI 1: Foundation 2021

GRI standard and description		References	Comments and online resources
Universal Standards			
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	NfR, p. 87 To our Shareholders, p. 11	Brenntag is listed on the stock market. All of the shares are floating stock. Brenntag SE, Messeallee 11, 45131 Essen Locations Brenntag
2-2	Entities included in the organization's sustainability reporting	NfR, p. 84 Consolidated Financial Statements, p. 194	
2-3	Reporting period, frequency and contact point	NfR, p. 84	The reporting period for this sustainability report is January 1, 2023 to December 31, 2023. Since 2013, Brenntag has been reporting on sustainability activities on an annual basis. These GRI disclosures were published on March 7, 2024. Brenntag SE Sustainability Brenntag Group Nadine Kolter T +49 (0) 201 6496 1569 global.sustainability@brenntag.com
2-4	Restatements of information		No restatements were made in the reporting period.
2-5	External assurance	NfR, pp. 84, 138-140	
Activities and workers			
2-6	Activities, value chain and other business relationships	NfR, p. 87 Management Report, p. 142	www.brenntag.com https://corporate.brenntag.com/en/about/strategy-and-business-model
2-7	Employees	Management Report, p. 165	https://corporate.brenntag.com/en/sustainability/employees
2-8	Workers who are not employees		https://corporate.brenntag.com/en/sustainability/employees
Governance			
2-9	Governance structure and composition	NfR, p. 93 Supervisory Board Report, p. 18	
2-10	Nomination and selection of the highest governance body	Supervisory Board Report, p. 18	
2-11	Chair of the highest governance body	Supervisory Board Report, p. 18	
2-12	Role of the highest governance body in overseeing the management of impacts	NfR, pp. 93, 94 Supervisory Board Report, p. 18	
2-13	Delegation of responsibility for managing impacts	NfR, pp. 93-95 Supervisory Board Report, p. 18	
2-14	Role of the highest governance body in sustainability reporting	NfR, p. 84 Supervisory Board Report, p. 18	Both the Board of Management and then the Supervisory Board deal with the reporting. The Board of Management decides and the Supervisory Board approves.
2-15	Conflicts of interest	Supervisory Board Report, p. 18	

GRI standard and description		References	Comments and online resources
2-16	Communication of critical concerns	NfR, pp. 94–96	
2-17	Collective knowledge of the highest governance body	NfR, p. 94 Supervisory Board Report, p. 18	
2-18	Evaluation of the performance of the highest governance body	Supervisory Board Report, p. 18 Remuneration Report, p. 49	The Board of Management and Supervisory Board regularly address the achievement of annual targets through an internal scorecard. In the event of possible deviations in target achievement, appropriate measures are initiated.
2-19	Remuneration policies	Remuneration Report, p. 49	
2-20	Process to determine remuneration	Remuneration Report, p. 49	
2-21	Annual total compensation ratio	Remuneration Report, p. 49	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	NfR, pp. 82, 83, 87, 89, 93 CEO Letter, p. 4	
2-24	Embedding policy commitments	NfR, pp. 93–96, 106, 107 To our Shareholders, p. 32	https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/global/compliance/brenntagcodeofconducten.pdf
2-26	Mechanisms for seeking advice and raising concerns	NfR, p. 94	https://corporate.brenntag.com/en/about/compliance https://corporate.brenntag.com/en/sustainability/sustainability-at-brenntag/human-rights
2-27	Compliance with laws and regulations	NfR, pp. 94, 95, 106, 107	There were no significant instances of non-compliance. No significant fines or non-monetary sanctions were incurred.
2-28	Membership associations	NfR, pp. 100, 104, 106	Environmental initiatives from the industry and the business sector along with an online list https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/global/sustainability/brenntaglistofmemberships.pdf
Stakeholder engagement			
2-29	Approach to stakeholder engagement	NfR, pp. 85, 90, 91, 95	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	NfR, pp. 85, 86, 90	
3-2	List of material topics	NfR, p. 90	
GRI 201: Economic Performance 2016			
3-3	Management of material topics	Management Report, p. 147	The reporting includes 3-3 a-c.
201-1	Direct economic value generated and distributed	Key financial figures at a glance, p. 2, Consolidated income statement, p. 186, Consolidated Financial Statements, p. 217	
201-3	Defined benefit plan obligations and other retirement plans	Consolidated Financial Statements, p. 232	
GRI 204: Procurement Practices 2016			
3-3	Management of material topics	NfR, pp. 105, 106	The reporting includes 3-3 a-c.
204-1	Proportion of spending on local suppliers		Local and regional purchasing plays an important role in the business model of a chemical distributor. Due to the decentralized structure of the company, Brenntag cannot currently report the required information centrally.
GRI 205: Anti-corruption 2016			
3-3	Management of material topics	NfR, p. 94	The reporting includes 3-3 a-c.
205-1	Operations assessed for risks related to corruption		In internal audits, a total of 26 Brenntag companies were reviewed in relation to corruption risk, among other things, in the reporting period (that is 12% of all Brenntag companies). No significant risks were identified in the reporting period.

GRI standard and description		References	Comments and online resources
205-3 Confirmed incidents of corruption and actions taken		NfR, p. 94	All suspicions were investigated and none were confirmed.
GRI 206: Anti-competitive Behavior 2016			
3-3 Management of material topics		NfR, p. 94	The reporting includes 3-3 a-c.
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Management Report, p. 177	
GRI 207: Tax 2019			
3-3 Management of material topics		NfR, pp. 95, 96	The reporting includes 3-3 a-c.
207-2 Tax governance, control, and risk management		NfR, pp. 95, 96, 138	
GRI 302: Energy 2016			
3-3 Management of material topics		NfR, pp. 109-111	The reporting includes 3-3 a-c.
302-1 Energy consumption within the organization		NfR, p. 111	
GRI 303: Water and Effluents 2018			
3-3 Management of material topics		NfR, p. 115	Due to the switch to ESRS reporting requirements initiated in the reporting period and the related changes to processes, Brenntag is unable to report all the information required by this standard for the reporting period. The reporting includes 3-3 a-c.
GRI 305: Emissions 2016			
3-3 Management of material topics		NfR, p. 109	The reporting includes 3-3 a-c.
305-1 Direct (Scope 1) GHG emissions		NfR, pp. 110, 111	2020 is the base year, as this was the first year in which information was reported in full and targets were set.
305-2 Energy indirect (Scope 2) GHG emissions		NfR, pp. 110, 111	The type of GHG gases included in the calculation is not specified. Therefore, 305-2 C is not reported.
305-3 Other indirect (Scope 3) GHG emissions		NfR, pp. 112, 113	
305-5 Reduction of GHG emissions		NfR, pp. 109-113	
GRI 306: Waste 2020			
3-3 Management of material topics		NfR, p. 115	Due to the switch to ESRS reporting requirements initiated in the reporting period and the related changes to processes, Brenntag is unable to report all the information required by this standard for the reporting period. The reporting includes 3-3 a-c.
GRI 401: Employment 2016			
3-3 Management of material topics		NfR, p. 110	The reporting includes 3-3 a-c.
401-1 New employee hires and employee turnover		NfR, p. 103 , Management Report, p. 165	Detailed data can be found in the download area. Employees Brenntag
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		NfR, p. 102	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.
GRI 402: Labor / Management Relations 2016			
3-3 Management of material topics		NfR, p. 100	The reporting includes 3-3 a-c.
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.
GRI 403: Occupational Health and Safety 2018			
3-3 Management of material topics		NfR, p. 100	The reporting includes 3-3 a-c.
403-1 Occupational health and safety management system		NfR, pp. 99-101	
403-2 Hazard identification, risk assessment, and incident investigation		NfR, pp. 99-101	

GRI standard and description		References	Comments and online resources
403-3	Occupational health services		Brenntag pursues a decentralized approach. Some large sites have local occupational health services, otherwise each site has a direct contact for occupational health concerns.
403-4	Worker participation, consultation, and communication on occupational health and safety	NfR, p. 100	Temporary workers also participate in the BEST employee surveys.
403-5	Worker training on occupational health and safety	NfR, p. 99	
403-6	Promotion of worker health	NfR, pp. 99, 100	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NfR, pp. 99, 100	
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	NfR, p. 101	There were no accidents resulting in fatalities in the reporting period. Temporary workers are included in the accident reporting.
GRI 404: Training and Education 2016			
3-3	Management of material topics	NfR, p. 100	The reporting includes 3-3 a-c.
404-2	Programs for upgrading employee skills and transition assistance programs	NfR, p. 105	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.
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.
GRI 405: Diversity and Equal Opportunity 2016			
3-3	Management of material topics	NfR, p. 103	The reporting includes 3-3 a-c.
405-1	Diversity of governance bodies and employees	NfR, pp. 103, 104 Supervisory Board Report, p. 18	Detailed data can be found in the download area. Employees Brenntag
GRI 406: Non-discrimination 2016			
3-3	Management of material topics		The reporting includes 3-3 a-c. https://corporate.brenntag.com/en/sustainability/sustainability-at-brenntag/guidelines
406-1	Incidents of discrimination and corrective actions taken		Brenntag reports on the total number of confirmed incidents. For confidentiality reasons, Brenntag does not disclose the exact number of complaints by type. Accordingly, the company does not explicitly report the number of complaints relating to discrimination.
GRI 407: Freedom of Association and Collective Bargaining 2016			
3-3	Management of material topics		The reporting includes 3-3 a-c. https://corporate.brenntag.com/en/sustainability/sustainability-at-brenntag/guidelines
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	NfR, pp. 105, 107	As part of our TfS membership, Brenntag requests that its suppliers undergo sustainability assessments, which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's Code of Business Conduct and Ethics as well as our Supplier Code of Conduct also require the protection of human rights, equal treatment and fair working conditions.

GRI standard and description	References	Comments and online resources
GRI 408: Child Labor 2016		
3-3 Management of material topics		The reporting includes 3-3 a-c. Human Rights Brenntag
408-1 Operations and suppliers at significant risk for incidents of child labor		Policy Statement on Human Rights The reporting includes 408-1-c.
GRI 409: Forced or Compulsory Labor 2016		
3-3 Management of material topics		The reporting includes 3-3 a-c. Human Rights Brenntag
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	NfR, pp. 105-107	Policy Statement on Human Rights Responsible partner in the supply chain The reporting includes 409-1-b.
GRI 410: Security Practices 2016		
3-3 Management of material topics	NfR, p. 100	The reporting includes 3-3 a-c.
410-1 Security personnel trained in human rights policies or procedures		Brenntag deploys security personnel at various locations and uses service providers to provide security services. Brenntag has started to manage security measures centrally, among other things to increase the commitment to respect human rights and to collect relevant data on the implementation of the measures.
GRI 411: Rights of Indigenous Peoples 2016		
3-3 Management of material topics		The reporting includes 3-3 a-c. https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/global/compliance/global-declaration-of-principles-on-respect-for-human-rights-2023_en.pdf
411-1 Incidents of violations involving rights of indigenous peoples		Brenntag has not received any reports on incidents for the reporting period.
GRI 414: Supplier Social Assessment 2016		
3-3 Management of material topics		The reporting includes 3-3 a-c. https://corporate.brenntag.com/en/about/compliance
414-1 New suppliers that were screened using social criteria		Measured by its total chemical spend (in EUR), Brenntag covered around 75% (2022: 75%) through EcoVadis assessments in the reporting period.
GRI 416: Customer Health and Safety 2016		
3-3 Management of material topics		The reporting includes 3-3 a-c.
416-2 Assessment of the health and safety impacts of product and service categories		There were no incidents during the reporting period.
GRI 417: Marketing and Labeling 2016		
3-3 Management of material topics	NfR, pp. 96, 100	
417-1 Requirements for product and service information and labeling	NfR, pp. 96, 100	In all countries we operate in, the products manufactured and/or transported by Brenntag are subject to legal requirements for the labeling and indication of ingredients, their ecological effects as well as information on safe use and disposal.
417-2 Incidents of non-compliance concerning product and service information and labeling		There were no incidents during the reporting period.
417-3 Incidents of non-compliance concerning marketing and communications		Brenntag is not aware of any incidents during the reporting period.
GRI 418: Customer Privacy 2016		
3-3 Management of material topics	Corporate Governance Code	The reporting includes 3-3 a-c.
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		There were no substantiated complaints from customers or regulatory bodies in the reporting period. Neither did Brenntag identify any leaks, thefts, or losses of customer data.

TCFD Index

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

Governance

TCFD core element	Required information	Reference to CDP Climate Change 2023 Questionnaire
Disclosure of governance around climate-related risks and opportunities	a) Board of Management's oversight of climate-related risks and opportunities b) Role of the Board of Management and senior executives in assessing and managing climate-related risks and opportunities	C ₁ .1a C ₁ .1b C ₁ .2
Corresponding sections	NfR, p. 87 NfR, p. 108	

Strategy

TCFD core element	Required information	Reference to CDP Climate Change 2023 Questionnaire
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	a) Short-, medium- and long-term climate-related risks and opportunities for the organization b) Impact of climate-related risks and opportunities on businesses, strategy, and financial planning c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios (including a 2°C or lower scenario)	C ₂ .1a C ₂ .3 C ₂ .3a C ₂ .4 C ₂ .4a C ₂ .3a C ₂ .4a C ₃ .1 C ₃ .2a C ₃ .2b C ₃ .3 C ₃ .4 C ₃ .2 C ₃ .2a C ₃ .2b
You can find further information here:	NfR, p. 87 NfR, p. 108	

Risk Management

TCFD core element	Required information	Reference to CDP Climate Change 2023 Questionnaire
Disclosure of processes for identifying, assessing, and managing climate-related risks	a) Processes for identifying and assessing climate-related risks b) Processes for managing climate-related risks c) Integration of processes for identifying, assessing, and managing climate-related risks into overall risk management	C ₂ ,1 C ₂ ,2 C ₂ ,2a C ₂ ,1 C ₂ ,2 C ₂ ,1 C ₂ ,2
You can find further information here:	NfR, p. 108 Management Report, p. 167	

Metrics and Targets

TCFD core element	Required information	Reference to CDP Climate Change 2023 Questionnaire
Disclosure of metrics and targets used to assess climate-related risks and opportunities	a) Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process b) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and the related risks c) Targets used to manage climate-related risks and opportunities and performance against targets	C ₄ ,2 C ₄ ,2a C ₄ ,2b C ₉ ,1 C ₆ ,1 C ₆ ,3 C ₆ ,5 C ₆ ,5a C ₄ ,1 C ₄ ,1a C ₄ ,1b C ₄ ,2 C ₄ ,2a C ₄ ,2b
You can find further information here:	NfR, p. 108 NfR, p. 115	

3.18 TCFD Index

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

SASB Index

Topic	Accounting metric	Code	References / comments
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	RT-CH-110a.1 TR-RO-110a.1	NfR, pp. 110-112 The calculation of Scope 1 emissions includes all greenhouse gases that result from the consumption of the corresponding energy sources, i.e. CO ₂ , CH ₄ , N ₂ O. The share of CH ₄ and N ₂ O in the total emissions is approximately 1%. At Brenntag, none of the emissions are covered under emissions-limiting regulations.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2 TR-RO-110a.2	NfR, pp. 109-112
	(1) Total fuel consumed (2) Percentage natural gas (3) Percentage renewable	TR-RO-110a.3	NfR, p. 111
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O) (2) SO _x (3) Volatile organic compounds (VOCs) (4) Hazardous air pollutants (HAPs) (5) Particulate matter (PM10)	RT-CH-120a.1 TR-RO-120a.1	Not relevant for Brenntag as a distributor.
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable (4) Total self-generated energy	RT-CH-130a.1	NfR, p. 111
Water Management	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress	RT-CH-140a.1	Water withdrawal is not currently recorded and consolidated on a Group-wide basis.
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	RT-CH-140a.2	No central information available.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	No central information available.
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	RT-CH-150a.1	Due to the decentralized structure of the company and different legal requirements (e.g. Circular Economy Act in Germany), waste management has so far been handled by each site itself.
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	NfR, pp. 91, 99-101, 105-107

Topic	Accounting metric	Code	References / comments
Workforce Health and Safety	1) Total recordable incident rate (TRIR) and 2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	NfR, p. 101 At Brenntag, TRIR is defined as the total recordable injury rate, the number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours.
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	NfR, pp. 99-101
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	RT-CH-410a.1	NfR, pp. 96, 97, 116
Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (2) Percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	(1) EMEA ¹⁾ : 69% North America: 46% (2) EMEA ²⁾ : 92% ²⁾ North America: 100%
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	NfR, pp. 96-97
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	Not relevant
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Management Report, pp. 170-179 NfR, pp. 96-97
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	RT-CH-540a.1	NfR, pp. 99-101
Activity Metric	Production by reportable segment	RT-CH-000.A	Not reported
Driver Working Conditions	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	TR-RO-320a.1	NfR, p. 101 At Brenntag, TRIR is defined as the total recordable injury rate, the number of workplace accidents involving injuries that require medical treatment (beyond first aid), per one million work hours.
	(1) Voluntary and (2) involuntary turnover rate for all employees	TR-RO-320a.2	NfR, p. 102 Employees Brenntag
	Description of approach to managing short-term and long-term driver health risks	TR-RO-320a.3	NfR, pp. 99-101 Health risks for specific functions are only assessed locally.

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

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

Topic	Accounting metric	Code	References / comments
Accident & Safety Management	Number of road accidents and incidents	TR-RO-540a.1	NfR, pp. 99-101 Four road accidents involving commercial vehicles.
	Safety Measurement System BASIC percentiles for: (1) Unsafe driving (2) Hours-of-service compliance (3) Driver fitness (4) Controlled substances / Alcohol (5) Vehicle maintenance (6) Hazardous materials compliance	TR-RO-540a.2	Not reported
	(1) Number and (2) aggregate volume of spills and releases to the environment	TR-RO-540a.3	NfR, p.101

3.19 SASB Index

Practitioner's Report

Limited and reasonable assurance report of the Independent Practitioner regarding the non-financial reporting for the financial year from January 1 to December 31, 2023

- German version prevails -

To Brenntag SE, Essen/Germany

Our Engagement

We have performed a limited and reasonable assurance engagement on the separate consolidated non-financial report of Brenntag SE, Essen/Germany, (hereafter referred to as "the Company") for the financial year from January 1 to December 31, 2023 (hereafter referred to as "non-financial reporting"). In accordance with our engagement, we have performed a reasonable assurance engagement on the indicators presented in the non-financial reporting

- Reduction of greenhouse gas emissions (Scope 1 and 2)
- Further increase in occupational safety (reduction of TRIR)
- Increase in share of women on different management levels

(hereafter referred to as "the indicators") and performed a limited assurance engagement on all disclosures other than the indicators contained in the non-financial reporting.

Not subject of our assurance engagement are the references to websites including their contents, the key figures relating to prior-year periods as well as the TCFD and SASB indices contained in the non-financial reporting.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with the requirements of Sections 315b, 315c in conjunction with Sections 289c to 289e German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU Taxonomy" of the non-financial reporting.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the preparation of the non-financial reporting and the use of assumptions and estimates for individual non-financial disclosures which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a non-financial reporting that is free from material misstatement, whether due to fraud (i.e., fraudulent non-financial reporting) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU Taxonomy" of the non-financial reporting. They are responsible for the reasonableness of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

The preciseness and completeness of the environmental data in the non-financial reporting is subject to inherent existing limitations associated with the manner in which the data was collected and calculated as well as assumptions made.

Independence and Quality Assurance of the Independent Practitioner's Firm

We have complied with the German professional requirements on independence as well as other professional rules of conduct.

Our firm applies the national legal requirements and professional pronouncements, in particular the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) and the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional rules of conduct, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion with reasonable assurance on the indicators defined above that are disclosed in the non-financial reporting and a conclusion with limited assurance on all disclosures other than the indicators in the non-financial reporting in each case based on our work performed within our assurance engagement.

We conducted our work 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 so that we

- can conclude with reasonable assurance whether the indicators defined above that are disclosed in the non-financial reporting have been presented, in all material respects, in accordance with Sections 315b, 315c in conjunction with Sections 289c to 289e HGB by the executive directors; it does not mean that a separate conclusion is expressed on each of the indicators; and
- can conclude with limited assurance whether matters have come to our attention that cause us to believe that all other disclosures in the non-financial reporting, except the references to websites including their contents, the key figures relating to prior-year periods as well as the TCFD and SASB indices, have not been prepared, in all material respects, in accordance with Sections 315b, 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the non-financial reporting.

The procedures performed in the limited assurance part of our engagement are less in extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgment.

Within the scope of our assurance engagement, which we performed between November 2023 and March 2024, we performed, among others, the following assurance procedures and other activities:

- Gaining an understanding of the structure of the Group's sustainability organization and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation process about the preparation process, about the internal control system related to this process and about disclosures in the non-financial reporting,
- Identification of likely risks of material misstatements in the non-financial reporting,
- Analytical evaluation of selected disclosures in the non-financial reporting,
- Reconciliation of selected disclosures with the corresponding data in the consolidated and annual financial statements and combined management report,
- Assessment of the presentation of the non-financial statement reporting,
- Assessment of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial reporting.

In the course of our reasonable assurance engagement part on the indicators disclosed in the Company's non-financial reporting, we have performed the following assurance procedures and other activities in addition to those described above:

- Assessment of the concept and implementation of the systems and processes for determining, processing and monitoring the disclosures on the indicators,
- Assessment of the risks,
- Tests of details on the basis of samples.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the imminent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties. In particular, these uncertainties also relate to quantifying indicators when they are measured or evaluated.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Practitioner's Conclusions

In our view, the indicators "Reduction of greenhouse gas emissions (Scope 1 and 2)", "Further increase in occupational safety (reduction of TRIR)" and "Increase in share of women on different management levels" that are disclosed in the non-financial reporting for the period from January 1 to December 31, 2023 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors.

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that all disclosures other than the indicators in the non-financial reporting of the Company for the financial year from January 1 to December 31, 2023 have not been prepared, in all material respects, in accordance with the requirements of Sections 315b, 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "EU Taxonomy" of the non-financial reporting.

We do not express an opinion on the references to websites including their contents, the key figures relating to prior-year periods as well as the TCFD and SASB indices contained in the non-financial reporting.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2017 of the Institute of Public Auditors in Germany). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Therefore, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it.

Our responsibility is to the Company alone. We assume no responsibility with regard to any third parties. Our conclusion is not modified in this respect.

Düsseldorf / Germany, March 4, 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Daniel Oehlmann Eike Bernhard Hellmann
Wirtschaftsprüfer (German Public Auditor)

Combined

4 Management Report

of the Brenntag Group and Brenntag SE

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Preamble

The German Corporate Governance Code ("GCGC") provides for disclosures on the internal control and risk management system that go beyond the legal requirements for the management report. The disclosures are excluded from the statutory auditor's audit of the management report content ("disclosures not typically part of the management report").

In the following, these disclosures are allocated thematically to the main elements of the internal control/risk management system; they have also been set apart from the disclosures required to be audited by placing them in separate paragraphs and labeled accordingly.

Group overview

Business activities and Group structure

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

Brenntag is a partner to chemical manufacturers (its suppliers) and its roughly 180,000 customers¹⁾. As the global market leader in chemical and ingredients distribution, Brenntag has the vision of shaping the future of the industry.

Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers. This enables it to achieve economies of scale and offer a comprehensive range of products and value-added services. The products it purchases are stored in distribution facilities, packed into quantities the customers require and delivered, typically in less-than-truckloads. Overall, Brenntag offers a broad product range comprising more than 20,000 chemicals²⁾ and ingredients as well as extensive value-added services such as just-in-time delivery, product mixing, repackaging, inventory management and drum return handling.

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

To enable it to best respond to its customers' and suppliers' diverse and changing requirements, Brenntag manages its business through two global divisions: Brenntag Specialties and Brenntag Essentials. Brenntag Specialties focuses on selling ingredients and value-added services, and in 2023 was divided into the focus industries Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. It is managed through the geographical segments EMEA, Americas and APAC. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications, and is managed through the geographical segments EMEA, North America, Latin America and APAC.

¹⁾ The number of customers includes the customers that bought from Brenntag at least once in the reporting period. The decision criterion is "sold-to"; a sold-to party is the legal entity that is responsible for the purchase order and makes contact with the supplier's branch.

²⁾ Chemical substances, including the quality grade and concentration level (in the case of diluted products) or the product form (in the case of solid substances), are recorded as chemicals.

Effective January 1, 2024, Brenntag introduced a new management and governance structure for both divisions with a view to gradually transforming the Group structure into more independent, more autonomous and market-leading business units and accelerating strategy execution. A divisional Executive Committee (ExCo) headed by a divisional Chief Executive Officer (CEO) was introduced for each division. Since January 1, 2024, Brenntag Specialties has been divided into two reportable segments, Life Science and Material Science. The Brenntag Essentials division continues to be managed through the geographical segments EMEA, North America, Latin America and APAC.

The two divisions are supported by Brenntag Business Services, which have been allocated to "All other Segments". In addition, "All other Segments" combine the central functions for the entire Group and the activities with regard to the digitalization of Brenntag's business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

As at December 31, 2023, the scope of consolidation comprised Brenntag SE and in addition 27 (Dec. 31, 2022: 27) domestic and 195 (Dec. 31, 2022: 193) foreign consolidated subsidiaries including structured entities. Four (Dec. 31, 2022: four) associates were accounted for using the equity method.

Objectives and strategy

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

In financial year 2023, Brenntag worked systematically to drive the execution of its "Strategy to Win" presented in November 2022. Firstly, the core elements comprised differentiated strategies for the two divisions Brenntag Specialties and Brenntag Essentials, which will be further developed through the "Advanced Operating Model" from January 2024 onwards. Secondly, Brenntag is pursuing a sustainability agenda with the aim of assuming a leading role in the responsible distribution of sustainable chemicals and ingredients. This includes using 100% environmentally-friendly energy by 2025 and achieving net-zero emissions by 2045, for example. Thirdly, Brenntag aims to drive market consolidation through value-creating M&A activity. Its focus here is on expanding its position in emerging markets in both divisions, improving strategic capabilities and market positions, augmenting the

existing portfolio and improving technical capabilities. Fourthly, it is transforming itself into a data- and technology-driven company.

Through the "Advanced Operating Model" announced in July 2023 and operationalized in January 2024, Brenntag is continuing to implement the two divisions' differentiated steering. This includes the divisions' new steering and governance structure via divisional CEOs and Executive Committees. In addition, specific functions and responsibilities will be transferred from corporate level to the divisions to enable them to manage their business independently, enhance their decision-making and improve their business performance. They will be supported in this by a leaner corporate center. From the beginning of 2024, the Group will also create dedicated legal entity structures for both divisions along the new organizational structure.

In December 2023, Brenntag then presented its strategic roadmap extending through to 2027. This is centered around the further separation of Brenntag Essentials and Brenntag Specialties into two independent and autonomous global divisions with honed profiles. Brenntag Essentials' strategy rests on three pillars: 1) last-mile delivery services, 2) regional provision and supply chain services, and 3) global sourcing and interregional optimization. Through this triple business model, Brenntag Essentials plans to accelerate its growth in the highly attractive, globally expanding chemical distribution market. The division plans to continue to invest in continuously enhancing its performance and to further implement a disciplined and targeted M&A strategy. Brenntag Specialties is placing emphasis on five performance levers: 1) price and margin management, 2) cost and efficiency improvements, 3) portfolio management and strategic portfolio decisions, 4) value-added services and 5) strategic acquisitions. With its global industry-segment setup, Brenntag Specialties will implement dedicated industry strategies and by doing so plans to extend its focus on very attractive market segments and further increase Life Science's share of the portfolio. As communicated at the Capital Markets Day, a EUR 300 million cost reduction program was put in place with a view to enhancing efficiency and offsetting inflation-driven increases in costs. This also includes the reduction in costs from the DiDEX program.

Management systems

Financial performance indicators

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

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

Most significant financial performance indicators

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

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

In the course of operationalizing its strategy, Brenntag decided to replace operating EBITDA with operating EBITA as its key performance indicator from financial year 2023 onwards.

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

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

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

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

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

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

Free cash flow is defined as follows:

Operating EBITDA

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

Additional financial performance indicators

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

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

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

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

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

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

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

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

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

Adjustments for exchange rate effects

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

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

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

Non-financial performance indicators

Brenntag believes that non-financial objectives also have a supporting role to play in the company's success. A sustainability strategy has been developed with a view to strengthening sustainable governance.

Climate protection plays a particularly important role within Brenntag's sustainability strategy, as the entire value chain is affected. Not only do Brenntag's own activities produce CO₂ emissions; the products that the company buys have also emitted greenhouse gases during their manufacture. Moreover, climate protection is important to many of Brenntag's customers. For Scope 1 and 2 greenhouse gas emissions, the Brenntag Group has set several targets so that it contributes to the 1.5°C target: to reduce Scope 1 and 2 emissions by 40% in absolute terms between the 2020 base year and 2030¹⁾, and over the long term to be net zero in accordance with the Paris Agreement by 2045²⁾. **Scope 1 emissions** are all direct emissions from sources that are owned or controlled by a company itself, e.g. emissions from fuels and coolants at the company's own site or from the company's own vehicle fleet. **Scope 2 emissions** are indirect emissions from the generation of purchased energy, e.g. electricity or district heating from an energy provider. The market-based method is taken as the basis for setting targets. Under this method, the calculation uses the emission factors of the energy supplier or an individual electricity product. Using the market-based method enables company-specific purchases of energy from renewable sources to be presented in a transparent manner.

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

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

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

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

Report on economic position

Economic and sector-specific environment

Geopolitical conflicts such as the war in Ukraine and the Middle East conflict made for a difficult market environment again last year. These uncertainties affected business activities across various sectors. Together with an only slow decline in inflation and sustained high procurement and personnel costs, they caused investors to generally hold back and economic growth to slow. In the first nine months of financial year 2023, the restrictive monetary policy of national and supranational banks also acted as a drag on general economic performance. Although the global economy still appeared resilient in 2023, global industrial production rose at a much slower pace than in previous years, expanding by 1.4% year on year over the course of financial year 2023.¹⁾ Based on the difficult environment, the Global Manufacturing Purchasing Managers' Index (PMI) stood at 49.3, a reading once again below the 50 neutral mark.

Economic performance in the euro zone remained weak in 2023, with industrial production falling by 1.1% compared with the previous year. High inflation, more restrictive financing conditions and weak demand from abroad continued to weigh on business and consumer confidence.

Much like the euro zone, the US economy was also marked by falling, yet still high inflation. The uncertainties and vulnerabilities remained significant, driven not only by inflation, but also by the turmoil in the US banking sector. However, buoyed by the nevertheless sustained momentum in consumer spending and stable employment markets, industrial production showed a year-on-year increase of 0.9% last year.

In Latin America, economic performance remained mixed, but on the whole more stable than in the USA and the euro zone. Overall, the Latin American economy expanded year on year in 2023, with industrial production increasing by around 1.3%.

The emerging economies of Asia (excluding China and Japan) also achieved growth in 2023, with production expanding by 2.7% compared with the prior-year figure. Overall too, the Asia Pacific region remained one of the main sources of global growth, driven by growing consumption and rising capital spending.

Although China continues to make an important contribution to global growth, the Chinese economy fell short of the growth rates achieved in past years due to weak consumption and weak exports, especially in the second half of 2023. Industrial production in China grew by 4.4% in 2023.

The global chemical industry also moved along these global trend lines. Following strong growth rates in the previous two years, driven by a post-COVID 19 pandemic recovery and sharp price rises, the global chemical industry showed a slight contraction of 1.5%, driven by only marginal growth in quantities produced (+1.4%) in combination with falling prices compared with the previous year (-2.8%). In Europe, production fell by 4.9% due to high production costs. The trend was less dramatic in North America, where chemical production dropped only slightly, contracting by 0.3%. In Asia, on the other hand, chemical production grew by 4.5%, making the region the chemical industry's main growth driver again in 2023.

¹⁾ All data in this section were taken from the Oxford Economics global industry databank.

Business performance

Major events impacting on business in 2023

In January 2023, Brenntag appointed Michael Friede to the Board of Management of Brenntag SE effective April 1, 2023. Taking on the role of Chief Operating Officer (COO) Brenntag Specialties, he succeeded Henri Nejade, who chose not to extend his contract when it expired on June 30, 2023.

In February 2023, Brenntag agreed a new syndicated credit facility for EUR 1.5 billion. This new credit facility has a term of five years. In a first for Brenntag, the interest rates on the credit facility are linked to the achievement of quantitative ESG criteria. The ESG targets defined for this purpose are derived from the ESG strategic objectives for 2030, which Brenntag redefined back in 2022.

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. This is intended to allow shareholders to share in the company's success. The first tranche of the share buyback program, in the amount of EUR 500 million, was to be conducted by December 2023 at the latest. By the end of October 2023, Brenntag had already completed this first tranche of the share buyback program and acquired around seven million treasury shares. These shares with a nominal value of around EUR 7 million were withdrawn and the company's share capital was reduced to around EUR 147.5 million. In the course of the second tranche from January 2, 2024 through March 31, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (a maximum of 7,699,220 shares).

Also in March 2023, Brenntag acquired the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia. The company generated sales of around EUR 34 million in financial year 2022. The acquisition of one of the largest specialty chemical distributors on the Arabian Peninsula expands Brenntag's market presence in this area.

At the Annual General Meeting of Brenntag SE on June 15, 2023, Richard Ridinger was re-elected as a member of the Supervisory Board for four years. In addition, Sujatha Chandrasekaran was elected as a new member of the Supervisory Board for three years. At its constituting meeting following the Annual General Meeting, the Supervisory Board of Brenntag SE unanimously elected Richard Ridinger to serve as its new Chairman. He thus succeeds Doreen Nowotne, who had chaired the Supervisory Board since June 2020 and decided not to seek re-election.

At the beginning of July, Brenntag announced a restructuring of the Board of Management and a new governance structure for the two divisions. Since August 2023, the Board of Management of Brenntag SE has consisted of four members. Ewout van Jarwaarde was appointed CEO Brenntag Essentials and succeeded Steven Terwindt, who did not extend his contract with Brenntag when it expired at the end of July 2023. Michael Friede, COO Brenntag Specialties, was appointed CEO Brenntag Specialties effective August 1, 2023. The CTO role established at Board of Management level at the beginning of 2021 no longer exists and the related responsibilities are assigned to the various Board of Management members.

In July 2023, Brenntag acquired all shares in the Aik Moh Group (Aik Moh) based in Singapore. Aik Moh owns further sites in Malaysia, Indonesia and the Philippines and mostly distributes solvents, glycols and blends. In financial year 2022, Aik Moh generated sales of around EUR 77 million. The acquisition expands Brenntag Essentials' business in key focus markets in the Asia Pacific region. This step supports the ongoing transformation and promotes the execution of the Brenntag Essentials strategy of strengthening local capacity and market coverage in high-growth markets such as Asia Pacific.

At the end of September, Brenntag acquired 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. Headquartered in Shanghai, China, the company is a leading market player in the specialty distribution of personal care ingredients in the Greater China region. In financial year 2022, the company generated annual sales of EUR 71 million.

Also at the end of September, Brenntag acquired Avebe Nişasta Sanayii ve Ticaret Limited Şirketi. Headquartered in Izmir, Turkey, the company specializes in potato starch and protein products. These are used, among other things, in foods, animal feed and the construction industry. This expansion of the portfolio to include innovative and sustainable products, particularly in the Life Science segment, is part of Brenntag's "Strategy to Win". The acquiree generated annual sales of around EUR 19 million in financial year 2022.

In October 2023, Brenntag acquired all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, a US manufacturer of stabilizer blends and provider of blending services, based in Monroe, North Carolina (Colony Gums). The company reported sales of EUR 35 million in financial year 2022. The acquisition complements and expands Brenntag's product portfolio and services in the global Specialties division.

At the end of October, Brenntag acquired all shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC (OWI Chlor Alkali), one of the largest independent distributors of caustic soda in North America. OWI Chlor Alkali's annual sales revenues amounted to around EUR 259 million in financial year 2022. The companies will be integrated into Brenntag Essentials' existing network in North America, significantly expanding Brenntag Essentials' local and regional presence.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and the coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. In December 2020, the court of appeal imposed a fine of EUR 47 million. In September 2023, the Cour de cassation (Court of cassation) repealed the court of appeal judgment at Brenntag's request and referred the matter back to the court of appeal. In November 2023, the fine of EUR 47 million imposed by the court of appeal was reimbursed. With further steps expected to be taken by the French authorities responsible, a provision was recognized in the amount of the EUR 47 million reimbursement.

In financial year 2023, there was a major fire at a warehouse site in Canada and another at a warehouse of an external warehouse operator in Turkey. In this context, operating EBITA was adjusted for a special item in the form of costs totaling EUR 29.4 million after deduction of insurance payouts. These costs are mainly attributable to the loss of inventories, but also include among others environmental remediation measures.

Statement by the Board of Management on the situation and business performance in 2023

The Brenntag Group achieved operating EBITA of EUR 1,265.0 million in financial year 2023, a decrease of 16.3% compared with the previous year. On a constant currency basis, this represents a decline of 13.1%. Given the challenging geopolitical and economic environment, Brenntag is satisfied overall with the results achieved in the past financial year.

In 2023, Brenntag continued to operate in a difficult macroeconomic environment as a result of the years of the pandemic, the war in Ukraine and other geopolitical tensions. In light of these challenging conditions, Brenntag was able to fully maintain its operating activities, supply its customers with the required products and offer its employees a safe working environment in financial year 2023 due primarily to the resilience of its business model. As market leader, Brenntag plays an important role in global distribution markets and enjoys a high level of trust among its business partners, also in times of major uncertainty. In particular, Brenntag's broad and globally diversified customer and product portfolio and its close relationships with suppliers paid off again.

In line with expectations, both divisions, Brenntag Specialties and Brenntag Essentials, recorded a year-on-year decline in earnings, with the decline at Brenntag Specialties being stronger than that at Brenntag Essentials. At Brenntag Specialties, the focus industries Pharma and Water Treatment performed particularly well, but failed to offset the decline in earnings in other areas, particularly in Nutrition. At Brenntag Essentials, the North America segment achieved an extremely encouraging result. Apart from EMEA, the remaining segments were able to increase their volumes in the second half of 2023, compared with the first half of the year. Nevertheless, the earnings of all segments except North America fell short of the previous year.

Due to the difficult market environment in the course of the year, Brenntag successfully took various measures to reduce the Group's operating costs and counteract the inflation-driven increases in costs – including reducing the headcount by 400 since the end of June 2023. This enabled it to reduce the Group's operating costs compared with the previous year despite inflation-driven increases in costs.

Due to a significant reduction in inventories, the Group recorded a substantial reduction in working capital in financial year 2023. This was driven largely by falling volumes and prices. At the same time, annualized working capital turnover fell year on year.

At EUR 321.1 million in financial year 2023, the total cash outflow for investments was well above the prior-year figure (2022: EUR 267.2 million). Investments were made in the global site network in particular.

Brenntag generated a high free cash flow of EUR 1,712.0 million in financial year 2023 (Dec. 31, 2022: EUR 1,005.1 million). This is a significant increase on the prior-year figure and offers the Group financial flexibility. It was also achieved thanks in particular to the clear reduction in working capital.

Based on the operating results, Brenntag posted significantly lower profit after tax of EUR 721.1 million in financial year 2023 (Dec. 31, 2022: EUR 902.5 million).

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

Brenntag's results of operations did not remain unscathed by the macroeconomic challenges and difficult economic conditions in financial year 2023. In these circumstances, Brenntag is nevertheless satisfied with its earnings performance overall.

Results of operations

Business performance of the Brenntag Group

in EUR m	2023	2022	Change	
			in %	in % (fx. adj.) ¹⁾
Sales	16,815.1	19,429.3	-13.5	-11.0
Operating gross profit ²⁾	4,041.8	4,319.0	-6.4	-3.7
Operating expenses	-2,457.2	-2,510.4	-2.1	0.3
Operating EBITDA	1,584.6	1,808.6	-12.4	-9.2
Depreciation and impairment of property, plant and equipment and right-of-use assets	-319.6	-296.9	7.6	10.5
Operating EBITA	1,265.0	1,511.7	-16.3	-13.1
Net expense from special items	-78.3	-19.8	-	-
EBITA	1,186.7	1,491.9	-	-
Amortization of intangible assets	-64.0	-109.5	-	-
Net finance costs	-119.9	-147.5	-	-
Profit before tax	1,002.8	1,234.9	-	-
Income tax expense	-281.7	-332.4	-	-
Profit after tax	721.1	902.5	-	-

4.01 Business performance of the Brenntag Group

¹⁾ Change in % (fx. adj.) is the percentage change on a constant currency basis.

²⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at sites in Canada and Turkey in the Brenntag Specialties division.

The Brenntag Group generated **sales** of EUR 16,815.1 million in financial year 2023, a year-on-year decline of 13.5%. On a constant currency basis, sales were down by 11.0% on the prior-year figure. The decline was due mainly to lower sales prices, but also to falling volumes.

Both divisions contributed to this performance.

Brenntag Essentials' sales were down by 11.2% on the previous year, with more than half of the decline attributable to weaker business within the EMEA region. Brenntag Specialties generated sales of EUR 6,983.4 million, 8.6% less than in 2022. Business was weaker in the Americas in particular, decreasing by 13.5%.

The Brenntag Group generated **operating gross profit** of EUR 4,041.8 million in financial year 2023, a year-on-year decline of 6.4%. On a constant currency basis, operating gross profit was down by 3.7% on the prior-year figure. Both divisions recorded volume-related decreases in earnings in particular, while operating gross profit per unit rose slightly both for the Brenntag Group overall and for the Brenntag Essentials division. This decline was only partly offset by the additional operating gross profit from the acquisitions closed.

The Brenntag Group's **operating expenses** amounted to EUR 2,457.2 million in financial year 2023, a fall of 2.1% year on year. On a constant currency basis, operating expenses were roughly in line with the prior-year figure. This was due mainly to the acquisitions closed. On an organic basis, on the other hand, costs were down slightly on the prior-year figure. A decline in advisory, variable personnel and transport expenses was partly offset by increased costs for IT implementation, primarily in connection with the DiDEX initiative, and inflation-driven increases in costs. Brenntag sees these additional costs as an investment in the Group's future. Overall, the acquisitions newly closed led to operating expenses at the prior-year level for the Brenntag Group.

The Brenntag Group achieved **operating EBITDA** of EUR 1,584.6 million overall in financial year 2023, a year-on-year decline of 12.4%, or 9.2% on a constant currency basis.

Depreciation and impairment of property, plant and equipment and right-of-use assets rose by EUR 22.7 million year on year to EUR 319.6 million in financial year 2023. This represents a rise of 7.6% compared with the previous year, or 10.5% on a constant currency basis.

The Brenntag Group's **operating EBITA** came to EUR 1,265.0 million in financial year 2023, a decrease of 16.3%. On a constant currency basis, this represents a decline in earnings of 13.1% compared with the prior-year figure. This decline in earnings compared with the above-average earnings achieved in the prior-year period stemmed from both divisions in financial year 2023. Falling demand in the Brenntag Specialties division, particularly in the Americas segment, made it difficult to repeat the strong prior-year results despite a fall in costs on an organic basis. Across the segments, the focus industries Nutrition and Material Science in particular were affected.

Amortization of intangible assets amounted to EUR 64.0 million. Compared with financial year 2022, Brenntag recorded a decrease of EUR 45.5 million. However, in the previous year, an impairment loss of EUR 38.1 million was recognized for the goodwill of the Brenntag Essentials Latin America segment. The write-down was due in particular to the lower income expected from the cash-generating unit in combination with the appreciable year-on-year increase in country risk premiums.

Net expense from special items breaks down as follows:

in EUR m	2023	2022
Provision for legal risks	-31.4	-2.1
Provisions for excise duties	-1.2	19.0
Major fires at sites in Canada and Turkey	-29.4	-
Other special items	-16.3	-36.7
Net expense from special items	-78.3	-19.8

4.02 Net expense from special items

Provisions of EUR 34.7 million were recognized for legal risks arising from the sale of certain minerals in North America in financial year 2023. The official investigations into possible violations of export control regulations were concluded without any fines being imposed, enabling the existing provisions of EUR 3.3 million to be reversed.

In 2023, further tax decision notices for the tax on alcohol were received in relation to provisions recognized in 2021 for excise duties, leading to a lower-than-expected tax liability. The reversal of the relevant provisions resulted in other operating income of EUR 10.3 million in financial year 2023. At the end of the financial year, provisions of EUR 11.5 million were recognized for a further case in Sweden.

Costs amounting to EUR 19.1 million after deduction of insurance payouts of EUR 8.2 million were incurred as a result of a major fire at a warehouse site in Canada. They comprise costs for the loss of inventories, repairs, remediation of the resulting environmental damage and maintaining business operations.

Costs totaling EUR 10.3 million after deduction of insurance payouts of EUR 6.0 million were incurred in another major fire at a warehouse of an external warehouse operator in Turkey. They consist predominantly of expenses arising from the loss of inventories.

Other special items amounting to EUR 16.3 million include advisory and other one-time expenses necessary in order to achieve the desired structure, such as restructuring expenses in connection with vacating sites, severance payments and withdrawing from certain markets.

Net finance costs came to EUR 119.9 million in financial year 2023 (2022: EUR 147.5 million), with the year-on-year change attributable mainly to four effects. Firstly, net interest expense widened year on year to EUR 103.9 million (2022: EUR 92.1 million). This was due mainly to general interest rate levels being higher than in the previous year. The translation of foreign currency receivables and liabilities, on the other hand, had an opposite effect. In financial year 2023, this resulted in slightly lower expenses than in the prior-year period. A reduction in purchase price obligations relating to the acquisition of non-controlling interests also contributed to the improvement in net finance costs (2023: income of EUR 26.4 million; 2022: expense of EUR 7.6 million). Moreover, in financial year 2023, the classification of Turkey as a hyperinflationary economy in financial year 2022 increased net finance costs to a slightly lesser extent than it did in the previous year.

Income tax expense fell by EUR 50.7 million year on year to EUR 281.7 million in financial year 2023.

Profit after tax stood at EUR 721.1 million in financial year 2023 (2022: EUR 902.5 million).

REPORT ON ECONOMIC POSITION

in EUR m	2023	2022	Change	
			abs.	in %
Operating EBITA	1,265.0	1,511.7	-246.7	-16.3
Average carrying amount of equity	4,499.5	4,543.1	-43.6	-1.0
Average carrying amount of financial and lease liabilities	2,921.8	3,120.2	-198.4	-6.4
Average carrying amount of cash and cash equivalents	-727.7	-882.2	154.5	-17.5
ROCE	18.9%	22.3%	-	-
ROCE after special items	17.7%	22.0%	-	-

4.03 Return on capital employed (ROCE)

The Brenntag Group posted **ROCE** of 18.9% in financial year 2023, a fall of 3.4 percentage points compared with the previous year. This change is due mainly to the significant reduction in operating EBITA. Unadjusted for special items, ROCE fell to 17.7% in financial year 2023 (2022: 22.0%).

Business performance in the divisions

in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Brenntag Group
Operating gross profit¹⁾				
2023	1,479.6	2,533.5	28.7	4,041.8
Change versus 2022 in %	-11.8	-2.9	-10.6	-6.4
fx. adj. change versus 2022 in %	-8.2	-0.7	-10.6	-3.7
Operating EBITDA				
2023	595.1	1,109.6	-120.1	1,584.6
Change versus 2022 in %	-23.7	-3.8	-3.4	-12.4
fx. adj. change versus 2022 in %	-19.7	-1.6	-3.0	-9.2
Operating EBITA				
2023	550.8	848.9	-134.7	1,265.0
Change versus 2022 in %	-25.4	-6.8	-1.8	-16.3
fx. adj. change versus 2022 in %	-21.5	-4.7	-1.2	-13.1

4.04 Business performance in the divisions

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

REPORT ON ECONOMIC POSITION

Brenntag Specialties

in EUR m	EMEA	Americas	APAC	Brenntag Specialties
Operating gross profit¹⁾				
2023	667.6	558.7	253.3	1,479.6
Change versus 2022 in %	- 7.9	- 15.9	- 12.4	- 11.8
fx. adj. change versus 2022 in %	- 3.6	- 13.4	- 7.7	- 8.2
Operating EBITDA²⁾				
2023	266.1	220.9	109.6	595.1
Change versus 2022 in %	- 20.6	- 25.7	- 26.2	- 23.7
fx. adj. change versus 2022 in %	- 14.7	- 23.5	- 22.4	- 19.7
Operating EBITA²⁾				
2023	256.1	203.9	92.3	550.8
Change versus 2022 in %	- 20.9	- 27.5	- 31.1	- 25.4
fx. adj. change versus 2022 in %	- 15.2	- 25.3	- 27.5	- 21.5

4.05 Business performance in the segments / Brenntag Specialties

¹⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at sites in Canada and Turkey.

²⁾ The difference between the sum total of the reportable segments and a particular division is the result of central activities which are part of the division but not directly attributable to any one segment.

Operating gross profit in the Brenntag Specialties division came to EUR 1,479.6 million in financial year 2023, a decrease of 11.8% on the prior-year figure. On a constant currency basis, operating gross profit was down by 8.2% year on year. This change was due especially to declining volumes in combination with slightly lower operating gross profit per unit. All segments contributed to the decrease in operating gross profit, with the largest effects occurring in the Americas segment. Across the segments, the focus industries Nutrition and Material Science in particular were affected. Overall, this was driven by subdued demand, as customers ran down inventories that had been built up previously and waited for prices to fall. Demand was also negatively impacted by higher interest rates and energy costs as well as economic weakness in a number of economies.

Overall, the Brenntag Specialties division generated **operating EBITDA** of EUR 595.1 million in financial year 2023, a decrease of 23.7% on the prior-year figure. On a constant currency basis, this represents a decline of 19.7%.

Operating EBITA in the Brenntag Specialties division came to EUR 550.8 million in financial year 2023, a decrease of 25.4% on the prior-year figure. On a constant currency basis, this represents a decline of 21.5%. All segments of the Brenntag Specialties division contributed to this result. The decline was due in particular to the aforementioned performance at operating gross profit level. On an organic basis, costs were roughly in line with the prior-year figure. Overall – on an organic basis and including the acquisitions – costs were up slightly year on year. Volume-related reductions in costs were partly offset by inflation-driven increases in costs. In addition, costs were incurred in connection with the new strategy; these are an investment in Brenntag's future.

Brenntag Essentials

in EUR m	EMEA	North America	Latin America	APAC	Brenntag Essentials
Operating gross profit					
2023	908.4	1,369.9	152.0	103.2	2,533.5
Change versus 2022 in %	-6.3	2.0	-14.1	-13.7	-2.9
fx. adj. change versus 2022 in %	-5.7	5.2	-12.3	-8.1	-0.7
Operating EBITDA¹⁾					
2023	410.9	625.4	43.5	29.9	1,109.6
Change versus 2022 in %	-13.4	8.2	-28.3	-27.8	-3.8
fx. adj. change versus 2022 in %	-12.7	11.5	-26.8	-22.9	-1.6
Operating EBITA¹⁾					
2023	302.7	496.9	26.6	22.8	848.9
Change versus 2022 in %	-17.6	6.1	-37.9	-32.1	-6.8
fx. adj. change versus 2022 in %	-17.0	9.4	-36.5	-27.8	-4.7

4.06 Business performance in the segments / Brenntag Essentials

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

Operating gross profit in the Brenntag Essentials division decreased by 2.9% year on year to EUR 2,533.5 million in financial year 2023. On a constant currency basis, operating gross profit was down by 0.7% on the prior-year figure. This performance is due to declining volumes in the EMEA, North America and Latin America segments and the fall in operating gross profit per unit in the EMEA, Latin America and APAC segments. Both on an organic basis and including the new acquisition, the APAC segment achieved an increase in volumes. In the North America segment, operating gross profit per unit was well above the previous year, as a result of which this segment posted growth in operating gross profit overall and operating gross profit per unit for the entire Brenntag Essentials division also increased year on year. This underlines the segment's performance, which was further supported by the entities acquired.

Operating EBITDA in the Brenntag Essentials division came to EUR 1,109.6 million in financial year 2023, a 3.8% decline compared with the previous year. On a constant currency basis, this represents a decrease of 1.6%.

Operating EBITA in the Brenntag Essentials division dropped by 6.8% year on year to EUR 848.9 million in financial year 2023. On a constant currency basis, it showed a decrease of 4.7%. This was due to the decline in operating gross profit. On an organic basis, the division was able to reduce costs moderately compared with the previous year. Overall – on an organic basis and including the acquisitions – costs were roughly in line with the prior-year figure. Operating EBITA in

the Latin America segment was down considerably on the previous year. The decline is primarily attributable to a slump in demand at Brenntag Brazil as a result of competition. At the end of the year, an improvement was achieved in both margins and volumes by initiating appropriate measures. In the EMEA segment, falling costs were not enough to offset the fall in demand.

All other Segments

In "All other Segments", which also include the holding companies, Brenntag recorded a clear year-on-year reduction in costs in financial year 2023. This was due in particular to lower variable personnel expenses.

BRENNNTAG International Chemicals GmbH, the only operating company within "All other Segments", achieved operating EBITDA below the prior-year figure in financial year 2023 due to the trend in volumes.

Overall, the **operating EBITDA** of "All other Segments" amounted to EUR -120.1 million in financial year 2023, an improvement of 3.0% compared with the previous year. The **operating EBITA** of "All other Segments" came to EUR -134.7 million in financial year 2023 and therefore improved by 1.2% year on year.

Forecast / Actual comparison

Given the global impact on the economy of the war in Ukraine, the resulting energy prices and the path of inflation rates, Brenntag is satisfied with its operating EBITA performance. This earnings forecast is inclusive of the contribution from the acquisitions closed and exclusive of foreign currency translation effects arising after the date of the forecast's preparation. The year-end results were slightly below the range forecast at the beginning of the year. For the reporting period, Brenntag had initially forecast operating EBITA of between EUR 1,300.0 million and EUR 1,500.0 million and operating EBITDA of between EUR 1,600 million and EUR 1,800 million. When publishing the half-year report, Brenntag confirmed the lower half of this forecast range. Most recently, when publishing the financial results for the third quarter, it predicted operating EBITA and operating EBITDA around the lower end of the forecast range. The revisions were in each case based on the results for the quarters of 2023 already ended, the trend in earnings in the past quarter and the outlook for the rest of the year. The forecast also reflected expectations for future market conditions. The forecasts were based on the assumption at the date of their publication that exchange rates would remain stable. At year-end, the Brenntag Group achieved operating EBITA of EUR 1,265.0 million and operating EBITDA of EUR 1,584.6 million, putting it around the lower end of the aforementioned range in each case, as most recently forecast.

In financial year 2023, the Brenntag Group expected a decline in both operating EBITA and operating EBITDA in both divisions, with the relative decline for the Brenntag Essentials division expected to be lower than for the Brenntag Specialties division. For Brenntag Essentials, operating EBITA was down by 4.7% and operating EBITDA by 1.6% on the prior-year figure. For Brenntag Specialties, operating EBITA fell by 21.5% and operating EBITDA by 19.7% compared with the previous year. This confirmed the performance expected in the divisions.

Moreover, the Brenntag Group anticipated a decline in operating gross profit slightly below that in operating EBITA. It expected the decline in operating gross profit to be attributable to both divisions and assumed that the decline recorded by Brenntag Essentials would be relatively lower than that recorded by Brenntag Specialties. Overall in financial year 2023, the Brenntag Group generated operating gross profit of EUR 4,041.8 million, a decrease of 3.7% on the prior-year figure. Operating gross profit showed a year-on-year fall of 0.7% for Brenntag Essentials and 8.2% for Brenntag Specialties. All forecasts for operating gross profit were thus confirmed.

At the beginning of financial year 2023, Brenntag anticipated a moderate improvement in working capital turnover compared with the reported averages for the previous financial year. Brenntag also expected a reduction in working capital overall. Despite a positive change in absolute working capital, the decline in external sales resulted in a reduction in average working capital turnover of 0.2x, although there was a continuous improvement over the course of the year. Overall in financial year 2023, Brenntag achieved a significant reduction in average working capital of more than EUR 280 million compared with the previous year. This contributed to a substantial improvement in free cash flow.

In financial year 2023, Brenntag expected a high free cash flow roughly in line with the prior-year figure. By generating free cash flow of EUR 1,712.0 million (Dec. 31, 2022: EUR 1,005.1 million), it exceeded this forecast by a significant margin. This is due especially to the substantial reduction in working capital.

Financial position

Capital structure

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in Brenntag's financing structure is the Group-wide syndicated loan agreement. As the old loan would have matured in January 2024, Brenntag agreed a new syndicated loan with a consortium of international banks in February 2023. As at December 31, 2023, this totaled the equivalent of EUR 1.5 billion. The new syndicated loan originally had a term running until February 2028, which at the beginning of 2024 was extended until February 2029. It is based on variable interest rates with margins depending on the credit rating, and is divided into two revolving credit facilities – one credit facility in the amount of EUR 1 billion and a USD credit facility in the amount of USD 525.0 million (euro equivalent as at Dec. 31, 2023: EUR 475.1 million). The margin is also linked to the achievement of certain Brenntag Group sustainability targets. At the beginning of 2023, Brenntag was still paying down outstanding liabilities under the old syndicated loan.

As at December 31, 2023, total liabilities (excluding accrued interest and before offsetting of transaction costs) under the new syndicated loan amounted to EUR 50.0 million. These liabilities were drawn entirely under the EUR 1 billion credit facility. The USD credit facility, on the other hand, was entirely unutilized as at December 31, 2023. Both credit facilities are available for further drawdowns at any time. The syndicated loan is guaranteed by Brenntag SE.

In September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125% with interest paid annually.

In October 2021, Brenntag Finance B.V. issued a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50%. It is the first bond issue to take place under a EUR 3.0 billion debt issuance program newly established in 2021 and updated in 2023. Most of the proceeds from the Bond 2029 were swapped into US dollars by way of a long-dated derivative (cross-currency interest rate swap).

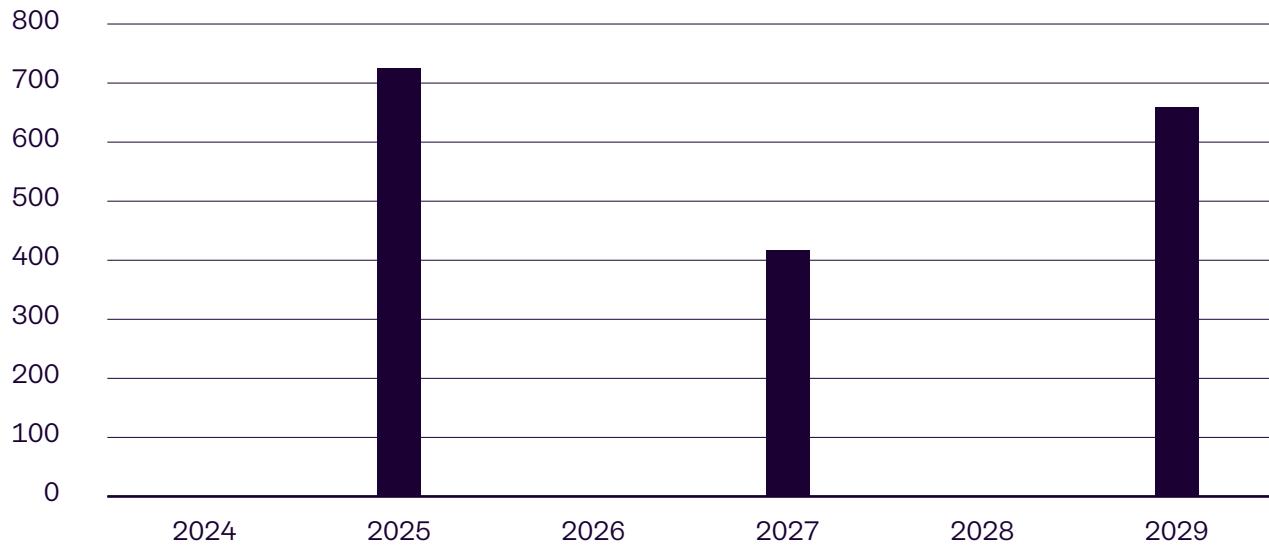
In addition, in August 2022, Brenntag closed a promissory note (Schuldschein) transaction for around EUR 640.0 million. The promissory notes were issued by Brenntag SE and comprise a total of seven tranches with tenors of three, five and seven years and carrying floating or fixed interest rates. Alongside euro-denominated tranches totaling EUR 390.0 million, the company also issued US dollar-denominated tranches totaling USD 250.0 million (euro equivalent as at Dec. 31, 2023: EUR 226.2 million).

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

Due to the two fixed-rate bonds and the partly fixed-rate promissory notes, over 60% of the Brenntag Group's financial liabilities were hedged against the risk of interest rate increases as at December 31, 2023.

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

Maturity profile of our credit portfolio¹⁾ as at February 7, 2024 in EUR m:



4.07 Maturity profile of our credit portfolio

¹⁾ Syndicated loan, promissory notes, Bond 2025 and Bond 2029 excluding accrued interest and transaction costs. The illustration shows the maturity profile as at February 7, 2024 (at the exchange rates applicable on February 7, 2024), i.e. after the syndicated loan was extended in February 2024.

Investments

In financial year 2023, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 321.1 million (2022: EUR 267.2 million).

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

Investments in intangible assets amounted to EUR 15.5 million in financial year 2023 (2022: EUR 8.0 million) and related mainly to digitalization.

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

REPORT ON ECONOMIC POSITION

Cash flow

in EUR m	2023	2022
Net cash provided by operating activities	1,663.9	956.7
Net cash used in investing activities	-558.3	-401.4
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	-277.3	-156.7
of which payments to acquire intangible assets and property, plant and equipment	-321.1	-267.2
of which proceeds from divestments	40.1	22.5
Net cash used in financing activities	-1,553.8	-225.8
of which dividends paid to Brenntag shareholders	-304.7	-224.0
of which proceeds from promissory notes	-	640.0
of which repayments of/ proceeds from borrowings	-738.1	-540.2
of which payments to acquire treasury shares	-496.2	-
of which other financing activities	-14.8	-101.6
Change in cash and cash equivalents	-448.2	329.5

4.08 Cash flow

Net cash provided by operating activities of EUR 1,663.9 million (2022: EUR 956.7 million) was influenced by the decrease in working capital of EUR 608.7 million (2022: increase of EUR 385.7 million).

Of the net cash of EUR 558.3 million used in investing activities (2022: EUR 401.4 million), EUR 321.1 million (2022: EUR 267.2 million) comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units, in the amount of EUR 277.3 million in financial year 2023, consisted mainly of payments to acquire the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia, all shares in the Aik Moh Group based in Singapore, 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. headquartered in Shanghai, China, all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, based in Monroe, North Carolina, and likewise all shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC, in Northbrook, Illinois.

In addition to other bank loans taken out and repaid as well as lease liabilities repaid, net cash used in financing activities of EUR 1,553.8 million (2022: EUR 225.8 million) also included the repayment of EUR 549.0 million on the syndicated loan. EUR 496.2 million were used to acquire treasury shares and a further EUR 304.7 million for the dividend payment to Brenntag shareholders.

Free cash flow

in EUR m	2023	2022	Change	
			abs.	in %
Operating EBITDA	1,584.6	1,808.6	-224.0	-12.4
Payments to acquire intangible assets and property, plant and equipment	-321.1	-267.2	-53.9	20.2
Change in working capital	608.7	-385.7	994.4	-257.8
Principal and interest payments on lease liabilities	-160.2	-150.6	-9.6	6.4
Free cash flow	1,712.0	1,005.1	706.9	70.3

4.09 Free cash flow

The Brenntag Group's free cash flow amounted to EUR 1,712.0 million in financial year 2023, an increase of 70.3% on the previous year.

This is due mainly to the significant improvement in working capital compared with the previous year. Capital expenditure to expand the Group's infrastructure was up by 20.2% on the prior-year figure.

REPORT ON ECONOMIC POSITION

Net assets

in EUR m	Dec. 31, 2023		Dec. 31, 2022	
	abs.	in %	abs.	in %
Assets				
Current assets	4,612.6	44.6	5,920.3	52.1
of which trade receivables	2,263.1	21.9	2,676.8	23.5
of which inventories	1,376.4	13.3	1,773.8	15.6
Non-current assets	5,725.2	55.4	5,452.7	47.9
of which goodwill	3,210.8	31.1	3,111.5	27.4
Total assets	10,337.8	100.0	11,373.0	100.0
Liabilities and equity				
Current liabilities	3,021.0	29.2	3,238.0	28.5
of which trade payables	1,633.7	15.8	1,862.0	16.4
of which financial and lease liabilities	562.7	5.4	429.7	3.8
Equity and non-current liabilities	7,316.8	70.8	8,135.0	71.5
of which financial and lease liabilities	2,201.0	21.3	2,666.1	23.4
of which equity	4,356.7	42.1	4,802.7	42.2
Total liabilities and equity	10,337.8	100.0	11,373.0	100.0

4.10 Net assets

As at December 31, 2023, total assets had decreased by EUR 1,032.5 million compared with the end of the previous year to EUR 10,340.5 million (Dec. 31, 2022: EUR 11,373.0 million). This is due predominantly to the decline in working capital from EUR 2,588.6 million to EUR 1,999.6 million, with inventories and trade receivables down substantially compared with the prior-year reporting date. This is attributable to falling prices, falling volumes and continuous measures for improvement. At the same time, trade payables fell considerably and partly offset the positive contribution.

At 7.3, annualized working capital turnover was below the prior-year figure (7.5).

The Brenntag Group's non-current assets rose by EUR 272.5 million year on year to EUR 5,725.2 million (Dec. 31, 2022: EUR 5,452.7 million). The rise is due mainly to acquisitions amounting to EUR 296.2 million.

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. The first tranche of the share buyback program, in the amount of EUR 500 million, was completed in October 2023, the share capital was reduced by a nominal amount of around EUR 7 million by withdrawing the shares and the excess amount was eliminated against additional paid-in capital. The company's share capital now amounts to around EUR 147.5 million. In the course of the second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares

on the stock market up to a total purchase price of EUR 250 million. As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag. For this, in December 2023, Brenntag recognized a liability of EUR 250.0 million directly in equity for the obligation to acquire treasury shares.

Cash and cash equivalents decreased by EUR 469.2 million compared with the 2022 year-end figure to EUR 576.9 million (Dec. 31, 2022: EUR 1,046.1 million). The main items set against net cash provided by operating activities were the payments of EUR 496.2 million for the aforementioned share buybacks, Brenntag SE's dividend payment of EUR 304.7 million in the second quarter of 2023 and the net cash used in investing and acquisition activities and to repay borrowings.

REPORT ON ECONOMIC POSITION

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

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Liabilities under syndicated loan	45.6	551.9
Other liabilities to banks	182.1	217.9
Promissory notes (Schuldschein)	622.5	627.1
Bond 2025	600.1	599.2
Bond 2029	498.0	497.5
Derivative financial instruments	29.0	56.9
Liabilities relating to the acquisition of treasury shares	250.0	-
Other financial liabilities	86.6	111.0
Total	2,313.9	2,661.5
Lease liabilities	449.8	434.3
Cash and cash equivalents	576.9	1,046.1
Net financial liabilities	2,186.8	2,049.7

4.11 Net financial liabilities

Annual financial statements of Brenntag SE

General information

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

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

The full annual financial statements of Brenntag SE are published in the Company Register and can be ordered as an offprint from Brenntag SE.

Business performance

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

Net income for financial year 2023 was expected to be similar to the prior-year figure. Net income for the financial year came to EUR 120.6 million (2022: EUR 250.7 million) and therefore fell significantly short of expectations. The main contributing factor here were the lower-than-forecast profit distributions from subsidiaries and second-tier subsidiaries.

Results of operations of Brenntag SE

in EUR m	2023	2022
Sales	226.7	64.8
Other operating income	115.8	193.4
Cost of materials	-194.7	-32.1
Personnel expenses	-62.4	-54.4
Amortization and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment	-4.0	-3.3
Other operating expenses	-240.3	-355.6
Net finance income	288.2	446.2
Profit before tax	129.3	259.0
Taxes on income	-8.7	-8.3
Profit after tax / net income for the financial year	120.6	250.7
Withdrawal from retained earnings	203.9	58.3
Distributable profit	324.5	309.0

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

Sales resulted exclusively from sales to affiliated companies. Of the total, revenues from the provision of services to affiliated companies, which resulted mainly from IT services and other management services provided, accounted for EUR 222.8 million (2022: EUR 62.5 million). The year-on-year rise in sales in financial year 2023 is due to the revision of intra-Group service agreements.

Other operating income decreased by EUR 77.6 million to EUR 91.8 million. The decrease is attributable mainly to a decline in income from foreign currency hedges and foreign exchange gains.

Cost of materials of EUR 194.7 million (2022: EUR 32.1 million) consisted solely of the cost of purchased services. Cost of materials rose due to the revision of intra-Group service agreements.

The EUR 8.0 million rise in personnel expenses to EUR 62.4 million is attributable to the increase in headcount.

Other operating expenses amounted to EUR 240.3 million (2022: EUR 355.6 million). Derivative financial instruments, advisory expenses (EUR 105.9 million), primarily in IT and other strategic projects, and lease expenses were the main contributors to expenses. The main driver of the reduction was the EUR 78.7 million decline in expenses from foreign currency losses to EUR 14.5 million.

Only depreciation and amortization charges were recognized in financial year 2023.

As in the previous year, net finance income consisted mainly of income from profits transferred by Brenntag Holding GmbH, Essen, in the amount of EUR 276.5 million (2022: EUR 431.9 million). Net interest income in the amount of EUR 11.7 million (2022: EUR 14.3 million) was driven mainly by intra-Group financing activities.

As at December 31, 2023, temporary differences – both Brenntag SE's own and those at companies in the consolidated tax group and German partnerships – gave rise to a future tax receivable, as deferred tax assets exceeded deferred tax liabilities. Applying the option under Section 274, para. 1, sentence 2 of the German Commercial Code, a deferred tax asset was not recognized for the excess of deferred tax assets over deferred tax liabilities.

Financial position and net assets of Brenntag SE

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Fixed assets	2,567.8	2,550.5
Current assets including prepaid expenses	1,686.8	2,036.4
Total assets	4,254.6	4,586.9
Equity	2,112.4	2,792.7
Provisions	90.4	113.0
Liabilities	2,051.8	1,681.2
Total equity and liabilities	4,254.6	4,586.9

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

The net assets of Brenntag SE reflect the company's holding function and its activity as the Group's central financing company. Fixed assets in the amount of EUR 2,567.8 million (Dec. 31, 2022: EUR 2,550.5 million) consisted almost exclusively of financial assets. These mainly include the investment in Brenntag Holding GmbH, an intermediate holding company with further subsidiaries and second-tier subsidiaries.

Current assets including prepaid expenses fell by EUR 349.6 million to EUR 1,686.8 million. The decrease related, firstly, to finance receivables due from affiliated companies, which amounted to EUR 1,596.7 million (Dec. 31, 2022: EUR 1,747.6 million), and, secondly, to cash at bank and in hand, which amounted to EUR 45.5 million (Dec. 31, 2022: EUR 224.8). It is important to bear in mind here that, due to the reporting date, the prior-year disclosure included invested funds from promissory notes raised during the year.

The equity of Brenntag SE decreased by EUR 680.3 million to EUR 2,112.4 million. In addition to the dividend of EUR 304.7 million paid for financial year 2022, this decrease is due in particular to the withdrawal of EUR 496.2 million of treasury shares under the share buyback program explained below.

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of an initial tranche in the period to October 20, 2023, Brenntag SE acquired 7,046,163 no-par value shares, each with a notional value of EUR 1.00 (EUR 499,999,911.28 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to withdraw treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 154,500,000.00 – by EUR 7,046,163 – by withdrawing 7,046,163 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to October 20, 2023. The 7,046,163 no-par value shares held by the company and acquired under the share buyback program were withdrawn. The subscribed capital therefore amounted to EUR 147.5 million in total as at December 31, 2023 (Dec. 31, 2022: EUR 154.5 million) and is divided into 147,453,837 (Dec. 31, 2022: 154,500,000) no-par value registered shares. In the course of a second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (maximum of 7,699,220 shares). As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag. This has no effect on the annual financial statements of Brenntag SE as at December 31, 2023.

Provisions amounted to EUR 90.4 million in total (Dec. 31, 2022: EUR 113.0 million) and consisted mainly of provisions for pensions and similar obligations, provisions for outstanding invoices and provisions for other personnel expenses. Provisions for pensions increased by EUR 1.5 million to EUR 46.8 million. Provisions for outstanding invoices decreased by EUR 21.3 million to EUR 15.0 million.

Liabilities of EUR 2,051.8 million (Dec. 31, 2022: EUR 1,681.2 million) related mainly to finance liabilities to affiliated companies, which rose by EUR 316.0 million year on year to EUR 1,348.0 million.

Expected development, opportunities and risks of Brenntag SE

In line with its function as a holding company, Brenntag SE's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the business performance of subsidiaries and decisions on dividend distributions. Thus, Brenntag SE's expected performance in financial year 2024 and the risk situation also depend to a significant extent on the performance of the Group as a whole and its opportunities and risk situation. This is covered in the Report on expected developments, opportunities and risks. In this respect, the statements made there regarding the expected performance and the risk position of the Group also apply to the future performance and the risk position of Brenntag SE. In addition, the risk management tools and methods for the financial instruments of Brenntag SE are explained in the report on opportunities and risks.

Brenntag SE's most significant financial performance indicator is the net income for the financial year recognized in the financial statements prepared in accordance with German commercial law. Due to the potential for distributions of retained profits at subsidiaries and the profit and loss transfer agreements entered into, we expect to generate positive net income for financial year 2024 that is well above net income for financial year 2023. At Brenntag, intra-Group profits are distributed taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag SE in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

Appropriation of distributable profit of Brenntag SE

The net income of Brenntag SE as at December 31, 2023 was EUR 120,598,676.91. After allowing for the withdrawal of EUR 203,851,323.09 from retained earnings, the distributable profit is EUR 324,450,000.00.

At the Annual General Meeting on May 23, 2024, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 324,450,000.00 be used to pay a dividend of EUR 2.10 per no-par value share entitled to a dividend and to appropriate to retained earnings such amount of the distributable profit attributable to non-dividend bearing, no-par value shares at the time of the adoption of the resolution on the appropriation of distributable profit for financial year 2023 by the Annual General Meeting.

Employees

As at December 31, 2023, Brenntag had 17,709 employees worldwide, including the 411 employees of the companies newly acquired in 2023. 90% of the workforce work outside Germany. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully

included. Excluding the new acquisitions, the total number of people employed in the Brenntag Group declined by 242, or 1.4%, compared with the previous year. Voluntary employee turnover was 7.8% on average across the Group (2022: 9.4%).

	Dec. 31, 2023		Dec. 31, 2022	
Headcount	abs.	in %	abs.	in %
Brenntag Specialties	4,666	26.4	4,527	25.8
Brenntag Essentials	10,684	60.3	10,811	61.6
All other Segments	2,359	13.3	2,202	12.6
Brenntag Group	17,709	100.0	17,540	100.0

4.14 Employees per division

All logistics functions are part of the Brenntag Essentials division in all regions except Asia Pacific (in the Asia Pacific region, they are part of the Brenntag Specialties division). To take account of this in the segment result, the other division is charged at the amount of the logistics services it uses. The same applies to the services provided to Essentials or Specialties by Business Services.

Brenntag strives for diversity at all levels of the company. One important element of its diversity management is its aim to increase the percentage of women at all levels of management below the Group Board of Management to at least 30% by 2030. The following table shows the percentage of women in leadership positions at management level L-1 (first level below the Board of Management of Brenntag SE) through to L-5+ (fifth level and all other levels below the Board of Management of Brenntag SE).

Percentage of women	Dec. 31, 2023	Dec. 31, 2022
Level L-1	23.7	22.7
Level L-2	32.9	30.4
Level L-3	35.0	36.0
Level L-4	36.4	37.3
Level L-5+	24.8	24.9
Brenntag Group	31.3	31.0

4.15 Percentage of women in leadership positions by management level

Further information on employee-related topics can be found in the separate non-financial Group report in the Annual Report 2023.

Quality management, safety, health and environmental protection

Occupational health and safety, process safety, customer satisfaction, respect for the environment and the long-term conservation of natural resources are of key importance to Brenntag as a matter of principle.

Brenntag's global business operations and its highly diversified customer and supplier structure bring a diverse range of operating conditions (legislation, cultures, industry standards and other requirements). The combination of the safe handling of chemicals, particularly chemical process safety and typical occupational safety issues arising from transportation, storage, packaging and distribution add to the complexity at Brenntag.

In order to meet the resulting requirements, Brenntag's **QSHE strategy** (QSHE: quality, safety, health and environment) is based on the following four pillars:

- Culture
- Team
- Management System
- Monitoring & Controlling

Brenntag made further progress on occupational safety in financial year 2023. The TRIR accident rate fell from 2.7 in the previous year to 2.5.

With regard to environmental and climate protection, Brenntag's target for 2023, derived from the linear reduction target toward net zero in 2045, was to reduce total Scope 1 and 2 emissions by at least 12.6% compared with the 2020 base year. Brenntag achieved -22.5% (2022: -9.6%).

Further information on quality, safety, health and environmental protection is published in the separate non-financial Group report along with quantitative disclosures on relevant performance indicators.

Report on expected developments, opportunities and risks

Report on expected developments

The Brenntag Group expects 2024 to be another financial year shaped by the war in Ukraine, the Middle East conflict, geopolitical tensions and an only slow fall in inflationary pressures. This continues to result in a still greater-than-average degree of uncertainty over growth expectations for the global economy in 2024. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will grow only slightly in 2024: Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of +1.2% in 2024.

In light of the continuing economic uncertainty and the fact that global economic growth is expected to remain subdued, Brenntag expects the Group's operating EBITA for financial year 2024 to be between EUR 1,230 million and EUR 1,430 million. This includes improvements in earnings and additional expenses arising from our digitalization strategy. Our forecast takes into account the contributions to earnings from acquisitions already closed and assumes that exchange rates will remain stable compared with those at the time of the forecast.

After the Brenntag Specialties and Brenntag Essentials divisions recorded a decline in operating EBITA in 2023, the Brenntag Group expects a moderate rise in operating EBITA in both divisions in 2024. It is expected that Brenntag Specialties will report a slightly higher relative rise in operating EBITA.

The forecast increase in operating EBITA is lower than the meaningful increase expected in operating gross profit due to the fact that further initial expenditure will be incurred in connection with the digitalization initiatives. Brenntag expects the rise in the Group's operating gross profit to be driven by a rise in operating gross profit in both divisions. In this case, it is anticipated that the relative rise at Brenntag Specialties and Brenntag Essentials will be of a similar magnitude.

Following a decrease in working capital turnover in the past financial year, Brenntag anticipates that, in 2024, it will achieve a moderate improvement in working capital turnover compared with the reported averages for the past financial year. Overall, however, Brenntag expects the planned business activity and the improvement in working capital turnover to result in a moderate increase in working capital.

Assuming that exchange rates remain stable, Brenntag expects free cash flow in 2024 to be significantly lower than in the previous year. This takes into account capital expenditure of around EUR 350 million in financial year 2024, including expenditure to optimize the global site network. Brenntag is also investing more in safety and sustainability at the sites. Further investments relate to measures under Brenntag's digitalization strategy. It is intended to use this free cash flow to continue to ensure Brenntag's acquisition strategy and dividend policy and fund the expenses in 2024 in connection with the implementation of the company's transformation and growth strategy. At the same time, it is intended to maintain liquidity at an adequate level.

Main elements of the internal control / risk management system

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

The risk management system is continuously further developed in accordance with the requirements of Section 91, para. 2 of the German Stock Corporation Act (AktG).

In the reporting period, a Risk Management and Internal Control Committee was established that monitors, coordinates and initiates continuous improvements in risk management and in internal control functions and activities. It reviews risk management-related strategies and guidelines and monitors their implementation, maintenance and approval. It also deals with the process-related review in that it tracks countermeasures and checks their plausibility.

The risk-bearing capacity concept introduced in the previous year was revised and is now based on a combined equity and liquidity approach.

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

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

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

Risk reporting (early detection system)

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

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

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

The prescribed risk catalog was extended to include the risk categories strategic risks, ESG risks and quality assurance risks. In the reporting period, the risk register was augmented accordingly so as to ensure that risks with a relatively low probability of occurrence and high extent of damage (tail event risks) are captured.

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

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

Brenntag classifies net risks as “critical”, “high”, “medium” or “low” according to the estimated probability of occurrence and the possible extent of damage, i.e. the negative impact on the results of operations, the financial position and cash flow. The extent of damage is classified by inferring percentages with respect to Group EBITA. As at December 31, 2023, this gives the following risk matrix for the 2024 analysis period:

		Probability of occurrence					
Possible extent of damage		Highly improbable	Improbable	Possible	Probable	Highly probable	
qualitative	in EUR m	in EUR m (old)	< 6%	6–25% (6–15%)	26–50% (16–30%)	51–70% (31–70%)	> 70%
Critical	> 283	> 1,200	Medium	High (Medium)	High	Critical (High)	Critical (High)
High	> 113–283	> 600–1,200	Low (Medium)	Medium	High (Medium)	High	Critical (High)
Medium	> 57–113	> 240–600	Low	Medium	Medium	High (Medium)	High
Low	> 11–57	> 120–240	Low	Low	Medium	Medium	High (Medium)
Insignificant	≤ 11	≤ 120	Low	Low	Low	Low (Medium)	Medium

4.16 Risk assessment matrix¹⁾

¹⁾ In the course of continuously developing the risk management system, the definitions with regard to extent of damage and probability of occurrence were reviewed and adapted. For the purposes of comparison, the prior-year figures are shown in brackets.

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

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

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

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

Controlling

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

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

Internal monitoring system

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

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

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

Both the efficiency of the workflows and processes and the effectiveness of the internal control systems set up in the decentralized units as well as the reliability of the systems used are regularly examined by Internal Audit Brenntag Group. The results of these audits are reported immediately. Thus, Brenntag ensures that the Board of Management and the Audit Committee are kept continuously informed of any weaknesses and any resulting risks, along with the appropriate recommendations to eliminate the weaknesses. Moreover, in 2023 measures were implemented to further develop central management of the internal control system. These aim to ensure and further enhance the quality and transparency of internal controls.

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

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

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

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

Summary assessment of the internal control and risk management system¹⁾

In continually addressing internal control and risk management in financial year 2023, the Board of Management identified the potential for improvement in some areas. It responded to any risks detected by initiating immediate measures and organizational changes. In summary, bearing in mind these initiatives, the Board of Management has no indications that the internal control and risk management system is not appropriate and effective.

Report on opportunities and risks

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

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

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

REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

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

As part of Group risk management, Brenntag also analyzes environmental, social and governance-related (ESG) aspects, such as environmental matters, employee matters, human rights, anti-corruption and bribery matters and their respective risk aspects. The risks are transferred into the non-finan-

cial Group report in accordance with Section 289c of the German Commercial Code (HGB) if risks have a severe, negative impact on the environment and society and it is highly probable that they will occur.

The process of aggregation into risk categories includes risks only and does not offset risks against opportunities. In the further explanations of the risk categories, possible opportunities are considered individually and described separately and independently of the risks. For three risk categories, the year-on-year change in the overall risk from medium to high is due to the adaptation of the risk matrix described above. For risk categories for which the overall risk decreased compared with the previous year, the change is discussed separately in the relevant paragraphs. This gives the following assessment of corporate risks for financial year 2023 in the 2024 analysis period (as at Dec. 31, 2023) plus the prior-year comparative assessment:

Risk category	Possible extent of damage	Probability of occurrence	Overall risk	
			Dec. 31, 2023	Dec. 31, 2022
Economic environment and political stability	High	Possible	High	Medium
Market risks	Critical	Possible	High	Medium
Strategic risks	High	Possible	High	-
IT risks	High	Possible	High	Medium
Tax risks ¹⁾	High	Possible	High	-
Operational risks	High	Improbable	Medium	Medium
Environmental protection, health and safety	High	Improbable	Medium	Medium
Personnel risks	High	Improbable	Medium	Medium
Compliance risks	High	Improbable	Medium	Medium
ESG risks	High	Improbable	Medium	-
Acquisition risks	High	Improbable	Medium	Medium
Legal risks ¹⁾	Medium	Possible	Medium	Medium
Financial risks	Insignificant	Possible	Low	Medium
Quality assurance risks	Insignificant	Improbable	Low	-

4.17 Overview of corporate risks

¹⁾ To enhance transparency, the legal and tax risk categories have been examined separately since this reporting period.

■ Economic environment and political stability:

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

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

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

The increase in geopolitical risks could lead to more supply chain bottlenecks and therefore require rapid adaptability and flexibility in sourcing goods. In addition, difficult-to-predict processes of industrial change have accelerated. Due to its broad geographical footprint, close supplier relationships, diversified product portfolio, and global supplier and customer relationships, Brenntag is well able to balance out and overcome bottlenecks in the supply chain. However, any strain

on global supply chains harbors the risk of further increases in raw materials prices as well as the risk that these additional costs cannot be passed on to customers. In order to ensure a supply of raw materials at the best possible price, Brenntag continuously analyzes supply chains and occasionally stockpiles inventories as a safety cushion. This, in turn, raises the risk that, if the situation in the raw materials market were to ease, the inventories would be too expensive and have to be sold at less than their value. At the same time, customers could start substituting the products with cheaper alternatives.

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

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

■ Market risks and opportunities:

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

Brenntag's business is managed through two global divisions focused on customer and supplier needs: Brenntag Specialties and Brenntag Essentials. Based on this, there are major sales opportunities of strategic significance for Brenntag in the flexible and efficient marketing of process chemicals and in the large, globally relevant focus industries on which Brenntag Specialties concentrates, namely Life Science (Nutrition, Pharma and Beauty & Care) and Material Science. In addition, its global network and comprehensive portfolio of products and services places Brenntag in a unique position to meet customers' increasing requirements for pan-regional and global end-to-end solutions. The growing demand for customer-specific solutions, blending and services and alternative sales channels also open up further growth opportunities.

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

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

Through the "Advanced Operating Model", Brenntag is optimizing the differentiated management of the two divisions Brenntag Essentials and Brenntag Specialties with a view to making optimum use of the opportunities outlined (please also see the section "Objectives and strategy"). This is centered around the further separation of Brenntag Essentials and Brenntag Specialties into two independent and autonomous global divisions with honed profiles. For each of the two divisions, specific strategies were set out to address the particular potential in their respective markets.

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

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

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

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

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

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

■ Strategic risks

The risk portfolio was extended to include the strategic risk category in order to take account of the increased significance of geopolitical change and the possible effects of the Advanced Operating Model. Strategic opportunities and risks for the Brenntag Group stem primarily from the ongoing transformation efforts and their successful or delayed implementation. Opportunities to increase EBITA by implementing "Strategy to Win" through the new operating models within the divisions and Group functions, through the further transformation into independent and autonomous divisions, and through DiDEX contrast with the risk that these efforts will be delayed or ultimately fail.

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

While the allocation of the business portfolio to the two divisions reflects the different market requirements of Essentials and Specialties, and positions our divisions such that they are able to better leverage the profitable growth in their respective business environment, this allocation also harbors a certain risk of lost business as a result of temporary coordination problems, a possible distraction from business and resource bottlenecks.

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

■ **IT risks and opportunities:**

IT and cyber risks arise, on the one hand, from the dependency of business processes and the increasing integration of systems, and on the other from external IT security risks, such as the increasing threat posed by cybercrime (e.g. manipulation and theft of data through hacker attacks). These risks could result in network failure and system slowness or errors; data can be falsified, stolen or destroyed by errors in system operations, program errors or external influences. Brenntag counters these risks by regularly training employees and raising awareness, through ongoing investments in hardware and software, by continually updating systems (in particular by installing patches), through the use of virus scanners, firewall systems, data security measures, and privilege and access controls. These IT security measures are monitored using Group-wide IT security standards and IT policies. On the other hand, the increasing use of IT systems and data analytics opens up efficiency gains in operational processes and in improved communication with customers and suppliers. In addition, IT-managed systems generally improve the quality and security of internal controls and data protection.

Brenntag invests in the further development and security of its digital landscape and the software used, especially on ERP systems and digital platforms. This opens up opportunities for improved business process support. On the other hand, risks arise in the course of implementation and development processes (e.g. from requirements that may change over time), which Brenntag counters by constantly monitoring and, if necessary, adjusting the implementation plans and solutions.

■ **Tax risks:**

To enhance transparency, the two risk categories legal and tax risks were separated and are now examined individually. As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions. In the course of the central review, the estimate of probability of occurrence was changed from "improbable" to "possible" bearing in mind past experience.

The German Group companies BRENNTAG GmbH and BCD Chemie GmbH were the subject of routine reviews of the tax on alcohol and energy conducted by the German customs authorities for the years 2014 to 2018. As a result, in financial years 2021 and 2023, tax decision notices relating to alcohol tax were received for the years 2014 to 2017 in the amount of EUR 143.6 million and the appropriate taxes were paid. Legal redress was sought against these decisions. For the above-mentioned review period, the reviews have been completed, decision notices have been received and the tax assessment amounts have been paid.

The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. Brenntag and its legal advisers believe that the legal redress being sought and the arguments presented in the proceedings can be successful.

Under further tax audit notices issued in 2022 and 2023, BRENNTAG GmbH was also the subject of a review for 2021 and 2022. The assessments for those years so far amount to EUR 30.6k in total.

With the support of external experts on excise duties, Brenntag is examining the extent to which comparable excise duty risks also exist in other European countries. Ultimately, this investigation has so far identified one case in Sweden, which is currently being dealt with in detail with a local, external legal adviser. Based on the information available, a provision of EUR 12.5 million, including interest payable, was recognized for this.

■ **Operational risks:**

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

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

■ **Quality management, safety, health, environmental protection and ESG:**

The risks to safety, health and the environment arising from the distribution of chemicals are countered by maintaining a high standard of safety precautions at the sites. This is part of Brenntag's QSHE strategy (QSHE: quality, safety, health and environment). Information on the QSHE strategy is published in the separate non-financial Group report. The monitoring of respect for human rights as well as environmental, health and safety risks is part of the sustainability strategy. The Board of Management sets the ESG targets at the beginning of the year and is informed about the achievement of those targets once a quarter.

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

As a key player in the chemicals industry, Brenntag is aware of its responsibility as regards social standards. Respect for international human rights is embedded in the Group through a human rights risk management system that is monitored by the Human Rights Officer. Among other things, the system includes risk analyses conducted both in Brenntag's own operations and for suppliers. More information on human rights and the supply chain is published in the separate non-financial Group report.

Environmental and climate protection plays an important role at Brenntag. Brenntag's goal worldwide is to conserve resources, make optimum use of them and minimize the impact of its business activities on soil, water and air. Climate change may give rise to a range of different risks for Brenntag, but also to opportunities for the company. Brenntag has sites all over the world, and more and more acute risks can be expected as a result of extreme weather events such as hurricanes and flooding. In 2022, the company conducted a pilot project with a view to better preparing the Brenntag sites for such climatic changes. This was developed in greater detail and continued in 2023. The aim of the project is to analyze the exposure of all sites to physical risks in three different global warming scenarios. Sites at risk prepare for the relevant weather conditions by taking advance action to remove mainly critical products and sensitive equipment from storage areas that are particularly under threat or to secure those products and equipment. Plans are drawn up to ensure that customers will be supplied from other sites in the Brenntag

network should sites be temporarily out of operation following such events. In addition, the global fight against climate change will lead to structural, regulatory and technological changes in the market on the one hand, but also to increased costs as a result of preventive technologies or government carbon taxes on the other.

Reducing CO₂ emissions (Scope 1 and 2) to net zero by 2045 is one of the ESG targets through which Brenntag contributes to climate protection and wishes to fulfil its responsibility. In addition, the sustainability component will be an important management metric for Brenntag's product portfolio in future so that Brenntag is well positioned with regard to the aforementioned market changes.

■ Personnel risks and opportunities:

Personnel risks result mainly from the steadily increasing skills shortage, particularly in sales, logistics and IT, as a result of which Brenntag may lose high performers and staff in key positions or be unable to find a sufficient number of qualified staff to fill vacancies within the Group. There is also a risk that qualified Brenntag employees will be headhunted by competitors. Brenntag counters these risks by positioning itself globally as the preferred employer in chemical distribution, by fostering long-term employee retention and through suitable retention measures. It also limits these risks through Brenntag's global employer brand and through globally uniform programs and measures that allow the Brenntag companies to take into account country-specific legislation and circumstances. Information on Brenntag's HR strategies and tools is provided in the "Social" section of the separate non-financial Group report for 2023. Combining these with other early warning indicators, Brenntag is able to promptly identify possible changes in employees' attachment to the company and initiate appropriate management measures where necessary.

■ Compliance risks:

For Brenntag to be able to cooperate with its business partners as a reliable partner of integrity, it is essential to comply with the applicable rules and laws. This ensures a working relationship of trust with partners based on shared fundamental beliefs. The aim here is to guarantee that Brenntag acts in accordance with its corporate values in its dealings with all stakeholders. Risks that may arise from employee misconduct are minimized through suitable measures. At the same time, the internal compliance management system is constantly further developed.

Compliance involves conducting business in accordance with the relevant regulations. In particular, any form of corruption, bribery or fraud is forbidden at Brenntag. Other focal points of compliance at Brenntag include working toward compliance with antitrust, foreign trade and data protection requirements.

As the global market leader in chemical distribution and as a company with operations around the globe, Brenntag conducts business worldwide. In a rapidly changing environment, export control regulations, embargoes or other types of trade restriction can impact on Brenntag's business. Brenntag must comply with all the foreign trade laws applicable to it, such as restrictions on exports and imports of particular goods, services and technologies to or from countries subject to sanctions or embargoes. When it comes to checking companies and persons against sanction lists, Brenntag uses an automated, IT-based solution, among other things. With the help of a special software application, regular checks are carried out against the sanction lists issued by the United Nations, the European Union, the USA and various other countries. The aim is to identify sanctioned companies and persons, and comply with various sanctions provisions.

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

Employees are made aware of compliance issues through comprehensive training measures, among other things.

Reports of possible compliance violations are received, among other means, through an electronic whistleblowing system. All incoming reports are taken seriously and investigated. If an investigation confirms the suspicion, measures are taken to punish a violation or eliminate weaknesses in processes.

As a company with operations worldwide, Brenntag is subject to laws and regulations relating to data protection. Breaches of data protection regulations may lead to large penalties and substantial reputational damage. Among other measures, a global data protection guideline was introduced to mitigate these risks. In addition, both the central data protection department and the regional and local data protection coordinators continuously monitor data protection compliance. Employees receive regular data protection training.

■ **Acquisition risks and opportunities:**

In the Brenntag Group, every decision to acquire is linked to minimum requirements on the internal rate of return of the particular investment. The company valuations incorporating the findings of due diligence work performed are of central importance in acquisitions. Therefore, all significant risks and opportunities are systematically recorded and an appropriate purchase price determined. Company acquisitions always involve risks surrounding the integration of employees and business operations. Particularly when acquiring small companies, there is often a particular dependency on a handful of key employees. Significant integration risks mainly include the loss of the acquiree's key employees and the loss of business relationships with suppliers and customers. Achieving the planned growth in the acquired business and realizing the planned synergies from the transaction are other significant areas of risk. Brenntag strives to limit these risks with adequate transaction structures, by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. In the case of acquisitions in emerging markets in Asia and Latin America, purchase prices are sometimes relatively high and the risks also higher (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks). In the course of the central review, the risk was changed from "insignificant" to "high" bearing in mind the intended increase in acquisition volume. However, there are also much greater opportunities due to higher expected growth rates. Strong market fragmentation regularly gives rise to acquisition opportunities for Brenntag (multitude of acquisition opportunities). Brenntag can selectively pursue acquisition targets with the most suitable target entities and a number of opportunities arise to support strategic objectives through acquisitions. Systematic use of a practiced acquisition and integration process helps to minimize risks and exploit potential.

■ **Legal risks:**

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

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

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

In connection with the sale of talc and similar products, actions have been brought against our North American subsidiaries, against which the Brenntag Group is actively defending itself. In addition, Brenntag has taken measures to mitigate the risk and is asserting claims for compensation from third parties. Nevertheless, the possibility that these legal disputes will result in significant adverse effects on the results of operations cannot be ruled out.

In the course of the central review, the estimate of the effect was changed from "low" to "medium" and the estimate of probability of occurrence from "improbable" to "possible" bearing in mind past experience.

■ Financial risks and opportunities:

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

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

Risks related to cash investments are limited by only doing business with banks and business partners considered to be of strong credit standing. Payments are also handled through such banks. The credit facility under the syndicated loan is made available by a large number of international banks, meaning that availability is ensured through high diversity. Uncollectability risk is reduced by continually monitoring customers' credit ratings and payment behavior and setting appropriate credit limits. The risk is limited by the large number of customers the company has in different countries; even

the largest key account customer only accounts for a very small single-digit percentage of Group sales. In some cases, credit insurance is also taken out in order to limit risks.

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

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

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

The Brenntag Group has obligations to current and former employees as a result of pension commitments. Some of the pension obligations are covered by plan assets. The plan assets are subject to capital market risks, as a portion of them is invested in funds and equities. Any changes in relevant inputs, such as an increase in life expectancy or salaries,

may lead to higher cash outflows and higher present values of the defined benefit obligation. To some extent regionally, contributions are also paid into defined benefit pension plans maintained by more than one employer (termed multi-employer plans). If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers.

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

The year-on-year decrease in the overall risk from medium to low is attributable to the fact that offsetting foreign currency effects within the Group were taken into account in this reporting period.

Summary of the opportunities and risk situation

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

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

Composition of the subscribed capital

As at December 31, 2023, the subscribed capital of Brenntag SE totaled EUR 147,453,837. The share capital is divided into 147,453,837 no-par value registered shares, each with a notional value of EUR 1.00.

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

Restrictions on voting rights or transfer of shares

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

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

As at December 31, 2023, the company was aware of one direct or indirect interest in the capital of the company that exceeded 10% of the voting rights. Section 33 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag SE reaches, exceeds or falls below certain thresholds as a result of purchases, disposals or otherwise must notify Brenntag SE and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). On September 1, 2023, Brenntag was informed pursuant to Section 33 of the German Securities Trading Act that Kühne Holding AG's share of the voting rights exceeded 10%. Other voting right notifications in accordance with Section 33 of the German Securities Trading Act received by Brenntag SE in the reporting period concern shares of the voting rights in excess of the 3% and 5% thresholds.

Shares with special rights conferring powers of control

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

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

Brenntag SE does not have a general employee participation scheme.

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

The appointment and removal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 13, para. 4 of the Articles of Association of Brenntag SE by simple majority of votes. In the event of a tie, the Chair of the Supervisory Board has the casting vote. According to article 9, para. 1 of the Articles of Association of Brenntag SE, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board. As at December 31, 2023, the Board of Management of Brenntag SE consisted of four members.

Contrary to Sections 133, para. 1 and 179, para. 2, sentence 1 of the German Stock Corporation Act, article 20 of the Articles of Association of Brenntag SE stipulates that in cases that require the majority of the share capital represented when the resolution is passed, the simple majority of the capital represented is sufficient. However, this does not apply to changes to the object of the company, as Section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities than three-quarters of the capital represented when the resolution is passed. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 14, para. 2 of the Articles of Association of Brenntag SE. In addition, by resolution of the Annual General Meeting on June 20, 2018, the Supervisory Board was authorized to amend the Articles of Association of Brenntag SE in connection with the creation of new authorized capital after implementation of each capital increase and after expiry of the authorization period without use of the authorized capital.

Powers of the Board of Management to issue or repurchase shares

Authorization to create authorized capital

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share capital of Brenntag SE on one or more occasions until June 8, 2027 by

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

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

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

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of the share capital. The shares acquired on the basis of this authorization, together with other shares in the company which Brenntag SE has already acquired and still holds, may at no time account for more than 10% of the respective registered share capital. The authorization may be exercised in whole or in part, once or several times. It took effect at the close of the Annual General Meeting on June 9, 2022 and shall be valid until June 8, 2027. If the shares are purchased on the stock exchange, the purchase price (excluding incidental costs) may not be more than 10% higher or lower than the arithmetic mean of the share prices (closing auction prices of Brenntag SE shares in Xetra trading or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the purchase or the entering into an obligation to purchase. In the case of acquisition by means of a public purchase offer, Brenntag SE

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289A AND 315A OF THE GERMAN COMMERCIAL CODE (HGB)

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

On March 7, 2023, the Board of Management of Brenntag SE resolved on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of an initial tranche in the period to October 20, 2023, Brenntag SE acquired 7,046,163 no-par value shares, each with a notional value of EUR 1.00 (EUR 499,999,911.28 in total). The shares were acquired on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to withdraw treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 154,500,000.00 – by EUR 7,046,163 – by withdrawing 7,046,163 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to October 20, 2023. The 7,046,163 no-par value shares held by the company and acquired under the share buyback program were withdrawn. In the course of a second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (maximum of 7,699,220

shares). As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag.

**Authorization to issue bonds and
to create conditional capital**

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

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vided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

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

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

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

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

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

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

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

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

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

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

Corporate Governance Statement

The Corporate Governance Statement required under Sections 289f, 315d of the German Commercial Code (HGB), including the corporate governance report, can be found on the website at <https://brenntagprod-media.e-spirit.cloud/06432017-be1f-41ce-8d1d-564e2a66d213/documents/global/about/corporategovernancestatementen.pdf>.

Non-financial statement

The non-financial statement required under Section 315b of the German Commercial Code (HGB) is available in a separate section of the Annual Report 2023 in the form of a separate non-financial Group report and is published on the following webpage <https://corporate.brenntag.com/en/investor-relations/publications-and-events/financial-publications/>.

Consolidated

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Consolidated income statement

in EUR m	Note	2023	2022
Sales	1.)	16,815.1	19,429.3
Cost of materials	2.)	-12,795.0	-15,110.3
Gross profit		4,020.1	4,319.0
Other operating income	3.)	133.2	92.4
Personnel expenses	4.)	-1,391.9	-1,380.1
Depreciation and impairment of property, plant and equipment, and amortization and impairment of intangible assets	18.)/19.)/20.)	-388.0	-406.4
Impairment losses on trade receivables and other receivables	13.)	-3.2	-15.0
Other operating expenses	5.)	-1,247.5	-1,227.5
Operating profit		1,122.7	1,382.4
Share of profit or loss of equity-accounted investments	21.)	0.9	1.6
Interest income		18.9	16.7
Interest expense	6.)	-122.8	-108.8
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	7.)	26.4	-7.6
Loss on the net monetary position	8.)	-16.0	-16.3
Other net finance costs	9.)	-27.3	-33.1
Net finance costs		-119.9	-147.5
Profit before tax		1,002.8	1,234.9
Income tax expense	10.)	-281.7	-332.4
Profit after tax		721.1	902.5
Attributable to:			
Shareholders of Brenntag SE		714.9	886.8
Non-controlling interests		6.2	15.7
Basic earnings per share in euro	11.)	4.73	5.74
Diluted earnings per share in euro	11.)	4.73	5.74

5.01 Consolidated income statement

Consolidated statement of comprehensive income

in EUR m	Note	2023	2022
Profit after tax		721.1	902.5
Remeasurements of defined benefit pension plans	26.)	-9.5	64.0
Deferred tax relating to remeasurements of defined benefit pension plans	26.)	2.7	-19.9
Items that will not be reclassified to profit or loss		-6.8	44.1
Change in exchange rate differences on translation of consolidated companies	28.)	-102.6	94.2
Change in exchange rate differences on translation of equity-accounted investments		-0.1	-
Change in net investment hedge reserve	33.)	6.1	-0.4
Remeasurement of cross-currency interest rate swaps	33.)	21.2	-46.3
Reclassification to profit or loss of hedging losses	33.)	-8.0	36.7
Costs of hedging	33.)	-2.6	1.5
Reclassification to profit or loss of costs of hedging	33.)	-0.8	-0.8
Deferred tax relating to those items	33.)	-	-0.3
Items that may be reclassified subsequently to profit or loss		-86.8	84.6
Other comprehensive income, net of tax		-93.6	128.7
Total comprehensive income		627.5	1,031.2
Attributable to:			
Shareholders of Brenntag SE		625.5	1,012.3
Non-controlling interests	28.)	2.0	18.9

5.02 Consolidated statement of comprehensive income

Consolidated balance sheet

ASSETS

in EUR m	Note	Dec. 31, 2023	Dec. 31, 2022
Current assets			
Cash and cash equivalents	12.)	576.9	1,046.1
Trade receivables	13.)	2,263.1	2,676.8
Other receivables	14.)	275.4	272.6
Other financial assets	15.)	13.9	20.2
Current tax assets		104.4	117.3
Inventories	16.)	1,376.4	1,773.8
		4,610.1	5,906.8
Non-current assets held for sale	17.)	2.5	13.5
		4,612.6	5,920.3
Non-current assets			
Property, plant and equipment	18.)	1,505.2	1,358.1
Intangible assets	19.)	3,573.0	3,459.3
Right-of-use assets	20.)	438.2	426.3
Equity-accounted investments	21.)	6.0	5.4
Other receivables	14.)	52.0	40.7
Other financial assets	15.)	16.7	24.4
Deferred tax assets	10.)	134.1	138.5
		5,725.2	5,452.7
Total assets		10,337.8	11,373.0

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in EUR m	Note	Dec. 31, 2023	Dec. 31, 2022
Current liabilities			
Trade payables	22.)	1,633.7	1,862.0
Financial liabilities	23.)	439.9	319.7
Lease liabilities	20.)	122.8	110.0
Other liabilities	24.)	567.3	664.9
Other provisions	25.)	103.1	154.8
Liabilities relating to acquisition of non-controlling interests	27.)	57.4	25.0
Current tax liabilities		96.8	97.6
		3,021.0	3,234.0
Liabilities associated with assets held for sale	17.)	-	4.0
		3,021.0	3,238.0
Non-current liabilities			
Financial liabilities	23.)	1,874.0	2,341.8
Lease liabilities	20.)	327.0	324.3
Other liabilities	24.)	2.3	4.9
Other provisions	25.)	264.4	166.1
Provisions for pensions and other post-employment benefits	26.)	134.0	119.1
Liabilities relating to acquisition of non-controlling interests	27.)	60.0	104.3
Deferred tax liabilities	10.)	298.4	271.8
		2,960.1	3,332.3
Equity			
Subscribed capital		147.5	154.5
Additional paid-in capital		1,002.2	1,491.4
Retained earnings		3,419.0	3,035.0
Accumulated other comprehensive income		-14.0	71.6
Treasury shares		-250.0	-
Equity attributable to shareholders of Brenntag SE		4,304.7	4,752.5
Equity attributable to non-controlling interests		52.0	50.2
		4,356.7	4,802.7
Total liabilities and equity		10,337.8	11,373.0

5.03 Consolidated balance sheet

Consolidated statement of changes in equity

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings	Exchange rate differences	Net investment hedge reserve
Dec. 31, 2021	154.5	1,491.4	2,283.3	-10.2	-4.0
Dividends	-	-	-224.0	-	-
Transactions with owners ¹⁾	-	-	44.8	5.2	-
Profit after tax	-	-	886.8	-	-
Other comprehensive income, net of tax	-	-	44.1	91.0	-0.4
Total comprehensive income for the period	-	-	930.9	91.0	-0.4
Dec. 31, 2022	154.5	1,491.4	3,035.0	86.0	-4.4
Dividends	-	-	-304.7	-	-
Business combinations	-	-	-36.8	-	-
Transactions with owners	-	-	17.4	-3.0	-
Treasury shares withdrawn/acquired	-7.0	-489.2	-	-	-
Profit after tax	-	-	714.9	-	-
Other comprehensive income, net of tax	-	-	-6.8	-98.5	6.1
Total comprehensive income for the period	-	-	708.1	-98.5	6.1
Dec. 31, 2023	147.5	1,002.2	3,419.0	-15.5	1.7

in EUR m	Cash flow hedge reserve	Treasury shares	Deferred tax relating to cash flow hedge reserve	Equity attributable to shareholders of Brenntag SE	Equity attributable to non-controlling interests	Equity
Dec. 31, 2021	-1.1	-	0.3	3,914.2	81.1	3,995.3
Dividends	-	-	-	-224.0	-1.4	-225.4
Transactions with owners ¹⁾	-	-	-	50.0	-48.4	1.6
Profit after tax	-	-	-	886.8	15.7	902.5
Other comprehensive income, net of tax	-8.9	-	-0.3	125.5	3.2	128.7
Total comprehensive income for the period	-8.9	-	-0.3	1,012.3	18.9	1,031.2
Dec. 31, 2022	-10.0	-	-	4,752.5	50.2	4,802.7
Dividends	-	-	-	-304.7	-2.0	-306.7
Business combinations	-	-	-	-36.8	16.2	-20.6
Transactions with owners	-	-	-	14.4	-14.4	-
Treasury shares withdrawn/acquired	-	-250.0	-	-746.2	-	-746.2
Profit after tax	-	-	-	714.9	6.2	721.1
Other comprehensive income, net of tax	9.8	-	-	-89.4	-4.2	-93.6
Total comprehensive income for the period	9.8	-	-	625.5	2.0	627.5
Dec. 31, 2023	-0.2	-250.0	-	4,304.7	52.0	4,356.7

5.04 Consolidated statement of changes in equity

¹⁾ Includes the acquisition of the remaining shares (49%) in TEE HAI CHEM PTE LTD, Singapore in Q2 2022.

Consolidated cash flow statement

in EUR m	Note	2023	2022
	29.)		
Profit after tax		721.1	902.5
Loss on the net monetary position		16.0	16.3
Depreciation and amortization	18.) / 19.) / 20.)	388.0	406.4
Income tax expense	10.)	281.7	332.4
Income taxes paid		-249.1	-344.9
Net interest expense	6.)	103.9	92.1
Interest paid		-117.0	-126.5
(of which interest paid for leases)	20.)	(-17.0)	(-11.2)
Interest received		18.6	15.9
Dividends received		0.3	0.3
Inventories		404.1	-94.1
Trade receivables		436.0	-306.8
Trade payables		-231.4	15.2
Changes in working capital		608.7	-385.7
Changes in other assets and liabilities		-111.6	50.0
Changes in provisions		46.4	-19.9
Non-cash change in liabilities relating to acquisition of non-controlling interests	7.)	-26.4	7.6
Other non-cash items and reclassifications		-16.7	10.2
Net cash provided by operating activities		1,663.9	956.7
Proceeds from the disposal of consolidated subsidiaries and other business units less costs to sell		8.1	-
Proceeds from the disposal of other financial assets		0.4	0.8
Proceeds from the disposal of intangible assets and property, plant and equipment		31.6	21.7
Payments to acquire consolidated subsidiaries and other business units	29.)	-277.3	-156.7
Payments to acquire intangible assets and property, plant and equipment		-321.1	-267.2
Net cash used in investing activities		-558.3	-401.4
Payments to acquire treasury shares		-496.2	-
Repayments of liabilities relating to acquisition of non-controlling interests		-12.0	-98.4
Proceeds from non-controlling interests		1.7	-
Dividends paid to Brenntag shareholders		-304.7	-224.0
Profits distributed to non-controlling interests		-4.5	-3.2
Proceeds from borrowings	29.)	348.1	808.0
Repayments of lease liabilities		-143.2	-139.4
Repayments of borrowings		-943.0	-568.8
Net cash used in financing activities		-1,553.8	-225.8
Change in cash and cash equivalents		-448.2	329.5
Effect of exchange rate changes on cash and cash equivalents		-22.4	13.0
Reclassification into non-current assets held for sale		1.4	-1.4
Cash and cash equivalents at beginning of period	12.)	1,046.1	705.0
Cash and cash equivalents at end of period	12.)	576.9	1,046.1

5.05 Consolidated cash flow statement

Notes

General information

As one of the world's leading chemical distributors, Brenntag offers its customers and suppliers an extensive range of services, global supply chain management and a highly developed chemical distribution network in EMEA, North and Latin America as well as in Asia Pacific.

Brenntag SE has its registered office at Messeallee 11, 45131 Essen, Germany, and is entered in the commercial register at the Essen Local Court under commercial register number HRB 31943.

These consolidated financial statements of Brenntag SE were prepared by the Board of Management of Brenntag SE on March 4, 2024, authorized for publication and submitted to the Supervisory Board for approval at its meeting on March 6, 2024.

The consolidated financial statements of Brenntag SE are denominated in euros (EUR). Unless stated otherwise, the amounts are in millions of euros (EUR million). For arithmetic reasons, rounding differences of ± one unit after the decimal point (EUR, %, etc.) may occur.

Consolidation policies and methods

Standards applied

The consolidated financial statements have been prepared in accordance with IFRSs (International Financial Reporting Standards), as adopted in the EU.

The IFRSs comprise the standards (International Financial Reporting Standards and International Accounting Standards) issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee (IFRS IC) and the former Standing Interpretations Committee (SIC).

The accounting policies applied comply with all the standards and interpretations existing and adopted by the EU as at December 31, 2023 whose application is mandatory. In addition, the German commercial law provisions to be applied in accordance with Section 315e, para. 1 of the German Commercial Code (HGB) were taken into account.

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

First-time adoption in 2023

- IFRS 17 Insurance Contracts and Amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12 regarding the prohibition on the recognition of deferred tax at initial recognition of an asset or liability
- Amendments to IAS 12: global minimum taxation: Pillar Two model rules

IFRS 17 replaces IFRS 4, the standard in effect since 2005. The new standard sets out principles for the identification, recognition, measurement, presentation and disclosure of insurance contracts by insurers.

The amendments to IAS 1 are part of the IASB's Disclosure Initiative, the fundamental objective of which is to improve the quality of financial reporting. This also includes ridding the notes to IFRS financial statements of information that is irrelevant to users of the financial statements. In future, disclosures will be required only on material accounting policy information and not on significant accounting policy information. Information is regarded as "material" if it is decision-useful to users of the financial statements.

The amendments to IAS 8 contain clarifications to help entities distinguish between accounting policies and accounting estimates.

The initial recognition exemption (IRE) generally places a prohibition on the recognition of deferred tax at initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit. The amendments to IAS 12 narrow the scope of the IRE. This means that, especially in the case of leases (recognition of the right-of-use asset and a lease liability) and in the case of decommissioning and restoration obligations (recognition as part of the cost of the asset and recognition of a liability), both deferred tax assets (to the extent that they are recoverable) and deferred tax liabilities are required to be recognized if the transaction gives rise to equal deductible and taxable temporary differences. It is no longer permitted to omit to recognize deferred tax. Brenntag has already applied this gross presentation accordingly in the past.

The amendments to IAS 12 introduce a temporary exception to the requirement to account for deferred taxes arising from the implementation of the Pillar Two rules, and targeted disclosure requirements for affected entities. Please see the information in the section Accounting and measurement policies.

The aforementioned new and revised standards do not have a material impact on the presentation of the Group's net assets, financial position and results of operations.

Standards not yet required to be applied

The IASB has issued the following standard amendments which were not required to be applied for financial year 2023 and which in some cases have not yet been endorsed by the EU:

- Amendments to IAS 1: regarding the classification of liabilities as current or non-current as well as non-current liabilities with covenants required to be complied with – effective date January 1, 2024
- Amendments to IFRS 16: regarding the lease liability in a sale and leaseback – effective date January 1, 2024
- Amendments to IAS 7 and IFRS 7: reverse factoring arrangements – effective date January 1, 2024 subject to endorsement by the EU
- Amendments to IAS 21: Lack of Exchangeability – effective date January 1, 2025 subject to endorsement by the EU

The narrow-scope amendment to IAS 1 clarifies that liabilities are classified as current or non-current based on the entity's rights in existence at the end of the reporting period. Under the amendment, liabilities are classified as non-current if, at the end of the reporting period, the entity has a substantive right to defer settlement of the liability for at least twelve months after the reporting date. In assessing whether a (substantive) right exists, the entity does not consider whether it will exercise its right. Classification is unaffected by management's intentions in this regard.

Moreover, the amendments to IAS 1 now specify that conditions contained in loan arrangements with which an entity must comply within twelve months after the reporting period do not affect whether an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, i.e. such conditions do not affect a liability's classification as current or non-current. Whether an entity has the right at the end of the reporting period to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period is determined based solely on those conditions with which an entity must comply on or before the end of the reporting period.

Under the amendments to IFRS 16, an entity is required to subsequently measure the lease liability in such a way that it does not recognize any gain or loss that relates to the right of use it retains.

The IASB has issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures that concern additional disclosure requirements in connection with reverse factoring arrangements in particular.

The amendments to IAS 21 issued by the IASB specify when a currency is exchangeable and when it is not, and set out how an entity determines the exchange rate to be applied when a currency is not exchangeable. Moreover, IAS 21 is extended to include a provision requiring the disclosure of additional information when a currency is not exchangeable.

Brenntag is currently examining the effects of the amended standards on the presentation of the Group's net assets, financial position and results of operations. From a present perspective, they do not have a material impact on the presentation of the Group's net assets, financial position and results of operations.

Scope of consolidation

As at December 31, 2023, the consolidated financial statements include Brenntag SE and in addition 27 (Dec. 31, 2022: 27) domestic and 195 (Dec. 31, 2022: 193) foreign consolidated subsidiaries including structured entities.

The table below shows the changes in the number of consolidated companies including structured entities:

	Dec. 31, 2022	Additions	Disposals	Dec. 31, 2023
Domestic consolidated companies	28	-	-	28
Foreign consolidated companies	193	14	12	195
Total consolidated companies	221	14	12	223

5.06 Changes in scope of consolidation

The additions relate to entities acquired in business combinations under IFRS 3 and one entity established. The disposals are the result of mergers of companies no longer operating and liquidations.

Four (Dec. 31, 2022: four) associates are accounted for using the equity method.

A full list of shareholdings for the Brenntag Group in accordance with Section 313, para. 2 of the German Commercial Code (HGB) can be found in the Annex to the Notes.

In the case of two (Dec. 31, 2022: two) subsidiaries where Brenntag does not hold the majority of the voting rights, it nevertheless exercises its power to direct the relevant activities. The structured entities individually listed in the list of shareholdings in accordance with Section 313, para. 2 of the German Commercial Code (HGB) are a leasing company and a sales company.

In financial year 2022, the Board of Management of Brenntag SE decided to halt the business operations of all Brenntag companies in Russia and Belarus until further notice due to the war in Ukraine. In the second quarter of 2023, Brenntag sold all shares in OOO Brenntag based in Moscow, Russia. As at December 31, 2023, Brenntag still reported cash and cash equivalents of EUR 7.6 million in Russia (of which EUR 0.1 million in euros, EUR 0.2 million in rubles and EUR 7.3 million in US dollars) which were only available to Brenntag for cross-border transfers subject to the applicable restrictions on foreign exchange transactions. As at December 31, 2022, the cash and cash equivalents of the Brenntag companies in Russia amounted to EUR 15.5 million.

Business combinations in accordance with IFRS 3

In July 2023, Brenntag acquired all shares in the Aik Moh Group (Aik Moh) based in Singapore. Aik Moh owns further sites in Malaysia, Indonesia and the Philippines and mostly distributes solvents, glycols and blends. The acquisition expands Brenntag Essentials' business in key focus markets in the Asia Pacific region.

At the end of September 2023, Brenntag acquired 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. (Saifu). Headquartered in Shanghai, China, the company is a market-leading specialty distributor of personal care ingredients in the Greater China region.

In October 2023, Brenntag acquired all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, a US manufacturer of stabilizer blends and provider of blending services, based in Monroe, North Carolina (Colony Gums). The acquisition complements and expands Brenntag's product portfolio and services in the global Specialties division.

At the end of October 2023, Brenntag acquired all shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC, one of the largest independent distributors of caustic soda in North America (OWI Chlor Alkali). The companies will be integrated into Brenntag Essentials' existing network in North America, significantly expanding Brenntag Essentials' local and regional presence.

In addition, Brenntag made some smaller acquisitions.

In March 2023, Brenntag acquired the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia, in an asset deal. This acquisition of one of the largest specialty chemical distributors on the Arabian Peninsula expands Brenntag's market presence.

At the end of September 2023, Brenntag acquired all shares in Avebe Nişasta Sanayii ve Ticaret Limited Şirketi, based in Izmir, Turkey.

The purchase price, net assets and goodwill relating to these business combinations break down as follows:

in EUR m	Aik Moh	Saifu	Colony Gums	OWI Chlor Alkali	Other entities	Total
Purchase price	60.7	60.5	119.9	55.3	38.8	335.2
of which consideration contingent on earnings targets	-	-	-	-	-	-
Assets						
Cash and cash equivalents	10.3	2.9	3.2	-	3.0	19.4
Trade receivables, other financial assets and other receivables	13.6	13.9	3.4	34.3	14.7	79.9
Other current assets	6.4	17.1	3.8	18.0	7.3	52.6
Non-current assets	43.7	42.0	6.4	17.5	12.5	122.1
Liabilities						
Current liabilities	11.3	10.5	0.3	25.2	4.5	51.8
Non-current liabilities	7.4	11.3	-	13.9	4.2	36.8
Net assets	55.3	54.1	16.5	30.7	28.8	185.4
of which Brenntag's share	55.3	37.9	16.5	30.7	28.8	169.2
of which non-controlling interests	-	16.2	-	-	-	16.2
Goodwill	5.4	22.6	103.4	24.6	10.0	166.0
of which deductible for tax purposes	-	-	103.4	24.6	-	128.0

5.07 Net assets acquired in 2023

Assets acquired and liabilities assumed in business combinations are normally recognized at their fair value at the date of acquisition. The multi-period excess earnings method was used to measure customer relationships. In particular, the estimate of the useful lives of customer relationships can affect their fair value.

For reasons of time, measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) of the entities acquired in financial year 2023 has not yet been completed. There are no material differences between the gross amount and the carrying amount of the receivables. The main factors determining the goodwill

are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relationships and similar rights).

The acquisition of a business without significant consideration resulted in income of EUR 1.1 million.

Acquisition-related costs in the amount of EUR 3.9 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the business units acquired in financial year 2023 have generated the following sales and the following profit/loss after tax:

in EUR m	Aik Moh	Saifu	Colony Gums	OWI Chlor Alkali	Other entities	2023
Sales	23.8	18.4	5.3	15.9	28.7	92.1
Profit/loss after tax	-0.5	0.7	1.1	-0.8	2.9	3.4

5.08 Sales and profit/loss after tax of the businesses acquired since acquisition

If the above-mentioned business combinations had taken place with effect from January 1, 2023, sales of about EUR 17,169 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 735 million.

The carrying amounts and amortization of the intangible assets held by the business units acquired in 2023 and contained in non-current assets, in each case at the exchange rate at the acquisition date, are as follows:

in EUR m	Aik Moh	Saifu	Other entities	Provisional fair value
Customer relationships and similar rights				
Customer relationships	18.1	37.7	7.6	63.4
Annual amortization	1.8	1.8	0.8	4.4
Trademark	1.8	3.5	1.1	6.4
Annual amortization	0.2	0.1	0.1	0.4

5.09 Intangible assets acquired

Measurement of the assets and liabilities from the acquisition in financial year 2022 of TechManagement Energy Services, LLC (TechManagement) based in Odessa, Texas, USA, has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Purchase price			
of which consideration contingent on earnings targets	-	-	-
Assets			
Cash and cash equivalents	-	0.2	0.2
Trade receivables, other financial assets and other receivables	25.8	-4.0	21.8
Other current assets	17.5	-1.1	16.4
Non-current assets	28.2	-1.5	26.7
Liabilities			
Current liabilities	9.0	-	9.0
Non-current liabilities	3.0	-	3.0
Net assets			
of which Brenntag's share	59.5	-6.4	53.1
of which non-controlling interests	-	-	-
Goodwill			
of which deductible for tax purposes	18.9	1.0	19.9

5.10 Net assets acquired in 2022: TechManagement

In financial year 2022, Brenntag acquired the Life Science and Coatings business of Ravenswood headquartered in Bayswater, Australia. Measurement of the assets and liabilities has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Purchase price	52.6	7.2	59.8
of which consideration contingent on earnings targets	4.8	-	4.8
Assets			
Cash and cash equivalents	-	-	-
Trade receivables, other financial assets and other receivables	10.8	-	10.8
Other current assets	6.8	0.4	7.2
Non-current assets	13.8	-2.0	11.8
Liabilities			
Current liabilities	2.5	-	2.5
Non-current liabilities	4.9	-	4.9
Net assets	24.0	-1.6	22.4
of which Brenntag's share	24.0	-1.6	22.4
of which non-controlling interests	-	-	-
Goodwill	28.6	8.9	37.5
of which deductible for tax purposes	-	-	-

5.11 Net assets acquired in 2022: Ravenswood

Measurement of the assets and liabilities of the other entities and businesses acquired in financial year 2022 (Y.S. Ashkenazi Agencies Ltd. based in Netzer Sereni, Israel, and its subsidiary Biochem Trading 2011 Ltd. as well as Prime Surfactants Limited and its subsidiary Prime Example Ltd based in Leeds, UK) has been completed.

There were no changes to the purchase price, net assets acquired or goodwill.

Goodwill from the business combinations carried out in financial years 2022 and 2023 changed as follows:

in EUR m	Tech Management	Ravens- wood	Aik Moh	Saifu	Colony Gums	OWI Chlor Alkali	Other	Goodwill
Dec. 31, 2022	17.6	26.5	-	-	-	-	26.6	70.7
Exchange rate differences	-0.3	0.9	0.1	-0.2	-4.3	-0.9	-0.4	-5.1
Business combinations in 2023	-	-	5.4	22.6	103.4	24.6	10.0	166.0
Adjustments in the measurement period	1.0	8.9	-	-	-	-	-	9.9
Dec. 31, 2023	18.3	36.3	5.5	22.4	99.1	23.7	36.2	241.5

5.12 Change in goodwill

Consolidation methods

The consolidated financial statements include the single-entity financial statements – prepared according to uniform accounting policies – of Brenntag SE and all entities controlled by Brenntag. This is the case when the following conditions are met:

- Brenntag has decision-making power over the relevant activities of the other entity.
- Brenntag has exposure, or rights, to variable returns from its involvement with the other entity.
- Brenntag has the ability to use its decision-making power over the relevant activities of the other entity to affect the amount of the variable returns of the other entity.

Control may be based on voting rights or arise from other contractual arrangements. Accordingly, the scope of consolidation includes, in addition to entities in which Brenntag SE directly or indirectly controls the majority of voting rights, structured entities which are controlled as a result of contractual arrangements.

Inclusion in the consolidated financial statements commences at the date on which control is obtained and ends when control is lost.

Acquisitions are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquired business unit is considered to be the fair value of the assets given. Acquisition-related costs are recognized as an expense. Contingent consideration is recognized as a liability at the acquisition-date fair value when determining the cost. If Brenntag gains control but does not acquire 100% of the shares, the corresponding non-controlling interest is recognized.

Identifiable assets, liabilities and contingent liabilities of an acquiree that are eligible for recognition are generally measured at their fair value at the transaction date, irrespective of the share of any non-controlling interests. Any remaining differences between cost and the share of the net assets acquired are recognized as goodwill.

In the event of an acquisition in stages which leads to control of a company being obtained, or in the event of a share sale involving a loss of control, the shares already held in the first case or the remaining shares in the second case are measured at fair value through profit or loss. Acquisitions or disposals of shares which have no effect on existing control are recognized in equity.

Receivables, liabilities, expenses, income and intercompany profits or losses within the Brenntag Group are eliminated.

Associates and joint ventures of the Brenntag Group where Brenntag has significant influence or joint control are accounted for using the equity method. Significant influence is generally considered to exist when Brenntag SE holds between 20% and 50% of the voting rights either directly or indirectly. The same consolidation policies apply to companies accounted for using the equity method as to consolidated companies, whereby recognized goodwill is contained in the carrying amount of investments accounted for using the equity method. Brenntag's share of the profit/loss after tax of the companies accounted for using the equity method is recognized in the income statement. The accounting policies of the companies accounted for using the equity method were, as far as necessary, adjusted in line with the accounting policies of Brenntag.

Currency translation

Foreign currency receivables and liabilities in the single-entity financial statements are stated on initial recognition at the spot exchange rate at the date of the transaction. At the reporting or settlement date, foreign currency receivables and liabilities are translated at the closing rate. The resulting differences are recognized in profit or loss.

The items contained in the financial statements of a Group company are measured on the basis of the currency of the relevant primary economic environment in which the company operates (functional currency). The presentation currency of the Brenntag Group is the euro.

The single-entity financial statements of the companies whose functional currency is not the euro are translated into euros as follows:

Assets and liabilities are translated at the closing rate, income and expense at the annual average rate. Any differences resulting from currency translation are recognized in other comprehensive income. Goodwill and fair value adjustments resulting from the acquisition of foreign companies are assigned to the foreign company and also translated at the closing rate.

For some companies in Latin America and in the Asia Pacific region, the functional currency is the US dollar and not the local currency. Non-monetary items, primarily property, plant and equipment, goodwill and other intangible assets as well as environmental provisions, are translated from the local currency into US dollars using the exchange rate at the transaction date. Monetary items are translated at the closing rate. All income and expenses are translated at the average exchange rate for the reporting period with the exception of depreciation and amortization, impairment losses and reversals of impairment losses as well as income and expenses incurred in connection with environmental provisions. These are translated at the same exchange rates as the underlying assets and liabilities. The resulting foreign

currency differences are recognized in profit or loss. After translation of the items in the single-entity financial statements into the functional currency, the US dollar, the same method is used for translation from US dollars into the Group currency, the euro, as for companies whose functional currency is the local currency.

The single-entity financial statements of foreign companies accounted for using the equity method are translated using the same principles.

The euro exchange rates of major currencies changed as follows:

EUR 1 = currencies	Closing rate		Average rate	
	Dec. 31, 2023	Dec. 31, 2022	2023	2022
Brazilian real (BRL)	5.3618	5.6386	5.4010	5.4399
Canadian dollar (CAD)	1.4642	1.4440	1.4595	1.3695
Swiss franc (CHF)	0.9260	0.9847	0.9718	1.0047
Chinese yuan renminbi (CNY)	7.8509	7.3582	7.6600	7.0788
Danish krone (DKK)	7.4529	7.4365	7.4509	7.4396
Pound sterling (GBP)	0.8691	0.8869	0.8698	0.8528
Polish zloty (PLN)	4.3395	4.6808	4.5420	4.6861
Russian ruble (RUB)	99.7293	76.8960	92.1155	72.1436
Swedish krona (SEK)	11.0960	11.1218	11.4788	10.6296
Turkish lira (TRY)	32.6531	19.9649	25.7597	17.4088
US dollar (USD)	1.1050	1.0666	1.0813	1.0531

5.13 Exchange rates of major currencies

Accounting and measurement policies

Revenue recognition

Revenue from contracts with customers is recognized using a five-step model in accordance with IFRS 15:

1. Identify the contract(s) with a customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized in the amount of consideration to which Brenntag expects to be entitled in exchange for goods or services. Variable consideration, such as cash discounts, discounts and rebates, is estimated and taken into account when determining the transaction price.

Revenue from the sale of goods or services is recognized when control of the goods or services transfers to the customer. Control transfers when the customer obtains control of the agreed goods or services and can obtain benefits from them. In a sale of goods, control usually transfers when the goods are collected by the customer or dispatched by Brenntag or a third party. In this case, revenue is recognized at a point in time. Revenue from services is recognized over time.

There are currently no significant financing components in the Brenntag Group. Payment terms are negotiated locally and reflect standard market practice. As there are no long-term performance obligations, the amount and timing of allocated transaction prices are not required to be disclosed for performance obligations that are unsatisfied as of the reporting date (practical expedient in IFRS 15.121).

Interest income is recognized as the interest accrues using the effective interest method.

Dividend income is recognized when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques and deposits held with banks with an original term of three months or less. They are measured at amortized cost.

Trade receivables, other receivables and other financial assets

Trade receivables that do not contain a significant financing component are initially recognized at the transaction price in accordance with IFRS 15. All other financial assets are measured on initial recognition at fair value (if applicable, including transaction costs). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of subsequent measurement, financial assets are classified into one of three categories, depending on the business model for managing the financial assets and the contractual cash flow characteristics:

- Measured at amortized cost: Assets held in order to collect contractual cash flows, where those cash flows are solely payments of principal and interest
- Measured at fair value through other comprehensive income: Assets held in order to collect contractual cash flows and sell the assets, where those cash flows are solely payments of principal and interest
- Measured at fair value through profit or loss: Assets that do not meet the criteria of the two aforementioned categories.

Trade receivables, other receivables and receivables included in other financial assets are measured at amortized cost. There are no financial instruments measured at fair value through other comprehensive income. Securities and shares in entities where Brenntag does not have at least significant influence are measured at fair value through profit or loss, as are derivative financial instruments.

For fair value measurement, IFRS 13 provides a three-level hierarchy that reflects the extent to which the inputs used to determine fair value are market-based:

- Level 1: Fair value determined using quoted or market prices in an active market
- Level 2: Fair value determined using quoted or market prices in an active market for similar financial assets or liabilities, or other measurement methods for which significant inputs used are based on observable market data
- Level 3: Fair value determined using measurement methods for which significant inputs used are not based on observable market data.

Trade receivables are subsequently measured using provision matrices under the simplified impairment model. Based on historical credit losses and forward-looking estimates, the country-specific valuation allowances expected over the lifetime of the trade receivables are determined for receivables in the same credit risk class (e.g. customer industries) (stage 2 of the impairment model). In this context, credit risk is assessed primarily on the basis of the extent to which the receivables are past due.

For other receivables and financial assets subsequently measured at amortized cost, the lifetime expected losses resulting from default events within the next twelve months are recognized in profit or loss on initial recognition and subsequent measurement (stage 1 of the impairment model). In the event of a significant increase in credit risk, the total losses expected over the lifetime of the assets are reflected (stage 2 of the impairment model).

If there is objective evidence that trade receivables or other financial assets measured at amortized cost should be considered impaired, e.g. because they are more than 180 days past due or because insolvency or similar proceedings are opened, a specific valuation allowance reflecting the credit risk in question is recognized in profit or loss. The valuation allowances are posted to an allowance account in the balance sheet. If a receivable is uncollectible, the gross amount and the valuation allowance are both derecognized. Uncollectibility is determined on a case-by-case basis, based on appropriate indicators.

A regular way purchase or sale of non-derivative financial assets is recognized at the settlement date. Derivative financial instruments are recognized in the balance sheet when Brenntag becomes a party to the contractual provisions of that instrument.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset have expired or Brenntag has transferred substantially all the risks and rewards of ownership of the financial asset.

Inventories

Inventories mainly comprise merchandise. They are initially recognized at cost. Production costs for the inventories produced through further processing are also capitalized.

Inventories are subsequently measured in accordance with IAS 2 at the lower of cost (on the basis of the average cost formula) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value also reflects effects of obsolescence or reduced marketability. Earlier valuation allowances on inventories are reversed if the net realizable value of the inventories increases again.

Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition or construction and, except for land, depreciated over its estimated useful life on a straight-line basis. If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately and depreciated over their respective useful lives.

Acquisition costs include all expenditure directly attributable to the acquisition.

In accordance with IAS 16, future costs for any restoration obligation are recognized as an increase in the cost of acquisition or construction of the respective asset and a corresponding provision is established at the time of acquisition or construction of the item of property, plant and equipment.

In accordance with IAS 20, government grants and assistance for investments are deducted from the related asset.

The charges on property, plant and equipment include both depreciation charges and impairment losses.

When items of property, plant and equipment are sold, the difference between the net proceeds and the carrying amount of the respective asset is recognized as a gain or loss in other operating income or expenses.

Assets are depreciated over the following useful lives:

	Useful life
Land rights	40 to 50 years
Buildings	15 to 50 years
Installations and building improvements	8 to 20 years
Technical equipment and machinery	3 to 20 years
Vehicles	5 to 8 years
Other equipment, operating and office equipment	2 to 10 years

5.14 Useful lives of property, plant and equipment

Intangible assets

Intangible assets include customer relationships and similar rights purchased, the “Brenntag” trademark, other trademarks, software, concessions and similar rights as well as goodwill from the acquisition of consolidated subsidiaries.

Intangible assets acquired through business combinations are measured on initial recognition at their acquisition-date fair value.

Separately acquired intangible assets are carried at cost.

Acquired software licenses are recognized at cost plus directly attributable costs incurred to acquire and bring to use the specific software.

For the purposes of accounting for cloud computing arrangements, the individual contract components, such as the software used in the context of such arrangements, are assessed separately. Software applications provided by cloud service providers are assessed as to whether they are an intangible asset under IAS 38. This assessment considers the following aspects among others:

- hosting is performed by an independent third party engaged by the user,
- the user has substantive rights to download the software and run it locally on its own hardware or on that of a third-party provider, and
- the user has an exclusive right to use the software or owns the intellectual property in the software.

The accounting for implementation costs arising in cloud computing arrangements follows the accounting for the related software component. If the related software component is an intangible asset under IAS 38, the criteria for recognizing acquisition-related costs as part of the cost of an intangible asset apply. If, on the other hand, the software component is a service contract, the implementation costs are accounted for based on the IFRS IC's 2021 agenda decision “Configuration or Customization Costs in a Cloud Computing Arrangement”.

In addition to goodwill, the “Brenntag” trademark also has an indefinite useful life as, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The other intangible assets are amortized on a straight-line basis over their estimated useful lives. The following useful lives are assumed:

	Useful life
Concessions, industrial and similar rights as well as software and trademarks with definite useful lives	3 to 10 years
Customer relationships and similar rights	3 to 15 years

5.15 Useful lives of intangible assets

The charges on intangible assets include both amortization charges and impairment losses.

Leases

The leases at Brenntag relate mainly to land and buildings (warehouse and office space), vehicles and other plant and equipment. Leases are entered into for fixed terms of more than one year to 70 years in limited cases, but may also contain extension options.

For leases where Brenntag is lessee, a lease liability is generally recognized along with a corresponding right-of-use asset, if applicable taking into account any further cost components. This excludes short-term leases with a term of one year or less and leases of low-value and intangible assets, for which expenditure is recognized as an expense over the term.

On initial recognition, the lease liability is measured at the present value of the lease payments not yet paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, Brenntag uses the incremental borrowing rate. The incremental borrowing rates were determined on the basis of a base rate plus a risk premium. The base rates in major currencies and countries were derived from interest rate swaps (if available) or government bond yields for a period of up to twenty years. For countries or currencies for which there were no reliable data available on which to base the determination, the euro base rate was adjusted to reflect a country risk premium.

Lease payments are not separated into payments for lease components and payments for non-lease components (e.g. payments for maintenance or servicing costs).

In subsequent periods, the right-of-use asset is generally depreciated on a straight-line basis. The lease liability is adjusted using the effective interest method.

Impairment testing of non-current non-financial assets

In accordance with IAS 36, non-current non-financial assets (property, plant and equipment, intangible assets and right-of-use assets) are tested for impairment whenever there is an objective indication that the carrying amount may not be recoverable.

Intangible assets that have an indefinite useful life and are, therefore, not subject to amortization are also tested for impairment at least annually.

Impairment exists when the carrying amount of an asset exceeds the estimated recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount.

If the recoverable amount of an individual asset cannot be determined, the recoverable amount of the cash-generating unit (CGU) or group of cash-generating units to which this asset belongs is determined and compared with the carrying amount of the CGU or group of CGUs.

Impairments, except for impairments of goodwill, are reversed as soon as the reasons for the impairment no longer exist.

Goodwill is tested for impairment regularly, at least annually, after completion of the annual budget process by comparing the carrying amount of the relevant group of CGUs with its recoverable amount.

If the carrying amount of a group of CGUs exceeds the recoverable amount, an impairment exists in the amount of the difference. In this case, the goodwill of the relevant group of CGUs would first be written down. Any remaining impairment would be allocated to the assets of the group of CGUs in proportion to the net carrying amounts of the assets at the reporting date. The carrying amount of an individual asset must not be less than the highest of fair value less costs of disposal, value in use (in each case in as far as they can be determined) and zero.

Other provisions

In accordance with IAS 37, other provisions are recognized when the Group has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Non-current provisions are recognized at the present value of the expected outflow and their discounting is unwound over the period until their expected utilization. For provisions for long-service anniversary bonuses and pre-retirement part-time working arrangements, this is carried out bearing in mind actuarial principles or by obtaining external appraisals.

If the amount of an obligation declines as a result of a change in an estimate, the provision is reversed by the corresponding amount. Reversals of provisions for personnel expenses are recognized in personnel expenses. Provisions recognized as other operating expenses are reversed as other operating income.

Provisions are recognized for cash-settled share-based payments in accordance with IFRS 2. The Long-Term Incentive Program and the expiring long-term, virtual share-based remuneration program for the members of the Board of Management and the Long-Term Incentive Plan for Executives and Senior Managers are classified as cash-settled share-based payments. Provisions are established for the resulting obligations. The obligations are measured at fair value. They are recognized as personnel expenses over the vesting period during which the beneficiaries acquire a vested right (unconditional right). The fair value is remeasured at each reporting date and at the settlement date.

Provisions for pensions and other post-employment benefits

The Group's pension obligations comprise both defined contribution and defined benefit pension plans.

The contributions to be paid into defined contribution pension plans are recognized directly as expense. Provisions for pension obligations are not established as, in these cases, Brenntag has no additional obligation apart from the obligation to pay the premiums.

In accordance with IAS 19, provisions are established for defined benefit plans, unless the plans are multi-employer pension funds for which insufficient information is available. The obligations arising from these defined benefit plans are determined using the projected unit credit method, under which the expected benefits to be paid after retirement are determined taking dynamic measurement inputs into account and spread over the entire length of service of the employees participating in the plan. For this purpose, an

actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary increase rate, pension trend, life expectancy and cost increases for medical care used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances. The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in the net liability required to be recognized or the net asset required to be recognized.

The discount rate is determined by reference to market yields at the end of the reporting period on fixed-rate senior corporate bonds. The currency and term of the corporate bonds taken as a basis are consistent with the currency and estimated term of the post-employment benefit obligations.

Life expectancy is determined using the latest mortality tables. Pension costs are made up of three components:

Component	Constituents	Recognized in
Service cost	- Current service cost - Past service cost incl. gains and losses from plan curtailments - Gains and losses from plan settlements	Personnel expenses
Net interest expense	- Unwinding of discounting of defined pension obligation (DBO) - Interest income from plan assets	Interest expense
Remeasurements	- Actuarial gains and losses on DBO from experience adjustments and from changes in measurement inputs - Changes in value of plan assets not already contained in net interest expense	Other comprehensive income, net of tax

5.16 Pension cost components

As a result of the inclusion of the remeasurement components in other comprehensive income, net of tax, the balance sheet shows the full extent of the net obligation avoiding volatility in profit or loss that may result in particular from changes in the measurement inputs.

Multi-employer defined benefit plans are treated as defined contribution plans when insufficient information is available.

Trade payables, financial liabilities and other liabilities

Trade payables, financial liabilities (excluding derivative financial instruments and contingent purchase prices payable in business combinations) and other liabilities are classified as at amortized cost. They are initially recognized at their fair value net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method.

Derivative financial instruments and contingent purchase prices payable in business combinations are initially recognized at fair value and subsequently measured at fair value through profit or loss.

Liabilities relating to acquisition of non-controlling interests

Liabilities relating to the acquisition of non-controlling interests include forwards and combined call/put options relating to the acquisition of non-controlling interests as well as liabilities arising from limited partners' rights to repayment of contributions.

On initial recognition, forwards, symmetric call/put options, written put options and liabilities arising from limited partners' rights to repayment of contributions are recognized outside profit or loss as a synthetic liability at the present value of the settlement amount. Until the forwards and options are exercised, non-controlling interests are presented in consolidated equity. These items are subsequently measured at amortized cost. Unwinding of discounting and changes in estimates are recognized in profit or loss. Liabilities arising from limited partners' rights to repayment of contributions are recognized in profit or loss at amortized cost, in the amount of the expected right to repayment of contributions.

Exchange rate effects are recognized in profit or loss or, in the case of net investment hedges, directly in equity.

Call options without a symmetric put option are initially recognized at fair value outside profit or loss and subsequently measured at fair value through profit or loss.

Deferred taxes and current income taxes

Current income taxes for current and prior periods are recognized at the amount expected to be paid to or recovered from the taxation authorities.

Deferred taxes are determined in accordance with IAS 12 (Income Taxes). They arise from temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, from consolidation adjustments and from tax loss carryforwards that are expected to be utilized.

Deferred tax assets are recognized to the extent that there are sufficient taxable differences available for utilization and it is likely that future taxable profit will be available against which the temporary differences and unutilized loss carryforwards can be utilized.

No deferred taxes are recognized for the difference between the net assets and the tax base of subsidiaries (outside basis differences) provided Brenntag is able to control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred taxes for domestic companies are calculated on the basis of the combined income tax rate of the German consolidated tax group of Brenntag SE of 32% (2022: 32%) for corporate income tax, solidarity surcharge and trade income tax, and for foreign companies, at local tax rates. These are tax rates which can be expected to apply on the basis of laws in the different countries that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are netted against each other if they relate to the same taxation authority, the company has a legally enforceable right to set them off against each other and they mature in the same period.

Brenntag falls within the scope of the OECD's Pillar Two model rules. In Germany, the jurisdiction in which Brenntag SE is domiciled, the Pillar Two legislation has been enacted and becomes effective for financial years beginning after December 30, 2023. As the Pillar Two legislation was not yet in effect at the reporting date, Brenntag is not currently subject to a tax charge in this respect. The Group is applying the exception to the accounting for deferred taxes related to Pillar Two income taxes that was the subject of the amendments to IAS 12 issued in May 2023.

Brenntag is currently making an assessment of the effects of Pillar Two after the legislation enters into effect. So far, this analysis has shown that only a very small number of countries (among others, Switzerland, Ireland, Bulgaria, Hungary and the United Arab Emirates) fall below the average effective tax rate of 15% based on the IFRS results. Based on current knowledge, any additional tax for the countries identified would not have had a significant effect on the Group tax rate. Although they fall below the average effective tax rate, the Group may not have to pay any Pillar Two income taxes in respect of these countries. This is due to specific adjustments provided for in the Pillar Two legislation, as a result of which differences may arise versus the effective tax rates calculated in accordance with IAS 12.86.

Due to the complexity of applying the legislation and calculating GloBE income, the quantitative effects of the legislation enacted or in effect cannot yet be estimated reliably. Even for companies with an effective tax rate of over 15%, Pillar Two could therefore result in tax effects. Brenntag is currently working together with tax specialists to support it in applying the Pillar Two legislation.

Subscribed capital

The subscribed capital is carried at its nominal value.

Assumptions and estimates

Preparation of the consolidated financial statements requires the use of assumptions and estimates which may affect the amount and presentation of assets and liabilities and income and expenses. These assumptions and estimates mainly relate to the following:

- the calculation and discounting of cash flows when impairment tests are performed;
- probability of occurrence, interest rates and other measurement inputs used to measure provisions, particularly for environmental risks and defined benefit pension obligations;
- the amount of liabilities relating to the acquisition of non-controlling interests and the determination of interest rates;
- the assessment of whether purchase and extension options will be exercised when accounting for right-of-use assets in accordance with IFRS 16 (Leases);
- assumptions as to the realization of future tax benefits from tax loss carryforwards and to the useful lives of intangible assets and property, plant and equipment.

In 2023, Brenntag continued to operate in a difficult macroeconomic environment as a result of the years of the pandemic, the war in Ukraine and other geopolitical tensions. Brenntag's business performance and the assumptions about its future free cash flow performance therefore remain subject to uncertainties which may affect the recognition and amount of assets and liabilities stated in the balance sheet, particularly goodwill. If the free cash flow taken as a basis for goodwill impairment testing, which is influenced mainly by gross profit performance, had been 10% lower (previous year: 15% lower), with all other conditions remaining the same, a goodwill impairment loss would not have arisen in any group of CGUs. A 20% lower (previous year: 30% lower) growth rate

over the entire planning period would have resulted in an impairment loss of EUR 16.0 million in the group of CGUs China Hong Kong (BES). An increase of 1.0 percentage points (previous year: 1.5 percentage points) in the WACC (weighted average cost of capital after taxes) taken as a basis for goodwill impairment testing would have resulted in an impairment loss of EUR 10.1 million in the group of CGUs China Hong Kong (BES). No impairment loss would have arisen in the other groups of CGUs. Even applying the increased sensitivity ranges used in the previous year due to a heightened level of uncertainty would have resulted only in an impairment loss of up to EUR 37.0 million for the group of CGUs China Hong Kong (BES). In the previous year, no goodwill impairment arose during the sensitivity analyses.

If the discount rates used to determine the environmental provisions had been one percentage point higher or lower and all other conditions had remained the same, the provision would have decreased by EUR 5.7 million (Dec. 31, 2022: EUR 5.8 million) or increased by EUR 6.3 million (Dec. 31, 2022: EUR 6.6 million), respectively.

Sensitivity analyses of defined benefit pension obligations are described in the section "Provisions for pensions and other post-employment benefits".

Due to purchase prices being contingent on earnings, liabilities relating to the acquisition of non-controlling interests are subject to estimation uncertainty over the amount of the purchase prices payable.

In the case of right-of-use assets under IFRS 16 (Leases), purchase and extension options are recognized if they are reasonably certain to be exercised. In this respect, the assessment is subject to a high degree of judgment. If circumstances change, the assessment of whether an option is reasonably certain to be exercised must be made anew.

When measuring deferred tax assets for tax loss carryforwards, the future taxable profit available is based on a planning horizon of five years. The useful lives of items of property, plant and equipment and intangible assets are shown in the sections Property, plant and equipment and Intangible assets. The actual amounts may differ from the assumptions and estimates in individual cases. Adjustments are recognized when estimates are revised.

The global fight against climate change will lead not only to structural, regulatory and technological changes, but also to increased costs as a result of preventive technologies or government carbon taxes. Climate protection plays a particularly important role within Brenntag's sustainability strategy, as the entire value chain is affected. Moreover, climate protection is important to many of Brenntag's customers. For Scope 1 and 2 greenhouse gas emissions, the Brenntag Group has set several targets so that it contributes to the 1.5°C target: to reduce Scope 1 and 2 emissions by 40% in absolute terms between the 2020 base year and 2030¹⁾, and over the long term to be net zero in accordance with the Paris Agreement by 2045²⁾. In this context, Brenntag's net assets, financial position and results of operations could potentially be affected. In financial year 2023, there were neither any discernible specific indications of impairment losses on non-current assets or a material change in the remaining useful lives of assets, nor any discernable effects on existing or potentially new environmental or restoration obligations. Moreover, there were no effects on the estimates and assumptions made.

Cash flow statement

The cash flow statement classifies cash flows by operating, investing and financing activities. The cash provided by operating activities is determined using the indirect method on the basis of the profit / loss after tax. Interest payments made and received, tax payments and dividends received are presented as components of cash provided by operating activities. The effects of acquisitions of consolidated subsidiaries and other business units as defined by IFRS 3 (Business Combinations) are eliminated from the individual items of the cash flow statement and combined under cash flow from investing activities. Under IFRS 16 (Leases), lease payments made are included in cash used in financing activities as repayments of borrowings and in cash provided by operating activities as interest paid. Payments under short-term leases or leases of low-value assets are a component of cash flow from operating activities. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet. The effect of exchange rate changes on cash and cash equivalents is shown separately.

Hyperinflation

As of June 30, 2022, Turkey has been required to be classified as a hyperinflationary economy in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). This standard requires non-monetary assets and liabilities, the statement of comprehensive income and equity to be restated at the end of each reporting period by applying the price index applicable at the end of the reporting period. The balance of those adjustments is presented in profit or loss as a loss on the net monetary position. IAS 29 must be applied as if Turkey had always been hyperinflationary. Brenntag used the consumer price index published by the Turkish Statistical Institute (Dec. 31, 2022: 1,129 index points; Dec. 31, 2023: 1,859 index points). All items are translated at the closing rate due to hyperinflation. Inflation resulted in a loss on the net monetary position of EUR 16.0 million for 2023 (2022: EUR 16.3 million).

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

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

Segment reporting

Under the management approach, segment reporting is required to be based on the structure of the entity's internal organization and reporting. It is therefore based on the internal control and reporting information used by the senior management as the Group's chief operating decision maker to assess segment performance and allocate resources. The accounting policies applied are generally the same as those described for the Group in the section "Consolidation policies and methods". Since financial year 2022, operating EBITA has been the key performance indicator within the Brenntag Group. This is calculated as the operating profit as reported in the consolidated income statement, plus amortization and impairment of intangible assets. It is also adjusted for holding charges and for income and expenses arising from special items.

The Brenntag Group is managed through two global divisions, Brenntag Specialties and Brenntag Essentials, which are each managed through geographically structured segments.

Brenntag Specialties focuses on selling ingredients and value-added services to the selected industries, Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. The global Brenntag Specialties division comprises the geographical reportable segments EMEA, Americas and APAC. The global Brenntag Essentials division comprises the geographical reportable segments EMEA, North America, Latin America and APAC. The two divisions are supported by Brenntag Business Services, which have been subsumed under "All other Segments" in the following table. In addition, "All other Segments" combines the central functions for the entire Group. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

The following table shows the reconciliation of the global divisions to the Group:

Period from January 1 to December 31 in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Group
External sales				
2023	6,983.4	9,308.8	522.9	16,815.1
2022	7,947.4	10,720.9	761.0	19,429.3
fx. adj. change in %	-8.6	-11.2	-31.3	-11.0
Operating gross profit¹⁾				
2023	1,479.6	2,533.5	28.7	4,041.8
2022	1,678.3	2,608.6	32.1	4,319.0
fx. adj. change in %	-8.2	-0.7	-10.6	-3.7
Operating EBITDA				
2023	595.1	1,109.6	-120.1	1,584.6
2022	779.6	1,153.3	-124.3	1,808.6
fx. adj. change in %	-19.7	-1.6	-3.0	-9.2
Depreciation and impairment of property, plant and equipment and right-of-use assets²⁾				
2023	44.3	260.7	14.6	319.6
2022	41.6	242.5	12.8	296.9
fx. adj. change in %	12.4	9.9	15.9	10.5
Operating EBITA (segment result)				
2023	550.8	848.9	-134.7	1,265.0
2022	738.0	910.8	-137.1	1,511.7
fx. adj. change in %	-21.5	-4.7	-1.2	-13.1

5.17 Reconciliation of the global divisions to the Group 2023/2022

¹⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at two warehouse sites in Canada (Specialties Americas) and Turkey (Specialties EMEA).

²⁾ Depreciation and impairment were adjusted by EUR 4.4 million in the reporting period due to the major fires in Canada and Turkey.

The following table shows the segment information for the geographical segments of the global **Brenntag Specialties** division:

Period from January 1 to December 31 in EUR m	EMEA ¹⁾	Americas ²⁾	APAC	Central activities ³⁾	Brenntag Specialties
External sales					
2023	3,006.2	2,645.4	1,331.8	-	6,983.4
2022	3,369.0	3,148.8	1,429.6	-	7,947.4
fx. adj. change in %	-6.9	-13.5	-1.8	-	-8.6
Operating gross profit⁴⁾					
2023	667.6	558.7	253.3	-	1,479.6
2022	725.0	664.3	289.0	-	1,678.3
fx. adj. change in %	-3.6	-13.4	-7.7	-	-8.2
Operating EBITDA					
2023	266.1	220.9	109.6	-1.5	595.1
2022	335.0	297.2	148.6	-1.2	779.6
fx. adj. change in %	-14.7	-23.5	-22.4	25.0	-19.7
Depreciation of property, plant and equipment and right-of-use assets⁵⁾					
2023	10.0	17.0	17.3	-	44.3
2022	11.1	15.9	14.6	-	41.6
fx. adj. change in %	1.0	9.7	23.6	-	12.4
Operating EBITA (segment result)⁶⁾					
2023	256.1	203.9	92.3	-1.5	550.8
2022	323.9	281.3	134.0	-1.2	738.0
fx. adj. change in %	-15.2	-25.3	-27.5	25.0	-21.5

5.18 Segment reporting on the global Specialties division 2023/2022

¹⁾ Europe, Middle East & Africa.²⁾ North and Latin America.³⁾ Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.⁴⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at two warehouse sites in Canada (Americas) and Turkey (EMEA).⁵⁾ Depreciation and impairment were adjusted by EUR 4.4 million in the reporting period due to the major fires in Canada and Turkey.⁶⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

The following table shows the segment information for the geographical segments of the global **Brenntag Essentials** division:

Period from January 1 to December 31 in EUR m	EMEA ¹⁾	North America	Latin America	APAC ²⁾	Central activities ³⁾	Brenntag Essentials
External sales						
2023	3,535.1	4,390.8	698.3	684.6	-	9,308.8
2022	4,292.6	4,779.7	861.4	787.2	-	10,720.9
fx. adj. change in %	-17.2	-5.3	-17.2	-7.2	-	-11.2
Operating gross profit						
2023	908.4	1,369.9	152.0	103.2	-	2,533.5
2022	969.6	1,342.5	176.9	119.6	-	2,608.6
fx. adj. change in %	-5.7	5.2	-12.3	-8.1	-	-0.7
Operating EBITDA						
2023	410.9	625.4	43.5	29.9	-0.1	1,109.6
2022	474.7	578.1	60.7	41.4	-1.6	1,153.3
fx. adj. change in %	-12.7	11.5	-26.8	-22.9	-93.8	-1.6
Depreciation and impairment of property, plant and equipment and right-of-use assets						
2023	108.2	128.5	16.9	7.1	-	260.7
2022	107.2	109.6	17.9	7.8	-	242.5
fx. adj. change in %	1.8	20.9	-3.4	-1.4	-	9.9
Operating EBITA (segment result)⁴⁾						
2023	302.7	496.9	26.6	22.8	-0.1	848.9
2022	367.5	468.5	42.8	33.6	-1.6	910.8
fx. adj. change in %	-17.0	9.4	-36.5	-27.8	-93.8	-4.7

5.19 Segment reporting on the global Essentials division 2023/2022

¹⁾ Europe, Middle East & Africa.

²⁾ For segment reporting, the China & Hong Kong segment is aggregated with the Asia Pacific segment. In addition to the aspects listed in IFRS 8.12, particular consideration was given here to brand comparability, growth outlook and market performance.

³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.

⁴⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

The following table shows the reconciliation to profit before tax:

in EUR m	2023	2022
Operating EBITDA	1,584.6	1,808.6
Depreciation of property, plant and equipment and right-of-use assets	-319.1	-296.2
Impairment of property, plant and equipment and right-of-use assets ¹⁾	-0.5	-0.7
Operating EBITA (segment result)²⁾	1,265.0	1,511.7
Net expense from special items	-78.3	-19.8
(of which provision for legal risks)	(-31.4)	(-2.1)
(of which provisions for excise duties)	(-1.2)	(19.0)
(of which major fires at sites in Canada and Turkey)	(-29.4)	(-)
(of which other special items)	(-16.3)	(-36.7)
EBITA	1,186.7	1,491.9
Amortization of intangible assets ³⁾	-64.0	-71.4
Impairment of intangible assets	-	-38.1
EBIT	1,122.7	1,382.4
Net finance costs	-119.9	-147.5
Profit before tax	1,002.8	1,234.9

5.20 Reconciliation of operating EBITDA to profit before tax

¹⁾ Excluding impairment of property, plant and equipment and right-of-use assets due to major fires in Canada and Turkey.

²⁾ In the course of operationalizing its strategy, Brenntag took the decision in the fourth quarter of 2022 to replace operating EBITDA with operating EBITA as its key performance indicator. Operating EBITA of the reportable segments amounts to EUR 1,399.7 million (2022: EUR 1,648.8 million) and operating EBITA of All other Segments to EUR -134.7 million (2022: EUR -137.1 million).

³⁾ For the period from January 1 to December 31, 2023, this figure includes amortization of customer relationships in the amount of EUR 40.9 million (2022: EUR 48.2 million).

Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations.

Provisions of EUR 34.7 million were recognized for legal risks arising from the sale of certain minerals in North America in financial year 2023. The official investigations into possible violations of export control regulations were concluded without any fines being imposed, enabling the existing provisions of EUR 3.3 million to be reversed.

Further tax decision notices for the tax on alcohol were received in relation to provisions recognized in 2021 for excise duties, leading to a lower-than-expected tax liability. The reversal of the relevant provisions resulted in other operating income of EUR 10.3 million in financial year 2023. At the end of the financial year, provisions of EUR 11.5 million were recognized for a further case in Sweden.

Costs amounting to EUR 19.1 million after deduction of insurance payouts of EUR 8.2 million were incurred as a result of a major fire at a warehouse site in Canada. They comprise costs for the loss of inventories, repairs, the remediation of the resulting environmental damage and maintaining business operations.

Costs amounting to EUR 10.3 million after deduction of insurance payouts of EUR 6.0 million were incurred in another major fire at a warehouse of an external provider in Turkey. They consist predominantly of expenses arising from the loss of inventories.

Other special items include advisory and other one-time expenses necessary in order to achieve the desired structure, such as restructuring expenses in connection with vacating sites, severance payments and withdrawing from certain markets.

Geographical information

Non-current assets comprise property, plant and equipment, right-of-use assets and intangible assets. Non-current assets are allocated to the different countries as follows:

in EUR m	Property, plant and equipment		Right-of-use assets		Intangible assets ¹⁾	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Germany	99.4	89.6	53.9	59.2	26.1	16.5
USA	457.0	435.7	162.1	167.5	32.9	56.0
France	95.2	92.4	8.5	8.7	0.3	0.5
Canada	87.7	85.2	13.3	14.4	0.9	2.6
Singapore	82.2	65.1	18.1	17.7	15.4	0.2
China	80.7	90.9	5.0	1.3	41.0	12.8
United Kingdom	67.8	62.9	40.0	39.2	8.2	14.4
Italy	58.9	55.2	29.5	22.6	0.1	1.2
Spain	49.5	46.5	8.9	9.8	0.1	0.1
Switzerland	43.4	38.6	1.9	2.1	0.2	0.2
Others	383.4	296.0	97.0	83.8	29.9	34.9
Total	1,505.2	1,358.1	438.2	426.3	155.1	139.4

5.21 Non-current assets by country

¹⁾ Intangible assets excluding goodwill and "Brenntag" trademark.

The allocation of external sales to the different countries is shown in the following table:

in EUR m	External sales	
	2023	2022
Germany	1,460.1	1,945.4
USA	6,038.4	6,783.8
United Kingdom	760.8	793.6
Canada	662.3	733.6
China	640.2	705.7
Italy	616.7	739.7
Poland	606.7	647.5
France	549.1	605.4
Others	5,480.8	6,474.6
Total	16,815.1	19,429.3

5.22 External sales by country

Consolidated income statement disclosures

1.) Sales

Sales of EUR 16,815.1 million (2022: EUR 19,429.3 million) are almost entirely attributable to contracts with customers as defined by IFRS 15. Sales of EUR 1.5 million (2022: EUR 1.4 million) were generated with related parties.

Sales of EUR 16,739.9 million (2022: EUR 19,349.8 million) relate to the sale of goods and sales of EUR 75.5 million (2022: EUR 79.5 million) to the provision of services.

Of the sales revenues from the sale of goods, EUR 16,643.3 million (2022: EUR 19,224.6 million) are attributable to warehousing or direct business. Of the other revenues from the sale of goods in the amount of EUR 96.6 million (2022: EUR 125.2 million), EUR 95.4 million (2022: EUR 115.5 million) relate to consignment business.

For a breakdown of sales by operating segment, please refer to the "Segment reporting" section of these notes to the consolidated financial statements.

Trade receivables reported in the amount of EUR 2,263.1 million (Dec. 31, 2022: EUR 2,676.8 million) are entirely attributable to contracts with customers. No contract assets are currently recognized in the Brenntag Group.

Liabilities from contracts with customers break down as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Contract liabilities under credit notes	12.7	14.6
Refund liabilities	24.6	29.1
Prepayments received	14.6	7.5
Total	51.9	51.2

5.23 Current contract liabilities from contracts with customers

2.) Cost of materials

Cost of materials amounts to EUR 12,795.0 million (2022: EUR 15,110.3 million) and comprises the cost of purchased goods and services. It includes expenses in the amount of EUR 16.9 million (2022: EUR 30.5 million) from valuation allowances on inventories.

3.) Other operating income

in EUR m	2023	2022
Income from the disposal of property, plant and equipment	17.8	12.0
Income from the reversal of liabilities and provisions no longer required	43.0	40.5
Income from compensation	19.7	9.6
Income from divestments	9.6	-
Income from other taxes	8.8	3.7
Miscellaneous operating income	34.3	26.6
Total	133.2	92.4

5.24 Other operating income

Other operating income includes income of EUR 10.3 million (2022: EUR 19.0 million) from the reversal of provisions for alcohol and energy tax.

4.) Personnel expenses

Personnel expenses amount to EUR 1,391.9 million in total (2022: EUR 1,380.1 million). This line item includes wages and salaries totaling EUR 1,117.2 million (2022: EUR 1,101.5 million), social security costs of EUR 149.9 million (2022: EUR 155.1 million) and pension costs of EUR 124.8 million (2022: EUR 123.5 million). Net interest expense from defined benefit plans is not included in personnel expenses but presented within net finance costs under interest expense.

The average number of employees breaks down as follows:

	2023	2022
Brenntag Specialties	4,638	4,426
Brenntag Essentials	10,773	10,699
All other Segments	2,355	2,193
Total	17,766	17,318

5.25 Employees by division

As at December 31, 2023, the Brenntag Group had a workforce of 17,709 (Dec. 31, 2022: 17,540). Of this figure, 1,692 (Dec. 31, 2022: 1,685) were employed in Germany.

5.) Other operating expenses

in EUR m	2023	2022
Carriage outwards	-295.5	-323.8
Property-related and other taxes	-51.3	-42.4
Maintenance and energy costs	-248.3	-256.8
Expenses for advisory, auditing and other services (including IT)	-214.0	-218.8
Lease expenses	-78.1	-76.0
Insurance expenses	-74.0	-51.8
Miscellaneous operating expenses	-286.3	-257.9
Total	-1,247.5	-1,227.5

5.26 Other operating expenses

6.) Interest expense

in EUR m	2023	2022
Interest expense on liabilities to third parties	-90.2	-86.0
Expense from the fair value measurement of the cross-currency interest rate swap	-7.5	-7.7
Net interest expense on defined benefit pension plans	-4.1	-1.9
Interest expense on other provisions	-3.2	-1.2
Interest expense on leases	-17.8	-12.0
Total	-122.8	-108.8

5.27 Interest expense

7.) Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss

in EUR m	2023	2022
Change in call option and liabilities relating to acquisition of non-controlling interests recognized in profit or loss	28.9	-5.4
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	-2.5	-2.2
Total	26.4	-7.6

5.28 Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss

For further information, please refer to Note 27).

8.) Loss on the net monetary position

The inflation effect on non-monetary items, the statement of comprehensive income and equity resulted in a loss on the net monetary position of EUR 16.0 million for financial year 2023 (2022: EUR 16.3 million).

9.) Other net finance costs

in EUR m	2023	2022
Exchange rate loss on foreign currency receivables and liabilities	-37.1	-76.2
Exchange rate gain on foreign currency derivatives	9.2	44.1
Miscellaneous other net finance costs	0.6	-1.0
Total	-27.3	-33.1

5.29 Other net finance costs

10.) Income tax expense

in EUR m	2023	2022
Current income taxes	-259.0	-324.7
Deferred taxes	-22.7	-7.7
(of which for temporary differences)	(-17.4)	(-1.2)
(of which for tax loss carryforwards)	(-5.3)	(-6.5)
Total	-281.7	-332.4

5.30 Income tax expense

The effective tax expense of EUR 281.7 million (2022: EUR 332.4 million) differs by EUR -39.2 million (2022: EUR -62.7 million) from the expected tax expense of EUR 320.9 million (2022: EUR 395.2 million). The expected tax expense results from applying Brenntag SE's tax rate of 32% (Dec. 31, 2022: 32%) to profit before tax.

The reasons for the difference between the expected and the effective tax expense are as follows:

in EUR m	2023	2022
Profit before tax	1,002.8	1,234.9
Expected income tax expense (32%, 2022: 32%)	-320.9	-395.2
Difference due to tax base (trade tax adjustments in Germany)	-2.7	-1.2
Effect of different tax rates arising on the inclusion of foreign and domestic subsidiaries	84.7	110.6
Changes in valuation allowances on deferred tax assets/losses for which deferred taxes are not recognized / utilization of loss carryforwards	-21.8	-14.6
Changes in the tax rate and tax laws	0.2	-0.9
Expenses not deductible for tax purposes	-31.1	-19.0
Goodwill impairment loss Latin America (BES)	-	-11.2
Tax-free income	2.7	6.2
Share of profit or loss of equity-accounted investments	0.2	0.4
Prior-period tax expense	3.1	1.2
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	6.7	-2.1
Other effects	-2.8	-6.6
Effective tax expense	-281.7	-332.4

5.31 Tax expense reconciliation

Deferred taxes result from the individual balance sheet items and other items as follows:

	Dec. 31, 2023		Dec. 31, 2022	
in EUR m	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current assets				
Financial assets	18.2	9.2	15.2	8.5
Inventories	25.5	0.6	28.6	2.1
Non-current assets				
Property, plant and equipment and right-of-use assets	5.9	180.1	5.4	167.5
Intangible assets	20.2	210.6	23.7	202.0
Financial assets	14.1	14.1	9.7	19.5
Current liabilities				
Other provisions	17.8	0.8	13.9	0.4
Liabilities	81.7	11.6	75.7	4.4
Non-current liabilities				
Provisions for pensions	18.3	8.1	16.0	8.1
Other provisions	16.2	2.1	16.8	1.7
Liabilities	63.4	12.3	70.1	2.6
Local tax reserves	-	4.2	-	4.2
Loss carryforwards	15.5	-	20.8	-
Outside basis differences	-	7.4	-0.7	7.5
Offsetting	-162.7	-162.7	-156.7	-156.7
Deferred taxes	134.1	298.4	138.5	271.8
Deferred tax liabilities (net)	-	164.3	-	133.3

5.32 Deferred tax assets and liabilities

Deferred tax assets and liabilities break down by maturity as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Deferred tax assets to be recovered after more than 12 months	6.5	13.6
Deferred tax assets to be recovered within 12 months	127.6	124.9
Deferred tax assets	134.1	138.5
Deferred tax liabilities to be recovered after more than 12 months	294.0	268.4
Deferred tax liabilities to be recovered within 12 months	4.4	3.4
Deferred tax liabilities	298.4	271.8
Deferred tax liabilities (net)	164.3	133.3

5.33 Deferred tax by maturity

Deferred tax liabilities (net) changed as follows:

in EUR m	2023	2022
Deferred tax liabilities (net) at Jan. 1	133.3	94.3
Exchange rate differences	-1.5	3.9
Income / expense in profit or loss	22.7	7.7
Income taxes recognized in other comprehensive income	-2.7	19.8
Business combinations	12.5	7.6
Deferred tax liabilities (net) at Dec. 31	164.3	133.3

5.34 Change in deferred tax liabilities (net)

The existing tax loss carryforwards can be utilized as follows:

in EUR m	Dec. 31, 2023		Dec. 31, 2022	
	Loss carryforwards	of which loss carryforwards for which deferred taxes are not recognized	Loss carryforwards	of which loss carryforwards for which deferred taxes are not recognized
Within one year	8.0	(7.5)	4.0	(3.9)
2 to 5 years	24.9	(23.5)	19.7	(18.3)
6 to 9 years	5.4	(-)	1.5	(1.2)
More than 9 years	273.9	(204.5)	316.8	(206.5)
Unlimited	500.9	(474.0)	374.7	(343.7)
Total	813.1	(709.5)	716.7	(573.6)

5.35 Tax loss carryforwards

When measuring deferred tax on loss carryforwards, deferred tax assets are recognized to the extent that sufficient taxable differences are available for utilization and it is probable that future taxable profit will be available against which the temporary differences and unused tax loss carryforwards can be utilized. The expected taxable income is derived from the current mid-term planning, allowing for restrictions on loss carryforwards and their utilization (minimum taxation).

Deferred taxes of EUR 15.5 million (Dec. 31, 2022: EUR 20.8 million) were recognized for loss carryforwards of EUR 103.6 million (Dec. 31, 2022: EUR 143.1 million) which are likely to be utilized. They include deferred taxes of EUR 3.7 million (Dec. 31, 2022: EUR 0.9 million) from current-period tax losses. Loss carryforwards which are likely to be utilized also include US subsidiaries' loss carryforwards for state taxes totaling EUR 56.8 million (tax rate between 6% and 8%) (Dec. 31, 2022: EUR 52.6 million) and for federal taxes (tax rate 21%) totaling EUR 12.6 million (Dec. 31, 2022: EUR 54.0 million).

No deferred taxes were recognized for loss carryforwards of EUR 709.6 million (Dec. 31, 2022: EUR 573.6 million) which are not likely to be utilized. This figure includes domestic corporation tax and trade tax loss carryforwards totaling EUR 448.4 million (Dec. 31, 2022: EUR 341.1 million) as well as US subsidiaries' loss carryforwards for state taxes totaling EUR 203.9 million (tax rate between 6% and 8%) (Dec. 31, 2022: EUR 204.8 million).

No deferred taxes were recognized for interest carryforwards of EUR 14.5 million (Dec. 31, 2022: 0.00 EUR) which are not likely to be utilized.

Temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 609.8 million (Dec. 31, 2022: EUR 779.5 million).

11.) Earnings per share

Basic earnings per share in the amount of EUR 4.73 (2022: EUR 5.74) are determined by dividing the share of profit after tax of EUR 714.9 million (2022: EUR 886.7 million) attributable to the shareholders of Brenntag SE by the number of shares outstanding (2023: 151.1 million; 2022: 154.5 million shares).

The share buyback program launched in March 2023 was completed at the end of October 2023. In total, Brenntag acquired 7.0 million treasury shares. This reduced the average weighted number of outstanding shares from 154.5 million to 151.1 million.

Diluted earnings per share are the same as basic earnings per share.

in EUR m	2023	2022
Share of profit after tax attributable to Brenntag SE shareholders	714.9	886.7
Number of Brenntag SE shares	151.1	154.5
Basic earnings per share	4.73	5.74
Number of potential shares with a dilutive effect	-	-
Number of shares	151.1	154.5
Diluted earnings per share	4.73	5.74

5.36 Diluted earnings per share

Consolidated balance sheet disclosures

12.) Cash and cash equivalents

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Bank deposits	556.2	1,029.3
Cheques and cash on hand	20.7	16.8
Total	576.9	1,046.1

5.37 Cash and cash equivalents

13.) Trade receivables

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Trade receivables from third parties	2,263.1	2,676.7
Trade receivables from related parties	-	0.1
Total	2,263.1	2,676.8

5.38 Trade receivables

Trade receivables at the reporting date were past due and impaired within the following time bands:

in EUR m	not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days	Dec. 31, 2023
Loss given default (%)	0.3	1.3	9.7	17.2	9.2	80.6	
Gross amount of trade receivables	1,996.8	213.9	31.8	14.5	14.1	42.2	2,313.3
Valuation allowance	6.6	2.7	3.1	2.5	1.3	34.0	50.2

5.39 Loss given default on trade receivables / Dec. 31, 2023

in EUR m	not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days	Dec. 31, 2022
Loss given default (%)	0.4	1.4	6.0	13.9	14.7	84.3	
Gross amount of trade receivables	2,252.8	330.9	66.7	27.3	17.7	37.5	2,732.9
Valuation allowance	9.6	4.5	4.0	3.8	2.6	31.6	56.1

5.40 Loss given default on trade receivables / Dec. 31, 2022

Of the trade receivables, EUR 688.4 million (Dec. 31, 2022: EUR 823.0 million) are secured by trade credit insurance.

In EMEA and Latin America, most of the trade receivables are secured by trade credit insurance. In Asia Pacific, there is trade credit insurance for most of the receivables in certain countries. In North America as well as in some countries in EMEA, Latin America and Asia Pacific, either there is no trade credit insurance or only a relatively small proportion of the trade receivables are secured by trade credit insurance.

Impairment losses on trade receivables changed as follows:

in EUR m	Accumulated impairment losses on trade receivables	
	2023	2022
Jan. 1	56.1	43.2
Exchange rate differences / other	-0.2	3.5
Added	7.8	17.8
Reversed	-6.0	-3.1
Utilized	-7.5	-5.3
Dec. 31	50.2	56.1

5.41 Change in impairment losses on trade receivables

14.) Other receivables

in EUR m	Dec. 31, 2023		Dec. 31, 2022	
	of which current	of which non-current	of which current	of which non-current
Other receivables in scope of IFRS 7:				
Receivables from packaging	8.7	(8.7)	10.7	(10.7)
Reimbursement claims – environment	6.7	(–)	4.4	(–)
Suppliers with debit balances	10.2	(10.2)	13.0	(13.0)
Receivables from insurance claims	12.2	(12.2)	2.3	(2.3)
Deposits	8.4	(8.4)	7.9	(7.9)
Receivables from commissions and rebates	24.0	(24.0)	12.3	(12.3)
Miscellaneous other receivables	43.3	(33.3)	58.0	(45.8)
Other receivables in scope of IFRS 7 total	113.5	(96.8)	108.6	(92.0)
Other receivables out of scope of IFRS 7:				
Prepayments	20.6	(20.6)	40.5	(40.4)
Value-added tax receivables	104.6	(80.1)	100.1	(94.8)
Receivables from other taxes	6.6	(6.6)	14.6	(6.3)
Non-current income tax receivables	3.4	(–)	3.6	(–)
Plan assets not netted with provisions for pensions	6.4	(–)	5.3	(–)
Prepaid expenses	72.3	(71.3)	40.6	(39.1)
Other receivables out of scope of IFRS 7 total	213.9	(178.6)	204.7	(180.6)
Total other receivables	327.4	(275.4)	313.3	(272.6)

5.42 Other receivables

15.) Other financial assets

	Remaining term		
in EUR m	1 year or less	more than 1 year	Dec. 31, 2023
Financial receivables from third parties	11.3	8.0	19.3
Derivative financial instruments at fair value through profit or loss	2.6	7.3	9.9
Debt instruments at fair value through profit or loss	-	1.4	1.4
Total	13.9	16.7	30.6

5.43 Other financial assets / Dec. 31, 2023

	Remaining term		
in EUR m	1 year or less	more than 1 year	Dec. 31, 2022
Financial receivables from third parties	17.5	13.8	31.3
Derivative financial instruments at fair value through profit or loss	2.7	9.2	11.9
Debt instruments at fair value through profit or loss	-	1.4	1.4
Total	20.2	24.4	44.6

5.44 Other financial assets / Dec. 31, 2022

Financial receivables from third parties of EUR 19.3 million (Dec. 31, 2022: EUR 31.3 million) consist mainly of funds deposited in trustee accounts in connection with business combinations.

16.) Inventories

Inventories break down as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Merchandise	1,302.9	1,693.0
Finished goods	24.1	34.8
Work in progress	1.6	1.6
Raw materials and supplies	47.8	44.4
Total	1,376.4	1,773.8

5.45 Inventories

17.) Assets held for sale and liabilities associated with those assets

Assets held for sale include property, plant and equipment held for sale totaling EUR 2.5 million (Dec. 31, 2022: EUR 9.6 million). In the previous year, the property, plant and equipment and other assets and liabilities of PROTANK (Proprietary) Limited, Durban, were also reported here.

The assets and liabilities break down as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	-	1.5
Trade receivables and other receivables	-	0.7
Deferred taxes	-	0.6
Property, plant and equipment and intangible assets	2.5	10.7
Assets held for sale	2.5	13.5
Trade payables, other liabilities and provisions	-	4.0
Liabilities associated with assets held for sale	-	4.0

5.46 Assets held for sale and liabilities associated with those assets

18.) Property, plant and equipment

in EUR m	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
Cost					
Dec. 31, 2021	1,097.0	826.4	387.4	109.9	2,420.7
Exchange rate differences	22.0	16.0	6.1	2.5	46.6
Business combinations	4.7	2.7	9.8	-	17.2
Other additions	31.5	53.4	50.8	120.6	256.3
Reclassification into non-current assets held for sale	-11.2	-7.4	-0.7	-	-19.3
Disposals	-15.5	-9.5	-33.7	-0.6	-59.3
Transfers	40.7	50.4	15.7	-103.4	3.4
Dec. 31, 2022	1,169.2	932.0	435.4	129.0	2,665.6
Exchange rate differences	-11.2	-15.9	-3.1	-1.1	-31.3
Business combinations	21.5	3.9	3.3	-	28.7
Other additions	20.0	38.2	77.4	168.8	304.4
Reclassification into non-current assets held for sale	-1.5	-0.5	0.3	-	-1.7
Disposals	-8.7	-16.1	-37.5	-3.0	-65.3
Transfers	42.7	75.0	44.0	-140.0	21.7
Dec. 31, 2023	1,232.0	1,016.6	519.8	153.7	2,922.1
Accumulated depreciation and impairment					
Dec. 31, 2021	369.5	538.0	276.8	-	1,184.3
Exchange rate differences	7.1	12.2	5.0	-	24.3
Depreciation	36.4	70.1	51.8	-	158.3
Impairment	0.7	-	-	-	0.7
Reclassification into non-current assets held for sale	-3.0	-5.4	-0.6	-	-9.0
Disposals	-11.8	-8.1	-31.9	-	-51.8
Transfers	-1.6	-1.7	4.0	-	0.7
Dec. 31, 2022	397.3	605.1	305.1	-	1,307.5
Exchange rate differences	-1.7	-9.8	-1.6	-	-13.1
Depreciation	38.0	75.6	60.8	-	174.4
Impairment	2.3	1.3	-	0.5	4.1
Reclassification into non-current assets held for sale	-0.9	-0.5	0.3	-	-1.1
Disposals	-7.3	-14.4	-34.8	-0.5	-57.0
Transfers	-0.2	0.8	1.5	-	2.1
Dec. 31, 2023	427.5	658.1	331.3	-	1,416.9
Carrying amounts at Dec. 31, 2022	771.9	326.9	130.3	129.0	1,358.1
Carrying amounts at Dec. 31, 2023	804.5	358.5	188.5	153.7	1,505.2

5.47 Property, plant and equipment

Impairment losses of EUR 3.6 million relate to the major fire at a warehouse site in Canada in the BSP Americas segment. In the previous year, impairment losses of EUR 0.7 million on property, plant and equipment related mainly to the EMEA (BES) segment. Assets under construction total EUR 146.6 million (Dec. 31, 2022: EUR 121.8 million), of which EUR 161.8 million (Dec. 31, 2022: EUR 114.0 million) is attributable to investments made during the financial year.

19. Intangible assets

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licenses and similar rights	Total
Cost					
Dec. 31, 2021	2,988.1	234.8	192.4	214.9	3,630.2
Exchange rate differences	85.3	0.5	1.9	2.5	90.2
Business combinations	76.2	2.3	34.8	0.1	113.4
Other additions	-	-	0.1	7.9	8.0
Disposals	-	-	-25.5	-4.4	-29.9
Transfers	-	-	-	0.1	0.1
Dec. 31, 2022	3,149.6	237.6	203.7	221.1	3,812.0
Exchange rate differences	-71.7	-1.6	-4.6	-2.7	-80.6
Business combinations	175.7	6.5	59.4	1.7	243.3
Other additions	-	-	-	15.5	15.5
Disposals	-3.2	-0.9	-88.6	-2.0	-94.7
Dec. 31, 2023	3,250.4	241.6	169.9	233.6	3,895.5
Accumulated amortization and impairment					
Dec. 31, 2021	-	22.6	97.5	151.3	271.4
Exchange rate differences	-	-	0.2	1.5	1.7
Amortization	-	6.7	48.2	16.5	71.4
Impairment	38.1	-	-	-	38.1
Disposals	-	-	-25.5	-4.4	-29.9
Dec. 31, 2022	38.1	29.3	120.4	164.9	352.7
Exchange rate differences	1.5	-1.2	-2.3	-1.7	-3.7
Amortization	-	7.3	40.9	15.8	64.0
Disposals	-	-0.9	-88.4	-1.2	-90.5
Dec. 31, 2023	39.6	34.5	70.6	177.8	322.5
Carrying amounts at Dec. 31, 2022	3,111.5	208.3	83.3	56.2	3,459.3
Carrying amounts at Dec. 31, 2023	3,210.8	207.1	99.3	55.8	3,573.0

5.48 Intangible assets

The goodwill and the “Brenntag” trademark are assets with an indefinite useful life. They are tested regularly, at least annually, for impairment after completion of the annual budget process. The carrying amount of the “Brenntag” trademark is EUR 196.9 million as in the previous year.

The Brenntag Group is managed through two global divisions, Brenntag Specialties (BSP) and Brenntag Essentials (BES), which are each managed through geographically structured segments. These are the groups of cash-generating units (groups of CGUs) for the goodwill impairment test. Goodwill breaks down by group of CGUs as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
EMEA (BSP)	588.6	591.4
Americas (BSP)	768.5	693.8
APAC (BSP)	322.8	303.7
EMEA (BES)	454.1	441.5
North America (BES)	955.6	960.4
Latin America (BES)	0.2	0.2
APAC excluding China and Hong Kong (BES)	53.6	50.2
China and Hong Kong (BES)	41.6	44.5
All other Segments	25.8	25.8
Group	3,210.8	3,111.5

5.49 Goodwill by group of CGUs

The carrying amounts of the groups of CGUs include right-of-use assets recognized under IFRS 16 (Leases). Fair value less costs of disposal is taken as the recoverable amount. This amount is determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans, which are in turn based on the five-year plan approved by the Board of Management and applicable at the date of the performance of the impairment test, taking into account IFRS 16 (Leases). The five-year plan consists of a mid-term plan for the first four years prepared by management in collaboration with the subsidiaries and an extrapolation for one further year performed by management. The fair value thus determined is required to be classified into Level 3 of the IFRS 13 measurement hierarchy.

The cash flow forecasts for the impairment test of the financial year ended December 31, 2023 were derived from the budget for 2024 and the plan years 2025 to 2028. The growth rates are based on management's past experience, Brenntag-specific changes in quantities and sales prices, the resulting gross profit and the trend in costs based on external macroeconomic data. These forecasts are in each case based on country-specific assumptions about the trend in key macroeconomic variables, such as gross domestic product, consumer prices, interest rate levels and nominal wages, and are derived on the basis of economic and financial studies.

In the detailed planning period from 2024 to 2028, the average gross profit growth rates (CAGR) of the cash-generating units of Brenntag Specialties and Brenntag Essentials are between 2.9% and 10.0% (Dec. 31, 2022: between 3.0% and 14.4%).

After the, in some cases, much higher growth rates in the years 2024 to 2028 (detailed planning period), the planned growth rates for the period from 2029 (2022: from 2028) onwards are as follows:

Growth rates in %	2023	2022
EMEA (BSP)	1.00	0.50
Americas (BSP)	1.25	0.75
APAC (BSP)	2.00	1.00
EMEA (BES)	1.00	0.50
North America (BES)	1.25	0.75
Latin America (BES)	2.25	1.00
APAC excluding China and Hong Kong (BES)	2.00	1.00
China and Hong Kong (BES)	2.00	1.00

5.50 Growth rates by group of CGUs

In addition to price-driven growth, the growth rates from 2029 onwards also reflect further region-specific growth. They were determined on the basis of long-term growth expectations for the individual countries, and for all regions they are below the growth rates anticipated for gross domestic product (GDP). The year-on-year increases in the growth rates reflect management's higher long-term growth expectations.

The region-specific WACC used to discount the cash flows thus determined is based on a risk-free interest rate of 2.75% (2022: 2.00%) and a market risk premium of 6.50% (2022: 7.00%). The estimates of daily yield curves published by the German central bank, the Bundesbank, are taken as a basis for determining the risk-free interest rate. The beta factor used and the capital structure are derived from a peer group. When unlevering, IFRS 16 (Leases) was reflected by making a retrospective adjustment to the leverage of the peer group companies. Furthermore, region-specific tax rates and country risk premiums (according to Damodaran) are used.

WACC in %	2023	2022
EMEA (BSP)	8.7	8.5
Americas (BSP)	8.4	8.2
APAC (BSP)	8.7	8.5
EMEA (BES)	8.4	8.2
North America (BES)	8.4	8.2
Latin America (BES)	10.5	11.0
APAC excluding China and Hong Kong (BES)	8.5	8.5
China and Hong Kong (BES)	8.4	8.2
All other Segments	8.4	8.2
Group	8.5	8.3

5.51 WACC by group of CGUs

In the previous year, a goodwill impairment loss of EUR 38.1 million was recognized in the Latin America (BES) group of CGUs. Sensitivity analyses for cash flow forecasts, growth rates and the WACC taken as a basis are outlined in the section Assumptions and estimates.

20.) Leases

Right-of-use assets arising from leases changed as follows:

in EUR m	Rights to use land and buildings	Rights to use vehicles	Other right-of- use assets	Total
Cost				
Dec. 31, 2021	411.2	241.9	50.4	703.5
Exchange rate differences	10.5	8.4	-1.0	17.9
Business combinations	4.8	0.2	0.1	5.1
Other additions	53.9	48.6	21.2	123.7
Reclassification into non-current assets held for sale	-1.2	-	-	-1.2
Disposals	-33.7	-38.0	-7.4	-79.1
Transfers	0.1	-0.9	-0.4	-1.2
Dec. 31, 2022	445.6	260.2	62.9	768.7
Exchange rate differences	-8.7	-6.3	0.3	-14.7
Business combinations	5.3	-	16.6	21.9
Other additions	84.0	78.2	14.9	177.1
Reclassification into non-current assets held for sale	0.1	-	-	0.1
Disposals	-48.6	-46.7	-6.6	-101.9
Transfers	0.1	-21.7	-0.1	-21.7
Dec. 31, 2023	477.8	263.7	88.0	829.5
Accumulated depreciation and impairment				
Dec. 31, 2021	133.8	111.8	21.4	267.0
Exchange rate differences	3.5	3.4	-0.5	6.4
Depreciation	67.8	53.6	16.5	137.9
Reclassification into non-current assets held for sale	-0.4	-	-	-0.4
Disposals	-26.9	-36.4	-7.0	-70.3
Transfers	0.1	1.8	-0.1	1.8
Dec. 31, 2022	177.9	134.2	30.3	342.4
Exchange rate differences	-4.4	-2.9	0.5	-6.8
Depreciation	68.6	59.3	16.8	144.7
Impairment	0.8	-	-	0.8
Disposals	-37.6	-44.7	-5.4	-87.7
Transfers	-	-2.1	-	-2.1
Dec. 31, 2023	205.3	143.8	42.2	391.3
Carrying amounts at Dec. 31, 2022	267.7	126.0	32.6	426.3
Carrying amounts at Dec. 31, 2023	272.5	119.9	45.8	438.2

5.52 Right-of-use assets

Extension options in the amount of EUR 88.5 million (Dec. 31, 2022: EUR 81.1 million) and purchase options in the amount of EUR 3.9 million (Dec. 31, 2022: EUR 6.1 million) were not included in the measurement of the right-of-use assets and lease liabilities, as it is not reasonably certain at the present time that they will be exercised. The extension options relate mainly to rights to use land and buildings, and the purchase options mainly to rights to use vehicles.

The following lease expenses were recognized in profit or loss:

in EUR m	2023	2022
Lease expense relating to short-term leases	-32.7	-35.5
Lease expense relating to variable lease payments	-11.3	-10.2
Lease expense relating to leases of low-value assets	-1.0	-0.9
Lease expense – not within the scope of IFRS 16	-13.3	-14.6
Lease expense – intangible assets	-19.8	-14.8
Total	-78.1	-76.0

5.53 Lease expenses

As at December 31, 2023, future lease commitments for short-term leases amounted to EUR 13.7 million (Dec. 31, 2022: EUR 16.6 million), for variable lease payments to EUR 9.8 million (Dec. 31, 2022: EUR 9.9 million) and for leases entered into but not yet commenced to EUR 3.6 million (Dec. 31, 2022: EUR 22.6 million).

Interest expense on lease liabilities amounts to EUR 17.8 million (Dec. 31, 2022: EUR 12.0 million). Total payments for leases amounted to EUR 205.7 million in 2023 (Dec. 31, 2022: EUR 199.2 million). Further information on lease liabilities is provided in the sections “Financial liabilities” and “Reporting of financial instruments”.

Impairment losses of EUR 0.8 million relate to the major fire at a warehouse of an external provider in Turkey in the BSP EMEA segment.

21.) Equity-accounted investments

Equity-accounted investments changed as follows:

in EUR m	Investments in associates
Dec. 31, 2021	4.1
Net income from equity-accounted investments	1.6
Total comprehensive income	1.6
Dividends received	-0.3
Dec. 31, 2022	5.4
Exchange rate differences	-0.1
Net income from equity-accounted investments	0.9
Total comprehensive income	0.8
Dividends received	-0.2
Dec. 31, 2023	6.0

5.54 Change in equity-accounted investments

The financial year of the investments accounted for using the equity method is the calendar year.

22.) Trade payables

Trade payables of EUR 1,633.7 million (Dec. 31, 2022: EUR 1,862.0 million) include accruals of EUR 265.7 million (Dec. 31, 2022: EUR 293.0 million) for outstanding invoices.

23.) Financial liabilities

in EUR m	Remaining term		
	1 year or less	more than 1 year	Dec. 31, 2023
Liabilities under syndicated loan	0.1	45.5	45.6
Other liabilities to banks	145.9	36.2	182.1
Promissory notes (Schuldschein)	7.2	615.3	622.5
Bond 2025	1.8	598.3	600.1
Bond 2029	0.6	497.4	498.0
Derivative financial instruments	4.4	24.6	29.0
Liabilities relating to the acquisition of treasury shares	250.0	-	250.0
Other financial liabilities	29.9	56.7	86.6
Total	439.9	1,874.0	2,313.9
Lease liabilities	122.8	327.0	449.8
Cash and cash equivalents			576.9
Net financial liabilities			2,186.8

5.55 Financial liabilities / Dec. 31, 2023

in EUR m	Remaining term		
	1 year or less	more than 1 year	Dec. 31, 2022
Liabilities under syndicated loan	5.1	546.8	551.9
Other liabilities to banks	217.8	0.1	217.9
Promissory notes (Schuldschein)	3.9	623.2	627.1
Bond 2025	1.8	597.4	599.2
Bond 2029	0.6	496.9	497.5
Derivative financial instruments	6.1	50.8	56.9
Other financial liabilities	84.4	26.6	111.0
Total	319.7	2,341.8	2,661.5
Lease liabilities	110.0	324.3	434.3
Cash and cash equivalents			1,046.1
Net financial liabilities			2,049.7

5.56 Financial liabilities / Dec. 31, 2022

In February 2023, Brenntag agreed a new, EUR 1.5 billion syndicated loan that replaces the previous syndicated loan. The new syndicated loan has a term running until February 2028, which at the beginning of 2024 was extended until February 2029. It is based on variable interest rates with margins depending on the credit rating, and is divided into two revolving credit facilities – one credit facility in the amount of EUR 1 billion and a USD credit facility in the amount of USD 525.0 million (euro equivalent as at Dec. 31, 2023: EUR 475.1 million). Moreover, the margin is also linked to the achievement of certain Brenntag Group sustainability targets.

While some subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag SE.

The liabilities under the syndicated loan break down as follows:

in EUR m	Remaining term	Interest rate above EURIBOR	Dec. 31, 2023
Currency			
EUR	Jan. 31, 2028	0.40%	50.0
Total			50.0
Accrued interest			0.1
Transaction costs			- 4.5
Liabilities under syndicated loan			45.6

5.57 Liabilities under syndicated loan / Dec. 31, 2023

in EUR m	Remaining term	Interest rate above CDOR/LIBOR	Dec. 31, 2022
Currency			
CAD	Jan. 31, 2024	1.15%	55.4
USD	Jan. 31, 2024	1.15%	492.2
Total			547.6
Accrued interest			5.1
Transaction costs			- 0.8
Liabilities under syndicated loan			551.9

5.58 Liabilities under syndicated loan / Dec. 31, 2022

At the end of August 2022, Brenntag SE placed promissory notes with a nominal value of around EUR 640.0 million. These were issued at the nominal amount. Alongside five euro-denominated tranches with a total nominal value of EUR 390.0 million, the company also issued two US dollar-denominated tranches with a total nominal value of around EUR 250.0 million. The seven tranches have tenors of three, five and seven years and are due for repayment on August 29 and 30 of the respective year.

Five tranches carry floating interest rates, while two (euro) tranches have a fixed interest rate over the respective term. Interest payments are made quarterly for the floating-rate USD tranches, semi-annually for the floating-rate euro-denominated tranches, and annually for the fixed-rate euro-denominated tranches.

The liabilities under the promissory notes break down as follows:

in EUR m	Remaining term	Interest rate p.a. above EURIBOR/ SOFR or fixed rate	Dec. 31, 2023
Currency			
EUR			
	Aug. 29, 2025	+0.75 pc points	60.0
	Aug. 30, 2027	+1.00 pc points	175.0
	Aug. 30, 2027	2.648%	75.0
	Aug. 30, 2029	+1.15 pc points	50.0
	Aug. 30, 2029	2.889%	30.0
Total			390.0
USD			
	Aug. 29, 2025	+1.25 pc points	63.3
	Aug. 30, 2027	+1.50 pc points	162.9
Total			226.2
Accrued interest			7.2
Transaction costs			-0.9
Liabilities under promissory notes			622.5

5.59 Liabilities under promissory notes / Dec. 31, 2023

in EUR m	Remaining term	Interest rate p.a. above EURIBOR/ SOFR or fixed rate	Dec. 31, 2022
Currency			
EUR			
	Aug. 29, 2025	+0.75 pc points	60.0
	Aug. 30, 2027	+1.00 pc points	175.0
	Aug. 30, 2027	2.648%	75.0
	Aug. 30, 2029	+1.15 pc points	50.0
	Aug. 30, 2029	2.889%	30.0
Total			390.0
USD			
	Aug. 29, 2025	+1.25 pc points	65.6
	Aug. 30, 2027	+1.50 pc points	168.8
Total			234.4
Accrued interest			3.9
Transaction costs			-1.2
Liabilities under promissory notes			627.1

5.60 Liabilities under promissory notes / Dec. 31, 2022

The Bond 2025 issued in September 2017 in the amount of EUR 600.0 million matures in 2025 and bears a coupon of 1.125% with interest paid annually.

In October 2021, Brenntag issued a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50%. It is the first bond issue to take place under a EUR 3 billion debt issuance program newly established in 2021.

The Bonds 2025 and 2029 were issued by our Group company, Brenntag Finance B.V., Amsterdam, Netherlands.

The liabilities relating to the acquisition of treasury shares are explained in the Equity section.

Other financial liabilities of EUR 86.6 million (Dec. 31, 2022: EUR 111.0 million) consist mainly of liabilities in connection with business combinations.

24.) Other liabilities

	Dec. 31, 2023		Dec. 31, 2022	
in EUR m		of which current		of which current
Other liabilities in scope of IFRS 7:				
Liabilities from packaging	64.7	(64.7)	65.3	(65.3)
Customers with credit balances	31.3	(31.3)	31.6	(31.6)
Liabilities to insurance companies	3.6	(3.6)	24.6	(24.6)
Liabilities from sales deductions, rebates	24.6	(24.6)	29.1	(29.1)
Liabilities from the acquisition of assets	21.5	(21.5)	22.8	(22.8)
Miscellaneous other liabilities	99.3	(97.0)	127.8	(122.9)
Other liabilities in scope of IFRS 7 total	245.0	(242.7)	301.2	(296.3)
Other liabilities out of scope of IFRS 7:				
Liabilities to employees	195.7	(195.7)	228.8	(228.8)
Liabilities from value-added tax	74.2	(74.2)	89.0	(89.0)
Liabilities from other taxes	34.5	(34.5)	31.6	(31.6)
Deferred income	2.4	(2.4)	1.4	(1.4)
Liabilities from social insurance contributions	15.7	(15.7)	14.4	(14.4)
Miscellaneous other liabilities	2.1	(2.1)	3.4	(3.4)
Other liabilities out of scope of IFRS 7 total	324.6	(324.6)	368.6	(368.6)
Total other liabilities	569.6	(567.3)	669.8	(664.9)

5.61 Other liabilities

Other liabilities include accruals of EUR 75.8 million (Dec. 31, 2022: EUR 81.1 million).

25.) Other provisions

Other provisions changed as follows in financial year 2023:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Total
Jan. 1, 2023	108.9	59.5	152.5	320.9
Exchange rate differences	-1.5	-0.7	-2.2	-4.4
Additions from business combinations	-	0.4	0.2	0.6
Unwinding of discounting	2.9	0.1	0.2	3.2
Utilized	-6.4	-15.2	-71.1	-92.7
Reversed	-8.1	-2.7	-19.8	-30.6
Added	11.7	30.4	108.0	150.1
Transferred	-	-	20.4	20.4
Dec. 31, 2023	107.5	71.8	188.2	367.5

5.62 Change in other provisions

Other provisions have the following maturities:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Dec. 31, 2023	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	Dec. 31, 2022
1 year or less	12.8	38.9	51.4	103.1	12.2	16.3	126.3	154.8
1 to 5 years	39.5	28.7	91.8	160.0	37.4	39.0	13.6	90.0
more than 5 years	55.2	4.1	45.1	104.4	59.3	4.2	12.6	76.1
Total	107.5	71.7	188.3	367.5	108.9	59.5	152.5	320.9

5.63 Maturity of other provisions

Environmental provisions

The recognition and measurement of environmental provisions are coordinated centrally by external independent experts. The provision amounts are determined on the basis of individual cost estimates for each case. Allowance is made not only for the nature and severity of pollution but also for the conditions at the respective sites and the sovereign territories in which these sites are located.

Environmental provisions are stated at their present values. They are discounted at maturity-dependent, risk-free interest rates for the respective functional currencies. Increases in the future expenditure due to inflation are allowed for. The discount rates for environmental provisions range from 1.3% to 11.1%, depending on the currency (Dec. 31, 2022: from 1.6% to 13.4%).

As at December 31, 2023, environmental provisions total EUR 107.5 million (Dec. 31, 2022: EUR 108.9 million). They mainly relate to the rehabilitation of soil and ground water for current and former, owned and leased sites but also cover costs for further and accompanying measures such as necessary environmental inspections and observations. The provisions include EUR 19.4 million (Dec. 31, 2022: EUR 20.7 million) for contingencies for which a cash outflow is not likely but nevertheless possible. In line with the requirements of IFRS 3, these contingencies have entered the balance sheet largely through the purchase price allocation in connection with the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006.

Due to the nature and the large number of parameters which have to be considered when determining environmental provisions, there are uncertainties in their measurement. This applies both to the amount and the timing of future expenditure. However, based on the information available at the time of preparation of the financial statements, it can be assumed that the environmental provisions are reasonable and any additional amounts incurred would not have any material effect on the net assets, financial position and results of operations of the Group.

In some cases, special agreements have been reached which ensure that the cost of any future environmental work necessary will be borne by third parties. If receipt of payment from the third party is virtually certain provided Brenntag meets its obligations, these claims to reimbursement are recognized. They are generally measured in the same way as the corresponding provisions. The amount recognized does not exceed the amount of the provision. The claims to reimbursement recognized at December 31, 2023 amount to EUR 6.7 million (Dec. 31, 2022: EUR 4.4 million).

Provisions for personnel expenses

Provisions for personnel expenses primarily contain obligations arising from future variable and individual one-time payments, payments in connection with employee long-service anniversary bonuses, early retirement regulations and pre-retirement part-time work compensation. Provisions for virtual share-based remuneration programs are also presented under this item. These programs are long-term bonus systems for members of the Board of Management of Brenntag SE, on the one hand, and for executives and senior managers of the Brenntag Group, on the other.

Long-term virtual share-based remuneration program for the members of the Board of Management and Long-Term Incentive Plan for Executives and Senior Managers (LTI Plan)

Details of the long-term, variable remuneration for the members of the Board of Management are provided in the section "Related parties".

For the period from 2013 to 2020, an LTI Plan was offered to a group of managers which is to be redefined every year by the Board of Management of Brenntag SE. The term of the program is divided into a one-year performance period and a general vesting period of three years. The total bonus pool amount available for one annual tranche of the LTI Plan basically depends on the change in operating EBITDA in the performance period; further amounts can be assigned to the bonus pool at the discretion of the Board of Management. Restrictions exist to the extent that the bonus pool may not

exceed 0.675% of the actual operating EBITDA. On the basis of this bonus pool, the number of virtual shares is determined for each plan participant pro rata based on the average price of the Brenntag shares and the annual salary of the participant in relation to the total annual salaries of all participants. After expiry of the vesting period, the plan participants receive remuneration resulting from the virtual shares allocated multiplied by the average Brenntag share price, adjusted for dividends, capital transactions and stock splits. Payment per virtual share must not exceed 250% of the average share price, on the basis of which the number of virtual shares was determined.

In 2021, a new LTI Plan was set up for selected members of the Brenntag Group's Global Leadership Team (GLT). This special long-term incentive program is aimed at retaining GLT members and motivating them to ensure and share in the long-term success of "Project Brenntag" and therefore the Brenntag Group. These selected GLT members are conditionally entitled to bonus payments based on two components. The first component is dependent on the respective LTI target bonus and the achievement of a defined EBITDA target for financial year 2023. 50% of this is paid out in cash. The other 50% flows into the second component in the form of virtual shares in Brenntag SE. After a holding period of one year and depending on Brenntag SE's average share price performance in financial year 2024, a further cash payment will be made. Both components are recognized uniformly as a provision for share-based remuneration, even though the first component is to be regarded as other long-term employee benefits (IAS 19).

Personnel expenses for the share-based remuneration programs on the basis of virtual shares amount to EUR 19.5 million in total (2022: EUR 15.3 million).

Provisions for share-based remuneration total EUR 52.6 million as at December 31, 2023 (Dec. 31, 2022: EUR 37.9 million) and disaggregate into the following maturities:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
1 year or less	30.5	5.8
1 to 5 years	22.1	32.1
Total	52.6	37.9

5.64 Provisions for share-based remuneration

Miscellaneous provisions

In the previous year, miscellaneous provisions included provisions of EUR 60.0 million in connection with routine reviews of the tax on alcohol and energy being conducted by the German customs authorities. As at December 31, 2023, there were no longer any provisions for these proceedings (for details, please see the section "Legal proceedings and disputes").

In addition, other provisions primarily include provisions for compensation payable and for legal proceedings and disputes in the amount of EUR 139.1 million (Dec. 31, 2022: EUR 50.5 million).

Provisions for current and likely litigation are established in those cases where reasonable estimates are possible. These provisions contain all estimated legal costs as well as the possible settlement costs. The amounts are based on information and cost estimates provided by lawyers (for details, please see the section "Legal proceedings and disputes").

26.) Provisions for pensions and other post-employment benefits

There are both defined contribution and defined benefit pension plans for the employees of the Brenntag Group. The pension obligations vary depending on the legal, tax and economic circumstances in the respective country and the employee's years of service with the company and pay grade.

Defined contribution plans

A large number of the employees of the Brenntag Group will receive benefits from the statutory social insurance fund, into which the contributions are paid as part of their salary. In addition, various other pension fund commitments exist at the companies of the Brenntag Group. As the company has no further obligations after payment of the retirement pension contributions to the state social insurance fund and private insurance companies, these plans are treated as defined contribution plans. Current pension contribution payments are recognized as expense for the relevant period. In financial year 2023, pension expenses in the Brenntag Group for employer contributions to the statutory pension insurance fund and for non-statutory defined contribution plans amounted to a total of EUR 115.7 million (2022: EUR 108.6 million).

In the USA, subsidiaries of the Brenntag Group pay into defined benefit plans maintained by more than one employer (termed multi-employer plans). These multi-employer defined benefit plans are accounted for in the consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner and in sufficient detail. Furthermore, there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers, which is necessary for accounting for defined benefit plans in accordance with IAS 19.

If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers. Any potential withdrawal from the plans by an entity may lead to that entity having to offset the potential shortfall relating to its share of the plan. The funding level of the individual plans ranged from about 14% to 99% as at December 31, 2023 (about 15% to 102% as at December 31, 2022). Brenntag Group subsidiaries account for approximately 0.06% to 1.42% of the total contributions (2022: approximately 0.06% to 1.26%), depending on the plan. Withdrawal from all plans at the present time would lead to an estimated one-time expense of approximately EUR 49 million or approximately USD 53 million (2022: approximately EUR 61 million or approximately USD 64 million). It is not intended to withdraw from any of these plans at this time.

In financial year 2023, contributions of EUR 2.8 million or USD 3.0 million (2022: EUR 2.9 million or USD 3.0 million) were paid. The contributions are included in the above-mentioned contributions for non-statutory defined contribution plans. In 2024, the contributions are expected to amount to approximately EUR 2.9 million.

Defined benefit plans

The defined benefit plans of the Brenntag Group are funded by provisions and largely covered by assets. The principal obligations (over 90% of the total volume) are in Switzerland, Germany, Canada and the Netherlands. The remaining obligations are spread over another eleven countries in the EMEA, Latin America and Asia Pacific segments.

Switzerland

In Switzerland, every employer is obliged by national law to set up a company retirement pension scheme. When determining the pension benefits, the minimum requirements of the Federal Law on Occupational Retirement, Surviving Dependents' and Disability Pensions (Bundesgesetz über die beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge (BVG)) and the corresponding regulations are required to be observed.

The Swiss group company maintains a funded pension plan for its employees. The assets of this plan are held in two autonomous foundations. The foundation board is made up of equal numbers of employer and employee representatives. It is responsible for setting the investment strategy, for changes in the plan rules and in particular also for determining the financing of the pension benefits.

The pension benefits are based on the retirement assets accrued. The annual retirement credits and interest are credited to these retirement assets. On retirement, the insured person is obliged to take 30% of the accrued retirement assets in the form of a lump-sum payment and may choose whether to take the remaining 70% of the accrued retirement assets in the form of a life-long pension or another lump-sum payment. In addition to the retirement benefits, the pension benefits also include disability and surviving dependents' pensions. The insured person may also dispose of parts of their accrued retirement assets prematurely if this serves to improve their pension situation (for owner-occupied residential property). If there is a change of employer, the retirement assets are transferred to the pension scheme of the new employer.

The employee and employer contributions are set by the foundation board. According to the BVG, the employer pays at least 50% of the necessary contributions. In the case of Brenntag Schweizerhall AG, the employer pays some 70% of the contributions in accordance with the rules of the plan.

As the contributions to the pension plan that the employees in Switzerland pay are based on formal rules, the risk distribution between employee and employer is taken into account when measuring the obligation. In the case of Brenntag Schweizerhall AG, this leads to an only minor reduction in the present value of the benefit obligation.

Germany

The German group companies have retirement pension plans which are based on contractual provisions or works agreements.

The Employee Pension Plan 2000/2012 (Mitarbeiter Vorsorgeplan 2000/2012) is a pension plan funded by the employer. The employer awards an annual pension contribution of between EUR 250 and EUR 500 depending on length of service, which is converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) of the German Brenntag companies is a pension plan for executives funded by the employer in the form of individual commitments. The annual pension contribution depends on the pensionable remuneration (basis of assessment). The annual basis of assessment is the sum total of the fixed remuneration, Christmas and vacation allowances and bonuses but no more than three times the contribution assessment limit for the statutory pension system. The pension contribution is a maximum of 4% of the basis of assessment up to the contribution assessment limit plus a maximum of 10% for parts exceeding the contribution assessment limit. The annual pension contributions are converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

All employees have the option to convert pay components into an entitlement to pension benefits within the meaning of the German Company Pension Act (Betriebsrentengesetz (BetrAVG)) by participating in the Pension Plan Through Employee-funded Pension Commitments (Vorsorgeplan über mitarbeiterfinanzierte Versorgungszusagen). The annual pension contribution for participating employees is between at least EUR 250 and a maximum of 4% of the contribution assessment limit for the statutory pension system (Section 1a BetrAVG). The company also pays an additional pension allowance of 15% to the converted amount provided that the pension contribution comes from remuneration subject to statutory pension insurance contributions. Furthermore, through the Deferred Compensation Plan (DCP), employees have the option to convert pay components into an entitlement to pension benefits. The converted employee contributions are protected by pension liability insurance pledged to the employee who is entitled to the pension. With both employee-funded plans, the employees must decide every year on the pension contribution they wish to make.

In addition to the retirement benefits, the pension benefits also include surviving dependents' pensions and – except in the case of the Deferred Compensation Plan (DCP) – disability benefits.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) is a pure retirement pension plan with a monthly life-long pension. With the other pension plans, the pension benefit is paid out as a lump sum or as an annual capital instalment spread over a maximum of five years or as a life-long pension.

Furthermore, in Germany, Brenntag still has isolated retirement and disability pension commitments under pension plans set up in the past. These commitments depend on the years of service and the pay grades of the respective employees. They are mainly commitments involving monthly pension payments.

Canada

In Canada, Brenntag maintains an employer-funded pension plan with a life-long monthly pension for employees who joined the company before December 31, 2011. The basis of assessment for calculating the annual pension is 1% of the average salary of the three highest annual salaries of the beneficiary multiplied by the number of years of service. In addition to the retirement benefits, the pension benefits include disability and surviving dependents' pensions.

The plan participants in the employer-funded pension plan who are under 50 or who have less than 15 years of service or less than 55 points (sum of age and years of service) must pay into a defined contribution plan newly set up in 2014 in order to continue to build up their retirement pension. Employer and employee pay equal portions of the contributions. The entitlements accrued up to the date of transition remain in place.

For employees in Canada who joined the company up to and including May 31, 2013, there is an employer-funded supplementary medical cost plan in retirement as well as a life insurance payout of CAD 5,000 on retirement. As this plan has the characteristics of a pension, it is classified under pensions and other post-employment benefits.

Netherlands

Company pension systems play a prominent role in the Netherlands as the pay-as-you-go statutory pension scheme only provides a basic pension.

The companies maintain a funded retirement plan for their employees. When there is a change of employer, the credit balance from the plan assets can be transferred to the pension scheme of the new employer or remains in the previous company's pension scheme. About 20% of the retirement pension plan is funded by the employee and about 80% by the employer. Depending on the employer's commitment, the basis of assessment for calculating the annual pension is the last salary before the employee reaches retirement age or the average salary over the employee's active career before reaching retirement age. The amount calculated from the basis of assessment is multiplied by the years of service. The retirement pension plan is a pure pension plan with a life-long monthly pension. In addition to the retirement benefits, the pension benefits include disability and surviving dependents' pensions.

Risks arising from defined benefit pension plans

Brenntag is exposed to risks arising from the plans. An increase in life expectancy, an increase in salaries and the adjustment of pensions in line with inflation as required by law in Germany, or an increase in medical costs in Canada, would lead to higher cash outflows and, in combination with falling discount rates, in each case to higher present values of the defined benefit obligation. There is investment risk in Switzerland primarily with regard to the proportion of the plan assets invested in shares. There is no investment risk in Germany or the Netherlands as the plan assets consist solely of insurance policies. In Canada, the plan assets consisting of external fund shares are in principle exposed to investment risk. In order to minimize this risk, the plan assets in Canada are subject by law to an audit every three years to establish whether the assets invested are sufficient to fund the pension obligations.

Actuarial parameters applied

The plan assets are measured at fair value. The calculation of the present value of the benefit obligations is based on the following main actuarial parameters. When several countries are grouped together, the values are average values weighted by the present value of the respective benefit obligation:

in %		Switzerland	Germany	Canada	Netherlands	Other countries	Weighted
Discount rate	2023	1.50	3.20	4.70	3.20	4.35	2.98
	2022	2.30	3.70	5.20	3.70	4.52	3.58
Expected salary trend	2023	1.50	2.50	3.25	2.00	3.91	2.33
	2022	1.50	2.50	3.25	2.50	3.73	2.40
Expected pension trend	2023	0.50	2.00	2.00	2.00	2.52	1.57
	2022	0.50	2.00	2.00	2.00	2.58	1.59
Medical cost trend	2023	n. a.	n. a.	5.27	n. a.	n. a.	5.27
	2022	n. a.	n. a.	5.40	n. a.	n. a.	5.40

5.65 Actuarial parameters applied

As inflation has actually been much higher since the last pension adjustment dates, for pensioners in Germany for whom adjustments are made in line with the changes in the consumer price index, an additional valuation premium of 5.43% (Dec. 31, 2022: 8.09%) is included for the above-average pension adjustments for the coming years that have accrued but not yet been made. The effects of applying the premium to reflect the pension adjustment status amounted to EUR 0.9 million as at December 31, 2023 (Dec. 31, 2022: EUR 1.5 million).

With respect to life expectancy, the Heubeck 2018 G mortality tables (generational tables) are taken as a basis in Germany. The BVG 2020 generational mortality tables are used in Switzerland. We use the "Prognosetafel AG2022" (2022: "Prognosetafel AG2020") table in the Netherlands and the "CPM-2014Priv generational mortality table" in Canada.

**Provisions for pensions and other post-employment
benefits by country**

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2023
Present value of the defined benefit obligation	117.6	124.7	57.6	53.8	26.1	379.8
Fair value of plan assets	-132.3	-26.7	-53.5	-48.5	-5.9	-266.9
Effect of the asset ceiling	14.7	-	-	-	-	14.7
Provisions for pensions and other post-employment benefits - net	-	98.0	4.1	5.3	20.2	127.6
of which assets recognized	-	-	6.4	-	-	6.4
Provisions for pensions and other post-employment benefits recognized in the balance sheet	-	98.0	10.5	5.3	20.2	134.0

5.66 Provisions for pensions and other post-employment benefits by country / Dec. 31, 2023

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2022
Present value of the defined benefit obligation	103.6	112.4	56.8	48.4	23.0	344.2
Fair value of plan assets	-121.9	-25.4	-51.3	-43.9	-6.2	-248.7
Effect of asset ceiling	18.3	-	-	-	-	18.3
Provisions for pensions and other post-employment benefits - net	-	87.0	5.5	4.5	16.8	113.8
of which assets recognized	-	-	5.0	-	0.3	5.3
Provisions for pensions and other post-employment benefits recognized in the balance sheet	-	87.0	10.5	4.5	17.1	119.1

5.67 Provisions for pensions and other post-employment benefits by country / Dec. 31, 2022

Pension obligations, plan assets and provisions for pensions and other post-employment benefits recognized in the balance sheet changed as follows:

Change in the present value of the defined benefit obligations

in EUR m	2023	2022
Present value of pension obligations at the beginning of the period	344.2	457.7
Exchange rate differences	5.6	6.1
Business combinations	2.3	-
Transferred	-	-0.3
Utilized	-14.4	-17.9
Service cost		
Current service cost	9.0	14.7
Past service cost	-0.3	-0.2
Employee contributions	1.7	1.6
Interest expense on the present value of the obligation	12.0	5.7
Remeasurement components		
Change in economic assumptions	25.8	-125.9
Change in demographic assumptions	-0.8	0.9
Experience adjustments	-5.3	1.8
Present value of pension obligations at the end of the period	379.8	344.2

5.68 Change in the present value of the defined benefit obligations

The present value of pension obligations totaling EUR 379.8 million (Dec. 31, 2022: EUR 344.2 million) includes pension obligations for members of the Board of Management amounting to EUR 1.8 million (Dec. 31, 2022: EUR 5.7 million) and for former members of the Board of Management amounting to EUR 8.5 million (Dec. 31, 2022: EUR 8.2 million).

The increase in pension obligations attributable to the change in economic assumptions of EUR 25.8 million is due mainly to the discount rates being lower than at December 31, 2022 in all currency areas. The rates can be found in the table "Actuarial parameters applied".

Change in the fair value of plan assets

in EUR m	2023	2022
Fair value of plan assets at the beginning of the period	248.7	290.7
Exchange rate differences	6.8	6.5
Utilized	-10.4	-13.0
Employer contributions	7.0	6.9
Administrative costs for plan assets	-0.6	-0.5
Employee contributions	1.7	1.6
Interest income on plan assets	7.9	3.8
Remeasurement components	5.8	-47.3
Fair value of plan assets at the end of the period	266.9	248.7

5.69 Change in the fair value of plan assets

Change in the effect of the asset ceiling

in EUR m	2023	2022
Asset ceiling at the beginning of the period	18.3	6.0
Exchange rate differences	0.9	0.4
Remeasurement components	-4.5	11.9
Asset ceiling at the end of the period	14.7	18.3

5.70 Change in the effect of the asset ceiling

The asset ceiling is the result of a surplus in the plans in Switzerland, which does not give rise to any economic benefits in the form of refunds or reductions in future contributions.

Change in provisions for pensions and other post-employment benefits recognized in the balance sheet

in EUR m	2023	2022
Provisions for pensions and other post-employment benefits at the beginning of the period	113.8	173.0
Exchange rate differences	-0.4	-
Business combinations	2.3	-
Transferred	-	-0.3
Utilized	-4.0	-4.9
Employer contributions	-7.0	-6.9
Current service cost	9.0	14.7
Past service cost	-0.3	-0.2
Administrative costs for plan assets	0.6	0.5
Net interest expense	4.1	1.9
Remeasurement components	9.5	-64.0
Provisions for pensions and other post-employment benefits at the end of the period - net	127.6	113.8
of which assets recognized	6.4	5.3
Provisions for pensions and other post-employment benefits recognized in the balance sheet at the end of the period	134.0	119.1

5.71 Change in provisions for pensions and other post-employment benefits recognized in the balance sheet

Recognized provisions for pensions include EUR 10.6 million (Dec. 31, 2022: EUR 10.6 million) for the supplemental medical cost plan in Canada. Pension costs recognized in the income statement for obligations under defined benefit plans total EUR 13.4 million (2022: EUR 16.9 million). Net interest expense is presented within net finance costs. Current service cost and administrative costs for plan assets are presented within personnel expenses, where the amounts of past service cost and the amounts from settlements are also recognized.

The present values of the defined benefit obligations break down as follows into active members, former employees with vested rights and pensioners, split according to the payout method, resulting in the following weighted average duration of the defined benefit obligations:

in EUR m	2023	2022
Present value of the pension obligations funded by plan assets, of which:		
Active members with lump-sum payment	273.0	246.9
Active members with monthly pension	15.9	12.6
Active members with option to choose	96.3	94.4
Former employees with vested rights to lump-sum payment	15.2	14.5
Former employees with vested rights to monthly pension	9.8	8.8
Former employees with vested rights with option to choose	3.1	2.4
Pensioners with monthly pension	116.8	102.6
Present value of the pension obligations not funded by plan assets, of which:		
Active members with lump-sum payment	96.2	86.7
Active members with monthly pension	27.7	23.4
Former employees with vested rights to lump-sum payment	19.2	19.4
Former employees with vested rights to monthly pension	8.1	6.9
Pensioners with monthly pension	31.4	28.8
Medical cost plan	10.6	10.6
Present value of the pension obligations at the end of the period	379.8	344.2
Weighted average duration of the pension obligations in years	14	14

5.72 Breakdown of the present values of defined benefit obligations by members

The pension payments to be made by the company directly amount to EUR 4.0 million in 2023 (2022: EUR 4.9 million). From a present perspective, the cash outflow resulting from pension payments made by the company directly will remain at a level of EUR 5 to 6 million over the long term. The pension

payments expected to be made by the company directly in 2024 total EUR 6.7 million.

The fair value of the plan assets disaggregates into the following asset classes:

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2023
Shares	20.8	-	8.1	-	4.3	33.2
Fixed-interest securities	13.6	-	44.8	-	0.7	59.1
Insurance policies	97.9	26.7	-	48.5	0.9	174.0
Cash and cash equivalents	-	-	0.6	-	-	0.6
Fair value of plan assets	132.3	26.7	53.5	48.5	5.9	266.9

5.73 Fair value of the plan assets by asset class / Dec. 31, 2023

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2022
Shares	20.1	-	8.3	-	2.0	30.4
Fixed-interest securities	12.7	-	42.2	-	0.7	55.6
Insurance policies	89.1	25.4	-	43.9	3.5	161.9
Cash and cash equivalents	-	-	0.8	-	-	0.8
Fair value of plan assets	121.9	25.4	51.3	43.9	6.2	248.7

5.74 Fair value of the plan assets by asset class / Dec. 31, 2022

The plan assets are solely for fulfilling the defined benefit obligations and constitute protection for pension entitlements, which is a legal requirement in some countries and is voluntary in other countries.

The structure of the plan assets is reviewed at regular intervals. All assets, which, in Brenntag's case, mainly consist of insurance policies, are tailored long-term to the amount and maturity of the pension commitments, taking investment risks and statutory regulations governing the investment of retirement assets into account.

Owing to the composition of the plan assets, investment risk at Brenntag is limited to securities traded in active markets (shares and fixed-interest securities). This part (2023: 34.6% of plan assets; 2022: 34.6% of plan assets) is subject to market fluctuations. All other assets are not traded in an active market.

The annual payments made into the plan assets, which, according to the plan rules, consist almost exclusively of obligatory payments, amount to EUR 7.0 million (2022: EUR 6.9 million). From a present perspective, the cash outflow resulting from contributions made by the company will remain at a level of EUR 6 million to EUR 7 million over the long term. Payments into plan assets for financial year 2024 are expected to total EUR 6.7 million.

The sensitivity analysis of the present value of the defined benefit obligation takes into account in each case the change in an assumption and the resulting effects on the defined benefit obligations, the other assumptions remaining the same as in the original calculation.

in EUR m	2023	2022
Discount rate		
Increase by 0.5 percentage points	-22.5	-24.3
Decrease by 0.5 percentage points	25.2	26.8
Expected salary trend		
Increase by 0.5 percentage points	1.8	2.1
Decrease by 0.5 percentage points	-1.7	-2.0
Expected pension trend		
Increase by 0.5 percentage points	10.9	6.1
Decrease by 0.5 percentage points	-10.4	-5.7
Medical cost trend		
Increase by 0.5 percentage points	0.7	0.7
Decrease by 0.5 percentage points	-0.7	-0.6

5.75 Sensitivity analysis of the present value of the defined benefit obligation

A 10% decrease in the mortality rates leads to an increase in life expectancy, depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a 63-year-old employee as at December 31, 2023 increases by about one year. In order to determine the sensitivity of longevity, the mortality rates for the beneficiaries were reduced by 10%. If the mortality rates decreased by 10%, the present value of the defined benefit obligation would increase by EUR 9.5 million (2022: EUR 8.2 million).

27.) Liabilities relating to acquisition of non-controlling interests

Liabilities relating to the acquisition of non-controlling interests break down as follows:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Liabilities relating to acquisition of non-controlling interests	115.0	127.1
Liabilities arising from limited partners' rights to repayment of contributions	2.4	2.2
Total	117.4	129.3

5.76 Liabilities relating to acquisition of non-controlling interests

Liabilities relating to the acquisition of non-controlling interests consist mainly of liabilities of EUR 57.4 million (Dec. 31, 2022: EUR 81.2 million) relating to the acquisition of the remaining 33% of the shares in Zhongbai Xingye Food Technology (Beijing) Co., Ltd and liabilities of EUR 36.2 million relating to the acquisition of the remaining 30% of the shares in Shanghai Saifu Chemical Development Co., Ltd., which was acquired in financial year 2023.

The remaining shares in RAJ PETRO SPECIALTIES PRIVATE LIMITED (35%) were acquired in financial year 2023.

EUR 93.6 million (Dec. 31, 2022: EUR 106.3 million) of liabilities relating to the acquisition of non-controlling interests have been included in net investment hedge accounting. Exchange rate-related changes in the liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve. Of the liabilities relating to the acquisition of non-controlling interests, EUR 57.4 million (Dec. 31, 2022: EUR 25.0 million) are current.

The effects of the change in liabilities relating to the acquisition of non-controlling interests recognized in profit or loss are presented in Note 7.).

28.) Equity

Capital management

The aim of capital management at Brenntag is to optimally deploy the resources used to ensure the company's continued existence and, at the same time, to generate a reasonable return on capital – measured by ROCE – for the shareholders in line with market conditions.

In 2023, the Group generated ROCE of 18.9% (2022: 22.3%).

in EUR m	2023	2022
Operating EBITA	1,265.0	1,511.7
Average carrying amount of equity	4,499.5	4,543.1
Average carrying amount of financial liabilities and lease liabilities	2,921.8	3,120.2
Average carrying amount of cash and cash equivalents	-727.7	-882.2
ROCE¹⁾	18.9%	22.3%
ROCE¹⁾ after special items	17.7%	22.0%

5.77 Determination of ROCE

¹⁾ ROCE stands for return on capital employed and is defined as EBITA / (the average carrying amount of equity plus the average carrying amount of financial liabilities less the average carrying amount of cash and cash equivalents). The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

Brenntag monitors the appropriateness of borrowings inter alia through the ratio of net financial liabilities to operating EBITDA (leverage). Brenntag generally considers leverage of approximately 2x to be appropriate. At 1.4x as at December 31, 2023, the ratio was once again well below that level. The slight increase compared with the prior-year ratio (1.1x) is due mainly to the EUR 750.0 million share buyback program. Brenntag will monitor changes in leverage going forward and examine how it can create an optimum capital structure. In addition to current business performance and the trend in chemicals prices, our analysis also takes into account relatively large cash payments, such as those for acquisitions.

in EUR m	2023	2022
Non-current financial liabilities and lease liabilities	2,201.0	2,666.1
Current financial liabilities and lease liabilities	562.7	429.7
Cash and cash equivalents	-576.9	-1,046.1
Net financial liabilities	2,186.8	2,049.7
Operating EBITDA	1,584.6	1,808.6
Net financial liabilities / operating EBITDA	1.4x	1.1x

5.78 Net financial liabilities / operating EBITDA

Share buyback program

In March 2023, Brenntag launched a share buyback program of up to EUR 750 million. The first tranche of the share buyback program, in the amount of EUR 500 million, was completed in October 2023, the share capital was reduced by a nominal amount of around EUR 7 million by withdrawing the shares and the excess amount was eliminated against additional paid-in capital. The company's share capital now amounts to around EUR 147.5 million. In the course of the second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million. As set out in Article 4, para. 2 lit. (b) of Commission Delegated Regulation (EU) 2016/1052, the buyback program is being lead-managed by a credit institution engaged by Brenntag SE which makes its trading decisions concerning the timing of the purchases of the shares independently of Brenntag. For this, in December 2023, Brenntag recognized a liability of EUR 250.0 million directly in equity for the obligation to acquire treasury shares.

Subscribed capital

As at December 31, 2023, the subscribed capital of Brenntag SE totaled EUR 147,453,837 (Dec. 31, 2022: EUR 154,500,000). The share capital is divided into 147,453,837 no-par value registered shares (Dec. 31, 2022: 154,500,000 no-par value shares), each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag SE, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) in conjunction with Article 9, para. 1 (c) (ii) of Council Regulation (EC) No 2157/2001 on the Statute for a European company ("the

SE Regulation”), only those persons recorded in the company’s share register will be recognized as shareholders of Brenntag SE. For purposes of recording the shares in the company’s share register, shareholders are required to submit to Brenntag SE the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the Annual General Meeting, each share has one vote and accounts for the shareholders’ proportionate share in the net income of Brenntag SE. Excepted from this rule are any treasury shares held by Brenntag SE that do not entitle Brenntag SE to any membership rights. Brenntag SE does not currently have any treasury shares. The shareholders’ rights and obligations are governed by the provisions of the German Stock Corporation Act (which apply to an SE as a European stock corporation by way of the reference to other relevant provisions contained in Article 9 of the SE Regulation), in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Additional paid-in capital

The additional paid-in capital amounts to EUR 1,002.2 million (Dec. 31, 2022: EUR 1,491.4 million).

Retained earnings

Retained earnings include cumulative profit after tax and the remeasurement component of the defined benefit pension plans including deferred taxes. Transactions with owners are also recognized here. The latter are effects of share purchases and sales which have no influence on existing control and are recognized in retained earnings.

As proposed by the Board of Management and the Supervisory Board, the Annual General Meeting of Brenntag SE on June 15, 2023 passed a resolution to pay a dividend of EUR 304,700,000.00 (2022: EUR 224,025,000.00). Based on 152.4 million shares, that is a dividend of EUR 2.00 (2022: EUR 1.45) per no-par value share entitled to a dividend.

At the Annual General Meeting on May 23, 2024, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 324,450,000.00 be used to pay a dividend of EUR 2.10 per no-par value share entitled to a dividend and to appropriate to retained earnings such amount of the distributable profit attributable to non-dividend bearing, no-par value shares at the time of the adoption of the resolution on the appropriation of distributable profit for financial year 2023 by the Annual General Meeting.

Other components of equity / Non-controlling interests

Exchange rate differences include the inflation effect on equity of EUR 18.3 million in financial year 2023 (2022: EUR 17.8 million) arising on the application of IAS 29 (hyperinflation) in Turkey.

Other components of equity comprise the cumulative gain/loss from exchange rate differences, the net investment hedge reserve and the cash flow hedge reserve.

The cumulative gain/loss from exchange rate differences contains the differences from the translation of the financial statements of foreign companies into the Group currency (euro), which are recognized in other comprehensive income. The foreign exchange losses of EUR 98.5 million recognized here in financial year 2023 (2022: foreign exchange gains of EUR 91.0 million) resulted primarily from the depreciation of the US dollar against the euro.

Exchange rate differences from liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve.

The cash flow hedge reserve contains the effective portion of the cumulative fair value changes in derivative financial instruments included in cash flow hedge accounting.

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. Non-controlling interests changed as follows:

	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
in EUR m			
Dec. 31, 2021	79.7	1.4	81.1
Dividends	-1.4	-	-1.4
Transactions with owners	-43.2	-5.2	-48.4
Profit after tax	15.7	-	15.7
Other comprehensive income, net of tax	-	3.2	3.2
Total comprehensive income for the period	15.7	3.2	18.9
Dec. 31, 2022	50.8	-0.6	50.2
Dividends	-2.0	-	-2.0
Business combinations	16.2	-	16.2
Transactions with owners	-17.4	3.0	-14.4
Profit after tax	6.2	-	6.2
Other comprehensive income, net of tax	-	-4.2	-4.2
Total comprehensive income for the period	6.2	-4.2	2.0
Dec. 31, 2023	53.8	-1.8	52.0

5.79 Change in non-controlling interests

Non-controlling interests consist mainly of non-controlling interests in Zhongbai Xingye (33%) and Shanghai Saifu Chemical Development Co., Ltd. (30%), an entity acquired in financial year 2023. The non-controlling interests in RAJ PETRO SPECIALTIES PRIVATE LIMITED (35%) were acquired in financial year 2023.

The assets, liabilities, sales and profit after tax (in each case 100%) of Zhongbai Xingye and Shanghai Saifu Chemical Development Co., Ltd. are shown below:

	Zhongbai Xingye	Saifu
in EUR m		
Assets		
Current assets	124.7	28.8
Non-current assets	5.1	40.6
Liabilities		
Current liabilities	81.1	6.4
Non-current liabilities	3.3	10.1
Net assets	45.4	52.9
Income statement		
Sales	219.5	17.9
Profit after tax	6.9	-0.7

5.80 Subsidiaries with non-controlling interests / 2023

	Zhongbai Xingye	RAJ
in EUR m		
Assets		
Current assets	146.7	142.8
Non-current assets	11.2	15.1
Liabilities		
Current liabilities	113.9	83.8
Non-current liabilities	2.7	24.3
Net assets	41.3	49.8
Income statement		
Sales	216.9	286.8
Profit after tax	14.3	6.4

5.81 Subsidiaries with non-controlling interests / 2022

Powers of the Board of Management to issue or repurchase shares

Authorized capital

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

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

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

By resolution of the Annual General Meeting on June 9, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of the share capital. The shares acquired on the basis of this authorization, together with other shares in the company which Brenntag SE has already acquired and still holds, may at no time account for more than 10% of the respective registered share capital. The authorization may be exercised in whole or in part, once or several times. It took effect at the close of the Annual General Meeting on June 9,

2022 and shall be valid until June 8, 2027. If the shares are purchased on the stock exchange, the purchase price (excluding incidental costs) may not be more than 10% higher or lower than the arithmetic mean of the share prices (closing auction prices of Brenntag SE shares in XETRA trading or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the purchase or the entering into an obligation to purchase. In the case of acquisition by means of a public purchase offer, Brenntag SE may either publish a formal offer or issue a public invitation to submit offers for sale. The purchase price offered (excluding incidental costs) or the limits of the purchase price range per share determined by Brenntag SE (excluding incidental costs) may not exceed or fall below the arithmetic mean of the share prices on the Frankfurt Stock Exchange on the last five trading days prior to the publication of the purchase offer or the invitation to submit offers by more than 10%. The authorization may be exercised for any purpose permitted by law. The Board of Management was authorized, with the approval of the Supervisory Board, to withdraw the treasury shares acquired on the basis of the authorization pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act without any further resolution by the Annual General Meeting. The withdrawal may be limited to a portion of the shares acquired. The authorization to withdraw shares may be exercised more than once. The withdrawal of shares generally leads to a reduction in registered share capital. In derogation of this, the Board of Management may determine that the registered share capital shall remain unchanged and that instead the withdrawal shall increase the proportion of the registered share capital represented by the remaining shares in accordance with Section 8, para. 3 of the German Stock Corporation Act. In this case, the Board of Management is authorized to adjust the indication of the corresponding number in the Articles of Association. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

On March 7, 2023, the Board of Management of Brenntag SE decided on a share buyback program of up to EUR 750 million with the approval of the Supervisory Board and exercising the authorization granted at the Annual General Meeting held on June 9, 2022. In the course of an initial tranche in the period to October 20, 2023, Brenntag SE acquired 7,046,163 no-par value shares, each with a notional value of EUR 1.00 (EUR 499,999,911.28 in total). The shares were acquired in electronic trading on the Frankfurt Stock Exchange (Xetra). Exercising the above-mentioned authorization to withdraw treasury shares acquired pursuant to Section 71, para. 1, no. 8 of the German Stock Corporation Act, the company's share capital was reduced from EUR 154,500,000.00 – by

EUR 7,046,163 – by withdrawing 7,046,163 no-par value registered shares, each with a notional value of EUR 1.00, which the company acquired in the period to October 20, 2023. The 7,046,163 no-par value shares held by the company and acquired under the share buyback program were withdrawn. In the course of a second tranche between January 2, 2024 and March 13, 2024 at the latest, it is intended to acquire further Brenntag SE shares on the stock market up to a total purchase price of EUR 250 million (maximum of 7,699,220 shares).

Conditional capital

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

to exclude shareholders’ subscription rights to the Bonds. However, with regard to the exclusion of subscription rights against cash payment, this authorization shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital (simplified exclusion of subscription rights). The 10% threshold will be determined based on the share capital at the time the authorization becomes effective. If the share capital is lower at the time this authorization is exercised, that lower amount will apply.

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

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

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

The authorization has not so far been exercised.

29.) Consolidated cash flow statement disclosures

Net cash provided by operating activities of EUR 1,663.9 million (2022: EUR 956.7 million) was influenced by the decrease in working capital of EUR 608.7 million (2022: increase of EUR 385.7 million).

Of the net cash of EUR 558.3 million used in investing activities (2022: EUR 401.4 million), EUR 321.1 million comprised payments to acquire intangible assets and property, plant and equipment. Payments to acquire consolidated subsidiaries and other business units consisted mainly of payments to acquire the entire business operations of Al-Azzaz Chemicals Company headquartered in Al-Khobar Dammam, Saudi Arabia, all shares in the Aik Moh Group based in Singapore, 70% of the shares in Shanghai Saifu Chemical Development Co., Ltd. headquartered in Shanghai, China, all shares in Colony Gums, Inc. and Harvest Moon Holdings, LLC, based in Monroe, North Carolina, and likewise all shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC, in Northbrook, Illinois.

The net cash outflow in 2023 resulting from business combinations has been determined as follows:

in EUR m

Purchase price	335.2
Less cash and cash equivalents acquired	19.4
Plus purchase price payments reclaimed	5.0
Less purchase prices payable	45.2
Plus purchase price payments related to prior-year acquisitions	11.7
Payments to acquire consolidated subsidiaries and other business units	277.3

5.82 Reconciliation of acquisition costs to payments to acquire consolidated subsidiaries and other business units

In addition to other bank loans taken out and repaid as well as lease liabilities repaid, net cash used in financing activities of EUR 1,553.8 million (2022: EUR 225.8 million) also included the repayment of EUR 549.0 million on the syndicated loan. EUR 496.2 million were used to acquire treasury shares and a further EUR 304.7 million for the dividend payment to Brenntag shareholders.

The loss on the net monetary position resulting from the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) in Turkey depressed profit after tax by EUR 16.0 million. This non-cash effect is presented as an adjustment to net cash provided by operating activities as a separate line item. Other non-cash effects were adjusted in the respective line items in the cash flow statement insofar as they can be allocated. All other non-cash effects resulting from the application of IAS 29 were adjusted by EUR 4.2 million in other non-cash items and reclassifications. The notional loss of purchasing power of cash and cash equivalents resulting from the application of IAS 29 amounted to EUR 7.0 million in the reporting period.

Financial liabilities changed as follows:

in EUR m	Dec. 31, 2022	Net cash used in financing activities	Recog- nized in equity	Non-cash changes in lease liabilities	Business combi- nations in accor- dance with IFRS 3		Exchange rate differ- ences	Other	Dec. 31, 2023
Liabilities under syndicated loan	551.9	- 495.5	-	-	-	-	- 7.3	- 3.5	45.6
Other liabilities to banks	217.9	- 47.4	-	-	6.7	- 12.5	17.4	182.1	
Liabilities under promissory notes	627.1	-	-	-	-	- 8.1	3.5	622.5	
Bond 2025	599.2	-	-	-	-	-	0.9	600.1	
Bond 2029	497.5	-	-	-	-	-	0.5	498.0	
Liabilities relating to the acquisition of treasury shares	-	-	250.0	-	-	-	-	250.0	
Derivative financial instruments	56.9	-	-	-	-	- 0.1	- 27.8	29.0	
Other financial liabilities	111.0	- 52.0	-	-	9.0	- 2.0	20.6	86.6	
Financial liabilities	2,661.5	- 594.9	250.0	-	15.7	- 30.0	11.6	2,313.9	
Lease liabilities	434.3	- 143.2	-	144.3	21.7	- 7.3	-	449.8	
Total	3,095.8	- 738.1	250.0	144.3	37.4	- 37.3	11.6	2,763.7	
Dividends paid to Brenntag shareholders		- 304.7							
Profits distributed to non- controlling interests		- 4.5							
Settlement of liabilities relating to acquisition of non-controlling interests		- 12.0							
Proceeds from non-controlling interests		1.7							
Payments to acquire treasury shares		- 496.2							
Net cash used in financing activities	- 1,553.8								

5.83 Change in financial liabilities in 2023

in EUR m	Dec. 31, 2021	Net cash provided by financing activities	Non-cash changes in lease liabilities	Business combi- na- tions in accor- dance with IFRS 3	Exchange rate differences	Other	Dec. 31, 2022
Liabilities under syndicated loan	518.6	-	-	-	28.5	4.8	551.9
Other liabilities to banks	165.2	47.7	-	10.1	-5.1	-	217.9
Liabilities under promissory notes	-	639.8	-	-	-15.4	2.7	627.1
Bond 2025	598.2	-	-	-	-	1.0	599.2
Bond 2029	497.1	-	-	-	-	0.4	497.5
Bond (with Warrants) 2022	437.0	-445.8	-	-	36.6	-27.8	-
Derivative financial instruments	21.5	-	-	-	-0.3	35.7	56.9
Other financial liabilities	92.1	-2.5	-	3.7	-0.9	18.6	111.0
Financial liabilities	2,329.7	239.2	-	13.8	43.4	35.4	2,661.5
Lease liabilities	445.6	-139.4	114.3	5.0	8.0	0.8	434.3
Total	2,775.3	99.8	114.3	18.8	51.4	36.2	3,095.8
Dividends paid to Brenntag shareholders		-224.0					
Profits distributed to non-controlling interests		-3.2					
Settlement of liabilities relating to acquisition of non-controlling interests		-98.4					
Net cash provided by financing activities		-225.8					

5.84 Change in financial liabilities in 2022

30.) Other financial obligations and contingent liabilities

As at December 31, 2023, purchase commitments in respect of property, plant and equipment amounted to EUR 0.4 million (Dec. 31, 2022: EUR 5.1 million) and, as in the previous year, had a remaining term of one year or less. Information on lease obligations as at December 31, 2023 can be found in the sections "Leases" and "Reporting of financial instruments".

In connection with the elimination of environmental damage, as at December 31, 2023, there were contingent liabilities with a fair value of EUR 5.0 million (Dec. 31, 2022: EUR 5.4 million).

31.) Legal proceedings and disputes

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

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

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

In connection with the sale of talc and similar products, actions have been brought against our North American subsidiaries, against which the Brenntag Group is actively defending itself. In addition, Brenntag has taken measures to mitigate the risk and is asserting claims for compensation from third parties. Nevertheless, the possibility that these legal disputes will result in significant adverse effects on the results of operations cannot be ruled out.

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

The German Group companies BRENNTAG GmbH and BCD Chemie GmbH were the subject of routine reviews of the tax on alcohol and energy conducted by the German customs authorities for the years 2014 to 2018. As a result, in financial years 2021 and 2023, tax decision notices relating to alcohol tax were received for the years 2014 to 2017 in the amount of EUR 143.6 million and the appropriate taxes were paid. Legal redress was sought against these decisions. For the above-mentioned review period, the reviews have been completed, decision notices have been received and the tax assessment amounts have been paid.

The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. Brenntag and its legal advisers believe that the legal redress being sought and the arguments presented in the proceedings can be successful.

Under further tax audit notices issued in 2022 and 2023, BRENNTAG GmbH was also the subject of a review for 2021 and 2022. The assessments for those years so far amount to EUR 30.6k in total.

With the support of external experts on excise duties, Brenntag is examining the extent to which comparable excise duty risks also exist in other European countries. Ultimately, this investigation has so far identified one case in Sweden, which is currently being dealt with in detail with a local, external legal adviser. Based on the information available, a provision of EUR 12.5 million was recognized for this.

32.) Reporting of financial instruments

Carrying amounts and fair values by measurement category

The financial assets recognized in the balance sheet were allocated to the IFRS 9 measurement categories as follows:

in EUR m	Dec. 31, 2023			
Classes of financial assets:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Cash and cash equivalents	576.9	–	576.9	576.9
Trade receivables	2,263.1	–	2,263.1	2,263.1
Other receivables	113.5	–	113.5	113.5
Other financial assets	19.2	11.4	30.6	30.6
Total	2,972.7	11.4	2,984.1	2,984.1

5.85 Classification of financial assets by measurement category / Dec. 31, 2023

¹⁾ Financial assets at fair value through profit or loss.

in EUR m	Dec. 31, 2022			
Classes of financial assets:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Cash and cash equivalents	1,046.1	–	1,046.1	1,046.1
Trade receivables	2,676.8	–	2,676.8	2,676.8
Other receivables	108.6	–	108.6	108.6
Other financial assets	31.3	13.3	44.6	44.6
Total	3,862.8	13.3	3,876.1	3,876.1

5.86 Classification of financial assets by measurement category / Dec. 31, 2022

¹⁾ Financial assets at fair value through profit or loss.

The majority of the financial assets measured at amortized cost have remaining terms of one year or less. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 213.9 million (Dec. 31, 2022: EUR 204.7 million) are excluded from the scope of IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Dec. 31, 2023			
Classes of financial liabilities:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Trade payables	1,633.7	-	1,633.7	1,633.7
Other liabilities	245.0	-	245.0	245.0
Liabilities relating to acquisition of non-controlling interests	117.4	-	117.4	116.9
Financial liabilities	2,279.5	34.4	2,313.9	2,218.5
Total	4,275.6	34.4	4,310.0	4,214.1

5.87 Classification of financial liabilities by measurement category / Dec. 31, 2023

¹⁾ Financial liabilities at fair value through profit or loss.

in EUR m	Dec. 31, 2022			
Classes of financial liabilities:	At amortized cost	FVTPL ¹⁾	Total carrying amount	Fair value
Trade payables	1,862.0	-	1,862.0	1,862.0
Other liabilities	301.2	-	301.2	301.2
Liabilities relating to acquisition of non-controlling interests	129.3	-	129.3	129.2
Financial liabilities	2,575.7	85.8	2,661.5	2,495.5
Total	4,868.2	85.8	4,954.0	4,787.9

5.88 Classification of financial liabilities by measurement category / Dec. 31, 2022

¹⁾ Financial liabilities at fair value through profit or loss.

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the bonds measured at amortized cost under financial liabilities were determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of the other financial liabilities measured at amortized cost were determined using the discounted cash flow method on the basis of inputs observable on the market (Level 2 of the fair value hierarchy). The fair values of the synthetic liabilities relating to the acquisition of non-controlling interests carried at amortized cost were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy).

The fair value of the cross-currency interest rate swaps is determined in two steps. First, the expected future cash flows are discounted using maturity-matched market interest rates according to the currency. In the second step, the cash flows discounted in foreign currency (US dollar) are then translated into the reporting currency (EUR) at market exchange rates (Level 2 of the fair value hierarchy).

The fair value of a call option to acquire non-controlling interests is calculated from the intrinsic value and the time value of the option. The intrinsic value of the call option is calculated as the difference between the enterprise value and the strike price. The time value reflects the optionality of movements in the future strike price and the future enterprise value of the non-controlling interests. This is illustrated by way of a Monte Carlo simulation and the fair value of the option then determined (Level 3 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 324.6 million (Dec. 31, 2022: EUR 368.6 million) are excluded from the scope of IFRS 7. They are mainly liabilities to employees, liabilities from value-added tax and other taxes, as well as deferred income.

The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 13 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2023
Financial assets at fair value through profit or loss	1.4	2.7	7.3	11.4
Financial liabilities at fair value through profit or loss	-	29.0	5.4	34.4

5.89 Financial instruments according to fair value hierarchy / Dec. 31, 2023

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	Dec. 31, 2022
Financial assets at fair value through profit or loss	1.4	2.7	9.2	13.3
Financial liabilities at fair value through profit or loss	-	56.9	28.9	85.8

5.90 Financial instruments according to fair value hierarchy / Dec. 31, 2022

Liabilities resulting from contingent consideration arrangements of EUR 5.4 million (Dec. 31, 2022: EUR 29.3 million) relate to liabilities for contingent purchase prices payable in business combinations. The amount of the contingent purchase price component required to be recognized at fair value is contingent on the earnings achieved by the acquired business and is limited in both the lower (EUR 0.0 million) and the upper (EUR 137.8 million) range.

The call option to acquire non-controlling interests was recognized in the amount of EUR 7.3 million (Dec. 31, 2022: EUR 9.2 million) on the basis of the mean of the Monte Carlo simulations. The minimum is EUR 0.0 million (Dec. 31, 2022: EUR 0.0 million) and the maximum EUR 23.5 million (Dec. 31, 2022: EUR 31.0 million).

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	2023	2022
Jan. 1	29.3	19.6
Exchange rate differences	-0.4	-0.3
Added	-	1.7
Reversed	-1.8	-0.7
Business combinations	-	10.0
Purchase price payments	-21.7	-1.0
Dec. 31	5.4	29.3

5.91 Change in liabilities resulting from contingent consideration arrangements

The net gains / losses from financial assets and liabilities broken down into measurement categories are as follows:

in EUR m

2023

Measurement category:	Interest		Change in liabilities relating to acquisition of non-controlling interests and call option recognized in profit or loss	At fair value		Currency translation		Impairments, net	Net gain/loss
	Income	Expense		Gains	Losses	Gains	Losses		
Financial assets measured at amortized cost	18.9	-	-	-	-	106.1	-132.9	-3.2	-11.1
Financial liabilities measured at amortized cost	-	-88.3	28.3	-	-	72.9	-83.3	-	-70.4
FVTPL ¹⁾	-	-7.5	-1.9	76.1	-66.8	-	-	-	-0.1
Total	18.9	-95.8	26.4	76.1	-66.8	179.0	-216.2	-3.2	-81.6

5.92 Net gains / losses from financial assets and liabilities / 2023

¹⁾ Financial assets and liabilities at fair value through profit or loss.

in EUR m

2022

Measurement category:	Interest		Change in liabilities relating to acquisition of non-controlling interests and call option recognized in profit or loss	At fair value		Currency translation		Impairments, net	Net gain/loss
	Income	Expense		Gains	Losses	Gains	Losses		
Financial assets measured at amortized cost	16.7	-	-	-	-	153.4	-202.4	-15.0	-47.3
Financial liabilities measured at amortized cost	-	-84.8	-12.9	-	-	81.6	-108.8	-	-124.9
FVTPL ¹⁾	-	-7.7	5.3	121.4	-77.3	-	-	-	41.7
Total	16.7	-92.5	-7.6	121.4	-77.3	235.0	-311.2	-15.0	-130.5

5.93 Net gains / losses from financial assets and liabilities / 2022

¹⁾ Financial assets and liabilities at fair value through profit or loss.

Of the interest expense on liabilities to third parties contained in interest expense, EUR 2.0 million (2022: EUR 1.2 million) is interest expense which is not part of the effective interest on financial liabilities measured at amortized cost.

With the exception of valuation allowances on trade receivables and other receivables, net gains and losses on subsequent measurement are presented within net finance costs.

Offsetting of financial assets and liabilities

The gross amounts of financial assets and liabilities are offset on the basis of netting arrangements in the balance sheet as follows or they are subject to enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet:

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	Dec. 31, 2023 Net amount
Trade receivables	2,287.2	-24.1	2,263.1	-5.9	2,257.2
Other financial assets	30.8	-0.2	30.6	-0.4	30.2
Trade payables	1,639.1	-5.4	1,633.7	-5.9	1,627.8
Other liabilities	588.5	-18.9	569.6	-	569.6
Financial liabilities	2,313.9	-	2,313.9	-0.4	2,313.5

5.94 Offsetting of financial assets and liabilities / Dec. 31, 2023

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	Dec. 31, 2022 Net amount
Trade receivables	2,699.0	-22.2	2,676.8	-4.6	2,672.2
Other financial assets	44.6	-	44.6	-1.1	43.5
Trade payables	1,869.6	-7.6	1,862.0	-4.6	1,857.4
Other liabilities	684.4	-14.6	669.8	-1.1	668.7
Financial liabilities	2,661.5	-	2,661.5	-	2,661.5

5.95 Offsetting of financial assets and liabilities / Dec. 31, 2022

Nature and extent of risks arising from financial instruments

According to IFRS 7, risks arising from financial instruments can typically be divided into currency risk, interest rate risk, credit risk and liquidity risk.

Currency risk

Currency risks arise particularly when monetary items or contracted future transactions are in a currency other than the functional currency of a company. Overall, this results in a surplus of (partly intra-Group) monetary assets over liabilities of EUR 268.4 million as at December 31, 2023 (Dec. 31, 2022: EUR 296.4 million). Foreign exchange forwards, foreign exchange swaps and cross-currency interest rate swaps are used as hedging instruments. The notional amount of the hedges used was EUR -132.0 million as at December 31, 2023 (Dec. 31, 2022: EUR -231.4 million). The foreign exchange forwards and foreign exchange swaps used have maturities of less than one year and are not included in hedge accounting. If the euro had been worth 10% more or less against all currencies as at December 31, 2023, translation of monetary items in foreign currency into the Group currency, the euro, allowing for the foreign exchange forward transactions and foreign exchange swaps still open on December 31, 2023, would have resulted in the following changes in net finance costs:

	2023		2022	
in EUR m	+10%	-10%	+10%	-10%
USD	- 4.9	6.0	- 5.5	6.7
GBP	- 3.9	4.7	- 2.6	3.2
PLN	- 2.7	3.3	2.0	- 2.4
Other currencies	4.5	- 5.5	2.2	- 2.7
Total	- 7.0	8.5	- 3.9	4.8

5.96 Sensitivity analysis currency risk

Liabilities relating to the acquisition of non-controlling interests in Saifu and Zhongbai Xingye are in each case included in a net investment hedge in accordance with IFRS 9.6.5.2 (c). The hedged items are the share of the net assets of Saifu and Zhongbai Xingye attributable to Brenntag. Exchange rate-related changes in the liabilities are recognized within equity in the net investment hedge reserve. An economic relationship exists in each case, as the hedging instrument and the hedged item have values that move in the opposite direction because of a change in the hedged currency risk. Any increase (decrease) in the Chinese yuan renminbi (CNY) against the euro leads to an increase (decrease) in the net assets and an increase (decrease) in the CNY-denominated

liabilities. The effectiveness of the hedging relationships was determined at inception of the hedging relationships and is regularly determined on a retrospective basis to ensure that there is an economic relationship between the hedged item and the hedging instrument. There was no hedge ineffectiveness as at December 31, 2023. If the euro had been worth 10% more or less against the Chinese yuan renminbi (CNY) as at December 31, 2023, the net investment hedge reserve would have increased by EUR 9.4 million (Dec. 31, 2022: EUR 8.1 million) or decreased by EUR 9.4 million (Dec. 31, 2022: EUR 8.1 million).

Net investment hedges at Dec. 31, 2023	Saifu	Zhongbai Xingye
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in EUR m	36.2	57.4
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in local currency (CNY m)	284.2	450.4
Hedge ratio	1:1	1:1
Hedge rate EUR/CNY	7.6989	7.3582
Change in carrying amount (in net investment hedge reserve)	0.7	5.2
Change in value of hedged item used to determine hedge effectiveness	- 0.7	- 5.2

5.97 Net investment hedges Dec. 31, 2023

Net investment hedges at Dec. 31, 2022	Raj Petro	Zhongbai Xingye
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in EUR m	25.0	81.2
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in local currency (INR or CNY m)	2,205.7	597.8
Hedge ratio	1:1	1:1
Hedge rate EUR/INR or EUR/CNY	84.2292	7.1947
Change in carrying amount (in net investment hedge reserve)	2.1	1.7
Change in value of hedged item used to determine hedge effectiveness	- 2.1	- 1.7

5.98 Net investment hedges Dec. 31, 2022

In October 2021, Brenntag Finance B.V., Amsterdam, Netherlands, issued a EUR 500 million bond (Bond 2029). Brenntag Finance B.V. swapped most of the proceeds from the Bond 2029 for US dollars by way of cross-currency interest rate swaps and passed them on to Brenntag North America, Inc., Reading, USA, as an intra-Group loan. The intra-Group loan and the cross-currency interest rate swaps were included in cash flow hedge accounting so as to limit currency and interest rate risk in the consolidated financial statements.

Critical terms matching is used to assess the effectiveness of the hedging relationship. The economic relationship between hedged items and hedging instruments results from closely

aligned terms. The cross-currency basis is not part of the hedging relationship and is recognized in a separate component of equity as a reserve for costs of hedging. The ineffective portions of the hedging relationship are determined using the hypothetical derivative method. They result mainly from counterparty risk and, if necessary, are recognized in profit or loss within net interest expense. In financial year 2023, this did not give rise to any effects in profit or loss (2022: interest income of EUR 0.7 million).

The following table shows the changes in equity resulting from the hedging relationship:

in EUR m	Cash flow hedge reserve	Reserve for costs of hedging	Total	Deferred tax	Cash flow hedge reserve incl. deferred tax
Dec. 31, 2021	-8.1	7.0	-1.1	0.3	-0.8
Changes in the fair value of hedging instruments and hedging costs	-46.3	1.5	-44.8	-	-44.8
Reclassification to profit or loss	36.7	-0.8	35.9	-	35.9
Deferred tax relating to those items	-	-	-	-0.3	-0.3
Dec. 31, 2022	-17.7	7.7	-10.0	-	-10.0
Changes in the fair value of hedging instruments and hedging costs	21.2	-2.6	18.6	-	18.6
Reclassification to profit or loss	-8.0	-0.8	-8.8	-	-8.8
Dec. 31, 2023	-4.5	4.3	-0.2	-	-0.2

5.99 Change in cash flow hedge reserve

One significant component in the fair value measurement of the cross-currency interest rate swaps is the exchange rate of the underlying currencies (EUR/USD). As the exchange rate component – moving in the opposite direction to the hedged item – is designated as part of the hedging relationship, ceteris paribus, an assumed change in the exchange rate leads only to a change in the cash flow hedge reserve. If the euro had been worth 10% more or less against the US dollar as at December 31, 2023, the cash flow hedge reserve would have decreased by EUR 3.3 million or increased by EUR 4.1 million (December 31, 2022: decreased by EUR 4.5 million or increased by EUR 5.5 million).

Interest rate risk

Interest rate risks can occur due to changes in market interest rates. The risks result from changes in the fair values of fixed-rate financial instruments or from changes in the cash flows of variable-rate financial instruments.

Due to the two fixed-rate bonds and the partly fixed-rate promissory notes, over 60% of the Brenntag Group's financial

liabilities were hedged against the risk of interest rate increases as at December 31, 2023.

If the market interest rate as at December 31, 2023 had been 300 basis points (2022: 300 basis points) higher or lower (relative to the total amount of variable-rate financial liabilities as at December 31, 2023), the negative impact on net finance costs would have been EUR 21.0 million or the positive impact EUR 21.0 million (2022: negative impact of EUR 38.5 million or positive impact of EUR 32.8 million).

Interest rate-related fair value changes in the cross-currency interest rate swaps have no impact on net income for the financial year due to the agreed swap rates and hedge accounting. Conversely, the current difference between the euro market interest rate and the US dollar market interest rate has a significant impact on the amount of the cash flow hedge reserve; as at December 31, 2023, the USD market interest rate was above the euro market interest rate. If the euro market interest rate as at December 31, 2023 had been 25 basis points higher or lower with the US dollar market interest rate remaining unchanged, the cash flow hedge reserve

would have decreased by EUR 5.5 million to EUR -5.7 million or increased by EUR 5.5 million to EUR 5.3 million (December 31, 2022: decreased by EUR 5.9 million to EUR -15.9 million or increased by EUR 6.1 million to EUR -3.9 million).

Credit risk

Credit risk on non-derivative financial instruments is the risk that the contracting parties concerned will fail to make contractually agreed payments. The maximum credit risk on non-derivative financial instruments is their carrying amount. The expected credit risk from individual receivables is allowed for by recognizing write-downs of the assets (see also Note 13.).

With the derivative financial instruments used, the maximum credit risk is the total of all positive fair values of these instruments as, in the event of non-performance by the contracting parties, losses on assets would be restricted to this amount.

Liquidity risk

Liquidity risk is the risk that the Brenntag Group may in future not be able to meet its contractual payment obligations. Due to the fact that the Brenntag Group's business is not subject to any pronounced seasonal fluctuations, there is relatively little fluctuation in liquidity during the financial year.

To ensure that the Brenntag Group can pay at all times, it not only has appropriate liquidity reserves in the form of cash and

cash equivalents but also credit lines under the syndicated loan which can be utilized as needed.

In order to identify the liquidity risks, the Group has a multi-annual liquidity plan which is regularly reviewed and adjusted if necessary.

Of the other liabilities to banks, EUR 44.9 million (Dec. 31, 2022: EUR 14.1 million) are secured by non-current assets totaling EUR 45.9 million (Dec. 31, 2022: EUR 18.2 million). In a few cases in the APAC region, other liabilities to banks presented within current financial liabilities include liabilities in connection with reverse factoring arrangements where liabilities to suppliers are initially settled by banks. The Brenntag company concerned then settles the invoice from the respective bank with longer payment terms. As at December 31, 2023, the resulting financial liabilities amounted to around EUR 33.2 million (Dec. 31, 2022: EUR 25.4 million).

In certain countries (e.g. China EUR 30.2 million (2022: EUR 39.7 million), South Africa EUR 24.5 million (2022: EUR 10.5 million), Russia EUR 7.6 million (2022: EUR 15.5 million) and India EUR 8.2 million (2022: EUR 9.6 million)), Brenntag has local cash and cash equivalents at its disposal for cross-border transfers only subject to the applicable restrictions on foreign exchange transactions.

The undiscounted cash flows resulting from financial liabilities are shown in the following table:

in EUR m	Cash flows 2024–2029 ff.						
	Carrying amount Dec. 31, 2023	2024	2025	2026	2027	2028	2029 ff.
Trade payables	1,633.7	1,633.7	–	–	–	–	–
Other liabilities	569.6	567.3	–	–	0.3	2.0	–
Liabilities relating to acquisition of non-controlling interests	117.4	58.8	–	39.9	20.3	–	5.7
Liabilities under syndicated loan	45.6	0.1	–	–	–	45.5	–
Other liabilities to banks	182.1	145.9	0.5	0.2	35.5	–	–
Promissory notes (Schuldschein)	622.5	32.0	155.6	25.3	438.2	3.4	83.4
Bond 2025	600.1	6.8	606.8	–	–	–	–
Bond 2029	498.0	2.5	2.5	2.5	2.5	2.5	502.5
Lease liabilities	449.8	139.3	95.5	66.5	48.8	34.8	144.3
Liabilities to acquire treasury shares	250.0	250.0	–	–	–	–	–
Derivative financial instruments	29.0						
of which cash inflows		453.5	2.1	2.1	2.1	2.1	431.8
of which cash outflows		466.3	9.3	9.3	9.3	9.3	461.8
Other financial liabilities	86.6	25.5	19.9	35.4	–	5.8	–
Total	5,084.4	2,874.7	880.8	169.8	545.6	94.0	735.9

5.100 Future cash flows from financial liabilities / Dec. 31, 2023

Cash flows 2023–2028 ff.

in EUR m	Carrying amount Dec. 31, 2022	2023 2024 2025 2026 2027 2028 ff.					
		2023	2024	2025	2026	2027	2028 ff.
Trade payables	1,862.0	1,862.0	–	–	–	–	–
Other liabilities	669.8	664.9	0.4	–	–	–	4.5
Liabilities relating to acquisition of non-controlling interests	129.3	25.7	85.5	22.6	–	–	–
Liabilities under syndicated loan	551.9	5.1	546.8	–	–	–	–
Other liabilities to banks	217.9	217.8	0.1	–	–	–	–
Promissory notes (Schuldschein)	627.1	5.7	5.7	131.3	5.2	423.9	82.8
Bond 2025	599.2	6.8	6.8	606.8	–	–	–
Bond 2029	497.5	2.5	2.5	2.5	2.5	2.5	502.5
Lease liabilities	434.3	122.5	93.4	68.8	44.9	31.9	134.7
Derivative financial instruments	56.9	—	—	—	—	—	50.8
of which cash inflows	453.8	–	–	–	–	–	–
of which cash outflows	483.7	–	–	–	–	–	–
Other financial liabilities	111.0	84.4	14.1	7.8	3.5	1.2	–
Total	5,756.9	3,027.3	755.3	839.8	56.1	459.5	775.3

5.101 Future cash flows from financial liabilities / Dec. 31, 2022

Derivative financial instruments

The notional amount and fair values of derivative financial instruments are shown in the table below:

in EUR m	Dec. 31, 2023			Dec. 31, 2022		
	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Foreign exchange forward transactions and foreign exchange swaps not included in hedge accounting	770.9	2.7	4.4	896.3	2.8	6.3
Cross-currency interest rate swaps included in hedge accounting	429.7	–	24.6	429.7	–	50.8
Call option	28.3	7.3	–	26.2	9.2	–

5.102 Derivative financial instruments

33.) Related parties

In the course of its normal business activities, Brenntag SE also obtains services from and provides services for related entities. These related entities are the subsidiaries included in the consolidated financial statements as well as associates accounted for using the equity method and their subsidiaries. Transactions with related entities are performed on arm's length terms. The transactions of Brenntag SE with subsidiaries included in the consolidated financial statements as well as between included subsidiaries have been eliminated.

Transactions with equity-accounted entities and their subsidiaries were as follows:

in EUR m	2023	2022
Sales from transactions with associates	1.5	1.4
Goods delivered and services rendered by associates	1.1	0.4

5.103 Transactions with related parties

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Trade receivables from associates	0.2	0.1
Trade payables to associates	0.5	-

5.104 Receivables from and payables to related parties

Related persons are the members of the Board of Management and the Supervisory Board of Brenntag SE and members of their families.

Remuneration of the Board of Management

The total remuneration of the Board of Management consists of three components: a fixed annual base salary, short-term, capped variable cash remuneration (annual bonus) and long-term, capped variable remuneration (long-term incentive bonus). In addition to the above-mentioned remuneration components, the members of the Board of Management receive pension benefits, contractually agreed benefits in kind and other benefits.

The annual base salary is payable in twelve equal monthly instalments. If the service agreement begins or ends during a financial year, the Annual Base Salary for that financial year is payable on a pro rata temporis basis.

The annual bonus depends on Brenntag's business success in the past financial year. It is calculated based on achievement of the targets set for specific key performance indicators for the financial year. Under the Remuneration System 2023, the key performance indicators are organic EBITA (60%), working capital turnover (20%) and earnings per share (20%). In the case of the Remuneration System 2020, the key performance indicators are organic EBITDA growth (60%), the improvement in working capital turnover (20%) and earnings per share growth (20%). An individual performance multiplier is also used to assess the performance of the Board of Management members. The individual performance multiplier is set by the Supervisory Board after each financial year within a range from 0.8 to 1.2 for the Remuneration System 2023 and within a range from 0.7 to 1.3 for the Remuneration System 2020. In doing so, the Supervisory Board takes into account the individual financial and non-financial performance. The individual performance aspects may be based on three dimensions: growth, people and risk management. They may include not only strategic and operational, but also non-financial aspects. The final payout amount is capped at a maximum of 200% of the individual and contractually agreed target amount (Cap).

The Board of Management members also receive long-term variable remuneration. Different remuneration systems apply, depending on the year of award and individual contractual arrangements.

As of 2023, a new remuneration system applies to serving Board of Management members Dr. Christian Kohlpaintner (CEO), Dr. Kristin Neumann, Michael Friede and Ewout van Jarwaarde. Among other components, this includes long-term variable remuneration in the form of virtual shares (Performance Share Units). The number of virtual shares may increase or decrease, depending on Brenntag's long-term performance measured over a four-year performance period. The performance share plan is structured as follows.

The number of virtual shares initially awarded is calculated by dividing the individual and contractually agreed target amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the target amount for that financial year is calculated on a pro rata temporis basis.

The number of virtual shares finally awarded to the Board of Management member is linked to two financial performance criteria and, via an ESG multiplier, to ESG targets. The two financial performance criteria are Brenntag's total shareholder return (TSR) compared with a global peer group (weighting: 70%) and return on capital employed (ROCE) (weighting: 30%). The sum total of the weighted share awards for each performance criterion is multiplied by the achievement figure of specific ESG targets using an ESG multiplier that may be between 0.8 and 1.2. The resulting total share award is then multiplied by the number of virtual shares initially awarded, giving the number of virtual shares finally awarded to the Board of Management member at the end of the four-year performance period. The number of virtual shares finally awarded is capped at 200%.

The payout amount depends on Brenntag's absolute share price performance over the four-year performance period and is calculated by multiplying the number of virtual shares finally awarded by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the end of the performance period, plus dividend payments during the performance period. The payout amount is capped at a maximum of 250% of the individual and contractually agreed target amount (Cap).

The Remuneration System 2020 still applies to Henri Nejade and Steven Terwindt, who stepped down as Board of Management members in 2023. It is also applied to the tranches that were awarded to the serving Board of Management members in previous years and for which the performance period has not yet ended.

The amount of the payout for long-term variable remuneration under the Remuneration System 2020 depends on the relative performance of the Brenntag share compared with two peer groups and the absolute change in the Brenntag share price over a four-year performance period. The virtual shares are awarded in annual tranches. Payout is made following completion of the performance period.

The annual virtual shares are awarded on January 1 of each financial year. The number of shares to be awarded initially is calculated by dividing the individual and contractually agreed grant amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the grant amount for that financial year shall be calculated on a pro rata temporis basis.

The number of virtual shares finally awarded at the end of the four-year performance period depends on two performance criteria that are each weighted at 50%: the outperformance of the total shareholder return (TSR) of the Brenntag share compared with the performance of the MDAX, or since the 2022 tranche compared with the performance of the DAX, and the average TSR of a selectively compiled peer group of global competitors.

Target achievement of each performance criterion is calculated by subtracting the performance of the MDAX/DAX or the average TSR of the selected peer group from the TSR of the Brenntag share. If the performance of the MDAX/DAX or the average TSR of the selected peer group equals the TSR of the Brenntag share, target achievement is 100%. If the TSR of the Brenntag share outperforms the MDAX/DAX or the average TSR of the selected peer group by 25% or more percentage points, target achievement is 150%. If the TSR of the Brenntag share underperforms the MDAX/DAX or the average TSR of the selected peer group by 25% or more percentage points, target achievement is 0%. Values in-between are determined by linear interpolation. Overall target achievement is calculated by multiplying the target achievement figures of the two performance criteria by their respective weightings and then adding together these two weighted target achievement figures.

The number of virtual shares finally awarded at the end of the four-year performance period is calculated by multiplying the number of virtual shares initially awarded by the overall target achievement.

The payout amount is determined by multiplying the number of virtual shares finally awarded by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months prior to the end of the performance period, plus dividend payments during the performance period. The payout amount is capped at a maximum of 200% of the individual and contractually set target grant amount (Cap).

In addition, a different remuneration system was in effect for the last time in this financial year for Henri Nejade, who stepped down as a Board of Management member in 2023, and former Board of Management member Georg Müller. Among other components, this likewise included a long-term share-based remuneration program (Long-Term Incentive Plan). In this case, the long-term variable remuneration was awarded every year and was partly based on the performance of the Brenntag share. On the basis of a contractually set Annual Target Amount, this remuneration component was subject to a vesting period of in each case three years. 50% of the Target Amount was contingent on the change in the value of the company's shares during these three years (External LTI Portion) and 50% was contingent on the long-term development of specific Group-wide KPIs (Internal LTI Portion).

50% of the External LTI Portion was measured by the absolute change in the total shareholder return for the company's shares during the vesting period (Absolute External LTI Portion), while the other 50% of the External LTI Portion was measured using the relative change in the total shareholder return for the company's shares in comparison to the performance of the MDAX or, since the 2021 tranche, the DAX during the vesting period (Relative External LTI Portion). For every percentage point by which the average share price on the last trade day of the vesting period exceeded or fell short of the average share price on the last trade day before the vesting period, the Absolute External LTI Portion was increased or decreased by 2%. For every percentage point by which the MDAX was over- or underperformed in the vesting period, the Relative External LTI Portion was increased or decreased by 3%. The overall External LTI Portion at the end of the relevant vesting period equaled the sum of the Absolute External LTI Portion and Relative External LTI Portion. The Absolute External LTI Portion and Relative External LTI Portion could not be less than EUR 0. The External LTI Portion was capped overall at 200% of the contractually set Target Amount for the External LTI Portion.

The Internal LTI Portion is measured by the following KPI targets, which are agreed at the end of each financial year for the following vesting period in an LTI Bonus Plan: EBITDA, ROCE and earnings per share. At the end of each financial year during a vesting period, the achievement of the KPI targets in the particular financial year is calculated for a share of 1/3 of the Internal LTI Portion. For every percentage point

by which the targets of a given KPI are over- or underperformed in the particular financial year, the Annual Internal LTI Portion is increased or decreased by 3%. This may also lead to a negative Annual Internal LTI Portion. The overall Internal LTI Portion at the end of the relevant vesting period equals the sum of the Annual Internal LTI Portions. The Internal LTI Portion is also capped at 200% of the contractually set Target Amount for the Internal LTI Portion. The overall Internal LTI Portion for a vesting period may not be less than EUR 0. The Long-Term Incentive Bonus for each financial year equals the sum of the External and Internal LTI Portions.

The Long-Term Incentive Bonus for each financial year was also capped at 200% of the Target Amount (LTI Cap).

The serving members of the Board of Management receive a fixed annual amount for the purpose of building up pension entitlements. For this purpose, one member of the Board of Management receives an annual amount of EUR 300,000 and may decide at their own discretion how to use this money. The annual amount made available is paid in twelve equal monthly instalments, in each case at the end of the month. If the service agreement begins or ends during a financial year, the annual amount for that financial year will be granted on a pro rata temporis basis. For the purpose of building up pension entitlements, the other members of the Board of Management receive an annual amount of 13.5% of their Annual Base Salary and the short-term variable remuneration (on 100% target achievement, i.e. irrespective of the actual targets achieved), rounded up to the next EUR 1,000. One member of the Board of Management has the option either to use this amount in whole or in part for contributions to his French social insurance or to also pay it annually into the Deferred Compensation Contingency Plan of Brenntag SE. Further members of the Board of Management are paid out the relevant amount for building up pension entitlements every year and may decide at their own discretion how to use this money.

The members of the Board of Management also receive benefits in kind and other benefits, such as a company car, also for private use, or a car allowance, benefits for health care and long-term care insurance as well as social insurance.

The following table shows the recognition of the Board of Management remuneration for the Board of Management members serving in each financial year:

in EUR m	Dec. 31, 2023	Dec. 31, 2022
Short-term benefits	0.5	5.8
Post-employment benefits	0.8	1.4
Share-based remuneration	10.2	7.2
Total	11.5	14.4

5.105 Liabilities recognized for Board of Management remuneration in accordance with IFRSs

For the Board of Management members serving in financial year 2023, the present value of defined benefit obligations is EUR 1.8 million (Dec. 31, 2022: EUR 5.7 million) and the fair value of plan assets EUR 1.0 million (Dec. 31, 2022: EUR 4.3 million). In this context, the capitalized surrender value of pension liability insurance is EUR 1.0 million (Dec. 31, 2022: EUR 4.3 million).

The service agreements of the Board of Management members end automatically on specified dates without any notice of termination being required. The employment of Board of Management members may only be terminated prematurely for good cause or by mutual agreement. If employment is terminated prematurely, the service agreement limits any severance pay to the value of twice the total annual remuneration, but no more than the amount of remuneration that would be paid until the end of the term of the service agreement. As at December 31, 2023, the maximum amount of severance payable would have been EUR 32.6 million (Dec. 31, 2022: EUR 29.0 million). A post-contractual non-compete clause has been agreed with several Board of Management members who are incentivized under the Remuneration System 2020. The post-contractual non-compete clause applies for a period of 24 months after the termination of the service agreement. For one member, this period is twelve months. During this period, these Board of Management members receive a continuous payment amounting to 75% of their annual base salary. Any earnings pursuant to Section 74c of the German Commercial Code (HGB) are deducted from this payment. There are no separate change-of-control arrangements.

For former members of the Board of Management, the present value of defined benefit obligations is EUR 12.9 million (Dec. 31, 2022: EUR 7.9 million) and the fair value of plan assets EUR 9.7 million (Dec. 31, 2022: EUR 6.3 million). In this context, the capitalized surrender value of pension liability insurance is EUR 9.7 million (Dec. 31, 2022: EUR 6.3 million). In financial year 2023, expenses recognized for pension commitments (defined benefit plans) to former members of the Board

of Management amounted to EUR 0.0 million (2022: EUR 0.2 million).

In accordance with the German Commercial Code (HGB), the total remuneration of the Board of Management members serving in financial year 2023 amounts to EUR 10.0 million (2022: EUR 11.5 million).

Of the total remuneration, an amount of EUR 4.9 million (2022: EUR 1.3 million, in each case the fair value at the grant date) is attributable to share-based remuneration programs. The number of virtual shares in this context is 81,487.

Detailed information on the Board of Management remuneration systems and the remuneration of each member of the Board of Management is provided in the Remuneration report.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board comprises purely fixed remuneration.

With effect from the beginning of financial year 2023, remuneration for the members of the Supervisory Board was adjusted to reflect the increased demands of their roles.

The members of the Supervisory Board each receive annual fixed remuneration in the amount of EUR 130.0k (Dec. 31, 2022: EUR 120.0k) in addition to reimbursement of their expenses. The Chair of the Supervisory Board receives base remuneration of EUR 325.0k (Dec. 31, 2022: EUR 210.0k) and the Deputy Chair EUR 162.5k (Dec. 31, 2022: EUR 150.0k) per year. The Chair of each of the committees established receives an additional EUR 125.0k per year and every other member an additional EUR 50.0k per year. In the previous year, the Chair of the Audit Committee received an additional EUR 85.0k and every other member of the Audit Committee an additional EUR 25.0k per year. The Chairs of the Presiding and Nomination Committee and the Transformation Committee received an additional EUR 37.5k and every other member of the Presiding and Nomination Committee and the Transformation Committee an additional EUR 25.0k per year.

The total remuneration of the members of the Supervisory Board due in the short term amounts to EUR 1.7 million for financial year 2023 (2022: EUR 1.2 million).

The Supervisory Board remuneration system and the remuneration of each member of the Supervisory Board are detailed in the remuneration report.

The following table contains the remuneration of the Board of Management and Supervisory Board members serving in financial year 2023:

in EUR m	2023	2022
Short-term benefits	7.0	10.2
Post-employment benefits (excluding interest expense)	-	0.4
Share-based remuneration	7.1	0.8
Total	14.1	11.4

5.106 Board of Management and Supervisory Board remuneration expense in accordance with IFRSs

Apart from the aforementioned, there were no significant transactions with related persons.

34.) Fees for the auditors of the consolidated financial statements

The following fees for the services of the auditors of the consolidated financial statements, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf (2022: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf), were recognized as expenses:

in EUR m	2023	2022
Financial statement audit services	1.9	1.6
Other assurance services	0.3	0.2
Total	2.2	1.8

5.107 Fees for the auditors of the consolidated financial statements

Fees for financial statement audit services for financial year 2023 consist mainly of payments for the statutory audit of the consolidated financial statements, the review of the quarterly reporting and the statutory audit of the annual financial statements of Brenntag SE and its domestic subsidiaries.

Fees for other assurance services in financial year 2023 relate to the engagement to provide assurance on the separate non-financial Group report, assurance services related to Brenntag SE's Board of Management remuneration and the comfort letter related to the extension of the debt issuance program (DIP).

35.) Exemptions pursuant to Section 264, para. 3 / Section 264b of the German Commercial Code

For financial year 2023, the following subsidiaries of Brenntag SE are making use of the exemptions pursuant to Section 264, para. 3 and Section 264b of the German Commercial Code:

- Brenntag Holding GmbH, Essen
- Brenntag Germany Holding GmbH, Essen
- Brenntag Foreign Holding GmbH, Essen
- Brenntag Beteiligungs GmbH, Essen
- BRENNTAG GmbH, Duisburg
- BRENNTAG International Chemicals GmbH, Essen
- Brenntag Real Estate GmbH, Essen
- BCD Chemie GmbH, Hamburg
- CLG Lagerhaus GmbH & Co. KG, Essen
- Brenntag European Services GmbH & Co. KG, Zossen
- CM Komplementär 03-018 GmbH & Co. KG, Essen
- CM Komplementär 03-019 GmbH & Co. KG, Essen
- CM Komplementär 03-020 GmbH & Co. KG, Essen
- ACU PHARMA und CHEMIE GmbH, Apolda

36.) Declaration of conformity with the German Corporate Governance Code

On December 14, 2023, the Board of Management and Supervisory Board issued the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code" for financial year 2023 as required by Section 161 of the German Stock Corporation Act. The declaration of conformity can be found in the section "To Our Shareholders" in Brenntag SE's 2023 annual report and can also be viewed at any time on the Brenntag SE website: <https://corporate.brenntag.com/en/about/corporate-governance/corporate-management-and-control/>

37.) Events after the reporting period

Effective January 1, 2024, Brenntag introduced a new management and governance structure for both divisions with a view to gradually transforming the Group structure into more independent, more autonomous and market-leading business units and accelerating strategy execution. A divisional Executive Committee (ExCo) headed by a divisional Chief Executive Officer (CEO) was introduced for each division. Since January 1, 2024, Brenntag Specialties has been divided into two reportable segments, Life Science and Material Science. The Brenntag Essentials division continues to be managed through the geographical segments EMEA, North America, Latin America and APAC.

At the beginning of 2024, the syndicated loan was extended until February 2029.

Essen, March 4, 2024

Brenntag SE
Board of Management

Dr. Christian Kohlpaintner

Michael Friede

Dr. Kristin Neumann

Ewout van Jarwaarde

Annex

List of shareholdings in accordance with Section 313, para. 2 of the German Commercial Code as at December 31, 2023

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
1	Brenntag SE	Essen				
Consolidated subsidiaries						
Algeria						
2	Alliance Chimie Algerie SPA	Algiers	0.00	100.00	99.94	71
3	SARL ALLIANCE INGREDIENTS	Rouiba (Algiers)	0.00	100.00	99.94	2
4	SARL ALLIANCE PHYTOSANITAIRE	Rouiba (Algiers)	0.00	100.00	99.94	2
Argentina						
5	Brenntag Argentina S.A.	Buenos Aires	0.00	90.00	100.00	117
				10.00		125
Australia						
6	Brenntag Australia Pty. Ltd.	Mulgrave	0.00	100.00	100.00	153
7	RAVENSWOOD INGREDIENTS PTY. LTD.	Mulgrave	0.00	100.00	100.00	6
Bangladesh						
8	BRENNNTAG BANGLADESH FORMULATION LTD.	Dhaka	0.00	100.00	100.00	117
9	BRENNNTAG BANGLADESH LTD.	Dhaka	0.00	100.00	100.00	117
10	BRENNNTAG BANGLADESH SERVICES LTD.	Dhaka	0.00	100.00	100.00	9
Belgium						
11	BRENNNTAG NV	Deerlijk	0.00	99.99 0.01	100.00	70 45
12	European Polymers and Chemicals Distribution BVBA	Deerlijk	0.00	100.00	100.00	132
Bolivia						
13	Brenntag Bolivia S.R.L.	Santa Cruz	0.00	90.00 10.00	100.00	117 124
Brazil						
14	Brenntag Quimica Brasil Ltda.	Guarulhos, Estado de São Paulo	0.00 0.00	100.00	100.00	117 124
15	Quimilog Transportes e Logística Ltda.	Brusque	0.00	100.00	100.00	14
Bulgaria						
16	BRENNNTAG BULGARIA EOOD	Sofia	0.00	100.00	100.00	117
Chile						
17	Brenntag Chile Comercial e Industrial Limitada	Santiago	0.00 5.00	95.00 5.00	100.00	117 124

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
China						
18	Brenntag (Shanghai) Enterprise Management Co., Ltd.	Shanghai	0.00	100.00	100.00	117
19	Brenntag (Zhangjiagang) Chemical Co., Ltd	Zhangjiagang	0.00	100.00	100.00	83
20	Brenntag Cangzhou Chemical Co., Ltd	Cangzhou	0.00	79.40 20.60	100.00	29 83
21	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou	0.00	60.00 40.00	100.00	24 28
22	Guangzhou Saifu Chemical Co., Ltd.	Guangzhou	0.00	100.00	70.00 ²⁾	25
23	Guangzhou Wellstar Trading Co., Ltd.	Guangzhou	0.00	100.00	100.00	82
24	Shanghai Jia Rong Trading Co., Ltd.	Shanghai	0.00	100.00	100.00	29
25	Shanghai Saifu Chemical Development Co., Ltd.	Shanghai	0.00	70.00	70.00 ²⁾	117
26	Shanghai Wellstar Trading Co., Ltd.	Shanghai	0.00	100.00	100.00	82
27	Shenzhen Wellstar Trading Co., Ltd.	Shenzhen	0.00	100.00	100.00	82
28	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin	0.00	100.00	100.00	24
29	Tianjin Zhong Yung Chemical Warehousing Co., Ltd.	Tianjin	0.00	100.00	100.00	83
30	ZhongYung (GuangDong) Chemical Distribution Service Co., Ltd	Dongguan	0.00	100.00	100.00	81
31	Zhongbai Food Technology (Shanghai) Co., Ltd	Shanghai	0.00	100.00	67.00	32
32	Zhongbai Xingye Food Technology (Beijing) Co., Ltd	Beijing	0.00	67.00	67.00	117
Costa Rica						
33	Brenntag Business Services Sociedad de Responsabilidad Limitada	La Ribera, Belén, Heredia	0.00	100.00	100.00	117
34	Quimicos Holanda Costa Rica S.A.	San Jose	0.00	100.00	100.00	117
Denmark						
35	Aktieselskabet af 1. Januar 1987	Ballerup	0.00	100.00	100.00	36
36	Brenntag Nordic A/S	Ballerup	0.00	100.00	100.00	117
Germany						
37	ACU PHARMA und CHEMIE GmbH	Apolda	0.00	100.00	100.00	48
38	BBG - Berlin-Brandenburger Lager- und Distributionsgesellschaft Biesterfeld Brenntag mbH	Hoppegarten	0.00	50.00 50.00	100.00	39 48
39	BCD Chemie GmbH	Hamburg	0.00	100.00	100.00	48
40	BRENNNTAG GmbH	Duisburg	0.00	100.00	100.00	48
41	BRENNNTAG International Chemicals GmbH	Essen	0.00	100.00	100.00	48
42	Blitz 03-1161 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	47
43	Blitz 03-1162 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	55
44	Blitz 03-1163 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	56
45	Brenntag Beteiligungs GmbH	Essen	0.00	100.00	100.00	50
46	Brenntag European Services GmbH & Co. KG	Zossen	0.00	100.00 0.00	100.00	45 52
47	Brenntag Foreign Holding GmbH	Essen	0.00	100.00	100.00	45
48	Brenntag Germany Holding GmbH	Essen	0.00	100.00	100.00	45
49	Brenntag Global Services GmbH	Zossen	0.00	100.00	100.00	46
50	Brenntag Holding GmbH	Essen	100.00	0.00	100.00	1
51	Brenntag Real Estate GmbH	Essen	0.00	100.00	100.00	45
52	Brenntag Vermögensmanagement GmbH	Zossen	0.00	100.00	100.00	45
53	CLG Lagerhaus GmbH	Duisburg	0.00	100.00	100.00	48
54	CLG Lagerhaus GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	48 53

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
55	CM Komplementär 03-018 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	42 47
56	CM Komplementär 03-019 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	43 55
57	CM Komplementär 03-020 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	44 56
58	CVB Albert Carl GmbH & Co. KG Berlin	Berlin	0.00	100.00 0.00	51.00	59 62
59	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover	0.00	51.00 0.00	51.00	48 60
60	CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hanover	0.00	51.00	51.00	48
61	CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG	Magdeburg	0.00	100.00 0.00	51.00	59 62
62	CVP Chemie-Vertrieb Berlin GmbH	Berlin	0.00	100.00	51.00	59
63	ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG	Düsseldorf	0.00	94.00	94.00 ³⁾	48
Dominican Republic						
64	BRENNTAG CARIBE S.R.L.	Santo Domingo	0.00	100.00 0.00	100.00	117 125
Ecuador						
65	BRENNTAG ECUADOR S.A.	Guayaquil	0.00	100.00 0.00	100.00	117 125
El Salvador						
66	BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango	0.00	100.00 0.00	100.00	117 124
Finland						
67	Brenntag Nordic OY	Vantaa	0.00	100.00	100.00	117
France						
68	BRACHEM FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	50
69	BRENNTAG EXPORT SARL	Vitrolles	0.00	100.00	99.94	72
70	BRENNTAG FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	68
71	BRENNTAG MAGHREB SAS	Vitrolles	0.00	100.00	99.94	69
72	BRENNTAG SA	Chassieu	0.00	99.94	99.94	70
73	Multisol France SAS	Villebon sur Yvette	0.00	100.00	100.00	70
74	Multisol International Services SAS	Sotteville Les Rouen	0.00	80.00 20.00	100.00	70 73
Ghana						
75	Brenntag Ghana Limited	Tema	0.00	100.00	100.00	117
Greece						
76	Brenntag Hellas Chimika Monoprosopi EPE	Penteli	0.00	100.00	100.00	130
Guatemala						
77	BRENNTAG GUATEMALA S.A.	Guatemala City	0.00	100.00 0.00	100.00	117 125
Guyana						
78	ALPHA CHEMICAL GUYANA INC.	Georgetown	0.00	100.00	100.00	117
Honduras						
79	BRENNTAG HONDURAS, S.A.	San Pedro Sula	0.00	98.51 1.49	100.00	117 125

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
Hong Kong						
80	Brenntag Chemicals (HK) Pte Limited	Hong Kong	0.00	100.00	100.00	153
81	Hong Kong Dongguan Zhongrong Investment Co Limited	Hong Kong	0.00	100.00	100.00	83
82	WELLSTAR ENTERPRISES (HONG KONG) COMPANY LIMITED	Hong Kong	0.00	100.00	100.00	117
83	Zhong Yung (International) Chemical Co., Limited	Hong Kong	0.00	100.00	100.00	117
India						
84	Brenntag Ingredients (India) Private Limited	Mumbai	0.00	100.00	100.00	153
85	RAJ PETRO SPECIALITIES PRIVATE LIMITED	Mumbai	0.00	100.00	100.00	117
Indonesia						
86	PT Aik Moh Chemicals Indonesia	Batam	0.00	99.93 0.07	100.00 ²⁾	151 152
87	PT Staris Chemicals	Tangerang Selatan	0.00	100.00 0.00	100.00 ²⁾	151 152
88	PT. Brenntag	Jakarta Selatan	0.00	100.00	100.00	153
89	PT. Dharmala HCl i. L.	Jakarta	0.00	91.14	91.14	117
Ireland						
90	Brenntag Chemicals Distribution (Ireland) Limited	Dublin	0.00	100.00	100.00	214
Israel						
91	Biochem Trading 2011 Ltd.	Be'er Ya'akov	0.00	100.00	100.00	92
92	Y.S. Ashkenazi Agencies Ltd.	Be'er Ya'akov	0.00	100.00	100.00	117
Italy						
93	AQUADEPUR SRL	Cogliate	0.00	100.00	100.00	94
94	BRENNTAG S.P.A.	Assago	0.00	100.00	100.00	117
Canada						
95	BRENNTAG CANADA INC.	Toronto	0.00	100.00	100.00	127
Kenya						
96	Brenntag Kenya Limited	Nairobi	0.00	100.00	100.00	117
Colombia						
97	BRENNTAG COLOMBIA S.A.	Bogotá D.C.	0.00	94.87 4.15 0.41 0.38 0.19	100.00	117 124 127 125 123
98	BRENNTAG COLOMBIA ZONA FRANCA S.A.S.	Barranquilla	0.00	100.00	100.00	97
99	CONQUIMICA SAS	Itagui	0.00	100.00	100.00	97
Croatia						
100	BRENNTAG HRVATSKA d.o.o.	Zagreb	0.00	100.00	100.00	130
Latvia						
101	SIA BRENNTAG LATVIA	Riga	0.00	100.00	100.00	140
102	SIA DIPOL BALTIJA	Riga	0.00	100.00	100.00	201
Lithuania						
103	UAB BRENNTAG LIETUVA	Kaunas	0.00	100.00	100.00	140
Malaysia						
104	BRENNTAG BUSINESS SERVICES SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	117
105	BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	117
106	BRENNTAG SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	153
107	Brenntag Chemicals Malaysia Sdn. Bhd.	Kuala Lumpur	0.00	30.00	30.00	117

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
Morocco						
108	ALCOCHIM MAROC S.A.R.L.	Casablanca	0.00	100.00	99.94	71
109	BRENNETAG MAROC S.A.R.L associé unique	Casablanca	0.00	100.00	99.94	71
Mauritius						
110	Brenntag Chemicals Mauritius Limited	Port Louis	0.00	100.00	100.00	117
111	Multisol Mauritius Limited	Port Louis	0.00	100.00	100.00	218
Mexico						
112	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City	0.00 0.00	100.00	100.00	113 114
113	BRENNETAG MÉXICO, S.A. DE C.V.	Cuautitlan Izcalli	0.00 0.00	100.00	100.00	117 124
114	BRENNETAG PACIFIC, S. DE R.L. DE C.V.	Tijuana	0.00 1.00	99.00 1.00	100.00	196 194
New Zealand						
115	BRENNETAG NEW ZEALAND LIMITED	Wellington	0.00	100.00	100.00	153
Nicaragua						
116	BRENNETAG NICARAGUA, S.A.	Managua	0.00 0.00	100.00	100.00	117 125
Netherlands						
117	BRENNETAG (Holding) B.V.	Amsterdam	0.00 26.00	74.00 100.00	100.00	122 47
118	BRENNETAG Coöperatief U.A.	Amsterdam	0.00	99.00 1.00	100.00	194 193
119	BRENNETAG Dutch C.V.	Amsterdam	0.00	99.90 0.10	100.00	117 124
120	Brenntag Amsterdam B.V.	Amsterdam	0.00	100.00	100.00	117
121	Brenntag Finance B.V.	Amsterdam	0.00	100.00	100.00	117
122	Brenntag HoldCo B.V.	Amsterdam	0.00	100.00	100.00	50
123	Brenntag Nederland B.V.	Dordrecht	0.00	100.00	100.00	117
124	H.C.I. Chemicals Nederland B.V.	Amsterdam	0.00	100.00	100.00	117
125	HCI Central Europe Holding B.V.	Amsterdam	0.00	100.00	100.00	117
126	HCI U.S.A. Holdings B.V.	Amsterdam	0.00	100.00	100.00	118
127	Holland Chemical International B.V.	Dordrecht	0.00	100.00	100.00	117
Nigeria						
128	Brenntag Chemicals Nigeria Limited	Matori-Lagos	0.00 10.00	90.00 100.00	100.00	117 125
Norway						
129	BRENNETAG NORDIC AS	Grålum	0.00	100.00	100.00	149
Austria						
130	Brenntag Austria GmbH	Vienna	0.00 0.10	99.90 100.00	100.00	131 45
131	Brenntag Austria Holding GmbH	Vienna	0.00	100.00	100.00	11
132	JLC-Chemie Handels GmbH	Wiener Neustadt	0.00	100.00	100.00	130
133	Provida GmbH	Vienna	0.00	100.00	100.00	130
Panama						
134	BRENNETAG PANAMA S.A.	Panama City	0.00	100.00	100.00	117

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
Peru						
135	BRENNNTAG PERU S.A.C.	Lima	0.00	100.00 0.00	100.00	117 125
Philippines						
136	A.P.C. Chemical Industries, Inc	Pasig City	0.00	100.00	100.00 ²⁾	151
137	BRENNNTAG INGREDIENTS INC.	Muntinlupa City	0.00	100.00	100.00	117
Poland						
138	BCD POLYMERS Sp. z o.o.	Suchy Las	0.00	100.00	100.00	12
139	BCD Polska Sp. z o.o	Warsaw	0.00	100.00	100.00	12
140	BRENNNTAG Polska sp. z o.o.	Kedzierzyn-Kozle	0.00	61.00 39.00	100.00	11 130
141	Eurochem Service Polska sp. z o.o.	Warsaw	0.00	100.00	100.00	140
142	Fred Holmberg & Co Polska Sp.z o.o.	Warsaw	0.00	100.00	100.00	140
Portugal						
143	Brenntag Portugal - Produtos Quimicos, Lda.	Lordelo	0.00	73.95 26.05	100.00	47 117
Puerto Rico						
144	Brenntag Puerto Rico, Inc.	Caguas	0.00	100.00	100.00	117
Republic of Serbia						
145	Brenntag d.o.o. Beograd-Savski Venac	Belgrade	0.00	100.00	100.00	117
Romania						
146	BRENNNTAG S.R.L.	Chiajna	0.00	100.00	100.00	125
Russia						
147	OOO MULTISOL	Moscow	0.00	100.00	100.00	217
Saudi Arabia						
148	Brenntag Saudi Arabia Limited	Riad	0.00	75.00	38.25	210
Sweden						
149	Brenntag Nordic AB	Malmö	0.00	100.00	100.00	117
Switzerland						
150	Brenntag Schweizerhall AG	Basel	0.00	100.00	100.00	70
Singapore						
151	AIK MOH PAINTS & CHEMICALS PTE. LTD.	Singapore	0.00	100.00	100.00 ²⁾	117
152	BRENNNTAG ASIA PACIFIC PTE. LTD.	Singapore	0.00	100.00	100.00	117
153	BRENNNTAG PTE. LTD.	Singapore	0.00	100.00	100.00	152
154	DigiB Asia Pacific Pte. Ltd.	Singapore	0.00	100.00	100.00	120
155	TEE HAI CHEM PTE LTD	Singapore	0.00	100.00	100.00	117
Slovakia						
156	BRENNNTAG SLOVAKIA s.r.o.	Pezinok	0.00	100.00	100.00	130
Slovenia						
157	BRENNNTAG LJUBLJANA d.o.o.	Ljubljana	0.00	100.00	100.00	130
Spain						
158	BRENNNTAG QUIMICA, S.A.U.	Dos Hermanas	0.00	100.00	100.00	70
159	Devon Chemicals S.A.	Barcelona	0.00	100.00	100.00	117
Sri Lanka						
160	BRENNNTAG LANKA (PRIVATE) LIMITED	Rajagiriya	0.00	100.00	100.00	117

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
South Africa						
161	BRENNNTAG SOUTH AFRICA (PTY) LTD	Midrand	0.00	100.00	100.00	117
162	LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED	Cape Town	0.00	100.00	100.00	117
163	Multisol South Africa (Proprietary) Limited	Cape Town	0.00	100.00	100.00	218
South Korea						
164	Brenntag Korea Co., Ltd.	Gwacheon-si	0.00	100.00	100.00	47
Taiwan						
165	Brenntag Taiwan Co., Ltd.	Taipeh	0.00	100.00	100.00	117
166	NEUTO CHEMICAL CORP.	Taipeh	0.00	100.00	100.00	117
Tanzania						
167	Brenntag Tanzania Limited	Dar es Salam	0.00	99.99 0.01	100.00	117 125
Thailand						
168	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok	0.00	51.00 49.00	100.00	171 117
169	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok	0.00	51.00 49.00	100.00	168 117
170	Brenntag Lubricants (Thailand) Co., Ltd.	Bangkok	0.00	98.00 1.00 1.00	100.00	117 153 152
171	Brenntag Service (Thailand) Co., Ltd.	Bangkok	0.00	51.01 48.99	100.00	168 117
172	Thai-Dan Corporation Limited	Bangkok	0.00	99.90 0.05 0.05	100.00	169 168 171
Czech Republic						
173	Brenntag CR s.r.o.	Prague	0.00	100.00	100.00	130
Turkey						
174	BRENNNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul	0.00	100.00	100.00	130
175	BRENNNTAG NISASTA SANAYI VE TICARET LITMITED SIRKETI	Izmir	0.00	100.00	100.00 ²⁾	130
Tunisia						
176	Brenntag Tunisie SARL	Fouchana	0.00	100.00	99.94	71
Uganda						
177	Brenntag Uganda Limited	Kampala	0.00	99.00 1.00	100.00	117 125
Ukraine						
178	TOB BRENNNTAG UKRAINE	Kyiv	0.00	100.00	100.00	201
179	TOB TRIDE	Kyiv	0.00	100.00	100.00	130
Hungary						
180	BCB Union Kft.	Budapest	0.00	96.67 3.33	100.00	117 124
181	BRENNNTAG Hungaria Kft.	Budapest	0.00	97.93 2.07	100.00	130 125

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
Uruguay						
182	BRENNETAG SOURCING URUGUAY S.A.	Colonia del Sacramento	0.00	100.00	100.00	117
USA						
183	Alphamin Inc.	Dallas/Texas	0.00	100.00	100.00	11
184	Altivia Louisiana, L.L.C.	St. Gabriel/Louisiana	0.00	100.00	100.00	197
185	BWEV, LLC	Wilmington/Delaware	0.00	100.00	100.00	191
186	Brenntag Global Marketing Logistics, LLC	Springfield/Illinois	0.00	100.00	100.00 ²⁾	188
187	Brenntag Global Marketing Specialty Chemicals, LLC	Springfield/Illinois	0.00	100.00	100.00 ²⁾	188
188	Brenntag Global Marketing, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
189	Brenntag Great Lakes, LLC	Chicago/Illinois	0.00	100.00	100.00	126
190	Brenntag Latin America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
191	Brenntag Lubricants, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
192	Brenntag Mid-South, Inc.	Henderson/Kentucky	0.00	100.00	100.00	194
193	Brenntag North America Foreign Holding, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
194	Brenntag North America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	117
195	Brenntag Northeast, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
196	Brenntag Pacific, Inc.	Wilmington/Delaware	0.00	100.00	100.00	194
197	Brenntag Southwest, Inc.	Longview/Texas	0.00	100.00	100.00	194
198	Brenntag Specialties, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
199	Coastal Chemical Co., L.L.C.	Abbeville/Louisiana	0.00	100.00	100.00	126
200	Colony Gums LLC	Raleigh/ North Carolina	0.00	100.00	100.00 ²⁾	203
201	Dipol Chemical International, Inc.	New York/New York	0.00	100.00	100.00	130
202	Harvest Moon Holdings, LLC	Raleigh/ North Carolina	0.00	100.00	100.00 ²⁾	200
203	JM Swank, LLC	Wilmington/Delaware	0.00	100.00	100.00	207
204	New Jersey Lube Oil, LLC	East Hartford/ Connecticut	0.00	100.00	100.00	191
205	Storm Chaser Holding Corporation	Wilmington/Delaware	0.00	100.00	100.00	198
206	Storm Chaser Intermediate Holding Corporation	Wilmington/Delaware	0.00	100.00	100.00	205
207	Storm Chaser Intermediate Holding II Corporation	Wilmington/Delaware	0.00	100.00	100.00	206
United Arab Emirates						
208	Al Shihab Al Thahabi Tech. TR. Co. LLC. SP	Sharjah	0.00	100.00	51.00 ²⁾	210
209	Raj Petro Specialties DMCC	Dubai	0.00	100.00	100.00	85
210	Trychem FZCO	Jebel Ali, Dubai	0.00	51.00	51.00	117
211	Trychem Trading L.L.C.	Port Saeed, Dubai	0.00	100.00	51.00	210
United Kingdom						
212	Brenntag Colours Limited	Leeds	0.00	100.00	100.00	214
213	Brenntag Inorganic Chemicals Limited	Leeds	0.00	100.00	100.00	214
214	Brenntag UK Holding Limited	Leeds	0.00	100.00	100.00	70
215	Brenntag UK Limited	Leeds	0.00	100.00	100.00	214
216	Kluman and Balter Limited	Leeds	0.00	100.00	100.00	214
217	Multisol Europe Limited	Leeds	0.00	100.00	100.00	218
218	Multisol Group Limited	Leeds	0.00	100.00	100.00	219
219	Multisol Limited	Leeds	0.00	100.00	100.00	214
220	Murgatroyd's Salt & Chemical Company Limited	Leeds	0.00	100.00	100.00	213
221	PRIME SURFACTANTS LIMITED i.L.	Leeds	0.00	100.00	100.00	214

No.	Company	Domicile	Held directly % ¹⁾	Held indirectly % ¹⁾	Effective net holding % ¹⁾	Via no.
Vietnam						
222	BRENNETAG VIETNAM COMPANY LIMITED	Ho Chi Minh City	0.00	100.00	100.00	153
223	NAM GIANG COMMERCIAL SERVICE CO., LTD	Ho Chi Minh City	0.00	0.00	0.00 ³⁾	1

Investments accounted for using the equity method

Denmark						
224	Borup Kemi I/S	Borup	0.00	33.33	33.33	35
Germany						
225	SOFT CHEM GmbH	Laatzen	0.00	33.40	17.03	60
Thailand						
226	Berli Asiatic Soda Co., Ltd.	Bangkok	0.00	50.00	50.00	169
United Kingdom						
227	PURE SODIUM HYPOCHLORITE BIOCIDAL PRODUCTS GROUP LTD.	London	0.00	25.00	25.00	215

¹⁾ Share in the capital of the company

²⁾ Business combination in accordance with IFRS 3

³⁾ Structured entity

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Responsibility statement 2023

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Essen, March 4, 2024

Brenntag SE
Board Of Management

Dr. Christian Kohlpaintner

Michael Friede

Dr. Kristin Neumann

Ewout van Jarwaarde

Independent auditor's report

To Brenntag SE, Essen / Germany

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions

We have audited the consolidated financial statements of Brenntag SE, Essen/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Brenntag SE, Essen/Germany, for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the further reporting on corporate governance included therein, nor the content of the separate consolidated non-financial report pursuant to Section 315b (3) HGB, which are each referred to in the combined management report. Furthermore, we have not audited the content of the "Summary assessment of the internal control and risk management system" marked as extraneous to the combined management report, which is contained in section "Main elements of the internal control/risk management system" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned corporate governance statement and the above-mentioned consolidated non-financial report nor the "Summary assessment of the internal control and risk management system" marked as extraneous to the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

- 1. Recoverability of goodwill**
- 2. Accounting treatment of business acquisitions**
- 3. Recognition and measurement of environmental provisions**

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

1. Recoverability of goodwill

- a) Goodwill amounting to EUR 3.2 billion (31% of consolidated total assets) is reported under the "Intangible assets" item in the consolidated balance sheet of Brenntag SE.

The Company allocates goodwill to the respective groups of cash-generating units. Goodwill is tested for impairment by the Company once a year as of the end of the reporting period, or when there are indications of impairment. The basis for the measurement is generally the present value of the future cash flows of the respective group of cash-generating units, which is calculated as fair value less costs of disposal and compared against the carrying amount of the respective group of cash-generating units, including goodwill. To carry out the impairment testing, the Company engaged an external advisor to determine the present values using a discounted cash flow model and to prepare an expert opinion.

The cash flow projections are based on the five-year planning prepared by the executive directors, approved by the supervisory board and applicable at the time the impairment test is carried out. The supervisory board's approval relates to the planning of the first four years in the detailed planning period. The current planning is based on the

management and control structure applicable as of January 1, 2024 and was allocated to the groups of cash-generating units existing as at December 31, 2023 for the purposes of impairment testing. The planning also takes into account the executive directors' fundamental growth assumptions, which are specified in detail by the budget managers in the context of middle-up planning for the first four years and consolidated into medium-term business planning at segment level. The executive directors extrapolate them for another planning year taking into account information from the planning process. Discounting is based on the discount rate determined from the weighted cost of capitals for the relevant group of cash-generating units.

The result of this measurement depends to a large extent on the executive directors' assessment of future cash flows and the discount rate used, and is therefore subject to major uncertainties. Against this background and in view of the complexity of the measurement of this high-value item, this matter was of particular significance in the context of our audit.

The executive directors' disclosures on goodwill are contained in section "19.) Intangible assets" of the notes to the consolidated financial statements.

- b) As part of our audit, we first obtained an understanding of the processes and controls established and reviewed the method used to perform the impairment tests, evaluated the determination of the discount rates and assessed the calculation method used in impairment testing by calling in our valuation experts. With respect to the projection of future cash flows, we assessed the planning reliability by reviewing the past adherence to planning. We assessed the appropriateness of the future cash inflows used in the calculation, among others, by comparing this information against the planning prepared by the executive directors and approved by the supervisory board, as well as by reconciling the underlying assumptions with general and sector-specific market expectations. Additionally, we also reviewed the allocation of the planning to the existing groups of cash-generating units and assessed whether the costs of group functions were properly included in the impairment tests on the respective cash-generating units.

Knowing that even small changes in the discount rates applied can have a material impact, we intensively dealt with the parameters used to determine the discount rates. We reviewed the calculation model of the method applied. We furthermore assessed the usability of the external expert opinion taking into account the engaged advisor's competence, capabilities and objectivity and evaluated

the appropriateness of the raw data underlying the expert opinion, the assumptions made and the methods used, and whether their consistency in comparison to prior periods is acceptable. Furthermore, due to the material significance of goodwill for the Group's assets and liabilities, we performed a complementary own sensitivity analysis in order to be able to assess a possible impairment risk in the event of a potential change of a material valuation assumption. In addition, we audited the completeness and correctness of the disclosures in the notes to the consolidated financial statements required to be made under IAS 36.

2. Accounting treatment of business acquisitions

a) In the financial year 2023, the Brenntag Group acquired the entire business of Al-Azzaz Chemicals Company, with registered office in Al-Khobar Dammam / Saudi Arabia, as part of an asset deal. In addition, Brenntag acquired the Aik Moh Group with a total of four companies and with registered office in Singapore, as well as the companies Shanghai Saifu Chemical Development Co., Ltd., Shanghai / China, and its subsidiary Guangzhou Saifu Chemical Co., Ltd., Guangzhou / China, Avebe Nişasta Sanayii ve Ticaret Limited Şirketi, with registered office in Izmir / Turkey, Colony Gums LLC, and Harvest Moon Holdings, LLC, each with registered office in Monroe (North Carolina), USA. Moreover, the Group acquired 100% of the shares in Old World Specialty Chemicals, LLC and Old World Logistics, LLC from Old World Industries, LLC, with registered office in Northbrook (Illinois), USA.

The assets, liabilities and contingent liabilities recognized at fair value arising from the acquisition are based on values from the preliminary purchase price allocations that were prepared by the executive directors of Brenntag SE, partly by calling in an external advisor. Taking into account net assets acquired of EUR 185.4 million attributable to Brenntag (in relation to 100%), the transactions generated EUR 166.0 million in goodwill acquired. In addition, the Group brought its valuation of the assets and liabilities resulting from prior-year acquisitions to a timely close in the reporting period with valuation adjustments relating to net assets acquired (EUR -8.0 million) and goodwill (EUR +9.9 million). Given the material overall effect of the amounts involved in the acquisitions on the assets, liabilities, financial position and financial performance of the Brenntag Group and given the complexity of identifying assets and liabilities, including their valuation, the accounting treatment of business acquisitions was of particular significance in the context of our audit.

The executive directors' disclosures on business acquisitions are contained in section "Business combinations in accordance with IFRS 3" of the notes to the consolidated financial statements.

b) In reviewing the accounting treatment of the business acquisitions, we obtained an understanding of the acquisitions by dealing with the respective contractual agreements. We reconciled the purchase prices paid as consideration for the acquired business operations with the contractual agreements and the supporting payment documentation provided to us. In respect of the preliminary purchase price allocations, we evaluated the method used to identify the assets, liabilities and contingent liabilities acquired and the overall design of the valuation models used. We evaluated the advisor engaged for individual purchase price allocations regarding their competence, capabilities and objectivity, and assessed the usability of the external calculation results and the appropriateness of the underlying raw data and of the assumptions made and methods used by calling in our internal valuation experts from the Valuation Services department. We also assessed the valuation adjustments made to the assets and liabilities resulting from the prior-year business acquisitions. Furthermore, we evaluated whether the initial consolidation was appropriately accounted for and examined the completeness and correctness of disclosures required to be made under IFRS 3 by using checklists.

3. Recognition and measurement of environmental provisions

a) As of December 31, 2023, the environmental provisions recognized in the consolidated financial statements of Brenntag SE (primarily for the decontamination of soil and groundwater at current and former Company-owned or leased sites) amounted to EUR 107.5 million. The provisions also include contingent liabilities of EUR 19.4 million for which cash outflows are not likely but nonetheless possible. Due to purchase price allocations, these were reported in the consolidated balance sheet under acquisitions in accordance with IFRS 3. The recognition of environmental provisions at the subsidiaries was coordinated centrally by an external expert. In addition, another audit firm assisted the Group in measuring the provisions and summarized the results in an expert opinion. The environmental provisions were recognized at the present value of the expected expenditures, taking into account future inflation-related increases. The provisions were discounted using interest rates for risk-free assets with matching terms for each functional currency.

Due to the nature and large number of influencing factors that need to be taken into account when accounting for environmental provisions, the assessments required to be made in connection with their recognition and measurement are demanding and subject to accounting judgments and considerable uncertainties and, as such, this matter was of particular significance in the context of our audit.

The executive directors' disclosures on the measurement of environmental provisions are contained in the sections "Environmental provisions" and "Assumptions and estimates" of the notes to the consolidated financial statements.

- b) As part of our audit, we first obtained an understanding of the underlying processes for determining environmental provisions and assessed whether recognition criteria existed and whether the environmental provisions were measured appropriately under IAS 37. For this purpose, we evaluated, among others, the appropriateness of the measurement assumptions and models used as well as the underlying individual facts and the competence, capabilities and objectivity of the external experts engaged. We reviewed the future cash outflows expected by the group companies on a sample basis and made an additional evaluation of the plausibility of changes in individual future cash outflows against the estimate made at the end of the prior year. By calling in our valuation specialists, we also reviewed measurement parameters (in particular inflation rates, discount rates and currency translation from the functional to the reporting currency) used by the Company. Furthermore, we reviewed and assessed the mathematical accuracy of the calculations and the appropriateness of the calculations performed by the other auditing firm in its sensitivity analyses. Moreover, we examined the Company's disclosures on the measurement of environmental provisions in the sections "Environmental provisions" and "Assumptions and estimates" of the notes to the consolidated financial statements.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG) contained in the annual report,
- the corporate governance statement including the further reporting on corporate governance included therein, to which reference is made in the combined management report,
- the separate consolidated non-financial report, to which reference is made in the combined management report,
- the "Summary assessment of the internal control/risk management system", which is contained in section "Main elements of the internal control/risk management system" of the combined management report and marked as extraneous to the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code including the further reporting on corporate governance, which is part of the corporate governance statement, and for the remuneration report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a

whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 7b55e50ed6abd36df908169b-11b26ad7d0589b82d58 6e6060254a01d049fdb8e, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on June 15, 2023. We were engaged by the supervisory board on August 3, 2023. We have been the group auditor of Brenntag SE, Essen/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is André Bedenbecker.

Düsseldorf / Germany, March 4, 2024

Deloitte GmbH Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
André Bedenbecker Wirtschaftsprüfer (German Public Auditor)	Christian Siepe Wirtschaftsprüfer (German Public Auditor)

Segment reporting

Business performance of the Brenntag Group

in EUR m	2023	2022	Change		
			abs.	in %	in % (fx adj.)
Sales	16,815.1	19,429.3	-2,614.2	-13.5	-11.0
Operating gross profit ¹⁾	4,041.8	4,319.0	-277.2	-6.4	-3.7
Operating expenses	-2,457.2	-2,510.4	53.2	-2.1	0.3
Operating EBITDA	1,584.6	1,808.6	-224.0	-12.4	-9.2
Depreciation of property, plant and equipment ²⁾	-319.6	-296.9	-22.7	7.6	10.5
Operating EBITA (segment result)	1,265.0	1,511.7	-246.7	-16.3	-13.1
Net income / expense from special items	-78.3	-19.8	-	-	-
EBITA	1,186.7	1,491.9	-	-	-
Amortization of intangible assets	-64.0	-109.5	-	-	-
Net finance costs	-119.9	-147.5	-	-	-
Profit before tax	1,002.8	1,234.9	-	-	-
Income tax expense	-281.7	-332.4	-	-	-
Profit after tax	721.1	902.5	-	-	-

6.01 Business performance of the Brenntag Group 12M 2023/2022

¹⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at warehouse sites in Canada (Specialties Americas) and Turkey (Specialties EMEA).

²⁾ Depreciation was adjusted by EUR 4.4 million in the reporting period, mainly due to the major fires in Canada and Turkey.

in EUR m	Q4 2023	Q4 2022	Change		
			abs.	in %	in % (fx adj.)
Sales	3,943.1	4,734.5	-791.4	-16.7	-13.2
Operating gross profit ¹⁾	974.8	1,030.2	-55.4	-5.4	-1.2
Operating expenses	-601.2	-678.1	76.9	11.3	8.1
Operating EBITDA	373.6	352.1	21.5	6.1	12.3
Depreciation of property, plant and equipment ²⁾	88.6	80.6	8.0	9.9	13.8
Operating EBITA (segment result)	285.0	271.5	13.5	5.0	11.8
Net income / expense from special items	-42.0	-23.9	-	-	-
EBITA	243.0	247.6	-	-	-
Amortization of intangible assets	14.1	56.3	-	-	-
Net finance costs	-20.7	-45.3	-	-	-
Profit before tax	208.2	146.0	-	-	-
Income tax expense	-70.9	-40.4	-	-	-
Profit after tax	137.3	105.6	-	-	-

6.02 Business performance of the Brenntag Group Q4 2023/2022

¹⁾ Gross profit was adjusted by EUR 15.4 million in Q4 2023 due to the loss of inventories during a major fire at warehouse site in Turkey (Specialties EMEA).

²⁾ Depreciation was adjusted by EUR 0.8 million in Q4, mainly due to a major fire in Turkey.

Period from January 1 to December 31 in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Group
External sales				
2023	6,983.4	9,308.8	522.9	16,815.1
2022	7,947.4	10,720.9	761.0	19,429.3
fx. adj. change in %	-8.6	-11.2	-31.3	-11.0
Operating gross profit¹⁾				
2023	1,479.6	2,533.5	28.7	4,041.8
2022	1,678.3	2,608.6	32.1	4,319.0
fx. adj. change in %	-8.2	-0.7	-10.6	-3.7
Operating EBITDA				
2023	595.1	1,109.6	-120.1	1,584.6
2022	779.6	1,153.3	-124.3	1,808.6
fx. adj. change in %	-19.7	-1.6	-3.0	-9.2
Depreciation and impairment of property, plant and equipment and right-of-use assets²⁾				
2023	44.3	260.7	14.6	319.6
2022	41.6	242.5	12.8	296.9
fx. adj. change in %	12.4	9.9	15.9	10.5
Operating EBITA (segment result)				
2023	550.8	848.9	-134.7	1,265.0
2022	738.0	910.8	-137.1	1,511.7
fx. adj. change in %	-21.5	-4.7	-1.2	-13.1

6.03 Reconciliation of the Reportable Segments to the Group 12M 2023/2022

¹⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at warehouse sites in Canada (Specialties Americas) and Turkey (Specialties EMEA).

²⁾ Depreciation was adjusted by EUR 4.4 million in the reporting period, mainly due to the major fires in Canada and Turkey.

Period from October 1 to December 31 in EUR m	Brenntag Specialties	Brenntag Essentials	All other Segments	Group
External sales				
2023	1,626.8	2,198.5	117.8	3,943.1
2022	1,897.5	2,686.4	150.6	4,734.5
fx. adj. change in %	-8.7	-16.0	-21.8	-13.2
Operating gross profit¹⁾				
2023	345.6	624.2	5.0	974.8
2022	370.7	653.8	5.7	1,030.2
fx. adj. change in %	-0.2	-1.7	-12.3	-1.2
Operating EBITDA				
2023	129.0	274.3	-29.7	373.6
2022	136.7	257.4	-42.0	352.1
fx. adj. change in %	4.3	9.6	-28.4	12.3
Depreciation and impairment of property, plant and equipment and right-of-use assets²⁾				
2023	10.9	74.0	3.7	88.6
2022	11.7	66.3	2.6	80.6
fx. adj. change in %	3.6	14.4	42.3	13.8
Operating EBITA (segment result)				
2023	118.1	200.3	-33.4	285.0
2022	125.0	191.1	-44.6	271.5
fx. adj. change in %	4.4	8.0	-24.2	11.8

6.04 Reconciliation of the Reportable Segments to the Group Q4 2023/2022

¹⁾ Gross profit was adjusted by EUR 15.4 million in Q4 2023 due to the loss of inventories during a major fire at warehouse site in Turkey (Specialties EMEA).²⁾ Depreciation was adjusted by EUR 0.8 million in Q4, mainly due to a major fire in Turkey.

Period from January 1 to December 31 in EUR m	EMEA ¹⁾	Americas ²⁾	APAC	Central activities ³⁾	Brenntag Specialties
External sales					
2023	3,006.2	2,645.4	1,331.8	-	6,983.4
2022	3,369.0	3,148.8	1,429.6	-	7,947.4
fx. adj. change in %	-6.9	-13.5	-1.8	-	-8.6
Operating gross profit⁴⁾					
2023	667.6	558.7	253.3	-	1,479.6
2022	725.0	664.3	289.0	-	1,678.3
fx. adj. change in %	-3.6	-13.4	-7.7	-	-8.2
Operating EBITDA					
2023	266.1	220.9	109.6	-1.5	595.1
2022	335.0	297.2	148.6	-1.2	779.6
fx. adj. change in %	-14.7	-23.5	-22.4	25.0	-19.7
Depreciation and impairment of property, plant and equipment and right-of-use assets⁵⁾					
2023	10.0	17.0	17.3	-	44.3
2022	11.1	15.9	14.6	-	41.6
fx. adj. change in %	1.0	9.7	23.6	-	12.4
Operating EBITA (segment result)⁶⁾					
2023	256.1	203.9	92.3	-1.5	550.8
2022	323.9	281.3	134.0	-1.2	738.0
fx. adj. change in %	-15.2	-25.3	-27.5	25.0	-21.5

6.05 Segment reporting on the global Specialities division 12M 2023/2022

¹⁾ Europe, Middle East & Africa.²⁾ North and Latin America.³⁾ Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.⁴⁾ Gross profit was adjusted by EUR 21.6 million in the reporting period due to the loss of inventories during major fires at warehouse sites in Canada and Turkey.⁵⁾ Depreciation was adjusted by EUR 4.4 million in the reporting period, mainly due to the major fires in Canada and Turkey.⁶⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

Period from October 1 to December 31 in EUR m	EMEA ¹⁾	Americas	APAC ²⁾	Central activities ³⁾	Brenntag Specialties
External sales					
2023	659.2	618.9	348.7	-	1,626.8
2022	790.5	745.8	361.2	-	1,897.5
fx. adj. change in %	-9.5	-12.9	2.0	-	-8.7
Operating gross profit⁴⁾					
2023	148.6	135.5	61.5	-	345.6
2022	158.0	148.5	64.2	-	370.7
fx. adj. change in %	2.8	-3.9	1.0	-	-0.2
Operating EBITDA					
2023	52.9	52.0	26.2	-2.1	129.0
2022	51.6	60.0	26.8	-1.7	136.7
fx. adj. change in %	21.3	-8.5	1.9	23.5	4.3
Depreciation and impairment of property, plant and equipment and right-of-use assets⁵⁾					
2023	1.6	4.5	4.8	-	10.9
2022	3.0	4.5	4.2	-	11.7
fx. adj. change in %	-19.2	4.7	17.1	-	3.6
Operating EBITA (segment result)⁶⁾					
2023	51.3	47.5	21.4	-2.1	118.1
2022	48.6	55.5	22.6	-1.7	125.0
fx. adj. change in %	23.6	-9.6	-0.9	23.5	4.4

6.06 Segment reporting on the global Specialities division Q4 2023/2022

¹⁾ Europe, Middle East & Africa.²⁾ North and Latin America.³⁾ Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.⁴⁾ Gross profit was adjusted by EUR 15.4 million in Q4 2023 due to the loss of inventories during a major fire at warehouse site in Turkey.⁵⁾ Depreciation was adjusted by EUR 0.8 million in Q4, mainly due to a major fire in Turkey.⁶⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

Period from January 1 to December 31 in EUR m	EMEA ¹⁾	North America	Latin America	APAC ²⁾	Central activities ³⁾	Brenntag Essentials
External sales						
2023	3,535.1	4,390.8	698.3	684.6	-	9,308.8
2022	4,292.6	4,779.7	861.4	787.2	-	10,720.9
fx. adj. change in %	-17.2	-5.3	-17.2	-7.2	-	-11.2
Operating gross profit						
2023	908.4	1,369.9	152.0	103.2	-	2,533.5
2022	969.6	1,342.5	176.9	119.6	-	2,608.6
fx. adj. change in %	-5.7	5.2	-12.3	-8.1	-	-0.7
Operating EBITDA						
2023	410.9	625.4	43.5	29.9	-0.1	1,109.6
2022	474.7	578.1	60.7	41.4	-1.6	1,153.3
fx. adj. change in %	-12.7	11.5	-26.8	-22.9	-93.8	-1.6
Depreciation and impairment of property, plant and equipment and right-of-use assets						
2023	108.2	128.5	16.9	7.1	-	260.7
2022	107.2	109.6	17.9	7.8	-	242.5
fx. adj. change in %	1.8	20.9	-3.4	-1.4	-	9.9
Operating EBITA (segment result)⁴⁾						
2023	302.7	496.9	26.6	22.8	-0.1	848.9
2022	367.5	468.5	42.8	33.6	-1.6	910.8
fx. adj. change in %	-17.0	9.4	-36.5	-27.8	-93.8	-4.7

6.07 Segment Reporting on the global Essentials division 12M 2023/2022

¹⁾ Europe, Middle East & Africa.²⁾ Asia Pacific including the China and Hong Kong segment, which is presented separately internally.³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.⁴⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

Period from October 1 to December 31 in EUR m	EMEA ¹⁾	North America	Latin America	APAC ²⁾	Central activities ³⁾	Brenntag Essentials
External sales						
2023	785.8	1,044.0	172.2	196.5	-	2,198.5
2022	1,087.1	1,214.3	205.9	179.1	-	2,686.4
fx. adj. change in %	-27.8	-9.5	-16.4	16.4	-	-16.0
Operating gross profit						
2023	213.2	340.7	41.5	28.8	-	624.2
2022	251.1	338.7	39.1	24.9	-	653.8
fx. adj. change in %	-15.1	6.0	6.3	23.2	-	-1.7
Operating EBITDA						
2023	85.3	166.5	13.4	7.6	1.5	274.3
2022	121.6	120.6	10.1	5.8	-0.7	257.4
fx. adj. change in %	-29.8	46.7	30.7	37.5	-300.0	9.6
Depreciation of property, plant and equipment and right-of-use assets						
2023	28.5	39.5	4.0	2.0	-	74.0
2022	29.3	30.4	4.7	1.9	-	66.3
fx. adj. change in %	-2.4	36.0	-15.2	16.7	-	14.4
Operating EBITA (segment result)⁴⁾						
2023	56.8	127.0	9.4	5.6	1.5	200.3
2022	92.3	90.2	5.4	3.9	-0.7	191.1
fx. adj. change in %	-38.5	50.4	69.1	47.4	-300.0	8.0

6.08 Segment Reporting on the global Essentials division Q4 2023/2022

¹⁾ Europe, Middle East & Africa.²⁾ Asia Pacific including the China and Hong Kong segment, which is presented separately internally.³⁾ Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.⁴⁾ Certain items of property, plant and equipment and right-of-use assets are not separable and support both divisions jointly. They have been allocated to a division (depending on the region) and are depreciated there. They are charged to the other division on the basis of fixed and variable monthly amounts.

Glossary

A

APAC | Asia Pacific, China and Hong Kong

B

BEST | BEST (Brenntag Enhanced Safety Thinking) is a global Brenntag initiative to improve the safety behavior / the safety culture in the whole company.

Brenntag Business Services | Brenntag Business Services were introduced to support the two divisions, Brenntag Essentials and Brenntag Specialties, harmonize internal processes and intensify global collaboration. They have been allocated to "All other Segments".

Brenntag Essentials | The global division "Brenntag Essentials" markets a broad portfolio of process chemicals across a wide range of industries and applications at local level.

Brenntag Specialties | The global division "Brenntag Specialties" is geared to expanding our market position as the leading supplier of specialty chemicals in six selected focus industries worldwide: Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants.

C

Conversion ratio | The conversion ratio at Brenntag is calculated as the quotient of operating EBITDA and operating gross profit. It represents one of the most important efficiency ratios.

D

Division | Since the beginning of 2021, we have been managing Brenntag through two global divisions: "Brenntag Essentials" and "Brenntag Specialties".

E

EMEA | Europe, Middle East & Africa

G

Global key accounts | At Brenntag, we take care of our key accounts at local, national, pan-regional and global level and develop and implement tailor-made concepts for their optimum supply with industrial and specialty chemicals. For our customers, this means they can concentrate on their core business, secure in the knowledge that they have a partner they can rely on.

H

Hub-and-spoke system | Brenntag sites are generally operated using an efficient 'hub-and-spoke' model. Large bulk quantities are received at Brenntag's 'hub' locations which have large tank farms, warehouses and mixing and blending facilities, plus sometimes white room facilities. From our hubs we supply our 'spoke' facilities which accommodate smaller tank farms and warehouses and are located in close proximity to our customers to ensure prompt and smooth delivery.

I

IBC | IBC stands for intermediate bulk container. IBCs are used mostly for storing and transporting liquids. A capacity of 1,000 litres is typical.

ICTA | The ICTA (International Chemical Trade Association) was established in 2016 and replaced the ICCTA as the international council for chemical trade associations. It represents the interests of over 1,300 chemical distributors worldwide. ICTA provides a worldwide network, coordinating work on issues and programs of international interest across chemical trade associations.

Industrial chemicals | Industrial chemicals is the term used at Brenntag to distinguish standard chemical products that have specific properties and effects from → speciality chemicals. The manufacturer of the product is generally irrelevant for the user.

J

Just-in-time delivery | With just-in-time deliveries, the customer does not store supplies but orders the products as required ("just in time") from the supplier.

L

Leverage | This term has various meanings in the world of finance. In this document, it refers to the ratio of net debt to operating EBITDA.

M

Mixing & blending | The term "mixing & blending" describes the mixing and formulation of solid and liquid chemicals in the correct mixing ratio with consistent quality as well as the filling of products in the desired packaging unit. Brenntag offers its customers not just distribution services but the complete mixing & blending of end products as a value-added service.

O

Outsourcing | Outsourcing at Brenntag is understood to mean that chemical manufacturers pass on their small and medium-sized customers to Brenntag who then obtain their chemicals from Brenntag.

P

Packaging | Packaging refers to packing or packing material.

Packing drum | A packing drum is a packing unit in which a product is sold and delivered. Typical packing drum sizes are e.g. cans, barrels or → IBCs.

Project Brenntag | "Project Brenntag" describes the first phase of the Brenntag Group's transformation program. It was initiated in 2020 and successfully completed in 2022. The central elements of the project were the establishment of a new operational business structure structure with two global segments focused on customer and supplier needs, a clear market approach derived from this, (infra-)structural issues and supporting measures for personnel and change management. With the completion of Project Brenntag, the Board of Management of Brenntag SE announced the start of the second transformation phase "Strategy to Win" in 2022.

REACH | REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a regulation of the European Union adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

Responsible Care / Responsible Distribution | Responsible Care / Responsible Distribution (RC/RD) is a global initiative of the chemicals industry and chemicals traders. It is a voluntary commitment to act responsibly and do more than is required by law: to promote sustainability, demonstrate product stewardship, make plants and the surrounding areas safer as well as improve occupational health and safety and environmental protection.

S

Segment | Component of an entity which is reported separately. In general, the definition is based on the internal reporting (management approach).

Sourcing activities | Brenntag has extensive experience and know-how in managing efficient sourcing relationships with national and international suppliers of chemical products.

Specialty chemicals | Specialty chemicals, which are often developed for customized applications, are distinguished from → industrial chemicals by their individual formulations. Which manufacturer produces the specialty chemical is of prime importance for the user.

Supply chain management | Brenntag provides large chemical producers and the processing industry with efficient logistics networks. We provide transport, warehousing and distribution and assist production and marketing processes. We warrant highest efficiency and best safety standards. We optimize supply chains, synchronize distribution, take on monitoring tasks, assume responsibility for VMI (Vendor Managed Inventory) and control and schedule follow-up orders for goods.

T

Together for Sustainability (TfS) | TfS (Together for Sustainability) is the name of an industry initiative founded by major companies of the chemicals sectors. The purpose is to develop and implement a global audit program to assess and improve sustainability practices within the supply chains of the chemical industry.

Trademark | A trademark generally refers to a brand name and at Brenntag includes both the name and the logo.

TRIR | TRIR (Total Recordable Injury Rate) is an international industry widely used performance indicator, indicating how often employees sustain injuries in work-related accidents. It shows the number of persons with work-related injuries requiring medical attention beyond first-aid per one million hours worked.

Five-year overview

		2023	2022	2021	2020	2019
Sales	EUR m	16,815.1	19,429.3	14,382.5	11,794.8	12,821.8
Operating gross profit	EUR m	4,041.8	4,319.0	3,379.0	2,869.4	2,821.7
Operating EBITDA	EUR m	1,584.6	1,808.6	1,344.6	1,057.7	1,001.5
Operating EBITDA / operating gross profit	%	39.2	41.9	39.8	36.9	35.5
Operating EBITA	EUR m	1,265.0	1,511.7	1,081.9	805.3	757.9
Operating EBITA / operating gross profit	%	31.3	35.0	32.0	28.1	26.9
Profit after tax	EUR m	721.1	902.5	461.4	473.8	469.2
Earnings per share	EUR	4.73	5.74	2.90	3.02	3.02

6.09 Consolidated income statement

		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Total assets	EUR m	10,337.8	11,373.0	10,195.5	8,143.5	8,564.2
Equity	EUR m	4,356.7	4,802.7	3,995.3	3,611.6	3,579.0
Working capital	EUR m	2,005.8	2,588.6	2,109.8	1,346.6	1,767.7
Net financial liabilities	EUR m	2,186.8	2,049.7	2,070.3	1,339.9	2,060.5

6.10 Consolidated balance sheet

		2023	2022	2021	2020	2019
Net cash provided by operating activities	EUR m	1,663.9	956.7	388.6	1,219.0	879.3
Investments in non-current assets (capex)	EUR m	-321.1	-267.2	-199.3	-201.9	-205.9
Free cash flow ¹⁾	EUR m	1,712.0	1,005.1	439.5	1,054.6	837.3

6.11 Consolidated cash flow

		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Share price	EUR	83.22	59.72	79.58	63.35	48.48
No. of shares (unweighted)		147,453,837	154,500,000	154,500,000	154,500,000	154,500,000
Market capitalization	EUR m	12,271	9,227	12,295	9,786	7,490
Free float	%	89.52	100.00	100.00	100.00	100.00

6.12 Key data on Brenntag shares

¹⁾ Calculation based on operating EBITDA.

Financial calendar 2024

May 14

2024

Quarterly Statement
Q1 2024

May 23

2024

Annual General Meeting
2024

August 13

2024

Interim Report
Q2 2024

November 12

2024

Quarterly Statement
Q3 2024

The financial calendar is updated regularly. The latest dates can be found on our website at
www.brenntag.com/financial_calendar

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Information on the Annual Report

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Information on rounding

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

Disclaimer

This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag SE and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.