

## **Corporate governance statement**

Pursuant to Section 289a, 315d of the German Commercial Code (HGB), this statement summarises the following key information regarding Bechtle AG's corporate governance:

- Declaration of Compliance according to Section 161 of the German Stock Corporation Act (AktG)
- Relevant information on corporate governance practices above and beyond legal requirements
- Description of operating principles employed by the Executive Board and Supervisory Board, as well as the composition and operating principles of their committees
- Target percentage of women on the Executive Board and both senior management levels therebelow
- Compliance with the 30 percent statutory quota for women on the Supervisory Board
- Description of the diversity concept

Further information can be found in the corporate governance section of the Bechtle AG group management report.

### **Declaration of Compliance with the German Corporate Governance Code.**

On 8 February 2018, the Executive Board and Supervisory Board issued the latest version of Bechtle's Declaration of Compliance with the German Corporate Governance Code (DCGK). It has been made available for shareholders to access on the Company's website at any time.

### **Corporate governance practices.**

Bechtle AG complies with all laws and regulations effective in each country of business. The Company and its employees also apply the following principles above and beyond legal requirements:

- Bechtle Corporate Philosophy
- Bechtle Sustainability Code
- Bechtle Code of Conduct
- Bechtle Leadership Principles

These publications are the framework underpinning our business strategy and activities. They provide guidance to all Bechtle AG employees and ensure that corporate governance practices are implemented appropriately—a visible testimony of our commitment to corporate citizenship. The Bechtle Leadership Principles are an in-house standard applicable to all Bechtle staff in a leadership position.

### **Cooperation between the Executive and Supervisory Boards.**

In the German dual system, the company management (i.e. the Executive Board) and the controlling unit (i.e. the Supervisory Board) are strictly separated from each other. Nevertheless, these two boards collaborate closely for the good of the company. The Supervisory Board is involved in all major corporate decisions and assists the Executive Board by providing advice whenever necessary. The Executive Board regularly, duly and comprehensively informs the Supervisory Board of all material issues relating to business development, business planning, strategy, risk management, potential risks and opportunities with respect to business performance as well as compliance-related subjects. The information and reporting obligations are specified in detail in the rules of procedure of the Executive Board. The Executive Board informs the Supervisory Board without delay about any extraordinary events that are of importance to the assessment of the situation, development or management of the company. The Supervisory Board and especially the Chairman of the Supervisory Board also obtain information about the company's situation and important business transactions outside the scope of the regular Supervisory Board meetings. Thus, the Supervisory Board has a useful information base for monitoring operations with valuable suggestions and recommendations. As a matter of principle, the Executive Board forwards its documents to the members of the Supervisory Board in coordination with the Chairman of the Supervisory Board in good time before Supervisory Board meetings, in order to enable the members to duly prepare for the meetings. According to the rules of procedure of the Supervisory Board, important business transactions are subject to the approval of the Supervisory Board.

### **Executive Board.**

The staffing and responsibilities of the Executive Board are the same as in the prior year. The Executive Board consists of three members. Dr. Thomas Olemotz is the Chairman of the Executive Board.

Apart from the distribution of tasks, the rules of procedure of the Executive Board govern the collaboration within the Executive Board, majority requirements for resolutions and the cooperation with the Supervisory Board. An age limit of 65 has been determined for members of the Executive Board.

### **Supervisory Board.**

In line with the Articles of Incorporation, the Supervisory Board of Bechtle AG consists of twelve members. In accordance with the German Co-determination Act (MitbestG), it consists of equal numbers of shareholder representatives and employee representatives. The Supervisory Board currently includes four female members, various members have a special international background, and the overwhelming majority of the shareholder representatives are independent. Some of the employee representatives are normal employees of the company.

For personal reasons, Karin Schick stepped down from her Supervisory Board mandate as of the end of 30 November 2017. By decision of the Stuttgart District Court

of 4 December 2017, Elke Reichart was appointed as a Member of the Supervisory Board.

Contrary to the recommendation of Section 5.3.2 (3) sentence 3 of the DCGK, the Chairman of the Supervisory Board of Bechtle AG also serves as Chairman of the audit committee. He engages in intensive exchange with the Executive Board and is closely acquainted with the goings-on in the company. Thus, the company does not consider a separation of the leading positions on the Supervisory Board and the audit committee to be necessary.

A nomination committee has not been formed. In view of the staffing of the Supervisory Board, the Supervisory Board does not consider such a committee to be necessary at present.

The Supervisory Board endeavours to fulfil its duties with due care. Every three years, the Supervisory Board has the efficiency of its activities comprehensively audited on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. Such an audit was carried out during the reporting period and showed that the Supervisory Board works efficiently. Should the Supervisory Board come to the conclusion that efficiency has deteriorated, the audit will be conducted on an annual basis.

The rules of procedure of the Supervisory Board provide for an age limit of 70 for election to the supervisory committee.

#### **D&O insurance.**

The Executive Board and the Supervisory Board observe the generally accepted corporate governance principles. Should they culpably violate their duty to exercise due care, Bechtle AG may assert damage claims against them. To cover this risk, the company has taken out directors & officers liability insurance for the Members of the Executive Board and of the Supervisory Board. A deductible of 10 per cent has been agreed for the Executive Board in line with the statutory provisions, but not for the Supervisory Board. Bechtle AG does not believe that a deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board.

#### **Conflicts of interest.**

The members of the Executive Board and of the Supervisory Board are committed to the interests of the company. In their decisions within the scope of their activity, they are not permitted to pursue personal interests or use business opportunities to which the company is entitled for themselves. In the past fiscal year, the members of the Supervisory Board and Executive Board did not experience any conflicts of interest, e.g. due to an advisory function or role on a body for customers, suppliers, creditors or business partners. Detailed information on the existing mandates of the board members on supervisory boards and similar supervisory bodies of other companies is presented in the Notes to the Consolidated Financial Statements.

### **Women on the Executive Board.**

The Supervisory Board of Bechtle AG has examined the subject of determining a target for the share of women on the Executive Board. Currently, the share of women on the Executive Board is 0 per cent. The Supervisory Board firmly believes that committing the members of the Executive Board to the company and keeping them in the company on a long-term basis serves the company's interests. Therefore, the Supervisory Board does not believe in changing the staffing of the Executive Board solely for the purpose of increasing the proportion of women. Therefore, increasing the number of members of the Executive Board for the mere sake of ensuring a certain share of women is not a viable option. In 2015, a target quota of 0 per cent was determined for the Executive Board. The deadline for reaching this target quota was 30 June 2017. The target quota was reached. From the current perspective, we consider a change of this proportion to be unrealistic in the medium term. Therefore, the Supervisory Board has again determined a target quota of 0 per cent for the proportion of women on the Executive Board with effect from 1 July 2017 until 30 June 2022.

### **Women in senior management.**

The Executive Board of Bechtle AG has adopted targets for the share of women at the two executive levels under the Executive Board. For the staffing of the two executive levels under the Executive Board, qualification is the top priority. Moreover, the objective is to commit employees to Bechtle on a long-term basis. The first executive level under the Executive Board comprises the Executive Vice Presidents. Currently, the proportion of women at this level is 0 per cent. A target quota of 0 per cent was determined on 31 July 2015. This target was reached as of 30 June 2017. For the said reasons, it is unlikely that this quota will change noticeably in the coming years. In its decision of 29 May 2017, the Executive Board therefore again set the target quota for the first executive level with effect from 1 July 2017 to 30 June 2022 at 0 per cent.

The second executive level under the Executive Board comprises the decision-makers in managerial positions as well as other executives that report directly to a member of the Executive Board. As of 31 July 2015, the proportion of women at this level amounted to 4.48 per cent. On 31 July 2015, this target was set to 5 per cent. The deadline for reaching this target quota was 30 June 2017. As of this date, the target was reached with a share of 5.48 per cent. In its decision of 29 May 2017, the Executive Board set the target for the second executive level with effect from 1 July 2017 at 5.5 per cent. The deadline for reaching this target quota is 30 June 2022.

### **Women on the Supervisory Board.**

Bechtle AG is required by law to ensure a female quota of at least 30 per cent on the Supervisory Board. Currently, the proportion of women on Bechtle's Supervisory Board is 33 per cent.

### **Diversity Concept.**

Under consideration of Section 5.4.1 (2) of the German Corporate Governance Code (DCGK), the Supervisory Board has set down goals concerning its composition in writing. The Supervisory Board thus intends to ensure that at least two members of the Supervisory Board fulfil the criterion of internationality to a special degree. However, the Supervisory Board does not see any necessity to fix the number of independent members of the Supervisory Board. Currently, most of the members of the Supervisory Board fulfil the criterion of "independence", as they do not have any personal or business relationship with the company, its bodies, a controlling shareholder or a company affiliated with a controlling shareholder and do not exercise any advisory function or role on a body for customers, suppliers, creditors or other business partners of Bechtle AG. Nevertheless, the Supervisory Board will continue to propose representatives of business partners as Supervisory Board members if their specific skills are more beneficial to the company than potential conflicts of interest could be detrimental. For the aforesaid reasons, the Supervisory Board does not consider it to be necessary to disclose the number of independent members among the shareholders which it believes to be appropriate and the names of these members in the Corporate Governance Report. Moreover, the Supervisory Board does not see any need for the definition of specific goals for the handling of potential conflicts of interest. In respect of diversity, the Supervisory Board has not determined any goals. Moreover, the Supervisory Board has not determined any standard limit for affiliation with the Supervisory Board. In this area too – as in the case of the staffing of the Executive Board and executive positions and in its dealings with all employees – Bechtle AG aims at long-term cooperation. In the past, Bechtle AG often benefited from the long-standing expertise of experienced members of the Supervisory Board. This is to remain the case in the future as well.

Pursuant to the new recommendation in Section 5.4.1 (2), second half of sentence 1 of the amended version of the DCGK, the Supervisory Board has also created and adopted a skills profile for the entire board. In summary, each member of the Supervisory Board must, among other things, have the skills and expertise needed to duly perform his or her duties according to law and the Articles of Incorporation, and at least one member of the Supervisory Board must have expertise in the field of financial accounting or auditing. Furthermore, the members of the Supervisory Board must, in their entirety, be familiar with the industry in which the company operates. Furthermore, each member of the Supervisory Board must have enough time for the exercise of his or her mandate. With respect to skills and experience, each member should have a general understanding of the business activity of an IT system house, especially of the market environment, the individual business areas, customer needs, the regions in which the company is active and the company's strategic orientation. Moreover, individual or several members should be knowledgeable in the field of financial

accounting or auditing, business administration, corporate governance as well as compliance and leadership. All members should also be able to assess and evaluate the correctness, efficiency and appropriateness of the business decisions to be evaluated and the annual financial statements.

Presently, the goals determined by the Supervisory Board for its composition and the requirements of the skills profile are met. These goals will also be taken into consideration in future election proposals to be submitted to the Annual General Meeting, and efforts will be made to fulfil the skills profile.

Neckarsulm, March 2018

Bechtel AG

Executive Board