BUILDING A SUSTAINABLE FUTURE.
CONTENTS

ABOUT THIS REPORT 3
FOREWORD 4
CORPORATE GOVERNANCE 6  Doing business responsibly.
CUSTOMER FOCUS 16  In focus: Our customers.
EMPLOYEES 24  Finding and keeping the right colleagues.
ENVIRONMENT 32  Thinking ahead.
SUSTAINABILITY PROJECT 2017 39  Bechtle invests in geothermal energy.
SOCIAL COMMITMENT 44  Investing in the future.
NON-FINANCIAL REPORT 48
LEGAL NOTICE 70

ABOUT THIS REPORT.

Since 2016, Bechtle AG has published a yearly Sustainability Report at the same time as the Bechtle Annual Report. Now in its third edition, this Sustainability Report gives customers, business partners, employees, shareholders and the interested public updated information on our sustainability strategy and essential activities related to sustainability.

For the first time, the Bechtle Sustainability Report 2017 contains a non-financial report pursuant to Section 315b of the German Commercial Code (HGB). With the publication of non-financial information, Bechtle AG has fulfilled its obligation according to the German “directive to strengthen non-financial reporting of companies in their annual reports (CSR Directive Implementation Act – CSR-RUG)”, see Bundesgesetzblatt 2017 Section I No. 20, published in Bonn on 18 April 2017.

The Bechtle Sustainability Report 2017 was published 16 March 2018. For further financial data and background information on the company’s financial goals and business development, please refer to the Annual Report 2017.

REPORTING PERIOD AND SCOPE.

The reporting period of this report is from 01 January to 31 December 2017. The report is supplemented with information on major activities that occurred before and after the given time period up until the editorial deadline in February 2018, which is indicated accordingly. The key figures were recorded by the management system of the respective business unit, which apply to the given reporting period unless otherwise indicated.

All figures refer to the Bechtle Group. Measures that apply only to individual companies, locations or brands are indicated accordingly.

CONTENTS AND LEGAL REQUIREMENTS.

The subject material appearing in the report was selected according to the principle of materiality and the central expectations of the Bechtle AG stakeholders. The contents of the report are also weighted on the basis of Bechtle’s corporate strategy and industry-specific topics. The challenges faced and measures taken are described in the chapters "Corporate governance", "Customer focus", "Employees", "Environment" and "Social commitment".

MISCELLANEOUS.

Availability: The Bechtle Sustainability Report is available online at www.bechtle.com/nachhaltigkeit in German and www.bechtle.com/sustainability in English.
Dear Readers,

You know Bechtle as a future-ready, successful business—one of Europe’s biggest IT service providers. But, do you also associate the name Bechtle with sustainability?

Bechtle has always been a forward-thinking and fair business with long-term goals. We always have the big picture in mind; we set the bar high with ambitious goals; we are a reliable and responsible employer; and we are a committed and dependable partner to our stakeholders. These pillars of responsible, sustainable business operations have been the hallmark of who we are for many years.

Our objective is to strike a healthy balance between current and future economic, social and environmental challenges. We want to deal with risks and opportunities in such a way that we achieve our short and long-term growth and profitability targets within the framework of a responsible and future-oriented approach. This also means carefully reflecting on the impact our decisions and actions have on society and the environment.

Corporate responsibility (CR) has been hotly debated in the public domain for quite some time now. We are facing up to our obligations and, in the process, discovering new opportunities for further improvement. With this in mind, we defined what CR means to us back in 2013 and developed our own Sustainability Code. We have begun to integrate the guidelines outlined in Code into our internal structures and processes and to enshrine the principles of sustainability at Bechtle. We are now in our third year of regularly publishing our CR reports. The idea is not only to satisfy the new regulations required of businesses in this area, but also document our existing sustainability performance and our progress in terms of transparent, public communication.

Our preoccupation with the multifaceted subject of sustainability has clearly left its mark and raised awareness among our employees. This can be seen in the numerous economically and ecologically motivated ideas and suggestions for improvement submitted by them, ranging from concrete ways to avoid waste, new power and building concepts, to a future-oriented car pool strategy. In addition, we take a much more differentiated view of sustainability in its various aspects today than even just a few years ago, which we believe to be a good foundation for establishing corporate responsibility as a self-evident basis of our actions and we are committed to taking on this obligation with respect to our employees and the general public alike.

This Sustainability Report was subject to new requirements. Legislation was passed in 2017 that now requires corporations to include non-financial reporting. This allows us, on the one hand, to present an overview of our sustainability performance and, on the other, to emphasise the importance of social responsibility—above all economic success—in a broader context.

However, this also means that we must continue to align our internal structures and processes with the new reporting requirements. With this report, we have taken our first step towards meeting this new requirement and we will continue on this path with going forward.

I hope you find the report interesting and that you continue to accompany us on our journey together.

Dr Thomas Olemotz
DOING BUSINESS RESPONSIBLY.

How and why Bechtle has long been able to operate successfully, sustainably and responsibly and what we do to ensure legal compliance and ethical business practices towards all our stakeholders.

One goal of Bechtle AG is to be economically successful. A second is to ensure that this success is long term. Bechtle pursues both of these by developing our own values and integrating these together with the principles of responsible management into its strategic and operational business. This also includes transparent corporate governance and management that strives to achieve long-term value creation.

KEY CORPORATE FIGURES.

Bechtle was founded in 1983. Since the initial public offering in 2000 and being listed on the TecDAX in 2004, Bechtle AG has grown into Germany’s largest vendor-independent IT systems integrator and one of the leading IT e-commerce providers in Europe. Some 100 local subsidiaries in 14 countries employing 8,353 people belong to the Bechtle Group, which is headquartered in Neckarsulm, Germany (correct at: 31 December 2017). We combine experience, flexibility and stability with our regional presence. We boast an extensive network of experts, backed by close partnerships with all the big-name vendors, and specialised competence centres offer additional know-how. From procurement to operation, we provide stable IT systems, secure data and a future-ready IT infrastructure for our 70,000 customers from industry, commerce, and the financial sectors.

CHALLENGES IN IT.

Today, corporate IT is key to productivity—with many companies relying on it to stay competitive—and a highly complex line of business. Customers need a partner that can help them with the growing demands placed on their IT. A single company is not enough to provide the quality solutions required for this scope. However, as a group Bechtle can, because the whole is more than the sum of its parts. We are able to efficiently scale existing know-how and thus make the knowledge of individuals available to many without calling into question the basic principle of decentralised corporate respon-
CORPORATE GOVERNANCE

IN DIALOGUE WITH OUR STAKEHOLDERS.

Our sustainability strategy is based not only on our own requirements, which are closely linked to our corporate vision and business model. Of equal importance are the expectations of our stakeholders. We are thus in continuous open dialogue with all relevant interest groups, i.e. employees, customers, vendors and suppliers, but also shareholders. This gives us the chance to better understand their interests and needs and enables us to take these into account when taking important decisions. However, these demands are not static, but can change over time, resulting in a dynamic plurality of interests that requires compromise and continuous re-analysis to ensure a fair balance.

KEEPING WHAT’S IMPORTANT IN FOCUS.

Together with internal assessments, the results of dialogues with the most important interest groups form the basis of our materiality analysis. Since early 2015, we have conducted surveys of our stakeholders on the subject of sustainability. In a second step in 2017, we compared the insights gained from these surveys with the changed legal requirements (CSR Directive Implementation Act). This led to the materiality matrix, which correlates internal and external expectations with sustainability-relevant subject matter, enabling us to better recognise and assess risks and opportunities and to use this insight for future developments. The concrete results of this approach are reflected in our strategic sustainability strategy as presented in this report.

WIN CHARTA, GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS.

We also apply our ideas and our approach to initiatives that are relevant to us. In November 2014, we signed the WIN Charta—the same year in which the initiative was introduced by the state of Baden-Württemberg. The document originates from a proposal of the committee of the Business Initiative Sustainability of the state of Baden-Württemberg (Wirtschaftsinitiative Nachhaltigkeit des Landes Baden-Württemberg – WIN) and consists of twelve guiding principles that formulate shared basic values and encompass the three pillars of sustainability. It also enables the identification of strategies and approaches relevant to sustainability, and presents a framework for implementing such measures in a regional and local context.

CORPORATE GOVERNANCE

COMBINING INNOVATION AND TRADITION.

Bechtle stands for sustainable IT solutions and managed services, state-of-the-art IT products and advanced technical expertise. Striving to innovate and develop and embracing necessary change is just as much a part of our identity as the four core values that have shaped our company for 35 years and are enshrined in our corporate philosophy: integrity, determination, reliability and inspiration. These values serve as our benchmark and compass, directing how we do business with our customers and partners. This is how innovation and tradition form a sustainable corporate culture, which we view as a decisive factor for Bechtle’s success. By establishing clear, principled values we create an environment in which our employees can identify themselves with their company while developing their personal and professional skills and gaining personal recognition. It is our goal to permanently cultivate these core values.

BUSINESS SUCCESS AND SUSTAINABILITY.

Being profitable is also a central aspect of sustainability. On one hand, with economic success comes social responsibility, as every company is also a part of society. On the other hand, only a company that is profitable and successful in the long term can fulfil social and environmental obligations to society. In addition, there is a change in expectations among customers and the public as a whole so that today’s businesses must increasingly also act socially and ecologically in order to be economically successful.

For Bechtle, as a long-term thinking company, that means: we have long term success only if we reach our business goals through responsible and sustainable business practices. That is why we want to achieve the growth and profitability targets set out in Vision 2020, taking into account economic, social and environmental challenges, risks and opportunities. At the same time, we want to do our part by contributing to making our society one that is marked by strength, solidarity and vigour, and by actively promoting an environment in which we can continue to grow successfully.

CORPORATE GOVERNANCE
CORPORATE GOVERNANCE

Sustainability and corporate social responsibility have become strategically important principles in today’s corporate policy, and increasingly also a key success factor. Successfully leading a business into the future also means taking social and environmental responsibility. Bechtle’s management fully supports this conviction and takes the necessary process steps consciously and in a value-oriented manner.

When possible, we try to quantify all aspects of sustainability and make it transparent. Ambitious, measurable targets help us convey and implement our goals. We aim to establish the concept of sustainability as a good foundation for establishing corporate responsibility as a self-evident basis of our actions and one of the ways to do this is to make our reporting transparent. However, the most important elements are a strong will and commitment to take on the challenges of the future and to be responsible towards society.

In 2013, we founded a sustainability project group that is responsible for implementing and coordinating all our sustainability activities. The group consists of employees from all relevant fields and areas of responsibility, which include the departments Quality Management, Human Resources, Personnel Development and Academy, Legal and Compliance, Logistics Management, Environmental Management, Product Management, Corporate Communications and Investor Relations, and answers directly to the Executive Board. The initiator of the project group, who is also responsible for its overall coordination is the CEO, Dr Thomas Olemotz.

FAIRNESS AND TRANSPARENCY.

Responsible business management has always been the guiding principle of Bechtle’s business operations and thinking. This means, for example, that we adhere to applicable law and all relevant standards without exception. The name Bechtle stands for fair operational and business practices. Openness and transparency are among our most important guiding principles, which, as a publicly traded company, we also feel obliged to fulfill. Not least of all to our shareholders. All capital-market-relevant information is published both in German and English to a broad audience via mailing list and made available online on the company’s website. The same also applies to all important dates, financial reports, press releases and presentations.

Currently, we are reviewing the merits of joining the UN Global Compact, the world’s largest and most important initiative for responsible corporate governance. Adherence to the ten principles of the UN Global Compact are the foundation for ensuring integrity and future-oriented, responsible business practices on a global scale, and they may serve us as a guideline to implementing even more sustainability measures. With our sustainability services, we also intend to make greater contributions to the 17 Sustainable Development Goals (SDGs) of the United Nations in the future. Our focus is on those goals in our field of business that we can directly influence. We are also examining whether future sustainability reporting should be based on the guidelines of the Global Report Initiative (GRI Standards) or other frameworks.

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BECHTLE SUSTAINABILITY CODE.

Foresight, mutual respect in everyday operations, as well as carefully reflecting on the impact of all business activities on society and environment—these are the cornerstones of our business practices irrespective of Zeitgeist and legal requirements. To put our ideas into writing, we formulated the Bechtle Sustainability Code in 2013. The document succinctly describes our values and defines for the first time the areas of operation that are relevant for us. Currently our efforts in the realm of sustainability focus primarily on:

- responsible corporate governance in tune with the German Corporate Governance Code, among others,
- diligent personnel management as a key component in securing long-term successful business development,
- convincing and high-quality product solutions,
- responsible supplier management,
- fair and sustainable customer relations,
- effective environmental management and responsible management of resources,
- conscious acceptance of social responsibility.

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CORPORATE GOVERNANCE

Bechtle AG Sustainability Report 2017

CORPORATE GOVERNANCE

Bechtle condemns arrangements—whether with competitors or suppliers—that unlawfully restrict free and open competition or that affect prices or conditions. We avoid and oppose any form of corruption; our employees draw clear lines between a normal business relationship and private interests when dealing with business partners and representatives of public institutions. In accordance with the Bechtle corporate culture, we expect every employee to treat fellow colleagues of all levels and in all company departments in a professional, friendly and fair manner. Discrimination of any kind is not tolerated at Bechtle.

To ensure full compliance with legal requirements and ethical business operations, we have established various guidelines and processes that our employees and even Executive Board members are obliged to adhere to. All relevant and up-to-date standards are available at all times on the Bechtle intranet.

CORPORATE GOVERNANCE CODE.

The German Corporate Governance Code stipulates essential legal provisions on corporate governance and control for German publicly traded companies. In the form of recommendations, it contains international and nationally recognised standards for good and responsible corporate governance and a sustainable value creation chain. At Bechtle, both the Executive and Supervisory Boards fully recognise the principles and recommendations of the German Corporate Governance Code. Our corporate governance complies with the vast majority of the recommendations defined in the Code. In the few cases where the Supervisory and Executive Boards believe it makes sense, we have defined deviating provisions in the best interest of good corporate governance. The reasons for these deviations are explained in detail in our Annual Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Code (AktG). This document, along with the Declaration of Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB), is available to the public on our company’s website.

BECHTLE LEADERSHIP PRINCIPLES.

Leadership is closely tied to an individual’s personal traits, and just as our some 100 Bechtle subsidiaries are genuinely unique, so are our team leaders, managers and executives. The actions of our management team must be authentic and believable in order to be able to motivate their teams and lead them to success. To foster our values and principles, we give our management a set of concrete guidelines for their reference. Bechtle’s Leadership Principles apply to everyone in a position of leadership throughout the entire Bechtle Group—from team leaders to managing directors and Executive Board members.

Management is evaluated on the basis of the ten principled guidelines: lead by example, communicate openly, win over your colleagues, take responsibility, be an entrepreneur, be consistent, foster personal responsibility, personify the company image, solve problems, tackle conflicts. We consider the leadership principles to be a living, breathing guide that will also be added to and augmented as time moves on, because leadership is dynamic, just like the leaders themselves as they grow and gain experience over time. The underlying principle for everyone therefore is to regularly re-examine what it means to be a leader and how to fulfill this duty on a personal level.

BECHTLE CODE OF CONDUCT.

The conduct of our employees has a direct impact on the credibility of our company and on the decision of our customers, suppliers, shareholders, colleagues and the public to place their trust in us. As this is so important, we developed and enshrined a Code of Conduct back in 2010 that contains standards that are binding for all employees. The Bechtle Code of Conduct contains the principles of appropriate conduct in all areas that are relevant to us, and it offers guidance on legal and ethical challenges. It is based on the guiding principle that honesty, fairness and reliability stand for the integrity of Bechtle and determine our conduct inside and outside our company.

To ensure full compliance with legal requirements and ethical business operations, we have established various guidelines and processes that our employees and even Executive Board members are obliged to adhere to. All relevant and up-to-date standards are available at all times on the Bechtle intranet.

See Corporate Governance Report in the Annual Report 2017

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Using random sampling, we examine whether or not our risk management system (RMS) is working efficiently and as expected. Among other aspects, we examine the design and organisation of the RMS, the full collection and identification of all risks, the risk assessment, the observance of control mechanisms and the communication of risks. Within the context of our risk management, we also rely on effective communication across all levels of hierarchy.

With Bechtle Fair Sales, large business deals valued at one million euros or more for hardware and 250,000 euros or more for services undergo a thorough risk assessment before the deal is signed. Against the backdrop of different lead and project phases, several mandatory quality gates must first be passed before a project can proceed. This gives us the tools to evaluate whether or not the project will be profitable or even feasible, and what potential risks are involved.

**OUTLOOK.**

For 2018 we have planned to update the Bechtle Code of Conduct and its accompanying compliance-relevant guidelines. Special attention will be placed on the implementation of preventative measures to strictly avoid behavioural corruption. This will enable us to comply with the increasing requirements of our business partners and customers.
An open and trusting relationship with customers, highest-quality standards, future-ready product solutions and responsible supplier management are the core of Bechtle’s customer-oriented approach.

Customers take priority at Bechtle. Not only do we want to recognise their requirements and expectations early, we want to intensify our working relationship with them. This is what makes us the partner we want to be. This makes us zukunftsstark. With our innovative products and solutions, we have created added value for businesses and public-sector customers. Our focus is on providing the highest possible quality, establishing clear processes and ensuring ultimate reliability—internally, but also throughout the entire value creation chain.

CLOSE CUSTOMER PROXIMITY.

More than 70,000 customers rely on us as their trusted IT partner. If they are satisfied, we are successful. To get an idea of how our customers see and evaluate us, we conduct regular surveys that are tailored to their respective target groups in the business segments IT Systems Integration & Managed Services, IT E-Commerce and Bechtle Logistik & Service GmbH. In the context of the customer survey for the IT Systems Integration & Managed Services, we can also determine and measure the intensity and kind of existing customer retention we have using the so-called TRI:M index.

BECHTLE CUSTOMER SURVEY.

The last survey in 2016 was sent by e-mail to 10,160 customers in Germany, Austria and Switzerland. We received 1,467 completed surveys which were analysed. Compared to 2014, we were able to significantly improve the overall grade for all companies of the business segments IT Systems Integration & Managed Services with a rating of 1.59 (previously 1.77). That means we were once again able to achieve the minimum required rating of 1.8. In the area of complaints and returns we received a rating of 2.2.
In "Quality of Consulting Services" and "Team Coordination and Availability of Service Providers", we received decent ratings (2.35 and 2.5), but we missed our goal by a small margin (2.1 and 2.2, respectively).

The managing and sales directors of the Bechtle subsidiaries analyse the results of the surveys and take appropriate measures to intensify customer retention and increase customer satisfaction. In 2016 we asked our customers for the first time about the subject of sustainability. In concrete terms, we wanted to know: "How important is sustainability (social responsibility, environmental protection) to you?" 81.3 per cent of respondents consider it "important" to "very important". This result has encouraged us to continue improving our performance in sustainability and to communicate it accordingly. The next customer survey is planned for 2018.

**BECHTLE FEEDBACK MANAGEMENT.**

Part of our quality management is the qualified management of complaints and queries. An active complaints management system provides us with important information on the strengths and weaknesses of our operations. This information allows us to continually improve our service quality and thus also customer satisfaction.

Due to Bechtle's decentralised organisation, local processes in the individual departmental subsidiaries are not identical. What they have in common is that customer queries are first received and answered by the location's respective appointed employees. Complaints that cannot be solved by first-level support or which seriously threaten the relationship to the customer are forwarded to the claims management office. Claims management looks for solutions, compiles query-related data and analyses them. When certain problems are recurrent (e.g. incorrect deliveries, deficient advice or services), steps are taken to solve the issue in co-operation with management of the respective Bechtle subsidiary, e.g. training or addressing the issue with the concerned employees.

In the IT E-commerce business unit, Bechtle direct Germany takes it one step further. Relevant customer feedback—including praise or suggestions for improvement—is documented in the ERP system and statistically analysed. New employees also undergo extensive training based on this feedback management process before they start in their new positions.

We successfully transitioned from the old standard ISO 9001:2008 to the new norm ISO 9001:2015 in the context of the matrix certification in the spring of 2017—the first company in Germany to do so. This has noticeably improved our internal process quality even further. The new standard is based on best practices and has adapted to the changing requirements in the ever-evolving technology sector. The improvements that we were able to make to our process quality and in the identification of risks and opportunities have allowed us to further intensify our relationships to customers and other interested parties.

**BECHTLE FAIR PROJECT.**

The success of IT projects depends primarily on understanding, clarity and openness. To achieve this, we have developed the Bechtle Fair Project (BFPI). Project management, which is tailored to meet customer requirements, enables simplification and transparency, especially for highly complex projects, so that the project goals are readily understood and can be completed on time. By using BFPI, the delivery, implementation, operation and maintenance and support of a solution can be calculated and controlled in a transparent manner. The standardised procedure minimises administrative and other ancillary costs. BFPI accounts for the responsible management of capacities and resources, minimises project risks, and ensures and improves quality and communication between everyone involved. A significantly reduced number of project escalations in the company exemplifies the success of BFPI.

**CERTIFIED BECHTLE QUALITY.**

To ensure that our customers' requirements are systematically recorded and that we are able to fulfil them, we introduced a Bechtle Group-wide management system based on the ISO 9001 standard back in 1996. We make sure that we take into account the complex requirements of a business model that is based on decentralisation with a local business presence, while also responding as efficiently as a centrally organised company in areas such as logistics, warehousing and product management.

Internal audits by the Bechtle quality management representative as well as by an external agent from an independent certification association regularly assess Bechtle’s quality management system. The auditors of the German Association for Certification of Management Systems (DQS GmbH) examine the Bechtle central units every year, as well as the processes and workflows of three to five randomly selected, alternating locations of the Bechtle Group. In addition to the yearly audits, the DQS also conducts so-called recertification audits every three years, and, up till now, have not found one single major issue.
**CUSTOMER FOCUS**

**BECHTLE RETURNS MANAGEMENT.**

Our biggest internal service provider, Bechtle Logistik & Service, also established its own claims management as part of its quality management system in 2017. Its objective is also to transform any negative experiences our customers may have into positive ones, with the ultimate goal of maintaining a healthy long-term customer relationship. A central component of this system is its returns management. In order to avoid or minimise returns as much as possible, preventative measures are prioritised. One aspect we focus on to accomplish this is to make the dispatch service as efficient as possible. For example, we have adopted accommodating and customer-oriented policies for dealing with non-acceptance or reshipping orders during company holiday seasons. We have the opportunity to store non-delivered orders at our partners’ warehouses until the next delivery attempt. This avoids delays, reduces costs and the flow of goods in transit.

**SUSTAINABLE IT SOLUTIONS.**

Technology concepts are evaluated according to economic and environmental criteria. Customer requests for sustainable solutions to improve their energy consumption and lower their procurement and operating costs are becoming more and more frequent. We help them find IT solutions that have a lower environmental impact and require fewer resources over the course of the entire life cycle—from the system’s design and operation to its end-of-life recycling.

Since 2007, we have preoccupied ourselves with the topic of green IT and sustainable IT concepts in different business units, including internal business solutions. We have attained the required knowledge and developed a wide range of solutions for an alternative to conventional IT infrastructures. We provide our customers with expert advice on energy efficiency through a network of internal professionals and partnerships with all major vendors in the IT industry. We have significantly expanded our consulting services for cloud solutions and the “workplace of the future”. As a single-source IT solutions provider, we are also a partner for comprehensive IT lifecycle management. For example, for certified data erasure according to BSI (German Federal Office for Information Security) and environmentally responsible disposal of obsolete hardware, Bechtle founded the Bechtle Remarketing GmbH in 2012 that specialises in the remarketing of used IT equipment.

**CONFIDENTIAL ...**

For IT service providers, a conscientious and careful handling of data in terms of privacy protection and data security is of paramount and even existential importance. As an integral part of every employment contract at Bechtle, our employees are strictly obligated to keep data confidential. And the confidentiality agreement applies not only during but also after termination of employment. Moreover, separate non-disclosure agreements that are adapted to the individual purpose of the contract are concluded with customers and service providers.

We take all measures necessary to protect data that the company receives from employees, business partners and customers. Our binding data protection policies apply uniformly across the entire Bechtle Group to ensure a high level of data protection. These guidelines have been elaborated on the basis of national and EU data protection regulations. In collaboration with local data protection coordinators, the appointed Bechtle Group data protection officer ensures compliance with our data protection policy. Our employees are also subject to these regulations. For example, in Germany, all employees are made aware of the topic of data protection in regular training sessions via the internal e-learning platform—iLEARN.

**... AND SECURE.**

In 2017, we moved significant parts of our data centre from Neckarsulm to Frankfurt and Rüsselsheim. All three data centres are certified according to the internationally recognised security-relevant ISO 27001:2013 standard. Annual audits performed by an external certification agency confirm that our data centres are operated according to the highest standards in IT security. The ISO 27001:2013 audits comprehensively examine all information security processes. The examination process includes intensive training of all employees in scope, numerous security and penetration tests, as well as an integrated reporting process of incidents. In the medium term, it is planned to expand the ISO 27001 certification to other Bechtle locations.
CUSTOMER FOCUS

TAKING RESPONSIBILITY IN THE SUPPLY CHAIN.

In our own interests and also in that of our customers, we maintain a good, long-term relationship based on trust with our business partners. Even if responsible business practices begin at the micro level in our own operations, they do not stop there. Despite the difficulties of proving compliance along the entire supply chain, we place great importance on compliance with basic working conditions and social standards as well as with international and applicable national laws for the manufacturing of goods. As a leading German systems integrator without our own production of goods, we use our market-leading position to motivate our suppliers to strive to continuously improve in this area beyond the current status quo.

BECHTLE SUPPLIER CODE.

Just as our business partners—customers and suppliers—can expect us to hold to the basic principles of ethics, integrity and legal compliance as outlined in the Bechtle Code of Conduct without exception. We also expect the same conduct from our suppliers in return. In 2014, we drew up a special Code of Conduct for our suppliers of goods and services. The Bechtle Supplier Code contains principles and minimum requirements from the Bechtle Code of Conduct and the ILO (International Labour Organisation), in particular their core labour standards.

So far, a total of 99 suppliers—54 distributors and 45 vendors—have signed and accepted the Bechtle Supplier Code. Additionally, 23 suppliers—5 distributors and 18 vendors—have also referred to their own standards, which mostly overlap with our own supplier code in all essential standards.

The business partners who have already accepted the supplier code make up 88 per cent of all purchasing turnover in the reporting year (all values up to week commencing 11 December 2017). That represents an invoice value in the amount of approximately 1.37 billion euros. In upcoming meetings we plan to convince the remaining suppliers to also accept the Bechtle Supplier Code. For all new vendors and distributors who want to do business with Bechtle, accepting and signing the Bechtle Supplier Code is mandatory.

BECHTLE SUPPLIER EVALUATION.

Any consequences for Bechtle end customers as the result of a supplier refusing to accept the Code are directly passed on to the business partner. Such incidents, including any infringements of our basic principles, directly affect the supplier evaluation. In the event of non-compliance with our Supplier Code, we try to find a solution together with the supplier and to agree on a course of action. Should the infringement be recurrent and there be no noticeable will to improve the situation, we reserve the right to suspend or terminate the business relationship with the supplier.

THE RULES AT A GLANCE.

To be able to make compliance with our standards transparent, we first concentrate on reviewing project-relevant audit results generated by the supplier, for example audit and test protocols, and sustainability reporting. Secondly, we review any measures taken in the event of any incidents. Thirdly, we perform on-site location inspections, if possible, across the globe, to review the production conditions of our suppliers. We also urge our suppliers to establish their own auditing programmes in their supply chain or to join relevant organisations such as the RBA (Responsible Business Alliance). This was the case with our partner Fujitsu Technology Solutions whom we invited to start a similar auditing programme.

In addition to that, we also regularly communicate with representatives from various levels of the supply chain and NGOs. We also participate in specialised work committees, such as in the delegation of Bitkom negotiators at the German Procurement Agency of the Federal Ministry of the Interior, to revise the declaration of social sustainability.

OUTLOOK.

As in many other areas, we are currently completely redefining our processes and key figures in customer relationship management. Simultaneously, we are working on a new group-wide reporting system, which will also be the basis for future analysis.

In the area of sustainable IT solutions, we are currently reviewing the definition and labelling of a special portfolio based on especially low power consumption in the usage phase. Also in the planning stage: the integration of the topic of energy-efficient IT solutions in employee training courses or in introductory training courses for new employees as well as increased information for our customers on energy-efficient solutions, for example by prominently placing energy consumption data.

In the area of data protection, in 2018 we are concentrating foremost on implementing the standards of the EU General Data Protection Regulation (GDPR).
Bechtle targets the next generation of skilled workers and offers them an optimal working environment. A good company atmosphere, further education options, early promotions, fair pay, and a wide range of opportunities for personal and professional development are of particular importance to us.

Bechtle’s headcount has been growing consistently for years in line with its economic success. In 2017, we hired 1,694 new colleagues. The number of people employed by Bechtle by the end of the reporting year was 8,353—that’s an 8.9 per cent increase on the previous year. In order to find the right employees in times of demographic change and a shortage of skilled labour, we rely on an attractive future-oriented employer brand and systematic recruiting methods.

It is very important for us, both from a strategic and an economic perspective, not only to recruit highly qualified people, but also to keep them long term. We want our employees to be able to develop and grow at Bechtle and also feel at home. To promote employee satisfaction, we invest in a pleasant working environment and offer a wide range of benefits, including a variety of opportunities to pursue different professional skills, and we also provide flexible working hours.

The success of the measures we’ve taken and the loyalty of our employees to Bechtle are shown by the low, single-digit employee turnover rate of 8.4 per cent and the growing average period of employment, which was six years in 2017. The number of employee anniversaries celebrated underscores employee loyalty: in 2017, 366 employee anniversaries for 10, 20, 25, 30 and 35 years of service were celebrated group-wide.

ACTIVELY ENGAGING WITH THE NEXT GENERATION.

Our down-to-earth, direct and personal approach doesn’t change when addressing school pupils. In context of the AZUBIT initiative, our trainees and integrated degree programme students inform school pupils about their opportunities to join Bechtle and about the traineeship and degree programme we offer. One of the measures taken in this regard in 2017 was a recruiting film that shows a day in the life of a trainee at Bechtle. We redesigned the bechtle-azubit.de website and made it compatible with mobile devices so that information is now more readily available to the target group via tablet and smartphone.
We regularly offer school pupils work experience in the form of internships through co-operations with different schools. We also organise events in schools and at our own locations like the Girls’ Day event to give an impression of Bechtle as a place of vocational training. Alone at the Bechtle headquarters, 54 school pupils completed their work placements in 2017.

In addition to that, we also give budding academics the opportunity to write their Bachelor or Master Thesis at Bechtle. University graduates, candidates with professional experience in other fields and, since 2016, Bechtle employees demonstrating the right potential, are offered a trainee programme recognised by the employment platform Absolventa. Currently, applicants have three different areas of training to choose from: “Sales (industry)”, “Sales (public sector division)” and “IT systems engineering/IT consulting”. In the reporting year, eleven trainees successfully completed the nine-month training programme.

**Vocational Training at Bechtle.**

Since 1985, we have offered professional training to junior employees at the company headquarters in Neckarsulm and also decentrally at many of the group’s different locations. Currently there are 15 technical and commercial career paths and integrated degree programmes to choose from, which are continually augmented to meet demands—most recently in September 2017, the career path “Media designer in digital and print media” was added. By the end of 2017, Bechtle had a total of 553 trainees and students on its payroll. 262 of these had technical training placements, while 212 chose commercial career paths. Added to that are 41 students in commercial and 38 in technical fields. We offer our trainees and students very versatile and multifaceted training geared to the demands and requirements of the working world, which has increasingly become more digital. For example, the Bechtle Academy conducts test-oriented seminars, which are led by both internal and external experts of their respective fields.

In 2017, more than 170 young people began their vocational training and integrated programme at Bechtle. Our medium-term goal is to have 12 per cent of our personnel in Germany made up of trainees and students. The rate is currently 7.5 per cent. After successful completion of the traineeship/integrated degree programme, we are able to offer almost all trainees and students permanent employment contracts.

**EXCELLENT RECRUITING.**

In 2017, Bechtle won the “Best Recruiters Gold” award once again. For the third straight year, we earned the top spot among 19 other companies in the category of IT. In the overall ranking of 507 companies in Germany, we placed second; in the region Germany, Austria and Switzerland, we are in the top ten of 1,531 companies. The award committee was particularly impressed by our online ads and personal contact to the applicants. In 2017, 19,000 people applied for a job at Bechtle.

**Further Education Opportunities at Bechtle.**

For more and more applicants, further education opportunities—both personal and professional—are decisive in choosing their employer. Bechtle subscribes without exception to the basic principle of life-long learning. Bechtle employees can choose from training courses offered both by the Bechtle Academy and seminars from the Bechtle Training Centres, an integral part of the Bechtle systems integrators. They can also take advantage of opportunities offered by external providers, e.g. vendors for special certifications.

We provide trainee programmes, technical training and leadership and management training programmes. In 2012, we created the Bechtle IT Business Architects programme to meet our customers’ growing demand for IT consulting and strategic support. In the annual programme, employees learn how to develop long-term IT strategies that are tailored to meet the needs of our customers.

**iLEARN.**

An important element of our further education programmes is the e-learning portal iLEARN. The group-wide online learning platform offers target-group-specific training courses. The courses are available in up to ten languages for 14 European countries. Since October 2016, every Bechtle employee has access to the iLEARN e-learning portal and can even access course material from mobile devices. When planning course material, the Bechtle Academy always analyses whether or not an in-class or an online course is more appropriate. So far, more than 700 account managers have received training on cloud technologies and over 500 service employees have been trained on the Bechtle Point of Service through iLEARN instead of an in-class seminar.
**LEADERSHIP TRAINING.**

Bechtle aims to promote from within to fulfill part of its need for managers from its own existing personnel. We have special development programmes in place for potential candidates. Since 2011, the General Management Programme has been preparing candidates to take on leadership and management positions. Since 2013, the Junior Management Programme, which focuses on employee management, was launched for employees who do not yet perform any executive tasks or who only have limited executive responsibility, but who demonstrate leadership potential. The initiative—Leadership@Bechtle—which was launched in 2016, also supports employees in leadership positions with their leadership and personnel responsibilities.

**BECHTLE HEALTH MANAGEMENT.**

To positively influence the physical and mental health of our employees, Bechtle established Corporate Health Management (CHM) in 2013. CHM takes several different measures in the areas of nutrition, physical exercise and prevention. The central CHM team also stays in regular contact with Bechtle locations to share valuable experience. In the context of the Bechtle CHM, various Bechtle subsidiaries are now also launching their own initiatives. In 2017, a total of 1,200 employees at the company headquarters alone, took advantage of programmes offered by CHM.

In addition to that, we once again offered regular preventive medical exams in 2017, such as eye and hearing tests and intraocular pressure measurements, and for the first time, employees were able to participate in a two-day no-smoking seminar and have the blood circulation in their legs checked as a preventive measure against thrombosis. Vaccinations and a Health Day with information on the immune system and how to stay healthy in the cold winter months were also offered, as were cooperations with health and spa clubs and athletics associations.

**GET BECHTLE MOVING.**

The year 2017 was also marked by the exercise campaign “Get Bechtle Moving” which we kicked off with an event that provided information on healthy running. The new courses “Nordic Walking” and “Running for Beginners” complement the courses already offered, “Running for Advanced Runners”, a healthy back, and pilates. In 2017, we also introduced the course “Chi Gong/Tai Chi Mix”, which focuses on sensory-motor skills, relaxation skills and tension relief while also promoting a healthy mental balance.

**A GOOD WORK-LIFE BALANCE.**

Bechtle wants to enable its employees to better balance the requirements of work with their leisure time, family or changing personal situation. That’s why we introduced the principle of “agile working”. This empowers our employees to engage in their personal interests outside of work within the framework of the applicable regulations. Mobile working affords our employees the greatest possible flexibility and it can be set up unbureaucratically. In the reporting year 2017, more than half of all employees made use of this offer to take care of their children or family members, or to just attend spontaneous appointments. In comparison, the percentage of additional telecommuting (regularly working from home) was less than 1 per cent.

**BECHTLE REWARDS PERFORMANCE.**

Bechtle employees think and act independently. This fundamental entrepreneurial principle also reflects our remuneration structure: We reward performance and success through variable remuneration bonuses, which are dependent on individually set targets. Depending on the area of responsibility and sphere of influence of the employee, there are personal, team and corporate goals. The goals are discussed and defined together in yearly discussions between employees and their superiors. Combined with the employee’s fixed salary, remuneration is negotiated, which recognises the employee’s individual contributions to the overall success of Bechtle. Through our co-operation with the company Corporate Benefits, we have also enabled our employees to save money on their purchases from various industries since 2017.
Since it is part of our corporate philosophy—which also applies to management—to hire people based solely on professional competence and personal aptitude, irrespective of sex, a short-term change in this area only to raise the quota is not a sensible strategy. However, Bechtle would like to increase the percentage of women at the company. In 2017, the initiative “Women@Bechtle – Grow with Bechtle” was formed. The objective of the initiative is to position Bechtle as an attractive employer for both men and women. 14 women with managerial responsibilities from five different countries attended the event’s kick-off meeting. The committee, which now also includes male colleagues, intends to forward the initiative at Bechtle and encourage female colleagues to take on positions of leadership.

Group-wide, a total of 70 countries are represented among Bechtle’s employees. Since 2016, we have also been involved in the integration and employment of displaced peoples across the individual Bechtle subsidiaries. In 2017, six subsidiaries in Germany employed refugees from Syria, Afghanistan and Iraq in positions ranging from work placements, job training and vocational training to permanent employment. A personal mentor helps new colleagues get accustomed to their new work environment and also provides personal support. In the coming years, we want to continue to support the integration of displaced peoples at Bechtle.

**OUTLOOK.**

We are currently expanding our reporting system in our human resources department to be able to record further key figures and data. This will enable us to formulate more concrete goals in the near future.

In addition to the Bechtle IT Business Architects Programme, we are planning the design and implementation of a Bechtle IT Solution Architects Programme that focuses more on specific technological solution options.
THINKING AHEAD.

How Bechtle harmonises economy with ecology while improving its own environmental track record.

Business and environment are interconnected on many different levels. Business activities have some direct and indirect impacts on the environment and vice versa. However, it is no longer enough to merely meet environmental regulations and provisions, so Bechtle strives to proactively make its own contribution to environmental protection in general. Primarily, we concentrate our efforts on continuously improving our environmental performance. Ideally, we try to lower our environmental impact as much as possible and in advance.

ENVIRONMENTAL MANAGEMENT SYSTEM.

In 2011, we introduced an environmental management system according to DIN EN ISO 14001 at the Bechtle AG headquarters. We record all environmentally relevant activities and ensure that our operational processes and the conduct of our employees comply with our environmental policies. In 2017, Bechtle OA direct became the first Bechtle subsidiary to receive an environmental management system certification according to ISO 14001. In the course of the 2018 financial year, we will be reviewing the merit of further certifications for Bechtle subsidiaries.

The Bechtle environment management officer answers directly to the managing director of the respective subsidiary and reports on the performance of the environment management system. In close co-operation with the Executive Board, they submit improvement suggestions, control the environmentally relevant processes and perform internal audits. The central component of the environmental management system is the Bechtle Environmental Management Manual. It provides guidelines, makes it possible to analyse environmental management and helps raise awareness of environmental topics among all employees. The manual is available to all employees on the Intranet and is revised yearly by the environmental management officer, who is authorised by the Executive Board.
ENERGY-EFFICIENT IT.

For many years Bechtle has systematically focused on different possibilities of saving energy, especially at our corporate headquarters. In concrete terms, we reduced lighting intervals and optimised the air conditioning control. However, in IT, hardware still consumes a lot of energy, e.g. for cooling and maintaining proper air circulation. By moving our data centre from Neckarsulm to Frankfurt and Rüsselsheim in 2017, we were able to lower our energy consumption and carbon emissions considerably. The new data centre is equipped with the latest technology and is much more energy efficient than the one. Some of the energy-saving measures in the new data centre include system operation at the optimum CPU usage level and energy-efficient cooling with a hot aisle/cold aisle approach that separates the warm air generated by the hardware from the cold aisle. This increases the cooling efficiency and capacity. Measurements have shown that the temperature difference between the hot and cold aisles is between 10 and 15 degrees Celsius at a constant cooling performance, so this remains a major area where energy can be saved.

MORE VIRTUALISATION.

We have been consistently pushing for more virtualisation of our data processing and storage for years. By using virtualised infrastructures of existing technologies more effectively, we lower energy consumption, cooling requirements, space requirements and administrative costs. At Bechtle the degree of virtualisation by the end of 2017 was 71 per cent. In the next five to seven years, the percentage will continue to rise until we reach 90 per cent. The goal is significant with respect to energy consumption and its related costs.

CONSERVE, AVOID, RECYCLE.

Without committed employees no company can significantly improve their environmental performance. That’s why we raise awareness of the economic and environmental consequences of resource consumption, and provide our employees with ample information on the subject. Part of our environmental policy is to use recyclable materials and to use them conservatively, as well as to avoid or reduce waste production as much as possible. Wherever possible, we also choose environmentally friendly products over standard market products.

With respect to water management, we are always considering different possibilities to control our consumption of life’s essential resource in an economical and environmentally friendly way. For example, on the premises of our company headquarters we have installed and use multiple cisterns. We have refitted sanitary facilities with water-conserving elements, consistently sort and recycle reusable materials, and print large publications exclusively on FSC-certified paper from sustainable forestry. In 2017 we did away with laminated paper cups in the catering area of the company headquarters and replaced them entirely with re-usable porcelain cups. By doing this we were able to completely eliminate the waste created by almost 52,000 disposable cups per year.

We see room and a need for improvement in the areas of energy consumption and logistics. These are the areas where we will be able to make the most effective improvements in our environmental performance by introducing appropriate measures.

BECHTLE ENVIRONMENT PROGRAMME.

Within the framework of our environmental management system, the Executive Board devised a concrete environment programme in 2011 that contains targets and a plan of action. It also defines timelines, necessary resources and who is responsible for carrying out the plan. Primarily, the programme pursues 7 individual goals: to reduce the consumption of energy, water and paper; to save natural resources, to sort recyclables; to lower emissions, and to raise awareness among our employees. From 2011 to 2017, we implemented 85 identified measures in these areas. In 82 cases, we were able to hit our ambitious targets. The status of the declared targets is documented in the so-called environment cockpit and is reported on in an annual audit.

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Group-wide, we also continue to avoid in-person meetings that involve extended travel by providing modern collaboration platforms for web and video conferencing. The number of virtual meetings and training sessions has continued to grow over the last few years. In 2017, 10,582 web conferences were held at Bechtle, which corresponds to a rate of 1.3 per employee. We aim to increase the use of collaboration platforms. However, considering the high number already attained, only a moderate increase can be expected.
MORE RENEWABLE ENERGY.

In the IT sector, there are limitations on how much energy can be saved, so we have been speeding up the switch to renewable energy over the last decade. 616,475 kWh of power was generated at the company headquarters in Neckarsulm in 2017, which corresponds to 10 per cent of our headquarters’ total power requirement.

MODERN ENERGY-EFFICIENT BUILDING.

Investments in renewable energy sources have already paid dividends at the respective locations. Wherever we have our own buildings or where we build new ones, we will consistently pursue this strategy. We also vigorously monitor the energy efficiency of our buildings. Our warehouse in Neckarsulm was equipped with a green roof, which protects against heat in the summer and against the cold in the winter, and reduces mechanical and weather-induced wear of the roof insulation. It also relieves the waste water system and provides an ecosystem for insects and birds. As part of the new addition, the roof of the existing warehouse was also re-insulated so that the entire building now meets all the requirements of the KfW Efficiency House Standard 70. However, many of Bechtle’s subsidiaries operate from leased properties. In these cases, our ability to make a positive environmental impact is very limited.

SOLAR POWER.

Since January 2008, a photovoltaic system at the Neckarsulm headquarters has combined environmental protection and economic efficiency. On the flat roof of the logistics building, a total of 2,605 high-performance solar modules deliver an annual peak output of 599.15 kWp. In 2017, we installed two more photovoltaic solar power systems on the new warehouse building and on the new multi-storey car park, more than doubling the nominal power to over 1,349 kWp. Also, compared to fossil fuels, the energy yield of around 1,282,500 kWh will cut the CO₂ emission by as much as 676 tons. A total of 15 power converters transform direct current into alternating current, which can then run directly into the public mains supply, which is equivalent to the power consumption of 321 four-person households.

GEOTHERMAL POWER.

In 2009, we commissioned a geothermal power generator for new buildings at our locations in Solingen and Gaildorf. At Gaildorf, it supplies enough power for the entire heating and cooling requirements meaning there are no more fossil-fuel based power sources in use. The systems integrator in Karlsruhe has relied on geothermal power since 2011, in Freiburg, since 2012. Since 2016, the group headquarters in Neckarsulm has also had a geothermal field, which was created during the expansion of the logistics warehouse over an area of 25,000 square metres. Special sensors recorded 130 kWh of available energy in the geothermal field, making it one of the ten largest in Baden-Württemberg supplying enough energy to heat and cool the new section of the building. In 2017 we were able to tap into another field below the new car park, which has increased the available geothermal power to 200 kWh.

THE BECHTLE CAR POOL.

Being close to the customer is essential for our sales personnel. Our car pool, which currently consists of approximately 2,800 vehicles, is, therefore, very relevant to our business model. To lower our CO₂ footprint by a significant margin, we have made sustainability an integral part of our car pool policy. In 2017, Bechtle founded a dedicated service company in the corporate group whose sole responsibility is to manage the car pool. With this structure in place, we should have reliable data—for example—for the entire group by 2018.

In concrete terms, we pursue a two-fold strategy: On one hand, we avoid unnecessary travel with our company cars, preferring instead to make use of web and video conferencing whenever possible—a trend that has been on the upswing for years. On the other hand, we have been successively increasing the number of low-emission vehicles in our car pool, and provide the appropriate vehicle depending on the distance that needs to be travelled. Back in 2014/2015 we participated in a research project sponsored by the State of Baden-Württemberg that introduced electromobility. E-mobility was also Bechtle’s sustainability project of the year in 2016. In 2017, our car pool contained some 90 electric or hybrid-powered cars. In the short to medium term, 10 per cent of our car pool will be electric or hybrid powered; however, the limited availability offered by manufacturers makes it difficult to reach this goal and impossible to set a concrete target. To increase the acceptance of electric cars, employees who choose an electric or a hybrid car are given monetary compensation in the form of a sustainability bonus. In addition to that, we are constantly expanding the necessary infrastructure at our locations by adding more charging stations. At our company headquarters, we have a total of 64 charging stations—currently the largest number in one location in Germany.
**SHIPPING AND PACKAGING OPTIMISATION.**

Whenever possible, we send complete pallets or original packaging directly from the manufacturer or distributor to the customer. This reduces handling and repacking activities, lowers transport costs and minimises transport damage. Since Bechtle concentrates on its main suppliers, daily shipments in the logistics centre are mostly consolidated. This also lowers the shipping volume and costs in the receiving department. Our employees are instructed to individually pack the products ordered by the customer in such a way that effectively protects the items while using as little packaging material as possible. We ensure high quality standards by regularly training our employees how to pack and load goods.

By using bubble-padded envelopes, Bechtle Logistik & Service was able to eliminate an entire carton size, resulting in a sustainable reduction of costs and raw material consumption. The Bechtle Box®, which was developed in collaboration with a supplier, is a highly flexible and customer-oriented solution. With this box, we are able to send IT products such as scanners, notebooks and monitors without using any cardboard boxes. This conserves resources, reduces costs and saves time when rolling out IT products. With a flexible and customisable partition system, using Bechtle Boxes® cuts the transport volume in half compared to conventional packaging despite the return transport of empties. The goods are also optimally protected using high-quality materials to line the partition walls. By eliminating additional packaging, loading space is saved and the customer no longer has to dispose of excess packaging. Additionally, the products can be deployed straight away.

**OUTLOOK.**

Through the commissioning of the photovoltaic system on the roof of the new multi-storey car park in 2018 and the energy won from the expanded geothermal field, we expect that the percentage of our total energy consumption generated by renewable energy sources will continue to rise. For our car pool, we are currently examining the option of deploying bicycles for shorter distances. The currently tested car pool management policy in Germany will be expanded to include our European locations in 2018/2019. We also want to better align our fleet of cars more closely to the required use (long distances, metropolitan areas, mileage).
What if there were an inexhaustible energy source that barely generated any CO₂ emissions, was independent of wind and weather, available at a stable price, didn’t spoil the landscape or leave any radioactive waste behind? Answer: We should harness this energy, and that’s exactly what Bechtle is doing.

Our earth is a source of pure energy. What could be more natural than tapping into an energy source so clean and environmentally friendly? That’s what Bechtle has been doing for years. In 2009, Bechtle commissioned its first geothermal power generator for a new office building at Bechtle Solingen. Other locations followed soon after: In the very same year, Gaildorf also commissioned its geothermal power generator and now heats and cools its building exclusively using this energy source. Bechtle Karlsruhe has been using eco-friendly geothermal energy since 2011, and Bechtle Freiburg since 2012.

NECKARSULM: THE IDEAL LOCATION.

Once plans were being made in 2016 to expand the existing warehouse in Neckarsulm, Bechtle took the opportunity to make use of its experience in extracting energy from a geothermal source. It was soon determined that the location was ideal as the geothermal field is one of the ten largest in all of Baden-Württemberg. Special sensors were lowered into the ground in a test to see how much energy could be harnessed with results showing 130 kWh of available energy—enough to heat and cool the new section of the building on its own. But geothermal energy is not only a future-viable and particularly sustainable solution. In the long term, it is also a very sound economic investment. Bechtle expects that the investment will have fully paid for itself within 17 years.

In order to tap into this energy source, 72 boreholes with a diameter of 26 centimetres each were drilled 48 metres deep into the earth to lay the foundations for the geothermal field’s pipe system. Professional consultants from IGE Weyersberg were responsible for carrying out the drilling and construction work. Geological supervision is necessary in order to ensure that the geothermal sensors are properly installed in the correct geological layers and that the quality standards devised specifically for geothermal sensors are adhered to.
emissions over the course of the entire year. In the long term, we want to invest in alternative energy sources at all locations where this is possible and where the climatic and geological requirements are met, in order to keep our CO₂ emissions as low as possible. Part of that also includes the appropriate building insulation. The expanded warehouse, for example, was re-insulated and now fulfils the requirements of the KFW energy efficiency standard 70.

WHAT IS GEOTHERMAL ENERGY?

'Geothermal' denotes the branch of natural sciences dedicated to studying geothermal properties beneath the earth’s crust, and ‘geothermal energy’ defines the generation of power from energy sources stored below the earth’s surface. Through the use of different technological methods, it can be used not only to heat and cool, but also to generate electricity. A liquid circulates in an underground system of pipes that acts as a heat exchanger. This enables the heat energy below the earth’s surface to be captured and channelled to a heat pump on the surface, or used directly for cooling in the summer months when the air temperature is higher than that below the earth’s surface.

There is a difference between shallow geothermal energy and geothermal energy found at greater depths, for example, in a minewater project. Shallow geothermal energy makes use of boreholes up to approximately 400 metres and temperatures up to 25 degrees Celsius for heating and cooling a building, technical system or some other structure. Deeper geothermal energy systems can tap into liquid-dominated layers beneath the surface (hydrothermal) and geothermal water to generate power, or directly use the heat stored in rock (petrothermal). In Germany, the vast majority of geothermal resources are stored in deep-lying crystalline rock, which, due to technological and economic limitations, can only be used in a limited capacity. By contrast, hydrothermal reservoirs are very well developed.

PROJECT 2017.

Bechtle was so satisfied with its future-secure energy source that geothermal energy became the 2017 sustainability project. And since this type of project combines profitability and sustainability so successfully and advantageously, Bechtle went one better. The excavators were back in action in the reporting year as they once again dug nearly 50 metres down into the earth—this time drilling 110 holes—connecting the newly built multi-storey car park with the existing geothermal field. And now, Bechtle has access to 200 kWh of geothermal power at its Neckarsulm location.

GREEN ENERGY CONCEPT.

Geothermal energy fits perfectly into Bechtle’s energy concept. For years, Bechtle has generated clean energy with its photovoltaic solar power system at its headquarters in Neckarsulm. When we expanded our warehouse and built our new multi-storey car park, we also installed two more solar power systems and increased our nominal power to over 1,349 kWp. In months with peak sunlight hours, the combination of geothermal and solar power enables the warehouse to be CO₂ neutral. We are currently reviewing possibilities to invest in more renewable energy to further reduce our CO₂ emissions.
INVESTING IN THE FUTURE.

Bechtle AG and its subsidiaries sponsor various community projects that serve the community in many different ways with the focus on children/young people, education and sport.

Part of our success depends on finding the right balance between the interests of society and those of our business. Given that importance, we do not view social commitment as an end in itself, rather as an opportunity to proactively contribute to the world we work and live in. By contributing to a strong, united and vigorous community, we are also fostering an environment and climate in which we can continue to grow successfully.

GOAL-ORIENTED, RELIABLE, REGIONAL.

We want our activities to have a real and positive effect on public welfare which is why our policies must have clearly defined, long-term goals that are binding and, just like us, are always pressing forward. With over 100 subsidiaries, Bechtle is active in its local communities as an employer, contractor and business partner. We are most active in the communities where we are located as this is where we can make the biggest difference. An important principle in the development of our group-wide CSR guideline in 2014 was maintaining a high level of authenticity and sponsoring projects that complement Bechtle and reflect our values and culture. We also prioritise the development of and commitment to long-term projects. Not only does continuity improve efficiency, a three to five-year commitment also underlines reliability as one of our corporate values, as well as our goal to be a fair business partner.

TRIAD IN FOCUS.

Based on an internal survey conducted in 2014 at all Bechtle subsidiaries, Bechtle determined three areas to focus its commitments. They were forged in the foundation of Bechtle’s Guideline on Sustainable Corporate Social Responsibility. The guideline also contains the express wish of the Executive Board that all activities for the benefit of the community that Bechtle takes part in are to be recognisably consistent across all subsidiaries of the group. Consequently, Bechtle AG has concentrated its social commitments in the areas of children/young people, education and sports since 2014, as our future rests in the hands of the next generation, and a good education is the foundation of each
individual’s participation in his community and the successful development of our society. Sports reflect the dynamic, team-oriented component of our company’s goals and also supports our initiative in corporate health management.

CHILDREN AND YOUNG PEOPLE: OUR FUTURE.

In 2009, Bechtle’s founding member, Ralf Klenk, started the foundation “Big Help for Little Heroes” (Große Hilfe für kleine Helden). It supports sick children and their families during their stay at Heilbronn children’s clinic and during their recovery time. In close co-operation with the team of doctors and nurses, the foundation enables optimal care and treatment of the patients, the costs of which would not otherwise be covered. Bechtle has sponsored the project yearly since 2010, including with a donation of 25,000 euros in 2017.

Between 2015 and 2017 we also gave financial support to St. Paulusheim in Eberbach. The local charity “Katholische Frauen Heidelberg e.V.” serves children and young people who can no longer live at home due to a family crisis. The charity is also active in schools, where they act as mediators to de-escalate conflicts. The total donation of 3,200 euros is from the proceeds of the sale of honey from our sustainability project, “Bechtle Bees”.

EDUCATION IS THE KEY TO SUCCESS.

Bechtle has been co-funding an endowed professorship at Heilbronn University since 2009 with a focus on logistics. Since 2010, the annual financial contribution has been 10,000 euros with further financial support being confirmed through to 2019. The co-operation with the Chair for Technological Logistics Management, Prof. Dr Susanne Hetterich, has already led to a variety of synergic joint projects and current research input.

SPORTS UNITE US.

As a sign of our commitment to the region, we have a co-operation with the Neckarsulm Sport Union Club, which is significant in the region both in terms of its size and its professional organisation. Our contribution to the development of young talent also fits in perfectly with our focus on sponsoring education, young people and sports. That’s why we have been sponsoring a youth co-ordinator at the club since 2014 with a donation of 12,000 euros yearly. We have also been supporting the Sport Union’s youth camp since 2016 with a yearly donation of 1,000 euros. Moreover, we also sponsor regional sporting events that Bechtle employees participate in. Since 2005, we have been a silent sponsor of the Trollinger Marathon with a yearly contribution of 2,000 euros. In 2017, we donated 2,750 euros to the STIMME Firmenlauf (corporate run), as well as 3,000 euros to the Albert Schweitzer Gymnasium charity race with proceeds going to the “Lauf zum Leben” organisation.

ACTIVITIES SPONSORED BY BECHTLE SUBSIDIARIES.

In addition to Bechtle AG, the individual subsidiaries also make charitable donations. It is the responsibility of each subsidiary’s managing director to determine if and to what extent charitable donations are made, as long as the decision lies within a reasonable framework and is in line with the policy as defined by the parent company (see above). The individual subsidiaries can also augment the commitments of the parent company. In total, the social commitments of the subsidiaries outweigh those of the parent company by a considerable margin. As a group, Bechtle donated over 250,000 euros to charities and community projects in 2017.

NON-FINANCIAL COMMITMENT.

Doing something for the common good does not always mean donating money. Many of our employees volunteer and are involved personally in various community projects. Above and beyond the legal provisions for granting a leave of absence for volunteer work, Bechtle supports these efforts wherever possible. A good example of this is the education project that Bechtle co-founder Gerhard Schick and his family founded in north east Tanzania: The Community Knowledge Center (CKC) in King’ori is a community educational facility with a total of three locations. In 2012, the CKC was inaugurated by Bechtle’s principal shareholder Karin Schick together with the aid organisation World Vision. Today, the Schick foundation is the sole sponsor of the CKC, whose goal is to establish itself in the medium term as an independent institution. By contrast to institutions in Germany, the CKC operates as a community college and a public library in one. It also offers a continuously expanding catalogue of computer courses for adults, as well as services, including the provision of internet, photocopers, printers, passport photo development, etc. Another focus area is educational support of children and young people, who also have access to a large collection of school books in the King’ori library. Classes from schools in the region also take advantage of the computer courses on offer. Since 2013, Bechtle employees have been seizing the opportunity to volunteer in Tanzania. They support the CKC in the implementation of IT for a duration of a few weeks. Bechtle grants these employees a leave of absence from their normal duties with pay for the entire duration of their volunteer work.

OUTLOOK.

The regional charitable activities of the individual subsidiaries, as well as the non-financial commitments of the parent company, the systems integrators and our employees are currently being systematically recorded. Based on this analysis, we will develop a strategy on social commitment that will apply group-wide. It will also include clear guidelines designed to provide our subsidiaries and their respective managing directors with orientation on the subject.
NON-FINANCIAL REPORT 2017 FOR THE BECHTLE GROUP.

BECHTLE’S BUSINESS MODEL.

Bechtle is the largest independent IT systems integrator in Germany. Founded in 1983, the IT company combines the strength and integrity of a financially solid, multinational group with the proximity, personal support and flexibility of a regional service provider. Our philosophy of pursuing a widespread network with a strong, shared administrative backbone is a key factor of our success. That’s why we concentrate all back-office dealings and central service units under the roof of Bechtle’s holding company. The advantage: Customers benefit from this structure because it frees up our customer-facing units—IT Systems Integration, Bechtle Managed Services, Competence Centres, our broad range of specialists and e-commerce subsidiaries—to focus on their core job, which is offering local assistance.

Bechtle makes it a priority to be close to our customers, with 70 systems integrators in Germany, Austria and Switzerland as well as e-commerce companies in 14 European countries. The combination of IT products and extensive systems integration services makes Bechtle a strong, future-oriented IT partner for medium-sized businesses, large corporations and public-sector organisations—locally, throughout Europe, and globally through IT alliance partnerships on all continents. Backed by extensive experience and expertise in future-proof IT architecture, we are just as well versed in traditional infrastructures as current trends like digitalisation, cloud computing, mobility, security and IT-as-a-Service.

We offer over 70,000 hardware and software products through our online shops, customer-specific e-procurement platforms and over the phone. We’re also a certified partner of all major IT vendors. In addition, specialists at our 47 group-wide Competence Centres dedicate themselves to providing expert support for a broad range of complex topics. We also offer our customers different options for simplified and efficient cloud service management with Bechtle’s Cloud Platform, Bechtle Financial Services AG offers individual financing options tailored to the customer’s requirements. Bechtle also offers complete IT lifecycle management, which means that our professional IT remarketing services take care of used equipment.

MATERIALITY ANALYSIS.

In addition to the requirements closely associated with the corporate vision and business model, the expectations of our stakeholders have also been considered in Bechtle’s sustainability strategy. Based on a survey of different stakeholder groups, we have compiled their interests and needs. The result was an initial prioritisation of sustainability topics for Bechtle, which served as the basis of the materiality analysis for the non-financial report 2017. The essential topics were determined based on their significance to our business activity, as well as the effects the business activity has on the aspects to be reported (environmental concerns, social concerns, employee concerns, issues related to human rights protection and anti-corruption and anti-bribery measures). The materiality analysis was conducted by an interdisciplinary team of all members of the sustainability project group and experts from relevant fields. Together, they represent the departments of Quality Management, Human Resources, Personnel Development and Academy, Legal and Compliance, Logistics Management, Environmental Management, Product Management, Corporate Communications and Investor Relations, the Public Sector business unit and the CEO organisation of the Bechtle Group. In conclusion, a series of workshops with the responsible members from the relevant departments took place to determine the materiality. The results were then presented to the CEO and discussed before being validated by him.

The essential topics for the non-financial report are in the upper right of the image inside the yellow frame:

BECHTLE MATERIALITY MATRIX
ENVIRONMENT:
Sales and company car pool, operation of the Bechtle data centre, warehousing and logistics, customer-specific logistics solutions.

Reducing CO₂ emissions in Bechtle’s car pool. Being close to the customer and on-site customer support are essential elements of our business model and are therefore of paramount importance to our sales personnel and specialists. We see great potential in this area to significantly reduce our CO₂ footprint through the implementation of specific measures. Since 2014, we have integrated sustainable measures into our car pool strategy to lower consumption of fossil fuels and the resultant CO₂ emissions. To achieve this, we pursue a dual strategy of avoiding unnecessary travel and increasing the number electric and hybrid cars in our car pool.

Bechtle set a target for itself of successively increasing its percentage of electric and hybrid cars, which is currently at about 4 per cent (approx. 90 vehicles). The target of 10 per cent set in the previous year cannot be reached due to the current delivery limitations of the manufacturers for 2018. The target and its scope thus remain and is now scheduled to be met by the end of 2019. This target is defined in the hybrid strategy within the framework of the company car pool policy.

Back in 2014 and 2015, eleven Bechtle locations participated in a research project initiated by the State of Baden-Württemberg for the investment in electromobility. The project was headed by the Karlsruhe Institute of Technology (KIT) and Bosch. The Bechtle locations Neckarsulm, Friedrichshafen, Radolfzell, Karlsruhe, Stuttgart, Mannheim, Rottenburg, Gaildorf, Offenburg, Freiburg and Langenau received a total of 16 charging stations for electric cars. At the same time, Bechtle increased its number of BMW-i3 cars in its company car pool. Using SIM cards and a digital connection, Bosch was able to analyse the individual charges in terms of number of charges and the time each charge took. KIT also conducted online and phone surveys of selected Bechtle employees to gain more details on their patterns of use.

Participation in this project laid the foundation for the hybrid strategy at Bechtle, which has become part of the internal company car pool strategy under the name of inEmotion (Company car pool strategy/Point 6. Sustainability and hybrid strategy). It provides for a monthly monetary benefit for employees who opt for electric or hybrid vehicles, the provision of the corresponding vehicles and further investments in the charging infrastructure. In 2016 and 2017 more charging stations were added to the company headquarters in Neckarsulm, and in the locations Bonn, Chemnitz and Hannover, so that by the end of 2017, a total of 83 charging points were available. The 64 charging stations at the Bechtle headquarters in Neckarsulm since the end of 2017 is the largest concentration in Germany.
The expansion of the charging point infrastructure with two more charging points each at the Bechtle systems integrator locations of Dortmund and Würzburg is planned for 2018.

Founded in 2017, the Bechtle Mobility GmbH with headquarters in Hamburg is a dedicated service company in the corporate group that has the sole responsibility of managing the car pool. In 2017, Bechtle Mobility managed 2,860 company cars in Germany and Austria, and beginning in 2018/2019 it will be responsible for all company cars throughout the entire group. The newly established structure not only enables efficient processes in the organisation of the company car pool, it also helps us gather key data in an otherwise decentralised organisation, which is necessary for setting and hitting targets. For example, the current range of company cars can be better selected to meet the actual transportation requirements (e.g. travel distance, metropolitan location, mileage) and the actual CO₂ emissions can be measured in the future. In this context, Bechtle is also currently examining the use of company bicycles.

In their respective investment plans for 2018, all Bechtle locations included their requirements for new company cars. Within the framework of the planning process, the group’s controlling department compared the requirements with the personnel planning and checked its plausibility. A planning record has been created in the system for vehicles to be procured and replaced in 2018. Without a record, no order can be placed unless specially authorised by the Executive Board. This new process was discussed with the managing directors and the Executive Board during the planning phase and subsequently approved as an investment in the future.

Our goal to reduce travel by making use of collaboration platforms for web and video conferences has remained unchanged. Alone in 2017, employees at Bechtle took part in 10,582 web conferences, which corresponds to a rate of 1.3 web conferences per employee. For 2018, we expect a moderate increase. In addition to virtual meetings, Bechtle also intends to further expand its e-learning platform iLEARN for internal training by the Bechtle Academy to be able to reduce long travel distances from the various local offices to the company headquarters in Neckarsulm.

### Energy-efficient IT in Bechtle’s data centres

The relatively high power consumption in Bechtle’s data centres is attributable to the operation of servers and network components, as well as the provisioning of the necessary infrastructure, in particular the necessary air conditioning. As a result there are relatively high CO₂ emissions. Essential strategies to reduce power consumption in the data centre must therefore include more virtualisation of data processing operations and of data storage, and more advanced energy-efficient air conditioning technologies.

Our goal is to reduce our power consumption and CO₂ emissions through improvements in our data centres. The core of our strategy is to increase our degree of virtualisation from the current level of 71 per cent to 90 per cent in the coming years. This goal is very significant for Bechtle with respect to power consumption, but also the related costs which have an effect on Bechtle’s profitability. It is also in the interests of our customers high expectations regarding sustainability: 81.3 per cent of systems integrator customers surveyed in 2016 view sustainability as either “important” or “very important”. We can also use the know-how that we gain from optimising our internal processes in the consultation of our customers.

The following guidelines are relevant in this context:

- The Sustainability Code that makes it clear that we take responsibility for our business decisions which have economic, environmental and social consequences.
- The Bechtle Environment Management Manual that articulates Bechtle’s environment programme, which plays a big role in the reduction of power consumption in Bechtle’s data centres.

In the course of certifying our Environment Management System (EMS) according to ISO 14001, the yearly compilation or update of the EMS review (EMR), which is required by the standard, increases awareness of energy efficiency. The relevant Board member is personally involved both in the compilation of the EMR as well as EMS audits. The ISO-14001 certification applies exclusively to the Neckarsulm location and its data centre. Bechtle’s data centres in Frankfurt and Rüsselsheim are operated by an external service provider (e-Shelter) that has been certified according to DIN EN ISO 50001 standards for energy management systems for many years.

### RESULTS OF THE LAST SYSTEMS INTEGRATOR CUSTOMER SURVEY (2016)

<table>
<thead>
<tr>
<th>Importance</th>
<th>How important is sustainability (social responsibility, environmental protection) to you?</th>
<th>1=very important</th>
<th>5=not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>How important is sustainability (social responsibility, environmental protection) to you?</td>
<td>3.1</td>
<td>39.8</td>
</tr>
<tr>
<td>4</td>
<td>How important is sustainability (social responsibility, environmental protection) to you?</td>
<td>4.1</td>
<td>41.5</td>
</tr>
<tr>
<td>3</td>
<td>How important is sustainability (social responsibility, environmental protection) to you?</td>
<td>11.6</td>
<td>41.5</td>
</tr>
<tr>
<td>2</td>
<td>How important is sustainability (social responsibility, environmental protection) to you?</td>
<td>41.5</td>
<td>11.6</td>
</tr>
</tbody>
</table>
In order to realise our savings potential, we have taken a number of concrete measures to improve Bechtle’s internal IT architecture. One of these is the 2017 migration of IT infrastructure to the data centre location in Frankfurt and Rüsselsheim. The move has enabled us to take advantage of the benefits (energy-efficient cooling via hot/cold aisle enclosures, operation at an optimal work load) offered by the e-Shelter location leading to a reduction in power consumption. We have also taken steps towards the above-mentioned increase in virtualisation. Making group-wide use of modern collaboration platforms (phone and video conferencing) made possible by Bechtle’s IT infrastructure, is also helping us to achieve our major energy-savings potential.

We have identified and defined the following key figures and goals as non-financial performance indicators:

**DEGREE OF VIRTUALISATION.**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of physical servers</td>
<td>400</td>
<td>374</td>
<td>369</td>
</tr>
<tr>
<td>Number of virtual servers</td>
<td>699</td>
<td>810</td>
<td>980</td>
</tr>
<tr>
<td>Total servers</td>
<td>1,099</td>
<td>1,189</td>
<td>1,377</td>
</tr>
<tr>
<td>Degree of Virtualisation</td>
<td>64%</td>
<td>69%</td>
<td>71%</td>
</tr>
</tbody>
</table>

In recent years, the number of virtual servers has increased successively, while the number of physical servers has dropped. In the next five to seven years, the degree of virtualisation will continue to rise from its current level of 71 per cent to 90 per cent.

**USE OF THE COLLABORATION PLATFORM WEBEX.**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered users</td>
<td>5,000</td>
<td>7,205</td>
<td>8,417</td>
</tr>
<tr>
<td>Total number of meetings</td>
<td>8,427</td>
<td>7,935</td>
<td>10,582</td>
</tr>
<tr>
<td>Total meeting hours</td>
<td>11,342</td>
<td>15,629</td>
<td>21,450</td>
</tr>
<tr>
<td>Total number of participants</td>
<td>16,640</td>
<td>22,177</td>
<td>30,465</td>
</tr>
</tbody>
</table>

Deploying modern collaboration platforms for web and video conferencing reduces the number of in-person meetings and long-distance travel. In recent years, the number of virtual meetings and training sessions has continued to grow. We aim to increase the use of collaboration platforms. However, considering the high number already attained, only a moderate increase can be expected.

**Optimised warehouse packaging and logistics.** With the goal of reducing power consumption and CO₂ emissions throughout the entire supply chain, Bechtle Logistik & Service recently took the initiative to not only reduce packaging materials used in its logistics centres in Neckarsulm and Rotkreuz, Switzerland, but also the incoming and outgoing transport volume and the number of shipments in general. By taking these measures, Bechtle expects to increase customer satisfaction and retention, as well as to further optimise total logistics costs, while also reducing its environmental impact. The objective, therefore, is to identify further potential in the coming years and to analyse, assess and implement new measures. In the future, we want to be able to quantify the amount of CO₂ emissions eliminated through these measures.

Suggestions for further power savings are sometimes given by customers; mostly, however, these are made by internal sales personnel and employees in our logistics department. To date, no internal management or reporting processes have been defined in this regard.

In the packaging area of the logistics centres, the products ordered by the customer are individually packed by employees in a way that effectively protects the items while using as little packaging material as possible. Quality standards are assured through regular training—also in co-operation with our transport service providers—in how to properly package and load goods.

Moreover, Bechtle makes efforts to continually optimise its shipments. For example, one carton size has been eliminated entirely through the use of padded envelopes resulting in a reduction of costs and raw material consumption, as well as the volume of shipments to be made.

As long as it is economically feasible, customers can also request to have their shipments consolidated in the logistics centre. Multiple orders that have been placed by a customer over a defined period are recorded in the system, consolidated, consigned and sent. In addition to possible packaging materials savings, transport volume and costs can also be reduced.

Up until now, this consolidation process has been done manually. To encourage our customers to make use of this extra service, in 2018 a more efficient systematic solution will be introduced.

The Bechtle Box®, which was developed in collaboration with a supplier, is a highly resource-friendly, flexible and customer-oriented solution. With this box, we are able to send IT products such as scanners, notebooks or docking stations, etc. without using any cardboard boxes. IT products are unpacked in the logistics centres and put in the Bechtle Box® without their individual packaging. The excess packaging materials are sorted in the logistics centres and properly disposed of for recycling by certified service providers. Use of the Bechtle Box® cuts transport volume by half compared to conventional packaging, even though the box has to be returned.
A further model in the optimisation of packaging is the shipping of IT products in biodegradable bags to a major customer with roughly 200 individual orders per day. As part of internal processing at the logistics centre in Neckarsulm, IT products are packed into customer-specific biodegradable plastic bags and labelled with the customer’s delivery labels. Through the use of barcodes, the goods can be safely and efficiently tracked in the customer’s own system. By using recyclable plastic bags, Bechtle was able to reduce the transport volume by a factor of 4 compared to conventional packaging. This also made a second, daily shipment to the customer unnecessary.

The focus for 2018 is on a feasibility study for custom-sized packaging to further reduce packaging materials and transport volumes in the future.

The idea is to use a machine to create custom-sized packaging based on master data such as article weight and volume per order. The goal is also to further reduce packaging materials and shipping volume.

**Customer-specific solutions and consignment optimisations.** Bechtle offers its customers a portfolio of around 70,000 products. On average, approximately 11,500 are held in stock in the Neckarsulm logistics centre—mostly products for projects and goods with a large turnover. The other 58,500 products are dispatched directly by our distributors and suppliers and make up approximately 30 per cent of our sales volume. This enables us to avoid an unnecessary flow of goods from one warehouse to another and the inventory risk for these products rests with the suppliers. Based on flexibly configurable algorithms, purchase orders are triggered in the system on the basis of defined criteria such as the price, availability, costs, etc.

Bechtle’s return management is an integral part of our reverse logistics and customer management that plans, manages and controls the flow of goods, funds and information between the customer and the supplier when a product is returned. The focus is on customer-oriented, effective organisation in the opposite direction to the supply chain. The goal is to transform any negative experiences the customer may have into positive ones, as well as long-term customer retention.

In order to avoid returns by the customer or at least reduce returns to the absolute minimum, great importance is attached to preventive measures before and after an order is placed. This includes:

- Careful selection of our suppliers and vendors through regular supplier assessments.
- Regular customer surveys to receive timely feedback on the services we provide.
- A monthly evaluation of our returns, including an action plan to help determine if certain products should remain in our range of products.

Bechtle’s return management pursues measures that result in the efficient handling of returns and, if necessary, the reintroduction of the products into the company’s goods cycle. That means, original goods are re-processed and re-stocked in the Bechtle warehouse so that they can be offered for sale once again while opened goods are offered as so-called special items at a reduced price. Replacing goods directly at the customer’s site reduces the flow of goods on the road or by air freight. Low-priced returned goods are not re-introduced into the goods cycle.

Bechtle handles the disposal of hardware, spare parts and consumables, etc., through the specialised, certified Bechtle Remarketing GmbH. During this process, we pursue ongoing improvements in the economic and environmental conditions in addition to cost and time efficiency.

**RETURNS.**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistik &amp; Service purchasing volume</td>
<td>€ 1,329,916,761</td>
<td>€ 1,466,374,567</td>
<td>€ 1,752,099,571</td>
</tr>
<tr>
<td>Value of goods returned</td>
<td>€ 5,815,491</td>
<td>€ 11,221,267</td>
<td>€ 12,974,387</td>
</tr>
<tr>
<td>Return rate in %</td>
<td>0.44</td>
<td>0.77</td>
<td>0.74</td>
</tr>
<tr>
<td>Returns</td>
<td>33,025</td>
<td>36,917</td>
<td>39,404</td>
</tr>
<tr>
<td>Value of returns</td>
<td>€ 176</td>
<td>304</td>
<td>329</td>
</tr>
</tbody>
</table>

Planned measures for 2018 focus on avoiding unnecessary consignment costs. Human error in consignment and packaging can sometimes lead to an over-delivery, under-delivery or even wrong deliveries. By recording product weight values upon receipt of goods in the logistics centre and by transferring the verified master data from the distributors, the weight of the package contents can be compared with the data from the customer order to better detect over-deliveries and under-deliveries, as well as any possible wrong deliveries. The goal is to proactively prevent customer complaints and thereby also avoid extra deliveries and returns.
**Employees: Training with a high retention rate.**

Bechtle has a very high retention rate. After successful completion of the traineeship/integrated degree programme, we are able to offer almost all trainees and students permanent employment contracts, which helps us ensure the sustainable growth of the company.

**Success through further education.**

By declaring “we want our employees to be the best in the business,” Bechtle emphasises the strategic importance of training and further education. Bechtle stands behind the principle of life-long learning by offering its employees training courses at the Bechtle Academy and seminars at the 23 Bechtle Training Centres. Moreover, training through external agencies, such as vendor certification programmes are also made available to our employees. In 2017, 5,261 employees took part in 432 in-class seminars over a span of 8,290 training days at the Bechtle Academy.

An important element of the Bechtle Academy training programme is the e-learning portal iLEARN. The online platform offers new employees and seasoned professionals from across the entire Bechtle Group specialised training courses. The courses are available in up to ten languages for 14 European countries. Since October 2016, every Bechtle employee has access to the iLEARN e-learning portal and can even access course material from mobile devices.

When planning course material, the Bechtle Academy always analyses whether an in-class or online course is more appropriate. So far, more than 700 account managers have received their training on cloud technologies and over 500 service employees have been trained on the Bechtle Point of Service through iLEARN instead of an in-class seminar.

**Key figures for vocational training and integrated degree programme.**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of training professions</td>
<td>14</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Planned training and study posts in Neckarsulm</td>
<td>55</td>
<td>58</td>
<td>74</td>
</tr>
<tr>
<td>Training ratio in Germany in %</td>
<td>7.5</td>
<td>7.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Total number trainees and students</td>
<td>473</td>
<td>500</td>
<td>553</td>
</tr>
</tbody>
</table>

**Distribution of vocational training and courses of study.**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial trainees</td>
<td>190</td>
<td>195</td>
<td>212</td>
</tr>
<tr>
<td>Technical trainees</td>
<td>203</td>
<td>231</td>
<td>262</td>
</tr>
<tr>
<td>Commercial students</td>
<td>38</td>
<td>44</td>
<td>41</td>
</tr>
<tr>
<td>Technical students</td>
<td>42</td>
<td>38</td>
<td>38</td>
</tr>
</tbody>
</table>
From vocational training, traineeships and specialised courses to leadership and specialised personnel programmes, Bechtle employees can grow and develop their professional and personal skills throughout their entire careers at Bechtle. The following courses are of particular strategic importance:

- The Bechtle IT Business Architects programme was created in 2012 to meet our customers’ growing demand for IT consulting and strategic support. In the annual 13-day course, employees learn how to develop long-term IT strategies that are tailored to meet the needs of our customers business development.
- To be able to meet the need for executives coming from the company’s own ranks, two development programmes were introduced for potential managers. The General Management Programme was launched in 2011 with a focus on corporate governance. It aims at further developing existing executives at the middle management level in order to prepare them for top positions. In 2013, the Junior Management Programme was launched for employees who do not yet perform any executive tasks or who only have limited executive responsibility, but who demonstrate leadership potential. This programme emphasises leadership skills.
- The initiative Leadership@Bechtle, which was launched in 2016, also supports employees in management positions with their leadership and personnel responsibilities and aims to increase employee retention. In addition to providing the so-called Bechtle Leadership Toolbox for typical leadership situations, the existing qualifications programme was also augmented with additional measures.

The processes for implementing new measures and updating existing seminar content have been defined and certified according to the ISO 9001 standard. Requirements are derived from the corporate strategy, or incorporated from input by the Executive Board, managing director meetings, and heads of sales and service departments. The Executive Board is informed about the new training measures taken and the development of participants in a monthly meeting.

Recruiting for Bechtle. In 2017, Bechtle created its employer brand based on its already well-established corporate brand. This employer branding is visible in all new images, job ads and at trade fairs. The future-oriented branding is intended to position Bechtle as an attractive employer among job seekers, applicants and candidates.

In 2017, Bechtle won the “Best Recruiters Gold” award once again. For the third straight year, we earned the top spot among 19 other companies in the category of IT, and second place in the total ranking among 507 competing companies in Germany and was placed 9th among 1,531 companies in Germany, Austria and Switzerland. Bechtle stood out with its very good communication style, content and appealing online ads, as well as for its very good personal contact with applicants. A total of 19,000 applications were submitted to Bechtle in 2017.

Using appropriate channels of communication to target specific applicant groups proved successful, which is why Bechtle also uses this strategy among young students. In the context of the AZUBIT initiative, our trainees and integrated degree programme students inform school pupils about their opportunities to join Bechtle and about the traineeship and degree programme we offer. In line with the new employer branding, the bechtle-azubit.de website was also redesigned.

Co-operations with schools offer young people the opportunity to get a glimpse of Bechtle through work placements organised by their schools. Alone at the Bechtle headquarters, 54 school pupils completed their work placements in 2017. A work placement is an excellent opportunity for the young professionals of the future to get their first work experience, which often leads to a student traineeship and writing their Bachelor or Master’s thesis. Additional measures taken include applicant training for school pupils, information events at Bechtle subsidiaries, class visits and talks held at schools to initiate early personal contact.

Young applicants are given a multitude of opportunities to get into the IT sector thanks to our Absolvent-recognised trainee programme. The possibility to enrol in Bechtle’s trainee programme has been available to university graduates and candidates with professional experience in other fields since 2012, and to Bechtle employees demonstrating the right potential since 2016. Currently, Bechtle offers three career paths: Industry Sales, Public-Sector Sales, or IT System Engineering/IT Consulting.

In the reporting year, eleven trainees completed the nine-month training programme.

KEY FIGURES FOR TRAINEE PROGRAMME.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of trainees</td>
<td>8</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

Bechtle hired a total of 1,694 new employees in 2017. As of 31 December 2017, Bechtle employed 8,353 people—another step closer to achieving the Bechtle Vision 2020 goal of 10,000 employees.

EMPLOYEES OF BECHTLE AG.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Change from previous year in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full and part-time employees</td>
<td>6,611</td>
<td>7,033</td>
<td>7,678</td>
<td>9.17</td>
</tr>
<tr>
<td>Trainees</td>
<td>679</td>
<td>559</td>
<td>553</td>
<td>10.60</td>
</tr>
<tr>
<td>Absent</td>
<td>121</td>
<td>136</td>
<td>122</td>
<td>-9.80</td>
</tr>
<tr>
<td>Total</td>
<td>7,205</td>
<td>7,667</td>
<td>8,353</td>
<td>9.95</td>
</tr>
</tbody>
</table>

Retaining employees by building personal relationships. The ability to successfully retain employees is closely related to the level of employee satisfaction and their dedication as a result. Employee retention is an important factor in the success of our company. Bechtle is able to keep its employees by creating an environment of open communication based on trust. We know that it is not enough to rely only on employees’ intrinsic motivation. Fostering and ensuring employee motivation is therefore of the utmost priority for all management personnel and enshrined in Bechtle’s leadership guidelines.
Generally speaking, retaining employees when the number of new employees increases at a rapid rate is more difficult, and is even more so when a team consists of as many as three generations. One of the keys to employee retention lies in accepting diversity and dealing with it constructively. Showing appreciation and enabling employee development are essential. Bechtle accepts each individual on the basis of a trusting personal relationship between the immediate superior and the employee.

After beginning employment at Bechtle, everyone is assigned a personal mentor, who helps in the onboarding process and adjusting to the new work environment, including employee orientation which stretches over multiple weeks. Not only are topics specific to the employee’s new responsibilities covered, but networking across the entire Bechtle Group is emphasised and facilitated.

Employee satisfaction surveys are conducted at each subsidiary or directly by management personnel in direct conversations with the employee, which usually take place at least once, and if necessary, multiple times a year.

Employee loyalty at Bechtle is evidenced by the employee turnover rate, which has consistently remained in the one-digit range; and by the growing average period of employment at Bechtle of six years (corporate average in 2017).

<table>
<thead>
<tr>
<th>TURNOVER RATE OF BECHTLE AG.</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee turnover rate in %</td>
<td>8.1</td>
<td>9.3</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Also the number of employee anniversaries (10, 20, 25, 30 and 35 years of service in the company) is an expression of employee loyalty: 366 Bechtle employees group-wide celebrated their anniversary in 2017.

When employees decide to pursue other career opportunities outside of the Bechtle Group, we take the opportunity to find out about the employee’s perception of the work environment, leadership style of superiors and the employee’s overall level of satisfaction. This information is then included in local decisions and the further development of the respective Bechtle subsidiary.

Bechtle wants to afford its employees a healthy work-life balance and to help them find a balance between the requirements of work and their leisure and family time that is right for them. To achieve this, Bechtle employees have the freedom to choose their own working hours and place of work within the framework of applicable provisions.

In the reporting year 2017, more than half of all Bechtle employees took advantage of the “Agile Working” model, which made it easier for them to organise their child or dependents care, but also helps to fit their personal appointments into their schedule at short notice. In comparison, the percentage of additional telecommuting (regularly working from home) was less than 1 per cent.

<table>
<thead>
<tr>
<th>HUMAN RIGHTS: Social and ILO standards in the supply chain.</th>
</tr>
</thead>
</table>

A central criterion in the awarding of contracts—in particular among public-sector customers and increasingly also among customers from industry—is compliance with basic labour and social standards in the manufacturing and supply of goods as stipulated by international law (International Labour Organisation – ILO) or the respective applicable national law of the country of origin.

Even if compliance with social and labour standards across the entire supply chain and providing verification thereof is challenging in the IT sector, Bechtle nonetheless does its upmost to uphold human rights. Therefore, we pledge to protect human rights and do our part to ensure compliance with applicable standards within our sphere of influence.

As a long-time partner of the public sector, Bechtle has extensive experience not only in meeting public-sector requirements and expectations, but also in monitoring and controlling suppliers. On this basis, Bechtle employs various mechanisms to motivate suppliers to continuously improve labour and social standards. In this regard, Bechtle has introduced a number of different measures including a special code of conduct for our suppliers of goods and services devised in 2014.

The Bechtle Supplier Code contains principles and minimum requirements from the ILO, in particular their core labour standards. Currently, 54 distributors and 45 vendors have signed and accepted the Bechtle Supplier Code. 5 distributors and 18 vendors have also referred to their own standards, which mostly overlap with our own code in all essential standards. These suppliers make up 88 per cent of our purchasing volume. Our goal is to work towards improving this already high acceptance percentage in upcoming negotiations with our suppliers.

To monitor our suppliers’ compliance with social and labour standards, Bechtle focuses on examining their project-related test results, for example their audit and test protocols and sustainability reports.

To get first-hand knowledge of production conditions, Bechtle also performs on-site location inspections of our suppliers’ production sites. In addition to inspections of Epson production sites in Asia in 2017, further inspections are planned for 2018 and 2019.
SOCIAL AFFAIRS:
Data security and protection.

Information security, data protection and confidentiality are among the most important aspects of Bechtle’s business.

Since information security and data protection cover many of the same issues or at least overlap in several areas, these are consolidated. For Bechtle, as the largest independent IT systems integrator and Europe’s leading IT e-commerce provider, compliance with legal requirements (data protection regulations) and the high risk to our reputation in the event of a security breach are of utmost importance, as they affect topics that are at the heart of Bechtle’s business model as any breach would significantly damage our reputation.

In the area of information security, our focus is on our main facilities for data processing, information flow, mail traffic, customer data and Bechtle data, which are the central Bechtle data centre operated by our internal IT department, with locations in Frankfurt, Rüsselsheim and Neckarsulm, and the local data centre of Bechtle Hosting & Operations GmbH with locations in Frankfurt, Rüsselsheim and Friedrichshafen.

The data centres at these locations focus the data traffic of the corporate group and are certified together with Bechtle Hosting & Operations GmbH in the context of a matrix certification by the internationally recognised ISO 27001 standard for information security.

In the area of data protection, we concentrate primarily on compliance with the standards of the EU General Data Protection Regulation (GDPR). Its objectives are to protect the fundamental rights and freedoms of natural persons, and in particular their right to the protection of personal data and the continued free but secure transmission of personal data. Bechtle therefore strictly adheres to the following principles:

- Lawfulness
- Good faith
- Transparency
- Purpose limitations
- Data minimisation
- Accuracy
- Storage limitations
- Integrity and confidentiality
- Accountability

Bechtle’s goal, in addition to complying with compliance requirements, is to increase the overall level of security. Numerous documented guidelines and other information also support this intention. Group-wide applicable documentation also contributes to raising awareness among all Bechtle
employees of the principles of data protection, information security, confidentiality and other impor-
tant regulations, as well as ensuring compliance with legal requirements. Relevant documents
include the Bechtle Code of Conduct that comprises binding rules of conduct for all employees, gen-
eral training documentation on data protection regulations and data protection guidelines.

Documents relevant to information security, the validity of which is limited to the scope of the ISO 27001
certification, and thus to high-security areas of the group, include the Central Information Security
Guideline, the Central IT Compliance Guideline and the Information Security Guideline for employees.

As part of the certification of the Information Security Management System (ISMS) according to ISO
27001, the yearly compilation and update of the ISMS review (ISMSR), which is required by the stand-
ard, increases awareness of the subject, as the respective Board member is personally involved in the
compilation of the ISMS review and the ISMS audit. Due to the great importance placed on the topic of
data protection/EU GDPR, the entire Executive Board is informed at regular intervals about the pro-
gress of implementation in meetings.

In order to ensure group-wide compliance with the requirements of the EU GDPR, our data protection
officer conducts GAP analyses on its requirements at all Bechtle subsidiaries to identify open points
and formulate respective measures. We also continue to train our employees in Germany in data pro-
tection via our online e-learning platform iLEARN. The training courses are regularly updated to
reflect current requirements and include a final exam to ensure that the essential principles were
properly understood. By the end of 2017, more than 25 per cent of our employees participated in data
protection training courses.

The aim is to provide all employees, who work within the scope of ISO 27001 certification (data centre)
and are thus subject to special requirements relevant to information security, with additional training
once a year in classroom courses or via video conference on the subject of information security man-
agement. The participation rate of employees at the end of 2017 was 80 per cent (previous year: 90 per-
cent). In the current financial year, the employees who have not yet received training will be trained.

A gradual expansion of ISO 27001 certifications to other infrastructures (locations and applications)
has been planned.

Regular security tests within the framework of ISO 27001 certification of the certified data centres is
part of the necessary measures that will continue to be taken and that includes penetration tests (PEN
tests). Penetration tests check the security of as many system components, network or software sys-
tem applications as possible using means and methods that could be used by a hacker to penetrate a
system without authorisation. The penetration tests thus determine the sensitivity of the system to
attacks. Bechtle has also implemented reporting processes in the event of any incidents concerning
information security and data protection.

ANTI-CORRUPTION: Combatting corruption and bribery.

Bechtle’s approach to corruption and its prevention is of central importance in almost all tenders and, in
particular, for public-sector contracts. Failures and violations in this context would not only lead to
a loss of orders and hefty fines for the affected Bechtle company, but would also cause considerable
damage to the reputation of the Bechtle Group. The topic is thus enshrined in relevant internal tender-
ing processes and absolutely binding for Bechtle employees in charge of processing tenders in their
daily business.

Combating corruption is implemented in the existing Bechtle compliance system, which encom-
passes all subsidiaries of the Bechtle Group. Introduced in 2010, the Bechtle Code of Conduct is an
integral component of compliance at Bechtle and its general guidelines to uphold integrity are bind-
ing for all Bechtle employees. With regard to corruption, the Bechtle Code of Conduct prohibits
Bechtle employees from giving gifts of any kind to business partners, their employees or other third
parties in exchange for preferential treatment. In the context of all business activities, Bechtle
employees are absolutely prohibited from offering demanding or accepting money, nor may any offi-
cial in Germany or abroad be offered personal gain of any kind. These general compliance provisions
have been and will continue to be reviewed on a case and department-based basis. In this respect, a
binding corporate policy for dealing with incentives from business partners has been in place since
2011. In addition to this, there is an easy-to-use decision-making aid for employees on how to appro-
priately handle and behave when receiving and giving gifts—with special consideration for the specific
situation with regard to public-sector customers.

Employees can always access the latest versions of the regulations via the internal Bechtle Infor-
center. Moreover, every new employee receives a physical copy of the Bechtle Code of Conduct as an
integral component of the onboarding process. During the year, the Bechtle Compliance Board, which
consists of the entire Executive Board of Bechtle AG and a permanent representative of the central
legal department, sends out special e-mail notifications on a case-by-case basis to potentially
affected employees and to the managing directors of the Bechtle subsidiaries. The sole purpose of
these e-mails is to provide information on real incidents and to increase employee awareness of com-
pliance issues.

Employees can generally contact the Bechtle Compliance Board with any questions related to compli-
ance, but particularly when reporting relevant compliance breaches, via a dedicated hotline or by
sending an e-mail to a dedicated e-mail address.
To ensure the effectiveness of the Bechtle compliance system, the managing directors of the group subsidiaries and the heads of the central departments are required to report relevant incidents to the Compliance Board (especially identified violations of the code of conduct or applicable law) in the form of an annual compliance report. Subsequently, the Compliance Board prepares a consolidated overall compliance report and submits it to the Supervisory Board of Bechtle AG.

Regarding the combating of corruption and bribery, the basic objective of the processes and measures integrated in the compliance system is the full compliance with the Bechtle Code of Conduct, including its specific guidelines and compliance instruments, as well as compliance with all relevant legal regulations and provisions. This of course is a purely qualitative goal. Although the Compliance Board also internally documents figures such as the number of violations or reported incidents and reports these to the respective committees, they are by nature confidential and cannot therefore be published.

To achieve the above-mentioned goal, Bechtle has initiated the following measures:

- A physical copy of the Bechtle Code of Conduct in its updated version is given to every new employee as part of the onboarding process. If a new version of the Bechtle Code of Conduct is published, a sufficient number of copies will be printed and made available to the Bechtle Group companies for distribution to all employees. In line with the decentralised structure of the Bechtle Group, all Bechtle executives are responsible for ensuring that the employees entrusted to them are handed a personal copy of the Bechtle Code of Conduct, are made familiar with it and comply with its content. The measures outlined above were already initiated with the creation of the Bechtle Code of Conduct and were fully implemented in 2017. Their success will also be observed in the following years.

- The relevant employee groups are to be informed and sensitised on a continuous and case-by-case basis regarding corruption and bribery through “awareness e-mails”. This was carried out in the reporting period, however, the recipients of these e-mails were often only the managing directors of the Bechtle subsidiaries. It was then their responsibility to forward the information to the relevant employee groups of their respective organisation. Starting in 2018, the awareness e-mails will be sent not only to the managing directors as the responsible compliance officers, but also to the potentially affected or at-risk employees.

- All employees in the Public Sector business unit are to be made aware of these issues through targeted compliance training with a focus on corruption and bribery. This measure is to be developed in 2018 and implemented at short notice in an appropriate form after coordination of content and timing with the management of the unit.

- Additionally, appropriate compliance training courses are to be drawn up and extended to employees who also work in the Public Sector business unit at locations across the entire Bechtle Group. In 2018, it will first be necessary to involve the affected managing directors responsible for compliance in their units in the training process and to agree on the relevant contents. Implementation is planned for 2019.

- Other departments within the Bechtle Group, such as purchasing or product management, are also to be analysed for corruption risks that could have an effect on Bechtle's reputation and, if necessary, appropriate topic-specific compliance training courses are to be developed for these employee groups. Steps taken to minimise risk in the reporting year are still being analysed and will only be implemented in the medium term once reviewed.