

## REPORT OF THE SUPERVISORY BOARD

**DEAR SIR OR MADAM,**

**For Bechtle, 2019 was an extremely successful fiscal year – though this had not been expected. The macroeconomic situation in Germany and in the EU had darkened right at the beginning of the year. As the year progressed, the outlook became even gloomier. What about Bechtle? Quarter by quarter, the company achieved double-digit organic growth rates, skipping from one record to the next. It would certainly go too far to conclude that the IT industry has detached itself from the overall economy. Nevertheless, the IT industry has truly demonstrated a sound measure of resilience. In the age of digitisation and Industry 4.0, IT has become vital for the success of many companies. The successful operation of this technology requires partners – large, reliable partners like Bechtle. As you see, our company is well prepared for the future! On the way to success, the Supervisory Board is pleased to provide advice and support to the company.**

In the reporting period, the Supervisory Board meticulously performed all audit and controlling duties imposed on it by law and as required by the Articles of Incorporation. The Supervisory Board regularly provided the Executive Board with advice concerning the administration of the group and closely monitored and supported the company's management and development. In this context, the two boards always cooperated in an open and constructive manner.

The Executive Board regularly, promptly and comprehensively informed the Supervisory Board about all aspects relevant to the company as well as transactions subject to approval. This included particularly the numerous acquisition projects, the group's business performance, future investments, location-related subjects, the risk situation, the opportunity and risk management as well as basic issues related to corporate planning and strategy.

The Chairman of the Executive Board maintained especially close contact with individual Supervisory Board members, primarily with the Chairman of the Supervisory Board, even outside the regular meetings. Additionally, the Executive Board informed the Supervisory Board as a whole about key operational indicators, the fulfilment of business plans and the employment situation of the group, segments and all major subsidiaries on a monthly basis. At quarterly meetings, we also intensively elaborated on the respective past quarter and the short and medium-term perspectives.

At its meetings, the Supervisory Board regularly looked into the business performance of the group as well as the assets and financial position and the implementation of the corporate strategy. Moreover, we continually dealt with the risk situation and actively participated in the further development of the control and risk management system of Bechtle AG.

Thanks to the timely and detailed information received from the Executive Board and its own audits, the Supervisory Board was able to comply fully with its monitoring and consulting duties. We confirm that the Executive Board has acted legally, correctly and economically in every respect. The Executive Board regularly consulted the legal and compliance department as well as group controlling, and actively used the risk management system.

## MEETINGS AND CENTRAL ISSUES

In the reporting period, the Supervisory Board held four ordinary plenary sessions: on 1 February, 13 March (balance sheet meeting for the annual and consolidated financial statements for 2018), 26 July and 25 October 2019. Dr. Lars Grünert was unable to participate in the session on 26 July. Apart from this, all Supervisory Board members attended all plenary sessions in the reporting period.

Apart from the resolutions adopted at the meetings, the Supervisory Board and/or its committees also adopted resolutions via circular procedure where relevant, in particular in urgent cases. We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting on 13 March 2019, the Supervisory Board approved the annual financial statements and the Consolidated Financial Statements of the prior year (thereby adopting the annual financial statements) and accepted the Executive Board's proposal for the appropriation of profits and the business planning for 2019.

In the past fiscal year, the most important subjects discussed included the following:

- The group strategy, especially of the clouds and managed services business and the business of the IT System House & Managed Services segment in Switzerland, as well as the targets achieved in the course of the strategy rollout
- The integration of the French Inmac Wstore S.A.S., the largest acquisition in Bechtle's history, and of other takeovers
- The economic development of the group
- The nine acquisitions performed in the reporting period
- The renewal of the Executive Board contracts of Michael Guschlbauer and Jürgen Schäfer
- The compensation system of the Executive Board
- The efficiency audit in the Supervisory Board
- Sustainability at Bechtle and non-financial group declaration
- The draft of the new Corporate Governance Code
- The internal audit and risk management system

## STAFFING OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

In 2019, the staffing of the Executive Board of Bechtle AG did not undergo any changes. The Supervisory Board underwent the following change in the reporting period: For age-related reasons, Barbara Greyer stepped down from her Supervisory Board mandate as of the end of 30 November 2019. By decision of the Stuttgart District Court, Anastasia Polidoros was appointed as a member of the Supervisory Board as of 19 December 2019. We would like to thank Mrs Greyer for her many years of competent assistance.

## COMMITTEE WORK

To fulfil its duties, the Supervisory Board has formed three committees.

The audit committee came together on 31 January, 12 March, 17 May, 25 July and 24 October 2019. Additionally, it held telephone conferences on 9 May, 8 August and 12 November 2019. Daniela Eberle was unable to attend the meeting on 17 May. Apart from this, all committee members participated in all meetings throughout the reporting period. In 2019, the audit committee dealt intensively with transactions that require approval, especially the acquisitions performed, location-related issues and long-term agreements. Other subjects discussed included the interim financial reports, the preliminary audits of the annual and consolidated financial statements, the non-financial group report, the proposal for the appropriation of profits and the review of the internal control and risk management system. The meetings also focused on the monitoring of the auditor's independence, the definition of the main issues to be audited, the agreement of the audit fee and the corporate governance. The development of the cash flow and of the working capital was another key subject addressed in 2019.

In 2019, the personnel committee came together at five meetings on 1 February, 13 March, 24 June, 12 September and 26 November 2019. All committee members participated in all meetings. The meetings of the personnel committee focused mainly on the renewal of the Executive Board contracts, the compensation system of the Executive Board, the further development of the management organisation and employment contracts with Executive Vice Presidents.

The conciliation committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG) was not convened in 2019.

The Supervisory Board regularly and meticulously evaluates its activity according to the guideline "Efficiency Audit in the Supervisory Board" of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. Based on recommendations from the Supervisory Board, action recommendations were developed, presented at the plenary session and, after intensive review, included in the work of the Supervisory Board. We consistently monitor the implementation of these recommendations in our Supervisory Board. The basic results of past efficiency audits revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

## CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

We intensively reviewed the set of rules of the German Corporate Governance Code (DCGK). To ensure compliance with the German Corporate Governance Code (DCGK), we checked the implementation of the recommendations. Together with the Executive Board, we issued the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2020. Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Report. All declarations of conformity of the last five years and other documents concerning the corporate governance have been and continue to be made permanently available to the shareholders on the Internet. In the fiscal year ended, there were no conflicts of interests of Executive Board or Supervisory Board members that, according to the Code, would have had to be disclosed to the plenum without delay and about which the Annual General Meeting would have had to be informed.



See  
Corporate Governance Report,  
page 58 ff



Declaration of Conformity,  
see [bechtle.com/investors/corporate-governance](https://www.bechtle.com/investors/corporate-governance)

## AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2019

The General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and Consolidated Financial Statements for the 2019 fiscal year. Following the engagement by the Supervisory Board, the auditor audited the annual financial statements of Bechtle AG as well as the consolidated financial statements and the management reports of Bechtle AG and of the Bechtle Group for the 2019 fiscal year, including the accounts and the risk management and early detection system, and awarded unqualified auditor's certificates. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board, and the internal audit and risk management system with respect to the accounting process. The auditor confirmed that the installed systems are suitable for identifying developments endangering the company's going concern at an early stage.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of profits and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail in the audit committee and in the Board as a whole. The auditor of the annual and consolidated financial statements also participated in the balance sheet meeting on 17 March 2020. He reported in detail on the material results of his audit and comprehensively answered all questions of the Supervisory Board.

Following its own review of the annual financial statements, Consolidated Financial Statements, management report and group management report, the Supervisory Board approved the results of the audit conducted by the auditor. According to the final result of its audit, there were no objections. At the balance sheet meeting on 17 March 2020, the Supervisory Board thus approved the annual financial statements and the Consolidated Financial Statements in accordance with the recommendation of the audit committee, thereby adopting the annual financial statements pursuant to Section 172 sentence 1 of the German Stock Corporation Act (AktG). The Supervisory Board agreed to the Executive Board's proposal for the appropriation of the net profit and payment of a dividend of €1.20 per share. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of profits appropriate.

The Supervisory Board also audited and comprehensively discussed the non-financial group declaration of Bechtle AG, which was prepared by the Executive Board and is included in the sustainability report 2019 of Bechtle AG as a separate non-financial group report, at the balance sheet meeting on 17 March 2020. The Executive Board explained the separate non-financial group report and answered the questions of the members of the Supervisory Board. The review conducted by the Supervisory Board did not give rise to any objections to the separate non-financial group report. The Supervisory Board approves the separate non-financial group report.

Bechtle's performance is truly impressive. We believe that this has only been possible thanks to our clear long-term strategy, our reliability towards customers and employees, and the values that each and every one of us lives by on a daily basis. Therefore, the Supervisory Board sincerely thanks all employees of the Bechtle Group, the Executive Vice Presidents and Managing Directors of the group companies, as well as the members of the Executive Board. None of what we have achieved would have been possible without the individual contribution and commitment of every member of the Bechtle team. In the future, the Supervisory Board will continue to exert itself vigorously to provide advice and guidance as Bechtle moves ahead.

On behalf of the Supervisory Board



Klaus Winkler  
Chairman

Neckarsulm, 17 March 2020