

FISCAL YEAR 2022

COMPENSATION REPORT 2022

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BECHTLE

COMPENSATION REPORT 2022

1. INTRODUCTION

1.1 Preamble

The compensation report has been jointly prepared by the Executive Board and the Supervisory Board of Bechtle AG. In this context, special attention has been paid to clear, comprehensible and comprehensive reporting. Moreover, in accordance with Section 162 (3) of the German Stock Corporation Act (AktG), the auditor of the financial statements has formally audited the disclosures to be made pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG). The audit opinion is enclosed with the compensation report.

The content of the compensation report is in line with the regulatory requirements of the German Stock Corporation Act (AktG) and takes the recommendations and suggestions of the German Corporate Governance Code (DCGK) in the version of 28 April 2022 into consideration. On the one hand, the compensation report provides information on the application of the compensation system in the fiscal year. On the other hand, it discloses and explains the amount of the Executive Board and Supervisory Board compensation as well as its structure and terms.

The compensation report for the 2022 fiscal year – which has been prepared pursuant to Section 162 of the German Stock Corporation Act (AktG) – will be submitted to the Annual General Meeting on 25 May 2023 for approval and can be accessed under [bechtle.com/corporate-governance](https://www.bechtle.com/corporate-governance) for ten years and under [bechtle.com/hv2023](https://www.bechtle.com/hv2023) from the time that the Annual General Meeting is convened until its end. Information pursuant to Section 162 (1) sentence 2 no. 6 of the German Stock Corporation Act (AktG) on how the resolution of the Annual General Meeting was taken into consideration will be presented in the compensation report of the subsequent fiscal year.

1.2 Adjustment of the compensation system for the Executive Board

The Supervisory Board of Bechtle AG had revised the compensation system for the Executive Board in the 2020 fiscal year and submitted it to the Annual General Meeting on 15 June 2021 for approval. In the course of the renaming of a performance indicator used for the long-term variable compensation, as described below, the compensation system for the Executive Board had to be resubmitted to the Annual General Meeting on 2 June 2022, as the change was of a material nature pursuant to Section 120a (1) sentence 1 of the German Stock Corporation Act (AktG). The Annual General Meeting approved the adjusted compensation system with 66.06 per cent of the votes. It can be accessed under the following link: [bechtle.com/corporate-governance](https://www.bechtle.com/corporate-governance).

Compared to the previous compensation system for the Executive Board, the following changes have been implemented. As of 31 December 2021, Bechtle AG changed its accounting method in the consolidated financial statements for the sale of standard software licences. According to the new method, a substantial portion of the revenue from this business is no longer presented in its entirety but only in the amount of the gross margin achieved. This affects neither the generated business volume nor the earnings (consolidated EBT) of the Bechtle Group. However, the presented earnings margin increases noticeably. This is because in the meantime, the IFRS Interpretations Committee (IFRS IC) has outlined how the respective regulations of the International Financial Reporting Standards (IFRS) are to be applied. Therefore, Bechtle AG has performed a re-evaluation with regard to how the sale of standard software licences is accounted for. Where Bechtle AG, according to the re-evaluation of the application of IFRS 15, qualifies as an “agent” and no longer as the “principal” with respect to the sale of standard software licences, the company no longer recognises the entire revenue from standard software licences, but only the amount of the gross margin achieved.

In view of the changed accounting method, the tranches of the long-term variable compensations require an adjustment with regard to the financial performance criterion “group revenue”. After extensive deliberations, the Supervisory Board has come to the unanimous conclusion that the group revenue as calculated according to the former accounting method (classification of Bechtle AG as “principal”) shall continue to be used (only) for the calculation of the long-term variable compensation. Henceforth, this indicator will be referred to as “group business volume”. On 16 March 2022, the Supervisory Board therefore decided to change the compensation system.

1.3 Explanation of how the resolutions of the Annual General Meeting 2022 were applied

Approval of the compensation report. At the Annual General Meeting of Bechtle AG on 2 June 2022, the compensation report 2021 was approved with a majority of 89.70 per cent of the votes. This positive voting result supports the Executive Board and the Supervisory Board in their efforts to continue to report in a transparent and comprehensible manner on the Executive Board and Supervisory Board compensation.

Approval of the compensation system. The slightly adjusted compensation system for the Executive Board, which was also submitted to the Annual General Meeting for approval on 2 June 2022, received 66.06 per cent of the votes. In view of the result of the vote, the Supervisory Board made it a point to intensively analyse and discuss the main points of criticism. In conclusion, the Supervisory Board decided not to fundamentally revise the compensation system for the Executive Board for the 2022 fiscal year. Nevertheless, for the sake of transparency, the main points of criticism and the opinion of the Supervisory Board are presented below:

What we heard. The severance of the Chairman of the Executive Board is not limited to the compensation for two years.

Our opinion. Bechtle's Chairman of the Executive Board has already been with the company since the 2007 fiscal year. Bechtle places great emphasis on continuity and the sanctity of contracts, both in the relationship with him and in the relationship with all employees. Therefore, the Supervisory Board has left provisions that have already existed in the contract with the Chairman of the Executive Board for many years untouched. When concluding contracts with newly appointed members of the Executive Board, the Supervisory Board intends to take the interests of wide portions of the capital market into consideration by limiting the severance to the compensation for two years. For Michael Guschlbauer and Jürgen Schäfer, who are ordinary members of the Executive Board, any severance to be paid is limited to the lower of the compensation for two years or the compensation for the residual term of the contract.

What we heard. The calculation of the modifier for the short-term variable compensation is not transparent enough.

Our opinion. Apart from financial performance criteria, the Supervisory Board makes use of a criteria-based modifier for the assessment of the performance of the Executive Board in order to take the individual performance, collective targets and sustainability aspects (ESG criteria) into consideration. At the beginning of each fiscal year, the Supervisory Board determines the criteria for the modifier in order to make sure that no purely discretionary assessment takes place. At present, we do not intend to present the individual criteria in detail, as the close connection of the criteria with the corporate strategy would mean disclosing competition-relevant criteria. Nevertheless, when revising the compensation system for the Executive Board, the Supervisory Board will endeavour to balance the demand of the capital market for more transparency with the demand of the Supervisory Board for flexibility.

What we heard. The Executive Board compensation does not provide for any share-based portion.

Our opinion. The objective of the Executive Board compensation is to incentivise the long-term implementation of the corporate strategy. Though the share price is an important indicator and the Executive Board always keeps an eye on the share price performance, the financial indicators "EBT" and "revenue" (or "business volume") are currently the central controlling parameters that Bechtle uses for its sustainable, long-term performance. These KPIs also reflect the ambitious quantitative targets defined in the Vision 2030 in order to pursue a strategy of sustainable and profitable growth. In future, the company's operating success is to continue to support an appropriate price performance and thus the success of the shareholders. Moreover, when making decisions, Bechtle's Executive Board always keeps the company's welfare in mind. However, the short-term fulfilment of capital market interests is not always compatible with the company's long-term interests. To ensure that the Executive Board's decisions are aligned with the company's interests, the Executive Board compensation should therefore not be directly linked to the share price of Bechtle AG.

2. PRINCIPLES FOR THE DETERMINATION OF THE EXECUTIVE BOARD COMPENSATION ACCORDING TO THE COMPENSATION SYSTEM FOR THE EXECUTIVE BOARD

This section 2 describes the principles for the determination of the compensation of the Executive Board according to the compensation system for the Executive Board that was approved by the Annual General Meeting of Bechtle AG on 2 June 2022.

2.1 Basics of the compensation system for the Executive Board

The top strategic goal of Bechtle AG is to effectively increase the enterprise value through profitable growth. This objective is also a core element of the corporate strategy, the Vision 2030. The compensation system for the Executive Board promotes the implementation of this strategy by means of ambitious performance targets that are aligned with the corporate strategy.

The individual compensation components ensure the promotion of the key goals of our corporate strategy, especially continuous and sustainable growth of the business volume and improved profitability.

At the same time, the Executive Board compensation is meant to duly remunerate the members of the Executive Board under consideration of the situation of the company and in accordance with their performance, their duties and their field of responsibility. The details of the compensation system are arranged in accordance with the requirements of the German Stock Corporation Act (AktG). Moreover, the recommendations and suggestions of the German Corporate Governance Code are taken into consideration (DCGK).

The details of the compensation system have been arranged especially under consideration of the following guidelines:

GUIDELINES FOR THE DETERMINATION OF THE EXECUTIVE BOARD COMPENSATION

Strategy	The compensation system as a whole contributes to the promotion and implementation of our corporate strategy, Vision 2030, by setting ambitious, long-term performance targets in accordance with the business performance we intend to achieve.
Sustainability	Bechtle's long-term sustainable development is promoted by granting a long-term variable compensation component and by implementing ESG (environmental, social, governance) criteria in the short-term variable compensation.
Pay for performance	The members of the Executive Board receive performance-oriented compensation. Adequate and ambitious targets are set within the scope of the variable compensation. Depending on the target achievement, the variable compensation can range from zero to the defined cap. Moreover, partial or full reduction of the variable compensation is possible (penalty/clawback).
Appropriateness	The Supervisory Board makes sure that the compensation of the members of the Executive Board is appropriate under consideration of the performance and duties of the respective Executive Board member and the situation of the company. To assess the appropriateness of the compensation amounts, a market comparison is performed with similar companies (horizontal comparison), and the company's internal compensation relations are checked (vertical comparison).
Compliance	The details of the compensation system for the Executive Board are arranged in accordance with current regulatory requirements.

2.2 Appropriateness of the Executive Board compensation

The Supervisory Board determines the amount of the total compensation for each member of the Executive Board. On the one hand, the compensation should be appropriate, taking into consideration the performance and duties of the respective member of the Executive Board and the situation of the company. On the other hand, the compensation should not exceed the normal scope unless special reasons exist. Finally, the compensation should be geared towards the long-term and sustainable development of the company.

The Supervisory Board regularly reviews the appropriateness and customariness of the Executive Board compensation. For this, the compensation amounts are subjected to a market comparison with those of similar companies (horizontal comparison). The Supervisory Board carefully selects the reference group in order to avoid an automatic upward trend. In the last appropriateness and customariness review conducted, especially MDAX companies were used as reference group. Additionally, the 30 companies that were included in the DAX at the time were analysed. Moreover, the compensation of the members of the Executive Board is gauged in relation to that of the management levels under the Executive Board as well as to that of other executives and employees (vertical comparison). In this context, the Supervisory Board also takes the chronological development of the compensation relations into consideration.

The last review of the appropriateness and customariness of the Executive Board compensation took place in November 2020. To assess the appropriateness and customariness of the compensation, the Supervisory Board engaged an independent external compensation consultancy.

2.3 Overview of the compensation components

The compensation system submitted to the Annual General Meeting for approval on 15 June 2021 or 2 June 2022 applies to all compensation decisions of the Supervisory Board (including but not limited to the conclusion of new employment contracts of the Executive Board, the renewal of such contracts as well as the amendment of existing or future employment contracts) that were or will be made after 16 March 2022. The changes concern especially the details of the long-term variable compensation. The basic methodology of the short-term and long-term variable compensation was not changed compared to the former compensation system. Thus, the variable compensation described below was already applied in the 2022 fiscal year. In the process of the future application of the new compensation system, the Chairman of the Executive Board was assigned a long-term variable compensation with a three-year performance period and a long-term variable compensation with a four-year performance period (50 per cent each) in the 2022 fiscal year. Starting from the 2023 fiscal year, the compensation system described below applies to the entire Executive Board of Bechtle AG.

The compensation of the Executive Board comprises fixed and variable components whose sum represents the total compensation of a member of the Executive Board.

The fixed compensation components comprise the annual salary ("basic compensation") and fringe benefits. A company pension is not promised.

Additionally, the members of the Executive Board receive a short-term variable compensation (annual profit-sharing bonus) and a long-term variable compensation that is granted every year in the form of a performance cash plan with a performance period of four years.

The compensation components except for the fringe benefits are paid out in cash. Share-based remuneration is not granted.

The following overview presents the main aspects of the compensation components and shows how they promote the long-term development of the company and the corporate strategy.

2.4 Structure of the Executive Board compensation

FIXED COMPENSATION COMPONENTS

Element	Details	Strategy reference
Basic compensation	■ Fixed, contractually agreed compensation paid in twelve equal instalments	■ Attracting and retaining qualified members of the Executive Board and ensuring the compensation remains competitive
Fringe benefits	■ Company car for business and private use	

VARIABLE COMPENSATION COMPONENTS

Short-term variable compensation component

	Details	Strategy reference
Plan type	■ Annual profit-sharing bonus	■ Incentivising of a continuous profitable growth in the operating business and of sustainable management ■ Rewarding the success in the sub-area and the contribution to the consolidated earnings
Limit/cap	■ 130% of the target amount	
Performance criteria	For the Chairman of the Executive Board and ordinary members of the Executive Board without any sub-area responsibility: ■ 100% consolidated EBT For ordinary members of the Executive Board with sub-area responsibility: ■ 50% consolidated EBT (as reported) ■ 50% sub-area EBT (according to Supervisory Board reporting) Criteria-based modifier (0.9–1.2): ■ To assess the individual and collective performance of the Executive Board and to reach sustainability goals (ESG criteria)	
Payment	■ In cash after the end of the respective fiscal year	

Long-term variable compensation component

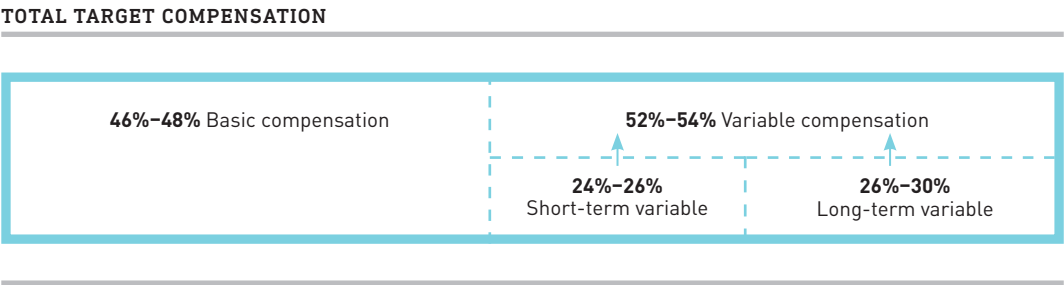
	Details	Strategy reference
Plan type	■ Performance cash plan	■ Incentivising for the achievement of the expansion goals through profitable growth in accordance with the corporate strategy ■ Assuring of sustainable long-term performance through four-year performance period
Limit/cap	■ 130% of the target amount	
Performance criteria	■ 50% consolidated EBT (as reported) ■ 50% group business volume	
Performance period	■ Four years	
Payment	■ In cash after the end of the four-year performance period	

OTHER COMPENSATION COMPONENTS

Element	Details	Strategy reference
Penalty/clawback	■ Partial or full reduction or reclaim of the variable compensation possible	■ Strengthening of the role of the Supervisory Board

When determining the Executive Board compensation, the Supervisory Board makes sure that it is aligned with the sustainable long-term development of the company. Among other things, this is achieved in that the share of the long-term variable compensation exceeds the share of the short-term variable compensation. By determining the targets to be achieved, both the short-term variable compensation and the long-term variable compensation basically aim at boosting the profitability and thus at the successful implementation of operational and strategic corporate objectives.

The basic structure of the total target compensation is as follows:



To ensure the sustainable development of the company, the share of the long-term variable compensation always exceeds the share of the short-term variable compensation.

2.5 Determination of the Executive Board compensation (target compensation)

In the 2022 fiscal year, the Supervisory Board determined the following total target compensation for the members of the Executive Board. The figures for the short-term variable compensation and the long-term variable compensation represent the compensation in the event of 100 per cent target achievement. The figures for the fringe benefits represent the fringe benefits granted in the respective fiscal year.

TARGET COMPENSATION

€ k

	Dr. Thomas Olemotz Chairman of the Executive Board (since 01.03.2007)		Michael Guschlbauer Member of the Executive Board responsible for IT System House & Managed Services (since 01.01.2009)		Jürgen Schäfer Member of the Executive Board responsible for IT E-Commerce (since 01.01.2009)	
	2022	2021	2022	2021	2022	2021
Basic compensation	2,160.0	2,000.0	825.0	825.0	600.0	600.0
Fringe benefits	10.0	21.0	36.0	39.0	6.0	6.0
Total fixed compensation	2,170.0	2,021.0	861.0	864.0	606.0	606.0
Short-term variable compensation						
Profit-sharing bonus 2022	1,100.0	–	425.0	–	325.0	–
Profit-sharing bonus 2021	–	740.0	–	425.0	–	325.0
Long-term variable compensation						
Commitment 2022 (tranche 2022–2024)	620.0	–	–	–	–	–
Commitment 2022 (tranche 2022–2025)	620.0	–	500.0	–	375.0	–
Commitment 2021 (tranche 2021–2023)	–	760.0	–	–	–	–
Commitment 2021 (tranche 2021–2024)	–	–	–	500.0	–	375.0
Total variable compensation	2,340.0	1,500.0	925.0	925.0	700.0	700.0
Total target compensation	4,510.0	3,521.0	1,786.0	1,789.0	1,306.0	1,306.0

3. APPLICATION OF THE COMPENSATION SYSTEM IN THE 2022 FISCAL YEAR

3.1 Fixed compensation components

3.1.1 Basic compensation

The basic compensation is a fixed compensation for the entire year, which is based on the respective Executive Board member's area of responsibility and is paid out in twelve monthly instalments.

3.1.2 Fringe benefits

All members of the Executive Board also receive benefits in kind and other benefits (fringe benefits). The only fringe benefit that is granted to the members of the Executive Board is a company car that is appropriate for their position for business and private use until the end of their term as members of the Executive Board. No additional fringe benefits were granted in the 2022 fiscal year.

Moreover, the members of the Executive Board are covered by D&O insurance that is adequate for their position.

3.2 Short-term variable compensation components

3.2.1 Overview of the annual profit-sharing bonus

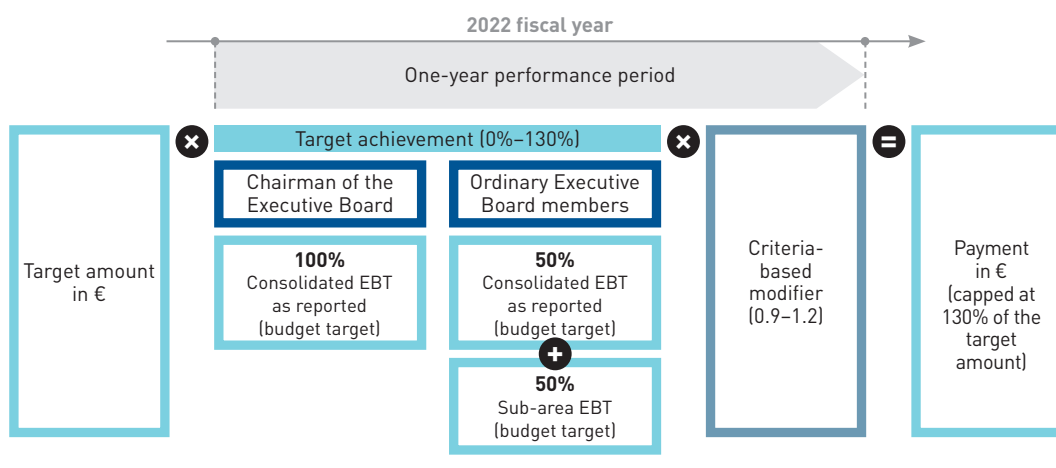
To incentivise the operational implementation of the corporate strategy, the members of the Executive Board receive short-term variable compensation in the form of an annual profit-sharing bonus. The performance period corresponds to the respective fiscal year.

To measure the performance, one financial performance criterion has been determined for the Chairman of the Executive Board, and two financial performance criteria have been determined for ordinary members of the Executive Board with sub-area responsibility. The financial performance criteria used for the ordinary members of the Executive Board each have a weighting of 50 per cent, and they are additively linked to each other. Apart from the achievement of the financial performance criteria, the final amount of the annual profit-sharing bonus that is paid out also depends on the achievement of non-financial performance criteria.

The individual target amount determined in the respective employment contracts forms the basis for a possible payment of the annual profit-sharing bonus. The payment amount is calculated by multiplying the target amount with the determined target achievement of the financial performance criteria, which may range from 0 to 130 per cent, and the individually determined criteria-based modifier. The amount of the payment of the annual profit-sharing bonus is capped at 130 per cent of the target amount.

The following figure shows how the short-term variable compensation is organised:

ANNUAL PROFIT-SHARING BONUS



3.2.2 Financial performance criteria

In terms of the annual profit sharing bonus, the financial performance criterion “earnings before taxes at group level” (“consolidated EBT”) is determined both for the Chairman of the Executive Board and for the ordinary members of the Executive Board. The consolidated EBT is one of Bechtle’s key financial performance indicators. The corporate strategy focuses on profitable short, medium and long-term growth. The EBT is an important indicator of the profitable growth of the group as a whole in the respective fiscal year. Via the EBT margin, this KPI is also rooted as a central quantitative growth target in Bechtle’s Vision 2030.

For ordinary members of the Executive Board with sub-area responsibility, the performance criterion “sub-area EBT” is used in addition to the performance criterion “consolidated EBT”. At Bechtle, each ordinary member of the Executive Board is responsible for a sub-area of the company, which may, for example, consists of a company segment or regionally allocated group companies. Therefore, their performance is also measured on the basis of the EBT of the sub-area they are responsible for. The performance criteria “consolidated EBT” and “sub-area EBT” further strengthen the link between the individual performance and the compensation, which the compensation system aims at, while at the same time, taking the collective responsibility of all Executive Board members for the consolidated earnings into account.

At the beginning of every fiscal year, a target to be reached is determined both for the consolidated EBT and for the sub-area EBT. The targets or other reference parameters are not changed retroactively. The target for the sub-area EBT corresponds to the sum of the planned EBT figures of the individual companies allocated to the responsible sub-area, for which the respective ordinary Executive Board member is responsible. Moreover, bottom and top thresholds are defined for the consolidated EBT and the sub-area EBT.

To ascertain whether the targets have been reached, the consolidated EBT actually generated in the fiscal year according to the consolidated financial statements that have been audited and approved by the Supervisory Board or the sub-area EBT that is presented in the Supervisory Board reporting for the month of the December are compared with the defined targets.

3.2.3 Criteria-based modifier

Apart from the financial performance criteria, criteria-based consideration of the individual and collective performance of the Executive Board members and of sustainability criteria (ESG criteria) is achieved by means of a criteria-based modifier. The Supervisory Board evaluates the individual or non-financial performance via this criteria-based modifier, whose bandwidth ranges from 0.9 to 1.2. For this purpose, the Supervisory Board determines the criteria of the modifier at the beginning of the fiscal year. In the 2022 fiscal year, the Supervisory Board determined strategically important projects, key staff development topics and other criteria from the fields of sustainability and CSR as criteria for the assessment of the collective and personal performance of the Executive Board. At the beginning of the 2022 fiscal year, the Supervisory Board also determined suitable evaluation parameters with specific modifier values for the individual criteria.

3.2.4 Target achievement

For the annual profit-sharing bonus for the 2022 fiscal year, the figures for the target achievement and the amount to be paid to the members of the Executive Board are as follows:

ANNUAL PROFIT-SHARING BONUS 2022			€k
	Target amount	Total target achievement	Payment amount
Total target achievement			
Dr. Thomas Olemotz	1,100.0	127.45%	1,402.0
Michael Guschlbauer	425.0	128.38%	545.6
Jürgen Schäfer	325.0	126.38%	410.7

3.3 Long-term variable compensation components

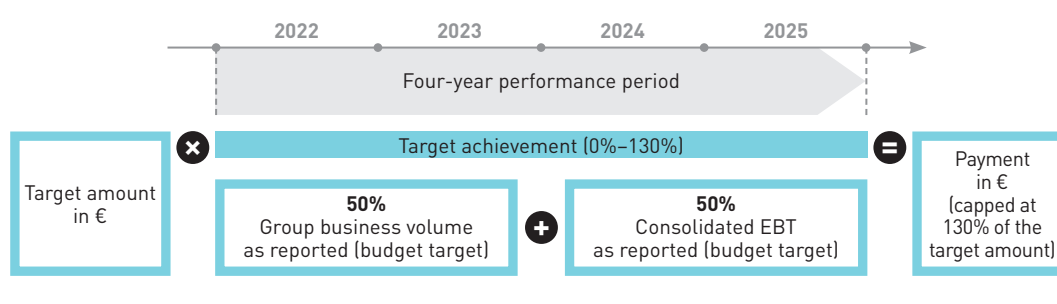
3.3.1 Overview of the performance cash plan 2022

To incentivise the long-term implementation of the corporate strategy, the members of the Executive Board receive long-term variable compensation in addition to the short-term compensation component. The long-term variable compensation is arranged in the form of a performance cash plan with a performance period of four years and is granted on a yearly basis.

As a matter of principle, the performance of the Executive Board members is measured on the basis of two financial performance criteria: the group business volume and the consolidated EBT. These figures have a weighting of 50 per cent each and are additively linked to each other.

The individual target amount determined in the respective employment contracts forms the basis for a possible payment under the performance cash plan. The payment amount is calculated by multiplying the target amount with the determined target achievement of the financial performance criteria, which can range from 0 to 130 per cent. The amount of the payment under the performance cash plan is capped at 130 per cent of the target amount.

PERFORMANCE CASH PLAN



3.3.2 Financial performance criteria 2022

Bechtle pursues a strategy of sustainable, profitable growth. For this, the company has defined ambitious quantitative targets within the framework of Vision 2030. The implementation of the corporate strategy is incentivised by using the two financial performance criteria “group business volume” and “consolidated EBT” within the scope of the performance cash plan, which has a long-term horizon.

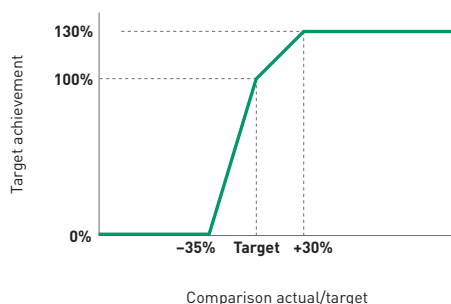
At the beginning of every performance period, the targets to be reached during the four-year performance period are determined both for the group business volume and for the consolidated EBT (“target figures”). The targets or other reference parameters are not changed retroactively. Moreover, bottom and top thresholds are determined. To ascertain the target achievement, the group business volume and the consolidated EBT generated during the performance period (“actual figures”) are first determined by adding up the calculated group business volume and consolidated EBT of every fiscal year during the particular performance period. The determination of the consolidated EBT takes place according to the figures presented in Bechtle’s respective audited and approved consolidated financial statements. The group business volume comes from a calculation that is prepared by the Executive Board as of the respective balance sheet date and audited and approved by the auditor under the (hypothetical) assumption that when selling standard software licences, the company acts as the principal in the meaning of IFRS 15. Subsequently, these actual figures are compared with the respective targets.

If the target achievement for the consolidated EBT is not at least 100 per cent, the target achievement for the group business volume is limited to 100 per cent. This additional condition emphasises the strategic focus on sustainable profitable growth and further strengthens the intended performance orientation (“pay for performance”) of the variable compensation.

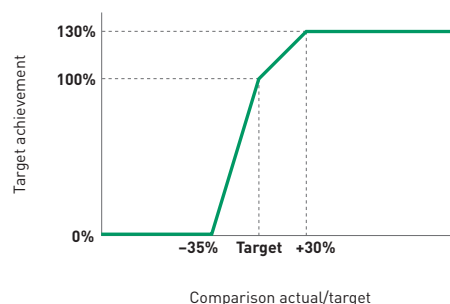
The target achievement curves for the financial performance criteria are as follows for the Chairman of the Executive Board and the ordinary members of the Executive Board:

CHAIRPERSON OF THE EXECUTIVE BOARD

Group business volume

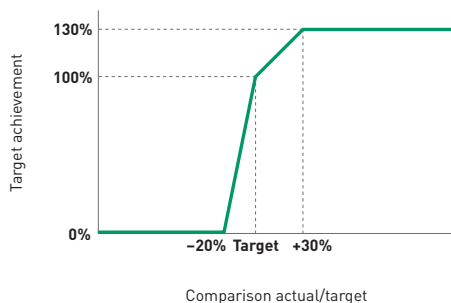


Consolidated EBT

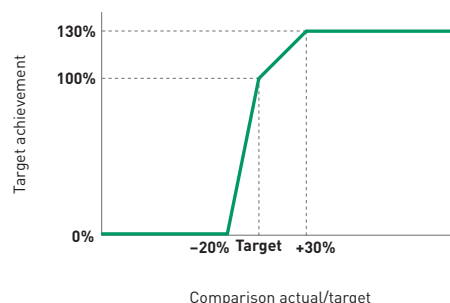


ORDINARY EXECUTIVE BOARD MEMBERS

Group business volume



Consolidated EBT



3.3.3 Target achievement of the long-term variable compensation 2020

At the end of the 2022 fiscal year, the Executive Board members received the long-term variable compensation that had been assigned at the beginning of the 2020 fiscal year.

For Dr. Thomas Olemotz, this again was a performance cash plan with a three-year assessment period that was assigned on a rolling basis from year to year. For him, the long-term variable compensation 2020 is aligned with the group's organic growth (organic growth tranche). The target achievement depends on the performance criteria "business volume" (weighting: 30 per cent), "EBT" (weighting: 50 per cent) and "return on equity" (weighting: 20 per cent) of the group. At the beginning of the 2020 fiscal year, the Supervisory Board set ambitious targets for these criteria. Achievement of these targets within the assessment period results in an entitlement to payment of 100 per cent of the tranche portion determined for the respective criteria. Overachievement is not possible. In the event of underachievement of one or several targets, the respective tranche portion does not apply. Balancing between the individual targets with respect to the overall target achievement of the tranche in the event of underachievement of one target and overachievement of another is not possible.

In the process of the change of the compensation system from the 2020 fiscal year, the long-term variable compensation assigned to Michael Guschlbauer and Jürgen Schäfer in the 2020 fiscal year consisted of half of a three-year assessment period and half of a four-year assessment period. The assessment period of the first part of the tranche ends on 31 December 2022, and the assessment period of the second part of the tranche ends on 31 December 2023. The target achievement of the long-term variable compensation with the three-year and four-year assessment periods for Michael Guschlbauer and Jürgen Schäfer depends on the performance criteria “revenue” (according to the former definition; now: business volume; weighting: 50%) and “EBT” (weighting: 50%) and is calculated as described in chapter 3.3.

Following the end of the 2022 fiscal year, the long-term variable compensation with the three-year assessment period is due for payment to Dr. Thomas Olemotz, and the 50 per cent of the long-term variable compensation with a three-year assessment period is due for payment to Michael Guschlbauer and Jürgen Schäfer.

As the targets were reached within the assessment period, the total target achievement and the resulting amounts payable for the long-term variable compensation 2020 as of the end of the 2022 fiscal year are as follows:

LONG-TERM VARIABLE COMPENSATION				€ k
	Target amount	Total target achievement	Payment amount	
Total target achievement 2020				
Dr. Thomas Olemotz	760.0	100%	760.0	
Michael Guschlbauer	250.0	111.39%	278.5	
Jürgen Schäfer	187.5	111.39%	208.9	

3.4 Penalty/clawback

Since the 2020 fiscal year, the employment contracts of the ordinary members of the Executive Board have contained penalty and clawback provisions that apply to the short-term variable compensation and to the long-term variable compensation. For the Chairman of the Executive Board, these have been implemented from the 2022 fiscal year.

If the member of the Executive Board intentionally violates a material diligence obligation pursuant to Section 93 of the German Stock Corporation Act (AktG) or a material obligation specified in the employment contract, the Supervisory Board may, at its own equitable discretion, reduce the variable compensation not yet paid for the fiscal year in which the violation took place in part or entirely to zero (“penalty”).

Under the said conditions, the Supervisory Board may also, at its own equitable discretion, claim back the gross amount of a variable compensation that has already been paid for the fiscal year in which the violation took place in full or in part (“clawback”).

Moreover, an Executive Board member shall pay back any variable compensation already paid out if and insofar as it turns out after the payment that the audited and approved consolidated financial statements underlying the calculation of the payment amount were faulty and must thus be corrected pursuant to the relevant accounting regulations and, based on the corrected audited consolidated financial statements and the relevant compensation system, a lower payment amount or none at all would have been owed from the variable compensation.

In the 2022 fiscal year, there were no reasons to apply the penalty or clawback provisions.

3.5 Maximum compensation

Pursuant to Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has determined a cap on the sum of the compensation components basic compensation, fringe benefits, short-term variable compensation and long-term variable compensation for each member of Executive Board. This cap amounts to €8,000,000 for the Chairman of the Executive Board and €4,000,000 for the ordinary members of the Executive Board.

The cap refers to the total of all payments (including fringe benefits) resulting from the compensation provisions for a fiscal year. The Supervisory Board makes sure that the defined maximum compensation is complied with. For the compensation for a fiscal year, the final compliance with the maximum compensation depends on the ultimate inflow from the long-term variable compensation of the respective fiscal year. Though significant overachievement is excluded for the long-term variable compensation due to the limitation of the payment to 130 per cent of the target amount, the Supervisory Board reviews the final compliance with the maximum compensation after the end of the fiscal year and reduces the payment amount of the long-term variable compensation if necessary.

3.6 Benefits in the event of departure

In case the employment is terminated prematurely without any important reason, the amount of the severance that may be payable is capped. The severance may amount to a maximum of the compensation for two years (basic compensation, fringe benefits, short-term variable compensation and long-term variable compensation) and is also limited to the compensation for the residual term of the employment contract. The severance cap does not apply to the Chairman of the Executive Board. Furthermore, the Chairman of the Executive Board is entitled to compensation in case he makes use of his special right of termination in the event of a change of control. The compensation corresponds to the total compensation for the residual term of the contract.

If the employment contract is effectively terminated by the company for an important reason for which the Executive Board member is responsible (Section 626 (1) of the German Civil Code (BGB)), no severance will be paid.

A post-contractual non-compete clause in Germany, Austria, Switzerland, Belgium, the Netherlands, Luxembourg, France and the UK is regularly concluded for a term of one year with every ordinary member of the Executive Board (with the Chairman of the Executive Board: in the countries in which the company or affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (AktG) manufacture or sell goods or services as of the date of departure of the Chairman of the Executive Board). For the term of the non-compete clause, the company is required to pay the member of the Executive Board monthly compensation amounting to a one-twelfth part of 75 per cent (for the Chairman of the Executive Board: 100 per cent) of the average total compensation without fringe benefits (basic compensation, short-term variable compensation and long-term variable compensation) paid to the member of the Executive Board in the last three fiscal years prior to the termination of the employment contract. Any severance payments will be offset against the compensation paid during the period during which competition is prohibited (note: the employment contracts of the current ordinary members of the Executive Boards do not yet provide for offsetting).

Should an ordinary member of the Executive Board pass away during the term of the employment contract, their survivors shall be entitled to continued payment of the compensation (basic compensation, short-term variable compensation and long-term variable compensation) of the ordinary member of the Executive Board for the month of death and the subsequent six calendar months (for the subsequent twelve calendar months in the case of the Chairman of the Executive Board).

In the case of the permanent invalidity or death of the member of the Executive Board, the annual profit-sharing bonus for the current year is paid out immediately. The payment amount corresponds to the target amount, which is reduced on a pro rata temporis basis. In this case, all current tranches under the performance cash plan are paid out immediately. The payment amount corresponds to the accumulated target amounts of all tranches not yet finished as of the occurrence of the invalidity or death. For the tranche that started in the fiscal year in which the permanent invalidity or death took place, the target amount is reduced on a pro rata temporis basis.

In the 2022 fiscal year, no changes occurred in the Executive Board. Thus, no severance payments were made.

3.7 Third-party benefits

In the 2022 fiscal year, no third-party compensation was promised or granted to any member of the Executive Board for the board activity.

4. INFORMATION ON THE AMOUNT OF THE EXECUTIVE BOARD COMPENSATION IN THE 2022 FISCAL YEAR

4.1 Compensation of current members of the Executive Board

The following table shows the compensation granted and owed to members of the Executive Board in the 2022 and 2021 fiscal years pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG). For the short-term and long-term variable compensation, the presentation comprises the components whose one-year or multi-year performance period, and thus whose relevant performance, ends at the end of the fiscal year. Especially for the variable compensation, this enables transparent disclosure of the compensation in the 2022 fiscal year in terms of the “pay for performance”, so that the link to the company’s performance in the same fiscal year is clear.

GRANTED AND OWED COMPENSATION

	Dr. Thomas Olemotz Chairman of the Executive Board (since 01.03.2007)			Michael Guschlbauer Member of the Executive Board responsible for IT System House & Managed Services (since 01.01.2009)			Jürgen Schäfer Member of the Executive Board responsible for IT E-Commerce (since 01.01.2009)		
	2022		2021	2022		2021	2022		2021
	€k	%	€k	€k	%	€k	€k	%	€k
Basic compensation	2,160.0	50	2,000.0	825.0	49	825.0	600.0	49	600.0
Fringe benefits	10.0	0	21.0	36.0	2	39.0	6.0	0	6.0
Total fixed compensation	2,170.0	–	2,021.0	861.0	–	864.0	606.0	–	606.0
Short-term variable compensation									
Profit-sharing bonus 2022	1,402.0	32	–	545.6	32	–	410.7	34	–
Profit-sharing bonus 2021	–	–	962.0	–	–	552.5	–	–	422.5
Long-term variable compensation									
Commitment 2020 (tranche 2020–2022)*	760.0	18	–	278.5	17	–	208.9	17	–
Commitment 2019 (tranche 2019–2021)	–	–	760.0	–	–	380.0	–	–	255.0
Total variable compensation	2,162.0	–	1,722.0	824.1	–	932.5	619.6	–	677.5
Total compensation	4,332.0	100	3,743.0	1,685.1	100	1,796.5	1,225.6	100	1,283.5

* For 2020, Michael Guschlbauer and Jürgen Schäfer received an assignment with a three-year assessment period and an assignment with a four-year assessment period (50 per cent each). Following the end of the 2022 fiscal year, the 50 per cent of the long-term variable compensation with a three-year assessment period is due for payment.

4.2 Compensation of former members of the Executive Board

In the 2022 fiscal year, former members of the Executive Board were not granted or owed any compensation such as outstanding payments from long-term variable compensation or pension payments.

5. SUPERVISORY BOARD COMPENSATION

5.1 Basics of the Supervisory Board compensation

The compensation of the members of the Supervisory Board was redefined effective from 1 January 2021 and approved by the Annual General Meeting on 15 June 2021 with 99.95 per cent of the votes. The compensation of the Supervisory Board is also documented in chapter III, no. 11 of the Articles of Incorporation of Bechtle AG.

The compensation for the Supervisory Board is governed by the statutory regulations and takes the recommendations and suggestions of the German Corporate Governance Code (DCGK) into consideration. The Supervisory Board only receives fixed compensation and an attendance fee. There are no variable compensation components or share-based compensation. The reason why only fixed compensation is granted is to strengthen the independence of the Supervisory Board, enabling it to fulfil its advisory and monitoring function regardless of the business success.

The amount and terms of the Supervisory Board compensation are arranged under consideration of market practice and enable the company to continue to gain qualified candidates for the Supervisory Board. This is a precondition for the effective performance of the consulting and monitoring activity by the Supervisory Board, which in turn greatly contributes to the promotion of the business strategy and the long-term development of the company.

In addition to a refund of their cash expenses, the members of the Supervisory Board receive a fixed basic salary plus any applicable VAT for every full fiscal year, payable after the end of the fiscal year:

BASIC COMPENSATION

Chair	Vice Chair	Member
€150,000	€75,000	€50,000

For every full fiscal year, the members of the audit committee and of the personnel committee are also entitled to compensation, which is payable after the end of the fiscal year. Apart from the attendance fee, no separate compensation is paid for serving as a member or chairperson of the committee formed pursuant to Section 27 (3) of the German Co-determination Act (MitbestG).

COMMITTEE COMPENSATION

Chair	Member	Attendance fee
€30,000	€15,000	€1,000

Additionally, the members of the Supervisory Board receive an attendance fee of €1,000 each time they personally attend a meeting of the Supervisory Board. The same applies to the participation in committee meetings. Meeting attendance also includes the participation in a meeting held by telephone or videoconference as well as the participation in a in person meeting. If several meetings take place on the same day, the attendance fee is paid only once. The attendance fee is payable after the respective meeting.

5.2 Information on the amount of the Supervisory Board compensation in the 2022 fiscal year

For the 2022 fiscal year, the members of the Supervisory Board were granted and owed the following compensation for the work done in the fiscal year pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG):

SUPERVISORY BOARD COMPENSATION

€k

	Basic compensation		Committee compensation		Attendance fee		Total compensation	
	2022	2021	2022	2021	2022	2021	2022	2021
Shareholder representatives								
Klaus Winkler (Chair SB)	150	150	60	60	21	17	231	227
Kurt Dobitsch	50	50	15	15	11	11	76	76
Dr. Lars Grünert	50	50	–	–	6	4	56	54
Prof. Dr. Thomas Hess	50	50	15	15	14	10	79	75
Elke Reichart	50	50	–	–	6	4	56	54
Sandra Stegmann	50	50	15	15	13	11	78	76
Employee representatives								
Uli Drautz (Vice Chair SB)	75	75	30	30	21	17	126	122
Daniela Eberle	50	50	15	15	13	11	78	76
Anastasia Polidoros	50	50	–	–	5	3	55	53
Anton Samija	50	50	–	–	6	4	56	54
Volker Strohfeld	50	50	–	–	6	4	56	54
Michael Unser	50	50	–	–	6	3	56	53
Total	725	725	150	150	128	99	1,003	974

6. COMPARISON OF THE COMPENSATION AND EARNINGS PERFORMANCE

The following presentation shows the yearly development of the compensation of the members of the Executive Board and Supervisory Board, the company's earnings situation and the average compensation of employees on the basis of full-time equivalents (FTE) for the last three fiscal years.

The company's earnings performance is indicated by the net profit of Bechtle AG and the consolidated EBT as key performance indicator.

For the average compensation of employees on the basis of full-time equivalents (FTE), the employees of all group companies of Bechtle in Germany are taken into consideration. The compensation is calculated by means of the personnel expenses in relation to the number of FTE.

The following table presents the figures in a way that enables a comparison:

COMPARISON

€ k

	2022	2021	Change 2022/2021	2020	Change 2021/2020
Earnings performance					
Net profit of Bechtle AG (HGB) in €m	131.0	110.7	18.3%	132	-16.3%
Consolidated EBT (IFRS) in €m	350.5	320.5	9.4%	271	18.3%
Employee compensation					
Avg. compensation of the employees of the company	59.0	56.7	4.1%	55.2	2.6%
Executive Board compensation					
Dr. Thomas Olemotz	4,332	3,743	15.7%	3,988	-6.1%
Michael Guschlbauer	1,685	1,797	-6.2%	1,851	-2.9%
Jürgen Schäfer	1,226	1,284	-4.5%	1,313	-2.2%
Supervisory Board compensation					
Klaus Winkler (Chair SB)	231	227	1.8%	125	81.6%
Uli Drautz (Vice Chair SB)	126	122	3.3%	72	69.4%
Kurt Dobitsch	76	76	0.0%	45	68.9%
Daniela Eberle	78	76	2.6%	46	65.2%
Dr. Lars Grünert	56	54	3.7%	35	54.3%
Prof. Dr. Thomas Hess	79	75	5.3%	46	63.0%
Anastasia Polidoros	55	53	3.8%	35	51.4%
Elke Reichart	56	54	3.7%	35	54.3%
Anton Samija	56	54	3.7%	35	54.3%
Sandra Stegmann	78	76	2.6%	46	65.2%
Volker Strohfeld	56	54	3.7%	35	54.3%
Michael Unser	56	53	5.7%	35	51.4%

7. OUTLOOK

In the future, Bechtle AG will continue to ensure that the members of the Executive Board are duly incentivised by means of an appropriate compensation system in line with market practice. Thus, the compensation system approved by the Annual General Meeting on 2 June 2022 will continue to be applied to compensation decisions to be made in the 2023 fiscal year for the entire Executive Board. In this way, the entire Executive Board will be compensated on the basis of a uniform, transparent compensation system that is approved by the shareholders.

Neckarsulm, 26 February 2023



Dr. Thomas Olemotz
(Chairman of the Executive Board)



Klaus Winkler
(Chairman of the Supervisory Board)



Michael Guschlbauer
(Member of the Executive Board)



Jürgen Schäfer
(Member of the Executive Board)

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT PURSUANT TO SECTION 162 (3) AKTG

To Bechtle Aktiengesellschaft, Neckarsulm, Germany

Audit opinion. We have formally audited the compensation report of Bechtle Aktiengesellschaft, Neckarsulm, for the fiscal year from 1 January to 31 December 2022, to determine whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in the compensation report. In accordance with section 162 (3) AktG, we have not audited the content of the compensation report.

In our opinion, the attached compensation report complies in all material respects with the disclosures pursuant to section 162 (1) and (2) AktG. Our audit opinion does not cover the content of the compensation report.

Basis for the audit opinion. We conducted our audit of the compensation report in accordance with section 162 (3) AktG, taking into account the IDW Auditing Standards: The audit of the remuneration report in accordance with section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibility under that provision and standard is further described in the "Responsibility of the auditor" section of our report. As an auditing practice, we have applied the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1). We have complied with the professional duties pursuant to the Auditors' Code and the Professional Statutes for Auditors/Sworn Auditors including the requirements for independence.

Responsibility of the Executive Board and the Supervisory Board. The Executive Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor. Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in all material respects in the compensation report and to express an opinion thereon in an audit report.

We planned and performed our audit in such a way that by comparing the disclosures made in the compensation report with the disclosures required by sections 162 (1) and (2) AktG, we can determine the formal completeness of the compensation report. In accordance with section 162 (3) AktG, we have not audited the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the compensation report.

Dealing with any misleading representations. In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications as to whether the compensation report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misleading representation exists, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, 14 March 2023

Deloitte GmbH, auditing firm

Marco Koch
German Public Auditor

Andreas Himmelsbach
German Public Auditor

Your strong IT partner.
Today and tomorrow.

