



2021 | NOTICE OF ANNUAL MEETING OF
SHAREHOLDERS AND PROXY STATEMENT

Thursday, January 28, 2021

9:00 a.m., EST

6 Logue Court
Greenville, SC 29615



Letter from our Chairman and CEO

Fellow Shareholders:

Thank you for your continued investment in ScanSource. On behalf of ScanSource's Board of Directors, it is my pleasure to invite you to participate in the upcoming 2021 Annual Meeting of Shareholders and encourage you to review the attached Notice of Annual Meeting of Shareholders and Proxy Statement and vote using the attached proxy card.

For me, the theme for 2020 has been "CHANGE." I want to take this opportunity to remind you of some of the important changes at ScanSource this year:

Protecting our Employees: Our top priority during the COVID-19 pandemic is protecting the health and safety of our employees. In March 2020, we moved quickly to transition our employees, where possible, to a fully remote working environment. We have taken a number of measures and investments to ensure our teams have the flexibility and resources they need to stay safe, healthy and productive. We are following global guidance from authorities and health officials including temperature checks when entering our facilities, requiring masks in our facilities, and implementing additional cleaning and sanitation routines. Our distribution facilities have remained open and operational, and most of our office-based employees continue to work remotely. Despite the challenges, the ScanSource teams have worked tirelessly to safely continue to provide the high level of customer service our partners have grown to expect from us in order to achieve positive results.

Focusing on Diversity and Inclusion: In July 2020, we reaffirmed ScanSource's commitment to diversity and inclusion with the creation of a comprehensive Diversity & Inclusion program and the appointment of Ken Peterson as our Chief Diversity Officer. A key component of this program is the creation of an Advisory Council, which is an employee-led group focused on sharing insights, ideas, and opinions from employees as to how to most effectively implement diversity and inclusion strategies within ScanSource.

Transforming the Business: In 2015, we launched a multi-year business transformation to enable ScanSource to meet the future needs of our partners, employees and investors by adding new capabilities and more routes to market, including subscription software and services, to our already strong traditional specialty hardware device business. Externally, these efforts resulted in key acquisitions of *Intellisys*, positioning ScanSource as one of the most successful cloud companies in the channel, *POS Portal*, adding strength and capabilities in the payments business, and *intY*, providing a digital distribution solution with data insights and a strong Microsoft relationship. Internally, our transformation efforts examined how and where we do business. As part of our "One ScanSource" initiative, we restructured our independent sales teams into a single sales force with more capability to serve our customers. We reexamined our business support process and implemented a \$30 million annualized SG&A expense reduction program. Finally, we looked at the performance of each part of our business and divested our products distribution businesses in Mexico, Colombia, Chile, Peru and our Miami-based export operations and in Europe and the U.K. to focus on higher margin and better performing areas.

Adding to the Board of Directors: Our Board has continued to grow during 2020, and this growth has brought with it additional, valuable experience and perspectives to ScanSource. In May 2020, we increased the size of the Board to eight members and appointed Jeffrey R. Rodek as a new Board member. Jeff has over 40 years of business and leadership experience spanning across multiple industries. Over Jeff's career, he has driven performance growth and improved corporate governance strategies in the enterprise software and technology solutions industries, giving him a keen understanding of the challenges and issues present in our industry. In October 2020, we increased the size of the Board to nine members and appointed Frank E. Emory, Jr. as a new Board member. Frank brings more than three decades of legal and executive leadership experience to our board. Frank has considerable experience overseeing compliance, legal, external affairs, internal audit, risk management, privacy, human resources, and diversity and inclusion teams.

The Board remains deeply committed to a sound governance structure that promotes the best interests of our shareholders. To that end, the Board examines emerging corporate governance trends and best practices. We have corporate governance guidelines to help ensure that the Board is independent from management and appropriately performs its function as the overseer of management, and that the interests of the Board and management align with the interests of our shareholders. We believe our current leadership structure and corporate governance guidelines ensure effective independent Board leadership and oversight of management. During fiscal 2020, our directors met

seven times, including seven times in executive sessions without the Chief Executive Officer or other members of management present. The Board also usually meets with the senior management team at each in-person meeting held at the Company's headquarters. We have strong independent director leadership with Peter Browning serving as our Lead Independent Director and with all of the Board Committees being comprised solely of, and chaired by, independent directors.

All told, 2020 was the cumulation of a lot of change for our business. I'm proud of the work done by our ScanSource teams over several years to better prepare us for the future. We feel well positioned to execute on our plans to help our channel partners drive profitable growth with industry-leading devices, cloud solutions, and services.

Best regards,

A handwritten signature in black ink, appearing to read "Michael Baur", written in a cursive style.

Michael L. Baur

Chairman of the Board and Chief Executive Officer



Notice of Annual Meeting of Shareholders

January 28, 2021

9:00 a.m., Eastern Standard Time

The Annual Meeting of Shareholders of ScanSource, Inc. will be held at our principal executive offices, located at 6 Logue Court, Greenville, South Carolina 29615 on Thursday, January 28, 2021, at 9:00 a.m., Eastern Standard Time, for the following purposes:

- 1) To elect nine members to the Board of Directors;
- 2) To hold an advisory vote to approve the compensation of our Named Executive Officers (as defined in the Proxy Statement);
- 3) To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021; and
- 4) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only shareholders whose names appear of record on our books at the close of business on November 30, 2020 will be entitled to notice of and to vote at the Annual Meeting or at any adjournments thereof.

You are cordially invited to attend the Annual Meeting in person, but if you are unable to do so, please vote by signing and returning your proxy card or by voting via telephone or online. You are entitled to revoke your proxy at any time before it is exercised, and if you attend the Annual Meeting you may also revoke your proxy by voting in person. Voting online, by telephone, by written proxy or voting instruction card will ensure your representation at the Annual Meeting regardless of whether you attend in person.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Michael L. Baur'.

Michael L. Baur

Chairman, Chief Executive Officer and President

December 17, 2020

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 28, 2021. The Company's 2021 Notice of Annual Meeting and Proxy Statement, 2020 Annual Report and other proxy materials are available under the "Investors" tab on our website at www.scansource.com.

Proxy Summary

MEETING INFORMATION

Date and Time

Thursday, January 28, 2021
at 9:00 a.m., EST

Location

6 Logue Court
Greenville, SC 29615

Even if you currently plan to attend the 2021 Annual Meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide to not attend the meeting. Submitting your proxy via internet, mobile device, telephone or mail does not affect your right to vote in person at the 2021 Annual Meeting.

How to Vote

Each shareholder is entitled to one vote for each share of common stock held on all matters presented at the 2021 Annual Meeting. Shareholders do not have the right to cumulate their votes for the election of directors. Shares may be voted by the following procedures:



In-Person

Shares held directly in your name as the shareholder of record may be voted in person at the 2021 Annual Meeting. If you choose to vote in person at the 2021 Annual Meeting, please bring your proxy card and proof of personal identification. Shares held in street name may be voted in person by you only if you obtain a legal proxy from the shareholder of record giving you the right to vote the shares.



Via Internet

Shares may be voted via the internet. Your voting instructions will be accepted until 11:59 p.m., Eastern Standard Time, on January 27, 2021. Have your proxy card in hand when you access the website and follow the instructions given.



Via Telephone

Shares may be voted via any touch-tone telephone by following the instructions on your proxy card. Your voting instructions will be accepted until 11:59 p.m., Eastern Standard Time, on January 27, 2021. Have your proxy card in hand when you call and follow the instructions given.



Via Mail

Shares may be voted via mail by marking, signing and dating your proxy card and returning it in the postage-paid envelope found in your proxy package.

The following items of business will be addressed at the 2021 Annual Meeting:

1

The election of nine members to the Board of Directors

See page 11

2

Approval of the compensation of our Named Executive Officers (as defined in the Proxy Statement)

See page 16

3

The appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021

See page 17

4

Such other business as may properly come before the Annual Meeting or any adjournments thereof

See page 50

Only shareholders of record on November 30, 2020 (the "record date") will be entitled to vote at the 2021 Annual Meeting, and each share will be entitled to one vote. At the close of business on the record date, there were 25,410,555 shares of our common stock outstanding and entitled to vote at the 2021 Annual Meeting.

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Information Concerning Solicitation and Voting

This Proxy Statement is first being mailed on or about December 17, 2020 to shareholders of ScanSource, Inc. in connection with the solicitation by our Board of Directors (the “Board”) of proxies to be voted at the Annual Meeting of Shareholders to be held on Thursday, January 28, 2021, at 9:00 a.m., Eastern Standard Time, at our principal executive offices, located at 6 Logue Court, Greenville, South Carolina 29615, and any adjournments thereof. The Proxy Statement contains information relating to the proposals to be voted upon at the meeting, the voting process, our Board, the compensation of our “Named Executive Officers” (“NEOs”), and certain other information.

The solicitation of proxies is being made by our directors and employees, and the cost of soliciting proxies will be borne by the Company. Copies of solicitation materials may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of our common stock, and the Company will reimburse the normal handling charges for such forwarding services. Solicitation of proxies may be made by mail, in person, by telephone or by other electronic means, and by our directors, executive officers, and other employees, who will receive no additional compensation for their services.

As used in this Proxy Statement, the terms “ScanSource,” the “Company,” “we,” “us,” and “our” refer to ScanSource, Inc. and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only ScanSource, Inc. The term “common stock” means shares of our common stock, no par value per share.

We continue to monitor developments regarding the coronavirus (COVID-19) pandemic. In the interest of the health and well-being of our shareholders, to the extent permitted by South Carolina law, we are planning for the possibility that the 2021 Annual Meeting may be held solely by means of remote communication, which includes the possibility of a virtual meeting. If we make this change, we will announce the decision to do so in advance, and details on how to participate, including details on how to inspect a list of shareholders of record, will be posted on our website and filed with the U.S. Securities and Exchange Commission (the “SEC”) as proxy materials.

PROPOSALS TO BE CONSIDERED AND VOTE REQUIRED

The following proposals are expected to be voted upon at the 2021 Annual Meeting:

- The election of the nine individuals named in this Proxy Statement to serve as members of our Board for a one-year term, each to serve until the 2022 Annual Meeting of Shareholders and until their successor is duly elected and qualified;
- An advisory vote to approve the compensation of our NEOs; and
- The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021.

Only shareholders of record on November 30, 2020 (the “record date”) will be entitled to vote at the 2021 Annual Meeting, and each share of common stock will be entitled to one vote. At the close of business on the record date, there were 25,410,555 shares of our common stock outstanding and entitled to vote at the 2021 Annual Meeting.

All shares of our common stock represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified. If no specification is made, properly executed and returned proxies will be voted (i) “FOR” the director nominees named in this Proxy Statement, (ii) “FOR” approval, on an advisory basis, of the compensation of our NEOs, and (iii) “FOR” ratification, on an advisory basis, of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021. Management is not aware of any matters, other than those specified herein, that will be presented for consideration at the 2021 Annual Meeting. If other matters are properly presented for consideration at the 2021 Annual Meeting, the proxies named on the proxy card will have the discretion to vote on those matters for you.

Our Bylaws provide that the presence in person or by proxy of the holders of a majority of the outstanding shares of common stock entitled to vote at the 2021 Annual Meeting is necessary to constitute a quorum at the 2021 Annual Meeting and at any adjournments thereof. Signed proxies that withhold authority to vote for directors or reflect abstentions or broker non-votes (as described below) will be counted for purposes of determining if a quorum is present at the 2021 Annual Meeting. If a quorum is not present, the shareholders holding a majority of the shares at the meeting, in person or by proxy, have the power to adjourn the meeting; however, if the reconvened meeting is more

than 120 days from the date of the original meeting, then we must establish a new record date. At any reconvened meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally scheduled.

Brokers that are members of certain securities exchanges and that hold shares of our common stock in “street name” on behalf of beneficial owners have authority to vote on certain “discretionary” items when they have not received instructions from beneficial owners. Under applicable securities exchange rules, our proposal to ratify the appointment of the independent registered public accounting firm is considered a discretionary item. However, proposal numbers one and two in this Proxy Statement are considered “non-discretionary” items and brokers cannot vote on these items without instructions, and a “broker non-vote” occurs when brokers do not receive instructions.

Assuming the existence of a quorum at the 2021 Annual Meeting:

- The nine nominees receiving the greatest number of the votes cast will be elected as directors. Withheld votes and broker non-votes, if any, are not treated as votes cast, and therefore will have no effect on the outcome of the vote on this proposal. However, if a director does not receive a greater number of votes “for” his or her election than votes “withheld” from such election, our Corporate Governance Guidelines provide that the director must tender his or her resignation to the Board for its consideration.
- The compensation of our NEOs will be approved, on an advisory basis, if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes, if any, are not treated as votes cast, and therefore will have no effect on the outcome of the vote on this proposal. Because your vote is advisory, it will not be binding on the Company, our Board or our Compensation Committee. However, the Board and the Compensation Committee will consider the outcome of the vote when making future compensation decisions for our executive officers.
- The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021 will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions will not be treated as votes cast, and therefore will have no effect on the outcome of the vote on this proposal. If your shares are held in street name and you do not provide voting instructions to your broker, your broker has discretionary authority to vote your shares with respect to this proposal.

HOW TO VOTE

Each shareholder is entitled to one vote for each share of common stock on all matters presented at the 2021 Annual Meeting. Shareholders do not have the right to cumulate their votes for the election of directors. Shares may be voted by the following procedures:



Voting In-Person. Shares held directly in your name as the shareholder of record may be voted in person at the 2021 Annual Meeting. If you choose to vote in person at the 2021 Annual Meeting, please bring your proxy card and proof of personal identification. Shares held in street name may be voted in person by you only if you obtain a legal proxy from the shareholder of record giving you the right to vote the shares. If you need directions to the 2021 Annual Meeting, please contact Investor Relations at (864) 286-4892.



Voting via the Internet. Shares may be voted via the internet. Your voting instructions will be accepted until 11:59 p.m., Eastern Standard Time, on January 27, 2021. Have your proxy card in hand when you access the website and follow the instructions given.



Voting via Telephone. Shares may be voted via any touch-tone telephone by following the instructions on your proxy card. Your voting instructions will be accepted until 11:59 p.m., Eastern Standard Time, on January 27, 2021. Have your proxy card in hand when you call and follow the instructions given.



Voting via Mail. Shares may be voted via mail by marking, signing and dating your proxy card and returning it in the postage-paid envelope found in your proxy package.

Even if you currently plan to attend the 2021 Annual Meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting. Submitting your proxy via the internet, mobile device, telephone or mail does not affect your right to vote in person at the 2021 Annual Meeting.

VOTING OF PROXIES

By giving your proxy, you grant the right to vote your shares to Michael L. Baur, our Chief Executive Officer and President, and Matthew Dean, our Senior Executive Vice President, Chief Legal and Strategy Officer. If you return a signed, but unmarked proxy card, your shares will be voted (i) **FOR** the election of each of the director nominees named herein, (ii) **FOR** approval, on an advisory basis, of the compensation of our NEOs, and (iii) **FOR** ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2021. Management is not aware of any matters, other than those specified herein, that will be presented for action at the 2021 Annual Meeting. If other matters are properly presented at the 2021 Annual Meeting for consideration, the agents named on the proxy card will have the discretion to vote on those matters for you.

If you are a registered shareholder (meaning a shareholder who holds share certificates issued in his or her name and therefore appears on the share register) and have executed a proxy, your proxy may be revoked at any time prior to such proxy being exercised. Such right of revocation is not limited by or subject to compliance with any formal procedure, but may be accomplished by (i) voting again via the internet, any mobile device or telephone, (ii) requesting, completing and returning a second proxy card bearing a later date, (iii) giving written notice to the Corporate Secretary of the Company, or (iv) by voting in person at the 2021 Annual Meeting.

If your shares are held in the name of a broker, bank or other nominee, you should follow the voting instructions you receive from the holder of record to revoke or change your vote.

COVID-19 LOGISTICS

We intend to hold our Annual Meeting in person, but we continue to monitor developments regarding the COVID-19 pandemic. In the interest of the health and well-being of our shareholders, to the extent permitted by South Carolina law, we are planning for the possibility that the 2021 Annual Meeting may be held solely by means of remote communication, which includes the possibility of a virtual meeting. If we make this change, we will announce the decision to do so in advance, and details on how to participate, including details on how to inspect a list of shareholders of record, will be posted on our website and filed with the SEC as proxy materials.

We are implementing measures to reduce the risk of COVID-19, however, we cannot guarantee your safety due to the nature of the virus. In making your own decision regarding whether to attend the Annual Meeting in person, we advise you to take into account the current health environment, the risks to your personal health and the health of others if you were to attend, and the advice of health authorities to use social distancing. Shareholders who attend or attempt to attend this year's Annual Meeting will be deemed to have understood, accepted, and assumed all associated risk with attending the event in person during the ongoing COVID-19 pandemic. We will not be held liable for harm to any attendee, including any shareholder attendee, due to any of the foregoing.

In light of the ongoing COVID-19 pandemic and consistent with the guidelines set forth by health experts, we will require all shareholders to practice "social distancing." In addition, all attendees will be required to wear a mask while in the Company's building and during the Annual Meeting. If you do not have a mask, we will provide one to you. Moreover, face-to-face interaction with members of management or the Board before and/or after the meeting may be necessarily limited by social distancing requirements and may be further restricted, or prohibited, out of an abundance of caution in the judgement of management and/or the Board.

In order to protect the health and safety of all attendees, we reserve the right to refuse entry or require removal of any person, including a shareholder, from the premises or Annual Meeting area should that person refuse to follow the safeguards described above or should they exhibit cold or flu-like symptoms, or symptoms commonly associated with COVID-19. We request that anyone who exhibits these types of symptoms or has been in contact with someone that has exhibited such symptoms within 14 days of the Annual Meeting not attempt to attend the Annual Meeting.

Regardless of whether or not you attend the Annual Meeting, we strongly encourage you to vote your shares by proxy via the internet, mobile device, telephone or mail prior to the Annual Meeting.

BOARD OF DIRECTORS

Director Independence

In accordance with the listing standards of The NASDAQ Stock Market (“NASDAQ”) and our Corporate Governance Guidelines (the “Guidelines”), our Board consists of a majority of independent directors. The Board has determined that all members of the Board, other than Mr. Baur, meet the requirements for being “independent” as defined in the SEC rules and regulations and NASDAQ listing standards.

The Board maintains an Audit Committee, a Compensation Committee, a Governance Committee, a Nominating Committee and a Risk Committee. Each committee of the Board is comprised only of independent directors.

In addition, under our Guidelines, executive officers are prohibited from serving as a director of another company that concurrently employs a director of the Company.

Board Leadership Structure

The Board does not have a set policy on whether or not the Chief Executive Officer (“CEO”) and the Chairman of the Board should be separate. Mr. Baur, who is also the CEO and President of the Company, serves as Chairman of the Board, and Mr. Browning serves as Lead Independent Director of the Board. Mr. Baur was appointed as Chairman upon the retirement of our former Chairman, Mr. Fischer. Mr. Browning was appointed as the Lead Independent Director at that same time.

The Board reviews the Company’s board leadership structure annually. As part of this process, the Board considered the structures used by peer companies, alternative structures and the effectiveness of the Company’s current structure. The Board believes that the change to having Mr. Baur serve as Chairman is important because it reflects the Board’s belief that the CEO and President can use his experience and performance at the Company to function as the Company’s overall leader, while the Lead Independent Director provides independent leadership to the directors and serves as an intermediary between the independent directors and the Chairman. The resulting structure sends a message to our employees, customers and stockholders that we believe in having strong, unifying leadership at the highest levels of management. At the same time, having a Lead Independent Director with a well-defined role provides an appropriate level of independent oversight and an effective channel for communications when needed.

Our Guidelines set forth the role of the Lead Independent Director, who must satisfy our independence standards. The Lead Independent Director has the following duties, among others:

- presiding at meetings of Board in the absence of, or upon the request of, the Chairman;
- presiding over all executive meetings of non-employee and independent directors;
- serving as a liaison and supplemental channel of communication between the Chairman and the independent directors;
- reviewing Board agendas and recommending matters in collaboration with the Chairman; and
- if requested by major stockholders, being available for consultation and direct communication.

Board and Committee Meetings in Fiscal 2020

The Board met a total of seven times during the 2020 fiscal year. Committees of the Board met a total of 13 times during the 2020 fiscal year. All of our directors attended at least 75% of Board and committee meetings that occurred during their tenure as a director during the 2020 fiscal year. We expect all Board members to attend annual meetings. All of our directors serving at the time attended the 2020 Annual Meeting.

Board’s Role in Risk Oversight

The Board as a whole actively oversees the risk management of the Company. Risks — the specific financial, operational, business and strategic risks that we face, whether internal or external — are identified by the Board and management together, and then each risk is assigned to either the full Board or a Board committee for oversight in accordance with its charter. Certain strategic and business risks, such as those relating to our products, markets and capital investments, are overseen by the entire Board. The Risk Committee oversees the Company’s risk identification, risk assessment and management practices for strategic enterprise risks facing the company. In addition, each of the other committees oversees risks relevant to its scope of review. The Audit Committee oversees management of market and operational risks that could have a financial impact, or impact financial reporting, such as those relating to internal controls or liquidity. The Nominating Committee and the Governance Committee manage the risks associated with governance

issues, such as the independence of the Board. The Compensation Committee is responsible for managing the risks relating to our executive compensation plans and policies and, in conjunction with the Board, key executive succession. Management regularly reports to the Board or relevant committee on actions that we are taking to manage these risks. In addition, our Board committees annually evaluate compliance with their respective charters, ensuring that the committees are exercising proper oversight.

Director Education

The Company and each Board member are members of the National Association of Corporate Directors (“NACD”). As members of NACD and through other external director education service providers, the Company and each Board member have access to various programs, materials, reports, and research teams.

Corporate Governance Guidelines

The Board has established Guidelines that address various governance matters, including the role, function, size and composition of the Board, Board tenure, service on other public-company boards, conflict of interest issues, executive sessions of non-management directors, review of committee charters and the Board self-evaluation process. Copies of the Guidelines and certain other policies adopted by the Board are available on the “Investors” page of our website, www.scansource.com, under the “Governance” tab.

GENERAL BOARD FUNCTIONS

The Guidelines set forth general functions of the Board, including holding regular and, where appropriate, special meetings, periodically reviewing management’s performance and our organizational structure, reviewing and approving corporate strategy, determining compensation for our NEOs through the Compensation Committee and awarding equity-based compensation, overseeing our accounting and financial reporting process and audits of our financial statements, and identifying potential candidates for Board membership.

DIRECTOR RESIGNATION POLICY

The Guidelines provide that a director will tender his or her resignation if, in an uncontested election, the director fails to receive a greater number of votes “for” election than votes “withheld” from such election. The Board, on recommendation from the Nominating Committee, will then determine whether to accept the director’s resignation.

RETENTION OF INDEPENDENT ADVISORS

The Guidelines provide that the Board may retain independent advisors when appropriate.

SUCCESSION PLANNING

Our Board engages in an active succession planning process. On an annual basis, with the assistance of our CEO, it reviews the potential in-house candidates for each of the critical senior management positions and identifies areas of growth for those candidates that will best enable them to fill any need that we might have. Where there is not a satisfactory in-house candidate for a position, the Board considers whether outside candidates are likely to be available in a timely manner and whether other alternatives need to be considered.

BOARD TENURE

The Board is elected annually and is not classified.

COMPOSITION OF BOARD

The size of the Board may be increased or decreased by resolution of the Board. In May 2020, the Board approved increasing the size of the Board from seven members to eight members. In connection with this increase in Board size, the Board appointed Jeffrey R. Rodek to fill the new director vacancy. In October 2020, the Board decided to expand the size of the Board to nine members. The Board appointed Frank E. Emory, Jr. to serve as a new member of the Board. The Board currently consists of nine members.

The Guidelines provide that a majority of the Board will at all times be independent. Through the Nominating Committee, the Board will identify potential candidates for Board membership with the objective being that all new, non-management candidates will be independent. The Nominating Committee will confirm the independence of the non-management directors on an annual basis. The Board has determined that Directors Browning, Emory, Grainger, Ramoneda, Reilly, Rodek, Temple and Whitchurch meet the requirements for being “independent” as defined in the NASDAQ listing standards. Mr. Baur is the only management member of the Board.

SERVICE ON OTHER PUBLIC COMPANY BOARDS

A director may serve on only four public boards of directors (including the Company's Board) and no more than three public company audit committees. The CEO may serve on only three public boards of directors (including the Company's Board). All members of the Board, including the CEO, are compliant with the Guidelines regarding service on boards and audit committees of other public companies.

EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS

Pursuant to the Guidelines, independent directors must meet regularly without management present. Our independent directors met seven times in executive session during fiscal 2020.

DIRECTOR EVALUATIONS AND REVIEWS

In accordance with the Guidelines, the Board and the Governance Committee conduct annual performance reviews of the Board and its committees. As a part of the evaluation process, the Board and each of the committees meet and discuss self-assessments and corporate governance matters.

CLAW-BACK POLICY

The Company's claw-back policy applies to certain officers of the Company (a "Covered Officer"), which include all executive officers of the Company (as determined from time to time by the Board or the Compensation Committee), and such other employees who are participants in the Company's equity incentive plans and cash incentive plans if the Board or the Compensation Committee deems them subject to the policy. Under the policy, if a Covered Officer receives an award under the applicable plan based on financial statements that subsequently are restated in a way that would decrease the amount of the award to which such person otherwise was entitled and the restatement is based in whole or in part on the misconduct of the Covered Officer, the Covered Officer is required to refund to the Company the difference between what he or she received and what he or she should have received. In addition, this policy requires the recoupment of any compensation to the extent otherwise mandated by applicable laws.

ANTI-PLEDGING POLICY

Under the Company's anti-pledging policy, officers and directors are prohibited from holding Company securities in margin accounts or pledging Company securities as collateral for a loan. All executive officers and directors are in compliance with this policy.

ANTI-HEDGING POLICY

The Board has adopted an anti-hedging policy that covers employees, officers and directors of the Company. The policy provides that certain hedging transactions are prohibited by the Company's employees, officers and directors, although the Company may permit a hedging transaction in limited circumstances if prior approval is obtained for such transaction. No such approval has ever been sought or given. All executive officers and directors are in compliance with this policy.

COMMITTEES OF THE BOARD

The Board has standing Audit, Compensation, Governance, Nominating and Risk Committees, each of which has a written charter. Copies of the charters for the Board committees, as well as our Guidelines, are available on the "Investors" page of our website, www.scansource.com, under the "Governance" tab. The following table reflects the membership of each of the Board's committees and the Chairman of the Board:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE	NOMINATING COMMITTEE	RISK COMMITTEE
Michael L. Baur	Chair					
Peter C. Browning	✓	✓	Chair	✓	✓	✓
Frank E. Emory, Jr.	✓	✓	✓	✓	✓	✓
Michael J. Grainger	✓	✓	✓	✓	✓	Chair
Dorothy F. Ramoneda	✓	✓	✓	✓	✓	✓
John P. Reilly	✓	✓	✓	✓	Chair	✓
Jeffrey R. Rodek	✓	✓	✓	✓	✓	✓
Elizabeth O. Temple	✓	✓	✓	Chair	✓	✓
Charles R. Whitchurch	✓	Chair	✓	✓	✓	✓

Audit Committee

The Board has a standing Audit Committee. The Audit Committee currently is composed of Chair Whitchurch and Directors Browning, Emory, Grainger, Ramoneda, Reilly, Rodek and Temple. The functions of the Audit Committee include selecting the independent auditor, reviewing the scope of the annual audit undertaken by our independent auditor and the progress and results of its work, reviewing our financial statements and our internal accounting and auditing procedures and overseeing our internal audit function. The Audit Committee met four times during the 2020 fiscal year. Each member of the Audit Committee meets the definition of “independence” for audit committee members as set forth in the NASDAQ listing standards and Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board has determined that Chair Whitchurch and Directors Browning, Grainger, Reilly, Rodek and Temple each meets the requirements of an “audit committee financial expert” as defined in SEC rules and regulations.

Compensation Committee

The Compensation Committee is currently composed of Chair Browning and Directors Emory, Grainger, Ramoneda, Reilly, Rodek, Temple and Whitchurch. The functions of the Compensation Committee include reviewing and approving executive compensation policies and practices, reviewing salaries and bonuses for our NEOs, overseeing our equity-based plans, overseeing compensation risk assessment and considering such other matters as may from time to time be referred to the Compensation Committee by the Board. The Compensation Committee met four times during the 2020 fiscal year. Each member of the Compensation Committee meets the independence requirements for compensation committee members as set forth in the NASDAQ listing standards, the Exchange Act, and the Internal Revenue Code. See “Executive Compensation — Compensation Discussion and Analysis” for a further discussion of the Compensation Committee’s processes and procedures for the consideration and determination of executive compensation.

Governance Committee

The Governance Committee is currently composed of Chair Temple and Directors Browning, Emory, Grainger, Ramoneda, Reilly, Rodek and Whitchurch. The functions of the Governance Committee include oversight and responsibility for implementation of the Company’s program for complying with the rules and regulations of the SEC and NASDAQ (in conjunction with the Audit Committee, where necessary or appropriate) as well as other NASDAQ rulemaking initiatives pertaining to corporate governance considerations. Each member of the Governance Committee meets the independence requirements as set forth in the NASDAQ listing standards. The Governance Committee held one committee meeting in the 2020 fiscal year.

Nominating Committee

The Nominating Committee is currently composed of Chair Reilly and Directors Browning, Emory, Grainger, Ramoneda, Rodek, Temple and Whitchurch. The functions of the Nominating Committee include oversight and responsibility for the recruitment and nomination of our directors from time to time including, but not limited to, the nomination of directors for election at each annual meeting of our shareholders. Each member of the Nominating Committee meets the independence requirements as set forth in the NASDAQ listing standards. The Nominating Committee held three committee meetings during the 2020 fiscal year.

Risk Committee

The Risk Committee is currently composed of Chair Grainger and Directors Browning, Emory, Ramoneda, Reilly, Rodek, Temple and Whitchurch. The Risk Committee assists the Board in overseeing management’s identification and evaluation of enterprise risks, including the Company’s risk management framework and the policies, procedures and practices employed to manage risks. Each member of the Risk Committee meets the independence requirements as set forth in the NASDAQ listing standards. The Risk Committee held one committee meeting during the 2020 fiscal year.

CANDIDATES FOR THE BOARD

The Nominating Committee will identify and screen potential nominees for directors, including nominees recommended by shareholders, and recommend nominees to the Board. See “Shareholder Proposals” for a discussion of the Company’s policies for shareholder nominees. The Nominating Committee has not adopted specific objective requirements for service on the Board. Instead, the Nominating Committee will consider various factors in determining whether to recommend to the Board potential new Board members, or the continued service of existing members, including the nominee’s experience and skills and whether such skills or experience are particularly relevant to us; whether the nominee would be an independent director under NASDAQ listing standards and applicable law; and in the

case of existing members, the nominee's contributions as a member of the Board during his or her prior service. In addition, in determining whether to recommend a director nominee, the committee members will consider and discuss diversity, among other factors, with a view toward the needs of the Board as a whole. Generally, the Board considers such factors as race, age, gender, national origin and other factors as part of the consideration with regard to diversity. The Nominating Committee strives to nominate directors with a variety of complementary skills so that the Board, as a whole, will possess the appropriate talent, skills and expertise to oversee our business. The Nominating Committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the committee's goal of creating a Board that best serves the needs of the Company and the interests of our shareholders.

The following matrix provides information regarding the members of our Board, including certain types of knowledge, skills, experiences and attributes possessed by one or more of our directors which our Board believes are relevant to our business and industry and demographic information. The matrix does not encompass all of the knowledge, skills, experiences or attributes of our directors, and the fact that a particular knowledge, skill, experience or attribute with respect to any of our directors is not marked does not mean the director in question is unable to contribute to the decision-making process in that area. The type and degree of knowledge, skill and experience listed below may vary among the members of the Board.

	Michael L. Baur	Peter C. Browning	Frank E. Emory, Jr.	Michael J. Grainger	Dorothy F. Ramoneda	John P. Reilly	Jeffrey R. Rodek	Elizabeth O. Temple	Charles R. Whitchurch
Knowledge Skills and Experience									
Audit & Internal Controls	✓	✓	✓	✓	✓	✓	✓		✓
Board Governance	✓	✓	✓		✓	✓	✓	✓	✓
Board Recruitment	✓	✓				✓	✓		✓
CEO - Current or Former	✓	✓				✓	✓	✓	
Compensation & Benefits	✓	✓	✓	✓		✓	✓	✓	✓
Distribution & Channel Industry	✓	✓		✓			✓		
International Business	✓	✓		✓		✓	✓	✓	✓
Investor Relations	✓	✓		✓		✓	✓		✓
IT & Security	✓	✓			✓	✓	✓		✓
Operations	✓	✓	✓	✓	✓	✓	✓	✓	✓
Public Co. Board (not SCSC)		✓		✓		✓	✓		✓
Public Co. Executive Role	✓	✓		✓	✓	✓	✓		✓
Public Company Reporting		✓		✓	✓	✓	✓	✓	✓
Risk Management		✓	✓	✓	✓	✓	✓		✓
Securities Regulation						✓		✓	✓
Strategy & Acquisitions/ Divestitures	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax & Treasury		✓		✓		✓			✓
Technology	✓				✓		✓		

	Michael L. Baur	Peter C. Browning	Frank E. Emory, Jr.	Michael J. Grainger	Dorothy F. Ramoneda	John P. Reilly	Jeffrey R. Rodek	Elizabeth O. Temple	Charles R. Whitchurch
Demographics									
Race/Ethnicity									
African American			✓						
Asian/Pacific Islander									
White/Caucasian	✓	✓		✓	✓	✓	✓	✓	✓
Hispanic/Latino									
Native American									
Gender									
Male	✓	✓	✓	✓		✓	✓		✓
Female					✓			✓	

COMMUNICATIONS WITH THE BOARD

Our security holders may send written communications to the Board or any one or more of the individual members of the Board by directing such communication to our Corporate Secretary, John Harvey, by mail at our principal executive offices, or by e-mail to john.harvey@scansource.com. All written communications will be compiled by the Corporate Secretary and promptly submitted to the individual directors being addressed or to the chair of the committee whose areas of responsibility include the specific topic addressed by such communication, or, in all other cases, to the Chairman of the Board.

Environmental, Social, and Corporate Governance

We are committed to being a good corporate citizen and being an agent of positive change in our local communities. Through our philanthropic pursuits and our focus on integrating environmental, social and governance (“ESG”) principles in our daily operations, we strive to create better places for our employees and neighbors to work and live. Operating in a responsible manner, valuing our employees, being good stewards of the environmental resources we utilize in our operations, and serving the communities we operate in form the basis of our ESG philosophy.

The ongoing COVID-19 global pandemic has presented unique challenges this year, and we have prioritized the health and safety of our employees and business partners. The majority of our workforce that is capable of working remotely has been doing so since March, and we have taken additional measures to ensure the health and safety of our facilities for our employees that have continued to work on-site. Requiring mask-wearing, practicing social-distancing, limiting outside visitation, and heightening facility sanitation are just some of the steps we have taken in our locations.

This year, the Company formed an ESG Task Force comprised of a select group of cross-functional team members. This group is tasked with providing guidance, strategic awareness and counsel on the direction of the Company’s ESG initiatives as well as day-to-day programs and driving progress toward the attainment of our goals. One of the first steps the task force took is to recommend the adoption of several key high-level policy statements that communicate our ESG priorities. To that end, our Board has approved a Business Partner Code of Conduct, a Human Rights Policy, and an Environmental Stewardship Policy. These policies are consistent with, and are an extension of, our existing Business Ethics and Code of Conduct and reflect the Company’s commitment to sustainability, diversity and accountability. The policies can be found in the Corporate Governance section of our website.

Also this year, we announced the creation of a comprehensive Diversity & Inclusion (“D&I”) program and the appointment of a Chief Diversity Officer (“CDO”). ScanSource was built on the foundation of seven core values, one being the commitment to an environment that respects and values the diverse backgrounds, interests and talents of the Company’s employees. ScanSource’s dedicated D&I program reaffirms this commitment. A key component of this program is the creation of an Advisory Council, which is an employee-led group focused on sharing insights, ideas, and opinions from employees as to how to most effectively implement diversity and inclusion strategies within the Company. Our CDO:

- provides oversight to this group and additionally develops programs, training, and events that support and cultivate a diverse and inclusive workplace;
- supports talent acquisition and recruitment efforts in support of the company’s D&I program; and
- communicates with our partner and supplier communities to listen and gain feedback, helping to ensure the company is serving as a good partner in regards to its D&I efforts.

Shortly after our founding in 1992, we formed the ScanSource Charitable Foundation to support our commitment to giving back to our communities where we have operations through investments of time, talent, and resources. Our philanthropic efforts support the following areas of focus for giving back: community, education, environment, welfare of children, and workforce development. Last year we donated approximately \$0.6 million to non-profit organizations located in communities in which our offices are located. Since our founding in 1992, ScanSource has invested nearly \$19 million focused on community enrichment, education, environment, leadership development, recruiting, welfare of children, and workforce development. Our employees and executives also generously devote their time to serve as volunteers in the community and local schools, colleges and universities. These efforts positively impact our business, as we increase community support, provide our employees with greater opportunities for leadership development and training, and improve the job satisfaction of our employees.

We will continue to evolve our ESG program in a manner that is beneficial to the Company and its stakeholders.

ScanSource publishes an ESG report that is periodically updated and, while it is available under the “Investor” page of our website, www.scansource.com, under the “Governance” tab, the ESG report is not being incorporated by reference into this proxy statement.

PROPOSAL NUMBER 1 - Election of Directors

The Company intends to nominate each of the individuals named below to serve as directors on our Board until their successor is duly elected and qualified at the 2022 Annual Meeting of Shareholders or, if earlier, his or her death, resignation or removal. Each of the nominees is currently a director of the Company.

Each of the proposed nominees has consented to stand for election as a member of our Board. We believe that each of our current directors has served our shareholders' interests well during his or her tenure as a director and will continue to do so. We believe that the Company and our shareholders benefit from the wide variety of industry and professional experience that characterizes the members of our Board.

The following sets forth certain information regarding the proposed nominees, including each director's specific experience, qualifications, attributes and skills that led our Board to conclude that each nominee is well-qualified to serve as a member of the Board.

INFORMATION REGARDING NOMINEES FOR DIRECTOR

Michael L. Baur

AGE
63

DIRECTOR SINCE
December 1995

COMMITTEES
None

Experience

Michael L. Baur is our Chairman, Chief Executive Officer and President. Mr. Baur has served as our President or CEO since our inception, as a director since December 1995, and as Chairman of the Board since February 2019. Mr. Baur has been employed with the Company since its inception in December 1992.

Qualifications

Mr. Baur has served the Company since its inception and has developed a deep institutional knowledge and perspective regarding the Company's strengths, challenges and opportunities. Mr. Baur has more than 30 years of experience in the IT industry, having served in various leadership and senior management roles in the technology and distribution industries before joining ScanSource. Mr. Baur brings strong leadership, entrepreneurial, business building and development skills and experience to the Board.

Peter C. Browning

AGE
78

DIRECTOR SINCE
June 2014

COMMITTEES
Lead Independent Director and Chair of Compensation Committee and serves on all committees

Experience

Peter C. Browning has served as a director of the Company since June 2014 and as Lead Independent Director since February 2019. He has extensive experience in business, serving as an executive officer of a number of public companies, including Continental Can Company, National Gypsum Company and Sonoco Products Company. He also has served on more than 14 public-company boards, including Wachovia from 2002 to 2008, Nucor Corporation from 1999 to 2015, Lowe's Companies from 1997 to 2014, EnPro Industries, Inc. from 2001 to 2015, and The Phoenix Companies from 1988 to 1999 and from 2000 to 2009, and in a variety of board leadership roles, including serving as non-executive chair, lead director and chair of audit, compensation and governance/nominating committees. Mr. Browning currently serves as lead director of Acuity Brands and on the board of GMS, Inc. He also serves as lead independent director of the board of Equilar, a private company that is a leading provider of corporate data.

Qualifications

Mr. Browning is a well-known authority on board governance and his knowledge and experience in that area are invaluable to our Board. He was the Dean of the McColl Graduate School of Business at Queens University of Charlotte from 2002 to 2005 and has served as the Managing Partner of Peter Browning Partners, a board advisory consulting firm, since 2009. Mr. Browning was selected for the "2011 and 2012 NACD Director 100 List" (a list of the most influential people in corporate governance in the boardroom). He co-authored a book on governance guidance, titled *The Directors Manual: A Framework for Board Governance*, which offers practical advice on leading an organization's board.

Frank E. Emory, Jr.

AGE
63

DIRECTOR SINCE
October 2020

COMMITTEES
Serves on all committees

Experience

Frank E. Emory, Jr. has served as a director of the Company since October 2020. Mr. Emory has served as Executive Vice President and Chief Administrative Officer of Novant Health since 2019. From June 2001 to December 2018, he served as a partner with Hunton Andrews Kurth LLP, an international law firm.

Qualifications

As a former partner of Hunton Andrews Kurth LLP and executive of Novant Health (including serving as its Chief Administrative Officer), Mr. Emory brings considerable experience overseeing legal, government relations, risk management, corporate audit, compliance, human resources and diversity, inclusion and health equity teams to the Board.

Michael J. Grainger

AGE
68

DIRECTOR SINCE
October 2004

COMMITTEES
Chair of Risk Committee and serves on all committees

Experience

Michael J. Grainger has served as a director of the Company since October 2004. Mr. Grainger served as President and Chief Operating Officer of Ingram Micro, Inc., a technology distributor, from January 2001 to April 2004. From May 1996 to July 2001, he served as Executive Vice President and Chief Financial Officer of Ingram Micro, and from July 1990 to October 1996 as Vice President and Controller of Ingram Industries, Inc. Mr. Grainger currently serves on the board of directors of Ingram Industries, Inc., a multinational diversified private company.

Qualifications

As a former executive of Ingram Micro (including serving as its Chief Financial Officer), Mr. Grainger brings extensive knowledge of our industry and our competitive environment to the Board. He also brings extensive accounting and financial skills important in the understanding and oversight of our financial reporting, enterprise and operational risk management and corporate finance, tax and treasury matters.

Dorothy F. Ramoneda

AGE
61

DIRECTOR SINCE
November 2019

COMMITTEES
Serves on all committees

Experience

Dorothy F. Ramoneda has served as a director of the Company since November 2019. Ms. Ramoneda has been in the role of Executive Vice President and Chief Information Officer of First-Citizens Bank since January 2014. She also has served as Chief Information Officer and Vice President of Information Technology and Telecommunications at Progress Energy.

Qualifications

Ms. Ramoneda has extensive leadership experience serving as the Chief Information Officer of a Fortune 500 Company and in multiple industries. Over Ms. Ramoneda's career, she has provided leadership for the continued development of innovative, robust, and secure information technology environments, giving her an understanding of the challenges and issues in our industry and the industries of many of our vendors and customers.

John P. Reilly

AGE
72

DIRECTOR SINCE
June 2001

COMMITTEES
Chair of Nominating Committee and serves on all committees

Experience

John P. Reilly has served as a director of the Company since June 2001. Mr. Reilly served as a partner of Ares Management, LLC, a global alternative asset manager, until June 2016. Ares acquired Keltic Financial Services, LLC in 2014, where Mr. Reilly was President and CEO from 1999 to June 2014. Prior to that, from 1977 to 1999, he held senior management positions in the Leveraged Buy-Out, Leasing, Corporate Finance and Private Banking divisions at Citibank, N.A. Mr. Reilly also serves on the Board of Directors of Chimera Investment Corporation, a public real estate investment trust.

Qualifications

Mr. Reilly brings to the Board extensive financial skills important in the understanding and oversight of our financial reporting, enterprise and operational risk management and corporate finance matters. His long career in the financial services industry also provides Mr. Reilly with financial management expertise which he brings to our Board.

Jeffrey R. Rodek

AGE
67

DIRECTOR SINCE
May 2020

COMMITTEES
Serves on all committees

Experience

Jeffrey R. Rodek has served as a director of the Company since May 2020. Mr. Rodek has served as an Executive Network Advisor and Limited Partner of Tensility Venture Partners, a seed-stage venture capital firm investing in enterprise software companies, since October 2017. From July 2007 to May 2018, Mr. Rodek served as a Senior Lecturer at the Fisher College of Business at The Ohio State University. Prior to that, Mr. Rodek served as Senior Advisor and Executive Partner at Accretive, LLC from July 2007 to December 2009; as Executive Chairman, Chairman and Chief Executive Officer of Hyperion Solutions Corporation from October 1999 to April 2007; and as President and Chief Operating Officer of Ingram Micro Corporation from 1995 to 1999.

Qualifications

Mr. Rodek has over 40 years of business and leadership experience spanning across multiple industries. Over Mr. Rodek's career, he has driven performance growth and improved corporate governance strategies in the enterprise software and technology solutions industries, giving him a keen understanding of the challenges and issues present in our industry.

Elizabeth O. Temple

AGE
55

DIRECTOR SINCE
September 2017

COMMITTEES
Chair of Governance Committee and serves on all committees

Experience

Elizabeth O. Temple has served as a director of the Company since September 2017. Ms. Temple has served as the Chair and Chief Executive Officer of Womble Bond Dickinson (US) LLP since January 1, 2016 and as Co-Chair and Chief Executive Officer of Womble Bond Dickinson, a Global Top 100 law firm since November 1, 2017. She has been a practicing corporate and securities attorney at the firm since 1989. Prior to serving as Chair and Chief Executive Officer, Ms. Temple served in a number of leadership roles at the firm over the past decade and has been a partner at the firm since 1997.

Qualifications

Ms. Temple has extensive leadership experience serving as the Chief Executive Officer of a Global Top 100 law firm. Over Ms. Temple's legal career, she has counseled public and private companies on their highest strategic priorities, giving her an understanding of the challenges and issues in the Company's industry and the industries of many of its vendors and customers. Her background as a legal advisor to public companies and boards provides the Board with additional expertise in the areas of risk management, corporate governance, acquisitions and securities regulation.

Charles R. Whitchurch

AGE
74

DIRECTOR SINCE
February 2009

COMMITTEES
Chair of Audit Committee and serves on all committees

Experience

Charles R. Whitchurch has served as a director of the Company since February 2009. Mr. Whitchurch served as the Chief Financial Officer of Zebra Technologies Corporation from September 1991 to June 2008. Mr. Whitchurch previously served on the boards of directors of SPSS, Inc., a publicly-held provider of predictive analytic software, from October 2003 to October 2009, Landmark Aviation, a privately-held operator of fixed-base aviation operations throughout the United States and Europe, from October 2008 to October 2012, Tricor Braun Holdings, a privately-held distributor of rigid packaging materials from July 2010 to November 2016, and Ashworth College, a provider of nationally accredited on-line education, from June 2010 to December 2019. On all boards, he served as Chairman of the Audit Committee.

Qualifications

Mr. Whitchurch's executive career brings in-depth knowledge of business operations and strategy and broad experience related to financial and corporate governance matters through his tenure serving on the boards of directors of public companies, including serving as the chairman of audit committees. With over three decades of service as a Chief Financial Officer, more than half of which was with a public company, Mr. Whitchurch has a deep understanding of the complex accounting issues often faced by public companies.

The Board of Directors unanimously recommends that shareholders vote "FOR" each of the nominees listed above.

2020 DIRECTOR COMPENSATION TABLE

The following table provides information regarding the compensation paid to each of our non-employee directors for the fiscal year ended June 30, 2020:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Peter C. Browning	170,000	130,425	300,425
Frank E. Emory, Jr. ⁽²⁾	—	—	—
Michael J. Grainger	90,000	130,425	220,425
Dorothy F. Ramoneda ⁽³⁾	56,666	155,100	211,766
John P. Reilly	90,000	130,425	220,425
Jeffrey R. Rodek ⁽⁴⁾	14,167	88,478	102,645
Elizabeth O. Temple	90,000	130,425	220,425
Charles R. Whitchurch	110,000	130,425	240,425

⁽¹⁾ Amounts shown are the aggregate grant date fair value of restricted stock awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see Note 11 to our audited financial statements for the fiscal year ended June 30, 2020, included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020. Each then-serving non-employee director received a restricted stock award on November 15, 2019 for 3,700 shares that vested in June 2020. Mr. Rodek received his restricted stock award on May 14, 2020 for 4,100 shares, which shares vest on November 14, 2020. Other than 4,100 shares held by Mr. Rodek, none of the directors had any stock awards outstanding at June 30, 2020.

⁽²⁾ Mr. Emory was appointed as a director of the Company effective October 5, 2020.

⁽³⁾ Ms. Ramoneda was appointed as a director of the Company effective November 6, 2019.

⁽⁴⁾ Mr. Rodek was appointed as a director of the Company effective May 6, 2020.

Cash Retainers for Fiscal 2020

Directors who are not our employees are paid an annual retainer of \$85,000. An additional annual retainer of \$70,000 is paid, as applicable, to a non-executive Chairman or Lead Independent Director of the Board. An additional annual retainer of \$25,000 is paid to the chair of the Audit Committee, and an additional annual retainer of \$15,000 is paid to the chair of the Compensation Committee. Additional annual retainers of \$5,000 were paid to the chairs of the Nominating, Governance and Risk Committees. Annual service for this purpose relates to the approximate 12-month periods between annual meetings of our shareholders. All directors are reimbursed for expenses incurred in connection with the performance of their services as directors as well as the cost of any director education. As of January 1, 2019, directors may elect to receive any portion of their cash fees in shares. In connection with the expense reduction plan effective July 1, 2020, our directors have elected to forego their annual cash retainer fees through December 31, 2020.

Equity Retainers for Fiscal 2020

Our non-employee directors receive an annual equity retainer under the ScanSource, Inc. 2013 Long-Term Incentive Plan (the "2013 Plan"). In addition, non-employee directors also may be eligible to receive other awards under our 2013 Plan. As of January 1, 2019, the director can elect to receive the award in restricted stock awards or restricted stock units and can elect to defer their equity award under the deferred compensation plan.

The number of shares subject to a director's annual equity award was determined by dividing \$130,000 by the equity award value per share on the grant date. The equity award value means the closing price of the common stock on the grant date. The date of grant of the annual equity awards for our non-employee directors takes place at the same time as the annual equity awards for our employees.

A person who first becomes a non-employee director on a date other than a regularly scheduled annual meeting of shareholders will receive a restricted stock award for a pro-rated number of shares of common stock. Restricted stock may not be transferred or sold until it has vested.

Restricted stock granted to directors under the 2013 Plan will vest in full on the day that is six months after the date of grant, or upon the earlier occurrence of (i) the director's termination of service as a director by reason of death, disability or retirement or (ii) a change in control of the Company. If a director terminates service for any other reason,

he or she will forfeit all of his or her right, title and interest in and to the unvested restricted stock as of the date of termination, unless the Board or the Compensation Committee determines otherwise.

Stock Ownership and Retention Policy

Under the equity ownership policy, directors are expected to hold five times their annual Board cash retainer in Company securities. The policy also incorporates a retention requirement by requiring such persons to retain 50% of the net shares resulting from the vesting of certain awards until the required ownership under the policy is met. As of the end of the 2020 fiscal year, all directors were in compliance with this policy.

CODE OF CONDUCT

Our Code of Conduct applies to all of our executive officers, including our CEO and our Chief Financial Officer (“CFO”), directors and employees. We have posted the Code of Conduct on the “Investors” page of our website, www.scansource.com, under the “Governance” tab. We will provide a copy of the Code of Conduct upon request to any person without charge. Such requests may be transmitted by regular mail in the care of the Corporate Secretary.

We will post on our website, www.scansource.com, under the “Governance” tab, or will disclose on a Form 8-K filed with the SEC, any amendments to, or waivers from, any provision of the Code of Conduct that applies to our CEO and our CFO, or persons performing similar functions, and that relate to (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us, (iii) compliance with applicable governmental laws, rules and regulations, (iv) the prompt internal reporting of violations of the Code of Conduct to an appropriate person or persons identified in the Code of Conduct, or (v) accountability for adherence to the Code of Conduct. Any waiver granted to an executive officer or a director may only be granted by the Board and will be disclosed, along with the reasons therefor, on a Form 8-K filed with the SEC. No waivers were sought or granted in fiscal 2020.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended June 30, 2020, Directors Browning, Grainger, Ramoneda, Reilly, Rodek and Whitchurch served on the Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during fiscal 2020, or at any time prior thereto. During fiscal 2020, no member of the Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K under the Exchange Act, and no executive officers served on the compensation committee (or equivalent) or the board of directors of another entity whose executive officer(s) served on our Board or Compensation Committee.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

The Audit Committee reviews all related party transactions (as defined by Item 404 of Regulation S-K) in accordance with NASDAQ listing standards. In addition, the charter of the Audit Committee requires the Audit Committee to review a summary of any director’s or officer’s related-party transactions and potential conflicts of interest on a yearly basis. The charter also requires the Audit Committee to review our conflict of interest policy (which is part of our Code of Conduct) and compliance with that policy on an annual basis.

We are not aware of any related-party transaction since the beginning of fiscal 2020 required to be reported under our policy or applicable SEC rules for which our policies and procedures did not require review or for which such policies and procedures were not followed.

There are no family relationships among the executive officers and directors, and there are no arrangements or understandings between any independent director or any other person pursuant to which that independent director was selected as a director.

RECOMMENDATION OF BOARD OF DIRECTORS

The Board of Directors unanimously recommends that shareholders vote “FOR” each of the nominees previously listed in this Proxy Statement.

PROPOSAL NUMBER 2 - Advisory Vote on Executive Compensation

BACKGROUND OF THE PROPOSAL

As required by Section 14A of the Exchange Act, we are providing our shareholders with the opportunity at the 2021 Annual Meeting to vote on a non-binding advisory resolution, commonly known as a “Say-on-Pay” proposal, approving the compensation of our NEOs. The Company holds this non-binding advisory vote annually. There have been no material changes to our compensation policies this year. This vote is not intended to address any specific item of compensation or the compensation of any specific NEOs, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. A discussion of these items is found in the Compensation Discussion and Analysis section of this Proxy Statement.

EXECUTIVE COMPENSATION

The Compensation Committee has overseen the development of a compensation program designed to attract, retain and motivate executives who enable us to achieve our strategic and financial goals. The Compensation Discussion and Analysis and the executive compensation tables regarding NEO compensation, together with the accompanying narrative disclosure, illustrate the trends in compensation and application of our compensation philosophies and practices for the years presented. Highlights of our compensation program include the following:

- Variable cash incentives are payable to NEOs to encourage the achievement of various pre-determined performance metrics, business growth opportunities, management goals and profitability of business units, all of which focus our NEOs on performance goals intended to enhance shareholder value.
- Awards of long-term equity incentives, in the form of performance-based stock awards and restricted stock awards, directly align the interests of our NEOs and shareholders.
- Linking the personal financial interests of our NEOs to the Company’s long-term performance discourages excessive risk-taking and encourages behavior that supports sustainable shareholder value creation.
- The Board’s adoption of policies covering stock ownership and retention, incentive compensation recoupment, and anti-pledging and anti-hedging for executive officers mitigates risk in connection with our executive compensation program.

The Compensation Committee believes that our executive compensation program achieves an appropriate balance between fixed compensation and variable incentive compensation, pays for performance and promotes an alignment between the interests of our NEOs and our shareholders. Accordingly, we are asking our shareholders at the 2021 Annual Meeting to vote “FOR” the non-binding advisory resolution approving the compensation of our NEOs, including in the Compensation Discussion and Analysis, compensation tables and narrative discussion below.

EFFECT OF RESOLUTION

Because your vote is advisory, it will not be binding upon the Company, the Compensation Committee or the Board of Directors. However, the Compensation Committee and the Board value the opinions of our shareholders and will take the outcome of the vote into account when considering future executive compensation arrangements.

RECOMMENDATION OF BOARD OF DIRECTORS

The Board of Directors believes that our executive compensation program aligns our NEOs’ compensation with the long-term interests of our shareholders. Our program is guided by the philosophy that total executive compensation should vary based on achievement of goals and objectives, both individual and corporate, and should be focused on long-term strategies to build shareholder value. The Board believes that our philosophy and practices have resulted in executive compensation decisions that are aligned with shareholder interests and that have benefited and will benefit the Company over time.

For the reasons stated above, we recommend a vote “FOR” the following advisory resolution at our 2021 Annual Meeting:

“RESOLVED, that the compensation paid to the Company’s Named Executive Officers, as disclosed in the Proxy Statement for our 2021 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, Named Executive Officer compensation tables and related narrative discussion, is hereby APPROVED.”

PROPOSAL NUMBER 3 - Ratification of Appointment of Independent Auditors

The Audit Committee has appointed the firm of Grant Thornton LLP (“Grant Thornton”), an independent registered public accounting firm, as independent auditor to make an examination of our accounts for fiscal 2021, which appointment has been ratified by the Board. See the “Audit Committee Report” below for more information. Shareholder ratification of the selection of Grant Thornton as our independent registered public accounting firm is not required by law but is being presented in the discretion of the Board of Directors. If the shareholders do not ratify this appointment, other independent registered public accounting firms will be considered by the Audit Committee. A representative of Grant Thornton is expected to be in attendance at the 2021 Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

As reflected in the table below, we incurred fees in fiscal 2020 and 2019 for services performed by Grant Thornton related to such periods.

	Year Ended June 30, 2020	Year Ended June 30, 2019
Audit Fees	\$1,899,507	\$ 2,125,646
Tax Fees	\$ 90,300	\$ 118,094
Total Fees	\$1,989,807	\$2,243,740

In the above table, in accordance with applicable SEC rules:

- “Audit Fees” are fees for professional services for the audit of the consolidated financial statements included in our Form 10-K, the audit of internal control over financial reporting, the review of financial statements included in our Form 10-Qs, and services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements; and
- “Tax Fees” are fees for professional services related to foreign tax compliance, tax advice and tax planning.

AUDIT COMMITTEE’S PRE-APPROVAL POLICIES AND PROCEDURES

It is the policy of the Audit Committee to pre-approve all audit and permitted non-audit services proposed to be performed by our independent auditor. All audit and permitted non-audit services performed in fiscal 2020 were pre-approved by the Audit Committee. The process for such pre-approval is typically as follows: Audit Committee pre-approval is sought at one of the Audit Committee’s regularly scheduled meetings following the presentation of information at such meeting detailing the particular services proposed to be performed. The authority to pre-approve non-audit services may be delegated by the Audit Committee, pursuant to guidelines approved by the Audit Committee, to one or more members of the Audit Committee. None of the services described above were approved by the Audit Committee pursuant to the exception provided by the Exchange Act rules.

The Audit Committee has reviewed the non-audit services provided by Grant Thornton and has determined that the provision of such services is compatible with maintaining Grant Thornton’s independence for the period of time during which it has served as our independent auditor.

RECOMMENDATION OF BOARD OF DIRECTORS

The Board of Directors unanimously recommends that shareholders vote “FOR” the ratification of the appointment of Grant Thornton as our independent registered public accounting firm for the fiscal year ending June 30, 2021.

Executive Compensation

EXECUTIVE OFFICERS

The following sets forth certain information regarding our current executive officers:

Name	Experience and Qualifications	Age
Michael L. Baur	Michael L. Baur is our Chairman, Chief Executive Officer and President. Mr. Baur has served as our President or CEO since our inception, as a director since December 1995, and as Chairman of the Board since February 2019.	63
Stephen T. Jones	Stephen T. Jones has served as our Senior Executive Vice President, Chief Financial Officer since December 2020. Prior to joining the Company, Mr. Jones served as the International Chief Financial Officer of Blackbaud, Inc., a leading cloud software company, from 2016 to 2020. Prior to that, Mr. Jones served in finance and management positions at Lexmark International, an imaging solutions and technologies company, from 2000 until 2016.	49
Matthew S. Dean	Matthew S. Dean joined the Company in January 2018 and serves as our Senior Executive Vice President, Chief Legal and Strategy Officer. Prior to that, Mr. Dean served as Vice President and General Counsel for Vertiv, Inc., a provider of equipment and services for data centers, from 2011 through 2017.	51
John Eldh	John Eldh joined the company as Senior Executive Vice President, Chief Revenue Officer in October 2019 and has served as an executive officer since November 2020. Prior to joining the Company, Mr. Eldh served as Senior Vice President of Global Partner Organization at CA Technologies, a leading provider of application development, management, and security solutions, from September 2014 to November 2018. Prior to that Mr. Eldh served in various leadership capacities at Symantec Corporation, a cybersecurity and identity protection company, from January 2005 to August 2014.	53

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis outlines our executive compensation program for our NEOs listed below. The CD&A provides information about our compensation objectives and practices for our NEOs and explains how the Compensation Committee of the Board of Directors arrived at the compensation decisions for fiscal 2020.

Name	Title
Michael L. Baur	Chairman, Chief Executive Officer and President
Gerald Lyons	Former Senior Executive Vice President and Chief Financial Officer
Matthew S. Dean	Senior Executive Vice President and Chief Legal and Strategy Officer

Executive Summary

2020 Business Highlights

We have continued to make progress on our strategic plan of establishing ScanSource at the center of the solution delivery channel in our markets. Due in part to lower sales volumes and increased costs as a result of the COVID-19 pandemic, our results declined in fiscal year 2020. For fiscal year 2020, net sales decreased 6% to \$3.0 billion. Excluding the foreign currency translation and net sales from acquisitions, organic sales for fiscal year 2020 decreased 5% year-over-year, largely as a result of the negative impacts of the COVID-19 pandemic. Non-GAAP operating income decreased 39% to \$78.9 million, driven by lower sales volume and higher SG&A expenses. On a GAAP basis, net income for fiscal year 2020 totaled \$(79.2) million, or \$(3.12) per diluted share, compared to net income of \$64.9 million, or \$2.52 per diluted share for the prior year. The fiscal year 2020 results reflected non-cash goodwill and asset impairment charges. Non-GAAP net income totaled \$52.0 million, or \$2.05 per diluted share, compared to \$87.7 million, or \$3.41 per diluted share, for the prior year.

As previously announced, we completed the sale of our products businesses in Mexico, Colombia, Chile and Peru as well as our Miami-based export operations to Intcomex and the sale of our products businesses in Europe and the U.K. to SSE Services Holdings, LLC. These actions complete our planned divestitures and continue our strategic portfolio repositioning to align investments with higher-growth, higher-margin businesses.

COVID-19 has impacted our sales volumes negatively in our wholesale VAR business in both our Worldwide Barcode, Networking & Security and Worldwide Communications & Services segments. We are experiencing higher costs from safety measures to protect our employees. In July 2020, we initiated an annualized \$30 million expense reduction plan designed to better align the cost structure for our wholesale distribution business with lower sales volumes as a result of the COVID-19 pandemic. As part of the plan, we will continue to invest in our higher growth agency business, Intelisys. Strong growth for the Intelisys business has continued, even with the COVID-19 pandemic. The expense reduction plan includes (i) 10% to 25% salary reductions for the executive team through December 31, 2020, (ii) elimination of cash retainers for the Board of Directors through December 31, 2020, (iii) cost savings measures related to discretionary SG&A expenses, (iv) a reduction in workforce in North America, excluding the Intelisys business, and (v) the wind-down of the Canpango professional services business.

These actions are expected to reduce our annualized SG&A cost base by approximately \$30 million. In the first quarter of fiscal year 2021, we recorded a pre-tax cash charge of \$8.3 million, consisting of severance and related employee benefits. We completed substantially all of the workforce reduction of approximately 200 positions by the end of the September 2020 quarter.

Fiscal 2020 Pay Mix

The Compensation Committee strives to provide our NEOs with a compensation package that balances short-term and long-term compensation. We believe that our current executive compensation program, consisting of a mix of base salary, retirement contributions, annual performance-based cash incentive awards, and both performance-based and service-based grants of equity (i) provides a predictable and transparent structure for executive compensation, (ii) provides a significant percentage of a NEO's compensation through variable performance-based vehicles and (iii) attracts, retains and motivates our NEOs.

Our executive compensation program emphasizes performance-based pay. The elements of compensation and the general mix of compensation among the various elements remained largely unchanged in fiscal 2020 from the previous year. Our financial performance during fiscal 2020 is reflected in the compensation of each of our NEOs for fiscal 2020, particularly with respect to payouts pursuant to our annual cash incentive program. Our cash incentive opportunity is designed so that, if our financial results, as measured by non-GAAP operating income growth, non-GAAP operating income margin and ROWC, reflect an increase in the financial performance of the Company, then our executives should realize a greater cash incentive. In addition, individual performance also is taken into account by the Compensation Committee, and an award may be modified by up to 20% depending on if the executive did not meet or exceeded performance expectations. Awards are also capped at 200% of each executive's target bonus regardless of our financial performance.

For fiscal year 2020, the cash incentives paid to our CEO declined by 54% from fiscal 2019 and 89% from fiscal 2018 based on (i) our financial performance and (ii) the Compensation Committee's pre-established MIP operating targets for the cash incentive opportunity. The target value of the equity awarded to our CEO stayed flat from fiscal 2019 to fiscal 2020. We believe this result is appropriately aligned with the Company's fiscal 2020 financial performance.

In addition, the total compensation of our CEO generally has increased or decreased during the past five fiscal years as our non-GAAP operating results have increased or decreased. We believe this correlation between the Company's performance and pay appropriately motivates and rewards our CEO and is beneficial to our shareholders.

In addition, we believe that it is important to link each of our NEO's compensation and personal financial interests with long-term shareholder value creation. Accordingly, 65% of our CEO's total compensation, 40% of Mr. Lyons' total compensation and 38% of Mr. Dean's total compensation for fiscal 2020 was in the form of long-term equity incentives. For fiscal 2020, variable performance-based compensation in the form of cash and long-term equity incentives constituted 70% of our CEO's total compensation, 45% of Mr. Lyons' total compensation and 41% of Mr. Dean's total compensation (each as reported in the Summary Compensation Table).

Greater detail regarding the compensation of our NEOs can be found within the 2020 Summary Compensation Table.

CONSIDERATION OF RESULTS OF SHAREHOLDER ADVISORY VOTES IN EXECUTIVE COMPENSATION

The Compensation Committee monitors the results of the "Say-on-Pay" vote and considers those results along with the objectives listed below in determining compensation policies. A substantial majority (93.7%) of our shareholders voting at the 2020 Annual Meeting approved the compensation described in our 2019 proxy statement. The Compensation Committee interpreted this vote result as a strong indication of support for our current compensation program.

Objectives of the Compensation Program

Our executive compensation program is designed to attract, retain and motivate executives through achieving the following three objectives:

- Pay-for-Performance
- Align Interests of Executives with Shareholders
- Retain Talented Leadership

PAY-FOR-PERFORMANCE

The guiding principle of our compensation philosophy is that pay should be linked to performance and that the interests of executives and shareholders should be aligned. Our compensation program is designed to provide significant performance-based compensation, including equity compensation that is variable and based on our actual results and our executives' performance, as compared to fixed or guaranteed compensation. As a result, a significant portion of our NEOs' compensation is directly contingent on our operating results (non-GAAP operating income growth, non-GAAP operating income margin and return on working capital ("ROWC")) and aligned with shareholder interests.

ALIGN INTERESTS OF NAMED EXECUTIVE OFFICERS AND SHAREHOLDERS

The following compensation policies and practices are designed to align the interests of our NEOs and our shareholders:

ScanSource Does	ScanSource Does Not
<p>✓ Require significant stock ownership. We have adopted minimum ownership guidelines for our CEO. He is required to retain 50% of the net shares resulting from vesting or exercises of equity awards until he owns Company common stock in an amount equal to three times his base salary.</p> <p>✓ Mandate a claw-back policy tied to a compensation program. We maintain a “claw-back policy,” which would allow us to recover certain incentive compensation based on financial results in the event those results were restated due at least partially to the recipient’s misconduct.</p> <p>✓ Seek our shareholders’ input on executive compensation. We value our shareholders’ input on our executive compensation, and we seek an annual non-binding vote on our executive compensation policies.</p>	<p>✗ Permit pledging of our securities by our NEOs or Board. We have a policy that prohibits officers and directors from pledging Company securities in margin accounts or as collateral for a loan.</p> <p>✗ Permit hedging of our securities by our NEOs or Board without pre-clearance from the Company’s legal department. We have a policy that generally prohibits employees (including the NEOs and Directors) from trading in options, warrants, puts, calls or similar instruments in connection with our securities, or selling our securities “short.”</p> <p>✗ Provide automatic cash severance benefits upon a change in control. Our employment arrangements with our NEOs provide cash severance only upon a “double trigger.”</p> <p>✗ Provide golden parachute tax gross ups or excessive perquisites. We do not provide excise tax gross-ups for severance benefits received by our NEOs under their employment arrangements. We only provide limited perquisites to our NEOs.</p>

RETAIN TALENTED LEADERSHIP

We operate in a marketplace characterized by significant competition for talented executives. Our executive compensation program is designed to enable us to attract, motivate, reward and retain the management talent necessary to achieve both long-term and short-term corporate objectives and enhance shareholder value. We also aim to establish executive compensation levels that correlate directly to the NEO’s level of responsibility, with the compensation of our NEOs being tied both to our performance as a whole and to individual performance. To do this effectively, our philosophy is that our compensation program must provide our NEOs with a total compensation package that is reasonable in relation to our performance, and sufficiently competitive with the packages offered by similarly sized companies within or outside our industry.

Material Elements of Our Compensation Programs

In determining the compensation of our NEOs, the Compensation Committee uses the following specific compensation elements, which it believes support our compensation objectives.

Compensation Element	Description	Compensation Objectives		
		Reward Performance	Attract and Retain	Align with Shareholders
Base Salary	Fixed level of compensation		✓	
Annual Variable Cash Incentive Awards	Performance-based cash incentives rewards Company and individual performance	✓	✓	✓
Time-Vesting Restricted Stock or Restricted Stock Units	Long-term equity award, with three-year vesting	✓	✓	✓
Performance- and Time-Vesting Restricted Stock or Restricted Stock Units	Rewards Company performance; new awards with three-year vesting, in addition to performance criteria	✓	✓	✓
Health, Welfare & Retirement Plans	401(k) Savings Plan Employee Stock Purchase Plan Deferred Compensation Plan Executive Severance Plan		✓ ✓ ✓ ✓	✓
Stock Ownership Guidelines, Anti-Hedging Policy, Anti-Pledging Policy and Claw-Back Policy	Compensation risk mitigators			✓

The Compensation Committee determines the amounts of each element and the aggregate compensation for our NEOs, without using any specific formula or attempting to satisfy any specific ratio for compensation among our NEOs; however, the differences in the aggregate compensation between our CEO and the other NEOs are intended to reflect the individual responsibilities with respect to their respective positions, experience in the applicable role and experience in our industry. In determining compensation for our CEO, the Compensation Committee considers the amount of compensation he receives in cash versus equity.

The Compensation Committee views the components of compensation as related, but distinct, and therefore regularly reevaluates the appropriate mix of elements, including the appropriate targets for incentive awards. The Compensation Committee also relies on the independent expertise compiled from the general knowledge, experience and good judgment of its members, both with regard to competitive compensation levels and the relative success that our Company has achieved. The Compensation Committee also retains, and relies on information provided by, compensation consultants.

BASE SALARY

Base salary generally provides a fixed base level of compensation for our executives for the services they render during the year. The purpose of base salary is to compensate our NEOs in light of their respective roles and responsibilities over time. Base salary is essential to allow us to compete in the employment marketplace for talent and is an important component of total compensation for the NEOs. It is vital to our goal of recruiting and retaining NEOs with proven abilities. A NEO's base salary is set in accordance with the terms of his or her employment agreement or letter and is reviewed annually. Increases, if any, to base salary are based generally upon a subjective assessment of overall individual performance, market trends and the Company's performance. In evaluating the Company's performance, the primary consideration is our financial performance for the relevant annual period, with a focus on non-GAAP operating income growth, non-GAAP operating income margin and ROWC, each of which aligns executive and shareholder interests and which we consider to have a strong correlation with shareholder value creation.

ANNUAL VARIABLE PERFORMANCE-BASED CASH INCENTIVE AWARDS

Annual variable performance-based cash incentive awards are designed to encourage the achievement of various pre-determined Company financial and operating performance goals. For fiscal 2020, non-GAAP operating income growth, non-GAAP operating income margin and ROWC are the primary measurements of performance for cash incentive awards because of our belief that each such measurement has a strong correlation with shareholder value. Our management emphasizes non-GAAP operating income growth, non-GAAP operating income margin and ROWC, all non-GAAP measures, in evaluating and monitoring the Company's financial condition and operating performance. These three metrics assist us in comparing our performance over various reporting periods on a consistent basis because they remove from our operating results the impact of items that do not reflect our core operating performance and are derived from our financial statements as described in "Non-GAAP Financial Information" in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020. The Compensation Committee has the discretion to make adjustments to non-GAAP operating income growth, non-GAAP operating income margin and ROWC for extraordinary one-time events, or other items beyond management's control, and to award cash incentives based on other criteria. In fiscal 2020, no such adjustments or additional awards were made.

ANNUAL PERFORMANCE-BASED AND SERVICE-BASED EQUITY AWARDS

The Compensation Committee annually grants equity to our NEOs, since it believes this element of our compensation program provides our NEOs with the opportunity to develop a significant ownership stake in the Company and directly aligns their interests with the long-term interests of our shareholders. In addition, equity awards serve as a retention vehicle for the NEOs because, if the applicable criteria is met, they typically vest over three years and generally are forfeited if not vested upon termination of employment.

In approving long-term equity incentives, the Compensation Committee focuses on the Company's overall performance, the value of the proposed award, the amount and value of awards granted in prior years, and the overall compensation package of the NEO with the ultimate goal of aligning the interests of the executives with our shareholders' interests and motivating and retaining critical leadership through the use of equity. The Compensation Committee also believes that linking the personal financial interests of our NEOs to the Company's long-term performance discourages excessive risk taking and supports sustainable shareholder value creation.

The Company grants annual equity awards to the NEOs at the November meeting of the Compensation Committee to align the timing close to the annual performance evaluations of those officers. The equity award policy provides that the grant date will be the third trading date following the meeting at which the awards are approved, provided that the Company is in an open trading window, and otherwise on the first trading day of the next open window. Equity awards may also be made by the Compensation Committee from time to time to incentivize and reward certain performance and to provide additional retention value. See the "Long-Term Equity Incentives" section of this Compensation Discussion and Analysis for more information.

The Compensation Committee's policy is to set the exercise price of stock option awards by using the closing price of our stock on the date of the grant. The Compensation Committee determines the number of shares of a value-based restricted stock unit award by using the closing price of the common stock on the grant date.

Process for Determining Named Executive Officer Compensation

Role of the Compensation Committee

The Compensation Committee is responsible for reviewing, approving, and monitoring compensation policies and programs that are consistent with the Company's business strategy and aligned with shareholders' interests. Specifically, the Compensation Committee is responsible for:

- reviewing and approving the corporate goals and objectives relevant to the compensation of the CEO and other NEOs;
- negotiating the employment agreement of the CEO;
- reviewing and approving any employment letters or contracts and severance plans of all other NEOs;
- reviewing and approving annual incentive awards to NEOs; and
- reviewing and approving equity-based compensation plans and grants of equity awards under such plans and the Board-approved policies or guidelines applicable to them.

The Compensation Committee meets several times each year to review and approve executive compensation programs and performance and, if necessary, recommend approval to the Board.

Role of Management

The Compensation Committee regularly meets with the CEO to receive reports and recommendations regarding the compensation of our NEOs other than the CEO. In particular, the CEO recommends to the Compensation Committee annual base salaries, annual incentive awards and long-term or performance equity grants for the NEOs other than himself. The Compensation Committee then evaluates each NEO, sets performance criteria for annual cash incentive awards, and makes long-term equity grants, if any. At the beginning of each fiscal year, Management Incentive Plan ("MIP") targets for certain financial measures are established following consultation with management with consideration for adjustments for one-time expenses or longer-term investments that are planned. As part of its evaluation process, the Compensation Committee considers the Company's performance and consistency, the NEO's individual performance over the prior year, changes in responsibilities and future potential as well as data available from compensation surveys and compensation consultants. Although the Compensation Committee considers the CEO's recommendations, the final decisions regarding base salary, annual incentive awards and equity awards of the NEOs are made by the Compensation Committee.

Role of Compensation Consultant

The Compensation Committee has the authority to retain independent compensation consultants to provide counsel and advice. For fiscal 2020, the Compensation Committee retained Willis Towers Watson through May 2020 and in June 2020 retained Pearl Meyer for the remainder of the year.

The Compensation Committee regularly reviews benchmarking and market surveys in order to ensure that our compensation is competitive with that of our peers. The Compensation Committee also considers analysis and benchmarking by third parties, such as ISS and Equilar, and the different peer groups each firm uses for comparative purposes in order to gain a better understanding of compensation practices and trends in the market.

Our compensation consultants provide the Compensation Committee with general market surveys and other information related to the general market for executive compensation, including best practices and emerging trends. In addition, in fiscal 2020 Willis Towers Watson provided information derived from proxy statements from peer companies that includes publicly traded technology distributors and other technology industry companies with similar revenues. The peer companies referred to for evaluation of fiscal 2020 compensation included the following:

Anixter International Inc.
Diebold Nixdorf, Inc.
Itron, Inc.
Plexus Corp.

Applied Industrial Technologies, Inc.
ePlus, Inc.
PC Connection, Inc.
TTM Technologies, Inc.

Benchmark Electronics, Inc.
Insight Enterprises, Inc.
PCM, Inc.
WESCO International, Inc.

The Compensation Committee reviewed compensation information from this peer group by comparable executive position and level to better understand the market for other participants in the market for all aspects of compensation.

In a review of the applicable data, the Compensation Committee sought to ensure that the overall compensation to our NEOs was competitive and within norms for the industry and other companies of similar characteristics based on the executive's position, level and job performance.

The Compensation Committee took this evaluation into account in determining all elements of NEO compensation for fiscal 2020, including the fiscal 2020 MIP design.

In addition to the executive compensation services, Willis Towers Watson provided health and welfare benefits brokerage services and benefits administration services and other consulting services relating to non-executive compensation in fiscal 2020. The brokerage services were provided under long-standing arrangements of which the Compensation Committee was aware prior to commissioning the fiscal 2020 executive compensation services. For fiscal 2020, we paid the following fees to Willis Towers Watson for those services:

	Year Ended June 30, 2020
Executive and Director Compensation Services	\$ 6,321
Benefits Brokerage Services	\$188,000
Benefits Administration Services	\$231,000
Total Fees	\$ 425,321

The Compensation Committee reviewed all factors relevant to the independence of Willis Towers Watson and Pearl Meyer, including:

- The provision of services to the Company by the consultant other than those requested by the Compensation Committee;
- The amount of fees received by the consultant as a percentage of its total revenue;
- The policies and procedures adopted by the consultant that are designed to prevent conflicts of interest;
- Any business or personal relationship between a consultant and a member of the Compensation Committee;
- Any stock of the Company owned by a consultant; and
- Any business or personal relationship between a consultant and an executive officer of the Company.

As a result of such evaluation, and a certification from each of Willis Towers Watson and Pearl Meyer regarding its consultant's independence, the Compensation Committee determined that each of Willis Towers Watson and Pearl Meyer is independent.

Named Executive Officer Compensation in Fiscal 2020

Base Salary

The initial base salary for each NEO was established in the NEO's employment agreement or employment letter. All NEO employment arrangements require an annual review of base salary by the Compensation Committee, and annual upward adjustments may be made by the Compensation Committee on a discretionary basis. In deciding whether to increase a NEO's compensation, the Compensation Committee considers company performance, the consistency of the NEO's individual performance over the prior year, changes in the NEO's responsibilities and the NEO's future potential. The Compensation Committee also considers data available from benchmarking studies obtained from a range of industry and general market sources, as well as information that may be provided by its compensation consultants, including comparisons of peer companies comprised of other participants in the industry and other similar companies based on size and other objective factors.

The Compensation Committee met in August of 2019 to determine Mr. Baur's, Mr. Lyons' and Mr. Dean's base salaries for fiscal 2020. The Compensation Committee did not award any base salary increases to Mr. Baur or Mr. Lyons for fiscal 2020. The Compensation Committee increased Mr. Dean's base salary by \$25,000 in light of his increased responsibilities, contributions to the Company and to provide a more competitive compensation package in light of the market review.

Base salaries for Mr. Baur, Mr. Lyons and Mr. Dean for fiscal 2020 were as follows:

Named Executive Officer	Base Salary (standard)
Mr. Baur	\$875,000
Mr. Lyons	\$367,500
Mr. Dean	\$450,000

In light of the impacts of COVID-19, the Company implemented an expense reduction plan effective July 1, 2020 which included 10% to 25% salary reductions for the executive team through December 31, 2020, with a reduction of 25% for the Chairman and Chief Executive Officer, 15% for the Chief Financial Officer, and 10% for the Chief Legal and Strategy Officer.

Annual Performance-Based Cash Incentives

The principal objective of our performance-based cash incentives is to motivate and reward our NEOs for performance in achieving our business objectives based upon annual attainment of non-GAAP operating income growth, non-GAAP operating income margin and ROWC targets. The Compensation Committee created a cash incentive design for the NEOs in fiscal 2013, which we refer to as the Management Incentive Plan ("MIP"). Annual performance-based cash incentives were set based on an analysis of market data and assessing the experience of the respective individual and his or her respective role. The design provides that each NEO's cash incentive opportunity will be expressed as a percentage of his or her base salary and earned based on non-GAAP operating results as compared to pre-established threshold and stretch goals. Mr. Baur's cash incentive opportunity is 150% of his base salary, Mr. Lyons' cash incentive opportunity is 70% of his base salary and Mr. Dean's cash incentive opportunity is 60% of his base salary. Mr. Dean's cash incentive opportunity was increased from 40% in fiscal 2019 in recognition of his increased responsibilities and contributions to the Company and in order to provide a more competitive compensation package in light of the market review. Each NEO has a variable factor by role or position applied as a percentage against his or her respective base salary.

For fiscal year 2020, the Compensation Committee set MIP targets for non-GAAP operating income growth ("MIP OI Growth"), non-GAAP operating income margin ("MIP OI Margin") and ROWC ("MIP ROWC"), to provide for appropriate annual incentives to management. The Compensation Committee establishes MIP targets at the beginning of the fiscal year with certain adjustments to align management's performance on focused strategic objectives. Individual performance results are also factored into the cash incentive opportunity. For example, if an executive performs below expectations, his or her award may be reduced by up to 20%. If the Company meets the operating targets and the executive exceeds expectations, he or she may be entitled to an additional cash bonus up to 20% of the bonus earned. The maximum incentive award for any NEO is 200% of his or her target bonus.

For fiscal 2020, the Compensation Committee established a MIP OI Growth target of 6%, a MIP OI Margin target of 3.5% and a MIP ROWC target of 21%. The payouts of the awards depend on the Company's results in comparison to these targets, weighted as follows: MIP OI Growth, 60%; MIP OI Margin, 20%; and MIP ROWC, 20%. If performance of any measure does not meet the applicable threshold for that measure, no award will be earned for that measure. If the performance of a measure reaches the applicable threshold, the award earned for that measure will be 25% of the

target. The award earned for results between the threshold and the maximum of 200% of the target is calculated using straight-line interpolation as follows:

MIP Performance Targets				
Standard	MIP OI Growth	MIP OI Margin	MIP ROWC	Funding % of Target
Threshold	0.00%	2.50%	17.00%	25.00%
	1.50%	2.75%	18.00%	35.00%
	3.00%	3.00%	19.00%	50.00%
	4.50%	3.25%	20.00%	70.00%
Target	6.00%	3.50%	21.00%	100.00%
	7.50%	3.75%	22.00%	130.00%
	9.50%	4.00%	23.00%	160.00%
	12.00%	4.25%	24.00%	190.00%
Stretch	15.00%	4.50%	25.00%	200.00%
Weights	60.00%	20.00%	20.00%	

The Compensation Committee also had the discretion to modify or eliminate an individual executive's cash incentive award based on the executive's job performance as follows:

Individual Performance	Award Modification
Exceeds expectations	Award increased by up to 20%
Meets expectations	Award unchanged
Below expectations	Award reduced by up to 20%

For fiscal 2020, the Compensation Committee elected not to make any discretionary modifications to the awards payable under the MIP. The MIP OI Growth results were below the applicable threshold, and no bonus was earned for that measure. The MIP OI Margin and MIP ROWC results excluded discontinued operations, consistent with the Company's financial statement presentation for fiscal 2020. As a result of the Company's MIP OI Margin and MIP ROWC for fiscal 2020 in relation to the targets described above, the cash incentive award earned by the NEOs under the MIP in fiscal 2020 was 12.91% of all target bonuses, as compared to 28% in fiscal 2019 and 114.1% in fiscal 2018.

The specific calculations, target and cash awards for each NEO under the MIP for fiscal 2020 are detailed below.

Named Executive Officer	Base Pay	Variable Factor	Bonus Target	Bonus Maximum	% of Bonus Target	Amount of Cash Incentive
Michael L. Baur	\$ 875,000	150%	\$1,312,500	\$2,625,000	12.91%	\$169,444
Gerald Lyons	\$ 367,500	70%	\$ 257,250	\$ 514,500	12.91%	\$ 33,211
Matthew S. Dean	\$450,000	60%	\$ 270,000	\$ 540,000	12.91%	\$ 34,857

In August 2020, Mr. Dean was awarded a bonus of \$170,000 in recognition of Mr. Dean's taking on additional duties, including oversight of the corporate development and strategy group, the software development group, and the divestment of our products distribution operations in Latin America, outside of Brazil, and in Europe and the UK. The award to Mr. Dean was made in the sole discretion of the Compensation Committee and was not a discretionary modification to the awards payable under the MIP. In future years, the Compensation Committee will determine whether these changes in responsibility should be reflected in base salary.

Long-Term Equity Incentives

GENERAL OVERVIEW

Equity awards are a significant component of our NEO compensation. We grant equity awards, typically in the form of restricted stock awards and/or restricted stock units, performance-based restricted stock units or awards, and stock

options. We maintain a formal Equity Award Grant Policy, whereby equity awards to employees are made by, or with the oversight of, the Compensation Committee or the Board. Under the policy, the Compensation Committee must approve any equity awards to the NEOs. Under the policy, our Principal Accounting Officer and the Senior Executive Vice President of Worldwide Human Resources oversee the documentation of, and accounting for, equity award grants.

The Compensation Committee grants annual service-based equity awards to employees based on merit, which vest over a three-year period in the majority of instances, provided that the grantee remains employed with the Company through each vesting date. The grant date for annual equity awards provides that the grant date will be the third trading date following the meeting at which the awards are approved, provided that the Company is in an open trading window, and otherwise on the first trading day of the next open window. In addition, vesting of such awards accelerates on a change in control followed by termination in certain instances or upon death, disability or termination due to retirement. In certain circumstances, the vesting term may be reduced due to termination of employment, death or disability of a participant.

In addition to the annual service-based equity awards discussed above, the Compensation Committee also grants to certain employees, including our NEOs, additional performance-based restricted stock awards and/or restricted stock units that contain both performance and service vesting conditions over a multi-year period. These combined performance- and service-based awards are discussed in greater detail below.

The Compensation Committee also may make special grants of equity awards during the year in the case of the hiring or promotion of certain eligible persons, or in other situations not involving annual grants. The grant date for non-annual grants approved by the Compensation Committee on or before the 15th day of the second month of the quarter will be the first day of the third month of such quarter. For non-annual grants approved after the 15th day of the second month of the quarter, the grant date shall be the first day of the third month of the following quarter. In any event, all equity awards must be made during an open trading window.

The number of shares subject to service-based restricted stock awards or restricted stock units granted by the Compensation Committee to NEOs in a given year is based on, among other things, overall Company performance, the number of shares available for awards under the 2013 Plan or successor plan, the value of the proposed award, the amount of shares of restricted stock or restricted stock units awarded in prior years, total compensation and consideration of the competitive market practice for the respective position level and experience, with the ultimate objective of motivating, rewarding and retaining NEOs while maintaining efficient use of equity and preserving shareholder value.

EQUITY AWARDS

The annual grant of long-term equity incentives were awarded to our NEOs in November 2019, as provided below. Each of the following equity awards generally vests and, if applicable, becomes exercisable in one-third increments on the anniversary of the grant date over three years, subject to the continued employment of the NEO on the applicable vesting date. The performance-based restricted stock units have a performance cycle of one year ending on December 31, 2020. Vesting of the performance-based awards is subject to attainment of certain performance goals over calendar year 2020 in order for the awards to be earned in full, and other terms and conditions established by the Compensation Committee (including discretion of the Compensation Committee as to the extent, if any, to which the award is earned). The performance goal set for these awards is a 6% annual growth rate for non-GAAP operating income. In addition to the requirement that this performance goal is met, the grantee must have been employed by the Company from the grant date until December 31, 2022 in order to receive the shares underlying the awards.

The non-GAAP Operating Income for calendar 2019 was \$117.549 million. Accordingly, factoring in 6% growth in non-GAAP OI, the performance target is as follows:

Calendar Year	Target (prior year x 1.06)
2020	\$117.549 x 1.06 = \$124.60 million

This yields the following in terms of potential shares earned:

	Achieved OI	Shares Earned
Threshold (90%)	\$112.14 million	50%
Target	\$124.60 million	100%
Maximum (110%)	\$137.06 million	150%

The annual grant of long-term equity incentives awarded to our NEOs in November 2019 are set forth below.

Named Executive Officer	Form of Equity Incentive Award	Amount of Shares Subject to Award
Mr. Baur	Performance-Based Restricted Stock Units	31,915
	Time-Based Restricted Stock Units	31,915
Mr. Lyons	Performance-Based Restricted Stock Units	4,256
	Time-Based Restricted Stock Units	4,256
Mr. Dean	Performance-Based Restricted Stock Units	6,029
	Time-Based Restricted Stock Units	6,029

Fiscal 2021 Compensation Decisions

In November 2020, against the backdrop of our continuing transformation and impact of the COVID-19 pandemic, the Compensation Committee concluded that it would be extraordinarily difficult to accurately gauge and set multi-year performance targets for performance-based equity awards. As such, and to keep the Company focused on operating efficiently and safely, the Compensation Committee approved a change in the mix of equity, replacing performance-based restricted stock unit grants with stock options for fiscal 2021. These grants reflect a year-over-year increase in the value of the annual equity awards granted to Mr. Baur of \$1 million and Mr. Dean of \$200,000, in the form of stock options. This shift in the mix of equity is intended to apply to fiscal 2021 only and will be re-evaluated by the Compensation Committee during the performance year. The Compensation Committee determined to replace performance-based restricted stock with stock options, as opposed to other forms of incentive compensation, because of the long-term nature of options and their direct alignment with share price appreciation. These options vest ratably over a three-year period commencing on November 15, 2021. The exercise price of each option was established at the closing stock price on the grant dates (November 19 and 24, 2020).

Other Important Compensation Policies Affecting the Named Executive Officers

Claw-Back Policy

If a NEO receives an award under the Company equity or cash incentive plans based on financial statements that subsequently are restated in a way that would decrease the amount of the award to which such NEO was entitled and the restatement is based in whole or in part on the misconduct of the NEO, then the NEO will be required to refund to the Company the difference between what he received and what they should have received. In addition, this policy requires the recoupment of any compensation to the extent mandated by all applicable laws, rules, and regulations. The Compensation Committee monitors laws, rules and regulations on claw-back policies and will amend this policy as required to comply with any new claw-back rules or regulations.

Stock Ownership Requirements

The Compensation Committee has adopted minimum ownership requirements for Company stock for the CEO, as well as for the other members of the Board. The ownership target for the CEO has been established as three times his annual base compensation. The other members of our Board of Directors have an ownership target of five times their \$85,000 annual board cash retainer in Company securities.

As of June 30, 2020, our CEO and all other members of our Board were in compliance with our stock ownership guidelines. Our CEO is expected to utilize grants under equity compensation plans to maintain the levels of ownership required by the policy. The policy also incorporates an equity retention requirement by requiring him to retain 50% of the net shares resulting from the vesting or exercise of certain awards to obtain the required ownership under the policy.

Anti-Hedging and Anti-Pledging Policy

Our NEOs and Directors are prohibited from holding Company securities in margin accounts or pledging Company securities as collateral for a loan. All NEOs and Directors are in compliance with this policy. Our NEOs and Directors also generally are prohibited from certain hedging transactions, and any hedging transaction requires pre-approval from our legal department. Since the inception of the policy, no requests for pre-clearance to allow any such hedging transactions have been made or granted.

Perquisites

The Company provides only limited perquisites to our NEOs, including the availability of a voluntary comprehensive physical examination once every fiscal year. The physical examinations help ensure our NEOs' continued health and ability to render services to the Company. The physicals are provided to encourage senior leaders of the Company to set the example for living positively and active healthy living. The Company does not provide any other material perquisites to its NEOs.

Health and Insurance Plans

Our NEOs are entitled to participate in our health, vision, dental, paid time off, life, disability and employee stock purchase plans to the same degree that our other employees are entitled to participate. In addition, our NEOs participate in a supplemental long-term disability plan and each receives term life insurance in the amount of \$1,000,000 (subject to underwriting) and \$500,000 (subject to limited underwriting).

Deferred Compensation Plan

We maintain a deferred compensation plan pursuant to which NEOs may defer a portion of their annual compensation. These deferrals are matched to the extent specified in each NEO's employment agreement or letter, and such contributions vest over a five-year period. Participants invest their deferrals and Company matching contributions among various funds designated by the plan administrator (and currently may not be invested in our common stock). Participants become fully-vested in any employer contributions as long as they are continuously employed until their death, total disability, reaching the date in which the sum of age and years of service equals or exceeds 65, or the occurrence of a change in control. We maintain the deferred compensation plan to provide a competitive benefit and to facilitate adequate savings for retirement on a tax efficient basis for our NEOs.

Retirement Benefits

The NEOs are eligible to participate in our 401(k) Plan, which is a Company-wide, tax-qualified retirement plan. The intent of this plan is to provide all employees with a tax-advantaged savings opportunity for retirement. We sponsor this plan to help employees at all levels save and accumulate assets for use during their retirement. Eligible pay under this plan is capped at Internal Revenue Code annual limits. The Company provides a match up to a total of \$800 per year per employee plus an annual discretionary profit-sharing contribution. These Company contributions vest over a five-year period. For fiscal 2020, our NEOs did not receive a discretionary profit-sharing contribution.

Employee Stock Purchase Plan

Eligible employees may participate in our Employee Stock Purchase Plan ("ESPP"), which is a Company-wide employee stock purchase plan. The intent of the ESPP is to assist our employees in acquiring a stock ownership interest in the Company.

Employment Agreements and Employment Letters

We have determined that our Company's and our shareholders' interests are best served by entering into (i) an employment agreement with our CEO and (ii) employment letters with an accompanying severance plan with our other NEOs. Such agreements, letters and plans are the result of arms' length negotiations between the Compensation Committee, the Company, the CEO and other NEOs, and all are approved by the Compensation Committee. We believe that these employment arrangements benefit us and our shareholders by permitting us to attract and retain NEOs with

demonstrated leadership abilities and to secure their services over an extended period of time. In addition, the employment arrangements align executive interests with the long-term interests of the Company and serve our recruitment and retention goals by providing executive officers with security based on the knowledge of how they will be compensated over the course of their employment, while at the same time providing the Company with significant protections regarding non-competition, non-solicitation of business and employees, and confidential business information.

On June 15, 2017, we entered into a three-year employment agreement, effective July 1, 2017, with Mr. Baur. Mr. Baur's employment agreement provides for:

- a base salary of \$875,000 per year;
- an annual target variable compensation opportunity of 150% of his base salary (with a maximum opportunity of 200% of target) based upon performance and the attainment of performance goals set by the Committee;
- consideration for inclusion in our annual equity grant program at a grant level opportunity of \$2,250,000;
- the opportunity to participate in our Nonqualified Deferred Compensation Plan by deferring up to 50% of base salary and/or up to 100% of annual variable compensation, with a match of 50% of deferred amounts to be made by the Company, up to a maximum of \$200,000 per year; and
- automatic one-year renewals unless 180 days' prior notice of non-renewal is given to the other party following the initial term.

In addition, we will make additional payments to Mr. Baur's deferred compensation account to cover the cost of future premiums for "access only" continuation coverage under our medical and dental plan following termination of employment until Mr. Baur attains age 65 and to cover the cost of coverage for years after age 65 assuming Mr. Baur is enrolled in Medicare Parts A, B and D, obtains a Medicare supplemental policy until age 80 and pays the full cost for such coverage.

Under Mr. Baur's employment agreement, variable cash incentive opportunities will continue to be based upon the performance and attainment of performance goals to be established annually by the Compensation Committee, subject to maximum amounts that may be earned. Mr. Baur's annual equity award opportunity is subject to the Compensation Committee's discretion and the terms of the Company's equity plan and related equity award agreements.

Mr. Baur's employment agreement also provides for severance payments to Mr. Baur upon certain events, as further described in the "Severance Plan" section below.

On August 23, 2017, we entered into an employment letter with Mr. Lyons in connection with his appointment as our Chief Financial Officer, effective that date. This employment letter replaced Mr. Lyons' previous employment agreement with the Company. Under the employment letter, Mr. Lyons is eligible to participate in the variable cash compensation incentive program. He also will receive other benefits, including change-in-control payments as a participant in the Severance Plan described below and is eligible for participation in the Company's other long-term incentive award programs and our Nonqualified Deferred Compensation Plan.

On January 11, 2018, we entered into an employment letter with Mr. Dean in connection with his appointment as our Vice President and General Counsel, effective January 12, 2018. Under the employment letter, Mr. Dean will be paid an annual base salary and be eligible to participate in the variable cash compensation incentive program. He also will receive other benefits, including change-in-control payments as a participant in the Severance Plan described below, and is eligible for participation in the Company's other long-term incentive programs and our Nonqualified Deferred Compensation Plan.

See the "Employment Arrangements and Potential Payments upon Certain Events" section for more information on Mr. Baur's, Mr. Lyons', and Mr. Dean's employment arrangements that were in effect during fiscal 2020.

Severance Plan

We have established a Severance Plan to provide severance and other benefits to certain executives selected by the Compensation Committee to participate in the Severance Plan.

Mr. Baur's employment agreement and the Severance Plan also provide that, if the employment of Mr. Baur or any executive selected by the Committee to participate in the Severance Plan, respectively, is terminated by the Company without cause, or if the Executive resigns for good reason, we will be required to pay or provide the executive's base salary earned through the date of termination. In addition, we also will be required to pay to the executive in such instances any other amounts or benefits the executive is eligible to receive under any Company plan, program, policy, practice, contract or agreement in accordance with their terms. In such instances, we also will be required to provide severance benefits to the executive, subject to the executive's execution of a release, consisting of compensation equal to the average annual base salary and variable compensation earned by the executive, including any amounts earned but deferred, in the last three fiscal years completed prior to the termination (the "Average Compensation Amount"), multiplied by a severance multiple, less withholdings. In the case of Mr. Baur, the severance multiple is equal to 2.5, in the case of Mr. Lyons and Mr. Dean, the severance multiple is 1.5, and in the case of any other executive participating in the Severance Plan, the severance multiple will be set forth in a participation agreement between the Company and such executive (a "Participation Agreement"), but such multiple may not exceed 2.5. In the event the termination occurs within 12 months after or prior to and in contemplation of certain change in control events, Mr. Baur will receive three times his Average Compensation Amount, Mr. Lyons and Mr. Dean will receive two times their respective Average Compensation Amount and, in the case of any other executive participating in the Severance Plan, such executive will receive his Average Compensation Amount multiplied by his change in control multiple, as set forth in a Participation Agreement. In addition, in the event that the executive's employment is terminated by us without cause, or if the executive resigns for good reason, the executive will be entitled to receive a bonus equal to the pro-rata portion of the then current fiscal year annual variable compensation that otherwise would be payable to the executive based on actual performance. For a period of up to twenty-four months following the date of such a termination (or in the case of Mr. Baur, until he attains 65 years of age), the executives shall be entitled to participate in our medical and dental plans, with the executive paying the full premium charged for such coverage subject to the terms of the employment agreement, the employment letter, and/or the Severance Plan, as applicable.

If the executive's employment is terminated for cause or if the executive voluntarily terminates his employment during the term of the agreement, other than for good reason, we will only be obligated to provide any accrued amounts payable on the executive's annual base salary or any other amounts not previously paid, but earned, by the executive through the date of termination, and benefits under other plans in accordance with their terms. If the executive dies, becomes disabled, or retires during the term of the employment agreement, the employment letter, and/or the Severance Plan, as applicable, we will only be obligated to provide any accrued amounts payable on the executive's annual base salary or any other amounts not previously paid, but earned, by the executive as of the date of termination, a bonus equal to the pro-rata portion of the then current fiscal year annual variable compensation that would otherwise be payable to the executive based on actual performance, and benefits under other plans in accordance with their terms.

If we do not renew the employment agreement, or enter into a new employment agreement with the same or similar terms after the end of the employment period, and Mr. Baur remains an employee of the Company in any capacity, Mr. Baur's employment will be on an at-will basis, and Mr. Baur generally will be eligible to receive the same severance benefits set forth in the employment agreement.

In addition, each employment agreement, employment letter, and/or Severance Plan, as applicable, requires the executive not to, during the term of his employment and for a period of two years following the termination of such executive's employment: (a) compete with the Company; (b) solicit certain customers or suppliers and certain prospective customers or suppliers of the Company; or (c) solicit employees to leave the Company. Each of the employment agreement, the employment letter, and/or the Severance Plan, as applicable, also requires the executive not to use or disclose our confidential information or trade secrets during the term of his employment and for a period of five years thereafter or for so long as the trade secrets remain protected. In addition, the Company and each executive agree not to disparage each other during the term of employment or for a period of five years thereafter. If an executive breaches or threatens to breach such restrictions on conduct, we may immediately cease any severance benefits or refuse such payment and shall be entitled to recover from any such executive any amounts previously paid as a severance benefit.

Post-Termination Restrictions and Compensation

The Compensation Committee believes that our NEOs should be provided with reasonable severance benefits in the event a NEO is terminated under certain circumstances. Severance benefits for NEOs reflect the fact that the NEO may not be able to find reasonably comparable employment within a reasonable period of time following a termination. In addition, the Compensation Committee believes that certain post-termination benefits such as change in control payments will allow the NEOs to focus their time on potential transactions that may be beneficial to the Company, rather than have concern for their own employment prospects following a change in control. Severance benefits are provided under our employment agreements, employment letters and/or the Severance Plan, as applicable.

NON-COMPETE AND NON-SOLICITATION AGREEMENTS

Our NEOs are obligated pursuant to their employment agreements, employment letters, and/or the Severance Plan, as applicable, not to compete with the Company for a period of two years following their termination of employment with the Company. These agreements also restrict the NEOs' disclosure and use of confidential information to which they were exposed during their employment. In addition, the agreements provide for restrictions on the solicitation of suppliers, customers and employees of the Company for a period of twenty-four months following termination of employment.

SEVERANCE AND CHANGE IN CONTROL BENEFITS

In the event of a termination of employment by the Company other than for cause, death, disability, retirement, the expiration of the employment agreement, or by a NEO for good reason, the NEO will be entitled to a severance payment, provided that the NEO is in, and remains in, compliance with the non-competition, confidentiality, non-solicitation and related covenants provided in his employment agreement or the Severance Plan. The amount of a severance payment varies based upon the NEO's historic compensation amounts, up to two and a half times the Chief Executive Officer's and one and one-half times the other NEO's average annual base salary and variable compensation over the last three fiscal years prior to a termination. These potential payments are discussed in more detail under the caption "Employment Arrangements and Potential Payments Upon Certain Events" below.

Our NEOs' employment agreements, employment letters, and/or the Severance Plan, as applicable, provide for severance in the event of certain termination in connection with a change of control. Such severance payments will be made only if a "double trigger" is met. That is, both a change in control and a termination of employment are required. This is discussed in more detail under the caption "Employment Arrangements and Potential Payments Upon Certain Events" below. The Compensation Committee believes this benefit is required to offer competitive benefits to attract and retain highly qualified executives

Additional Compensation Matters

Risk Assessment of Compensation Policies and Practices

We have assessed our compensation programs for all employees and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. We believe that our compensation program reflects an appropriate mix of compensation elements and balances current and long-term performance objectives, cash and equity compensation, and risks and rewards. During fiscal 2020, the Compensation Committee reviewed our compensation policies and practices for all employees, including our NEOs, particularly as they relate to risk management practices and risk-taking incentives. As part of its review, the Compensation Committee discussed with management the ways in which risk is effectively managed or mitigated as it relates to our compensation programs and policies.

Based on this review, the Compensation Committee believes that our compensation programs do not encourage excessive risk but instead encourage behaviors that support sustainable value creation. The following features of our executive incentive compensation program illustrate this point.

- Our compensation program design provides a balanced mix of cash and equity and annual and long-term incentives that are designed to encourage strategies and actions that are in the Company's and our shareholders' long-term best interests. Equity awards such as service and performance-based restricted stock awards and restricted stock units reinforce our long-term performance perspective.
- Our performance goals and objectives generally reflect a mix of corporate and other performance measures designed to promote progress towards both our annual and longer-term goals.

- A significant component of each of our NEOs' total direct compensation consists of long-term, equity-based incentive awards that are designed to encourage these NEOs to focus on sustained stock price appreciation.
- Equity awards typically have vesting schedules of three years and, in some cases, have performance-based vesting components as well; thus, NEOs typically will always have unvested awards that could decrease significantly in value if our business is not well-managed for the long term.
- Equity incentive awards are granted periodically, typically annually, during open window periods and under an established equity grant program.
- The Compensation Committee believes that our overall compensation of our NEOs is at reasonable and sustainable levels, as determined by a review of historical analysis and a review of our economic positions and prospects, as well as the compensation offered by comparable companies.
- The Compensation Committee retains discretion to reduce compensation based on corporate and individual performance and other factors.
- Equity awards are subject to annual limitations on the number of shares that may be awarded during any year. The typical Company compensation structure has a threshold and maximum for cash bonuses.
- The target levels under our annual cash bonus program are designed to be set at a level where achieving the target incentive compensation levels is not guaranteed and the achievement of such levels is rewarding to both the NEO and the shareholders.
- NEO base salaries are consistent with the NEOs' responsibilities so that they are not motivated to take excessive risks to achieve a reasonable level of financial security.
- Our internal reporting system ensures a consistent and ongoing assessment of financial results used to determine payouts.
- Our stock ownership policy sets out a minimum level of Company share ownership for our CEO so that he has personal wealth tied to the long-term success of Company and is therefore aligned with shareholders and imposes an equity retention requirement to facilitate attaining such levels of ownership.
- We maintain a "claw-back policy," which requires the reimbursement to the Company of any incentive compensation to executive and certain other officers, the payment of which was predicated upon the achievement of financial results that were subsequently the subject of a restatement caused by the recipient's fraud or misconduct, or otherwise is required under applicable laws, rules, and regulations.
- Officers must obtain permission from the Legal Department before the purchase or sale of any shares, even during an open trading period.

Based on a combination of the above, we believe that (i) our NEOs and other employees are encouraged to manage the Company in a prudent manner because our compensation programs are aligned with our business strategy and risk profile, and (ii) our incentive programs are not designed to encourage our NEOs or other employees to take excessive risks or risks that are inconsistent with the Company's and shareholders' best interests. In addition, the Company has in place various controls and management processes that help mitigate the potential for incentive compensation plans to have a material adverse effect on the Company.

Impact of Accounting and Tax Treatment of Compensation

Section 162(m) of the Code generally sets a limit of \$1 million on the amount of compensation that we may deduct for federal income tax purposes in any given year with respect to the compensation of each of our NEOs. For years beginning prior to January 1, 2018, the \$1 million limitation did not apply to qualified performance-based compensation that satisfied certain requirements, including, among others, approval of the material terms of the plan by the Company's shareholders. Effective for the years beginning on or after January 1, 2018, there is no exception for qualified performance-based compensation from the Section 162(m) limitation, although a transition rule applies in some circumstances for outstanding awards. We consider the impact of the deduction limit under Section 162(m) when developing and implementing our executive compensation programs. We intend to design our executive compensation arrangements to be consistent with the interests of our shareholders. We believe that it is important to preserve flexibility in administering compensation programs to promote various corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m) of the Internal Revenue Code. Some amounts paid under our compensation programs may not be deductible as the result of Section 162(m).

COMPENSATION TABLES

2020 Summary Compensation Table

The following table summarizes compensation paid to or accrued on behalf of the NEOs for the year ended June 30, 2020:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	All Other Compensation (\$) ⁽³⁾	Total (\$)
Michael L. Baur	2020	875,000	—	2,248,093	—	169,444	149,914	3,442,451
Chairman, Chief Executive	2019	875,000	—	2,190,566	—	367,500	107,930	3,540,996
Officer and President	2018	875,000	—	1,226,125	563,624	1,497,563	293,856	4,456,168
Gerald Lyons	2020	367,500	—	299,793	—	33,211	41,362	741,866
Former Senior Executive Vice								
President,	2019	367,500	—	292,075	—	72,030	25,148	756,753
Chief Financial Officer	2018	338,462	—	163,479	75,147	279,545	36,609	893,242
Matthew S. Dean	2020	450,000	170,000 ⁽⁵⁾	424,648	—	34,857	38,891	1,118,369
Senior Executive Vice President,	2019	395,577	—	219,057	—	47,600	12,389	674,623
Chief Legal and Strategy Officer ⁽⁴⁾								

(1) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see Note 11 to our audited financial statements for the fiscal year ended June 30, 2020, included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020.

(2) Reflects the value of cash incentives earned pursuant to our annual incentive plan. For fiscal 2020, the cash incentives were awarded in August 2020. For fiscal 2019, the cash incentives under that program were awarded in August 2019. For fiscal 2018, the cash incentives under that program were awarded in August 2018. See the discussion in "Compensation Discussion and Analysis" herein.

(3) See the All Other Compensation table below for additional information.

(4) Mr. Dean joined the Company as Vice President and General Counsel in January 2018 and was designated an executive officer in November 2018.

(5) Mr. Dean was awarded a bonus of \$170,000 in August 2020 in recognition of Mr. Dean's taking on additional duties.

2020 All Other Compensation Table

The following supplemental table summarizes all other compensation paid to our NEOs for the year ended June 30, 2020, which is included in the All Other Compensation column in the 2020 Summary Compensation Table above:

Name	Fiscal Year	Perquisites (\$) ⁽¹⁾	Company Contributions to Nonqualified Deferred Compensation Plan (\$)	Company Paid Disability Benefit (\$) ⁽²⁾	Company Contributions to Deferred Contribution Plans (401(k)) (\$)	Company Paid Travel for Spouses (\$)	Other (\$) ⁽³⁾	Total (\$)
Michael L. Baur	2020	5,536	42,361 ⁽⁴⁾	77,601	800	—	23,616	149,914
	2019	3,229	25,000 ⁽⁴⁾	51,160	800	15,507	12,234	107,930
	2018	12,717	200,000 ⁽⁴⁾	51,160	15,052	8,385	6,542	293,856
Gerald Lyons	2020	1,500	10,819	13,717	800	—	14,526	41,362
	2019	1,700	11,867	3,785	800	—	6,996	25,148
	2018	2,050	12,491	3,785	15,052	—	3,231	36,609
Matthew S. Dean	2020	1,000	11,250	10,152	800	—	15,689	38,891
	2019	—	6,750	2,703	800	576	1,560	12,389

(1) Represents physical examination costs.

(2) Includes supplemental long-term disability benefits.

(3) Represents life insurance benefits.

(4) The deferred compensation benefit is provided in connection with Mr. Baur's employment agreement, which is discussed below under "Employment Arrangements and Potential Payments upon Certain Events."

2020 Grants of Plan Based Awards Table

The following table summarizes awards granted to each of the NEOs during the year ended June 30, 2020 under the 2013 Plan:

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽¹⁾	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Michael L. Baur	8/7/2019	328,125	1,312,500	2,625,000					
	11/15/2019 ⁽²⁾							31,915	1,125,004 ⁽²⁾
	1/30/2020 ⁽²⁾				25,532	31,915	35,107		1,123,089 ⁽²⁾
Gerald Lyons	8/7/2019	64,613	257,250	514,500					
	11/15/2019 ⁽²⁾							4,256	150,024 ⁽²⁾
Matthew S. Dean	1/30/2020 ⁽²⁾				3,405	4,256	4,682		149,769 ⁽²⁾
	8/7/2019	42,500	170,000	340,000					
	11/15/2019 ⁽²⁾							6,029	212,522 ⁽²⁾
	1/30/2020 ⁽²⁾				4,822	6,029	6,631		212,125 ⁽²⁾

(1) See "Compensation Discussion and Analysis — Material Elements of our Compensation Programs — Annual Performance-Based and Service-Based Equity Awards" above.

(2) These equity awards were part of an equity grant granted on November 15, 2019. The performance metrics for the performance-based portion of these awards were set on January 30, 2020. These performance- and service-based equity awards were computed in accordance with FASB ASC Topic 718. See "Compensation Discussion and Analysis — Material Elements of our Compensation Program — Annual Performance-Based and Service-Based Equity Awards," above.

2020 Outstanding Equity Awards at Fiscal Year End Table

The following table summarizes outstanding equity awards held by each of the NEOs as of June 30, 2020:

Name	Grant Date	Option Awards				Grant Date	Stock Awards			
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date		Number of Shares or Units of Stock that Have Not Vested (#) ⁽¹⁾	Market Value of Shares or Units of Stock that Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
Michael L. Baur	5/4/2011	133,000	—	36.17	5/4/2021					
	8/21/2012	26,586	—	34.35	8/21/2022					
	12/6/2013	115,356	—	42.82	12/6/2023					
	12/5/2014	164,093	—	41.13	12/5/2024					
	12/4/2015	125,000	—	38.19	12/4/2025					
	12/2/2016	77,339	—	37.00	12/2/2026					
	12/8/2017	35,562	17,517	34.35	12/8/2027					
						12/8/2017	5,839	140,662	17,693 ⁽²⁾	426,224
						12/3/2018	18,870	454,578	28,590 ⁽³⁾	688,733
						11/15/2019	31,915	768,832	31,915 ⁽⁴⁾	768,832
Gerald Lyons	12/7/2012	4,006	—	29.80	12/7/2022					
	12/8/2017	4,741	2,336	34.35	12/8/2027					
						12/8/2017	779	18,776	2,359 ⁽²⁾	56,828
						12/3/2018	2,516	60,610	3,812 ⁽³⁾	91,831
						11/15/2019	4,256	102,527	4,256 ⁽⁴⁾	102,527
Matthew S. Dean	2/9/2018	6,700	3,300 ⁽⁵⁾	32.25	2/9/2028					
						12/3/2018	1,887	45,458	2,859 ⁽³⁾	68,873
						11/15/2019	6,029	145,239	6,029 ⁽⁴⁾	145,215

(1) Stock options and restricted stock units vest ratably over three years beginning on the grant date, unless otherwise noted.

(2) These restricted stock units are subject to continued service and performance requirements and will vest, if at all, on December 31, 2020 if certain performance criteria are met.

(3) These restricted stock units are subject to continued service and performance requirements and will vest, if at all, on December 31, 2021 if certain performance criteria are met.

(4) These restricted stock units are subject to continued service and performance requirements and will vest, if at all, on December 31, 2022 if certain performance criteria are met.

(5) These options will vest on February 9, 2021.

2020 Option Exercises and Stock Vested Table

The following table summarizes the exercise of options and the vesting of stock awards by each of our NEOs during the fiscal year ended June 30, 2020:

Name	Option Awards		Restricted Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Michael L. Baur	—	—	22,504	829,272
Gerald Lyons	1,000	5,250	3,204	118,067
Matthew S. Dean	—	—	972	35,818

2020 Nonqualified Deferred Compensation Table

The following table contains information concerning benefits earned by each of the NEOs under nonqualified deferred compensation plans during the fiscal year ended June 30, 2020:

Name	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾⁽²⁾	Registrant Contributions in Last Fiscal Year (\$) ⁽³⁾	Aggregate Earnings (Loss) in Last Fiscal Year (\$) ⁽⁴⁾	Aggregate Withdrawals/Distributions (\$) ⁽⁴⁾	Aggregate Balance at Last Fiscal Year-End (\$)
Michael L. Baur	84,722	42,361	179,455	(757,064)	11,333,086
Gerald Lyons	36,064	10,819	(47,988)	—	417,729
Matthew S. Dean	37,500	11,250	(3,785)	—	55,208

(1) Amounts represent voluntary deferrals of salary, bonus or a combination of both salary and bonus under our Nonqualified Deferred Compensation Plan. Contributions of deferred salary are reported as fiscal year 2020 income in the "Salary" column of the 2020 Summary Compensation Table.

(2) Amounts reflect voluntary deferrals under our Nonqualified Deferred Compensation Plan associated with plan awards for fiscal year 2020 but paid in fiscal year 2021.

(3) Amounts represents our matching contributions under our Nonqualified Deferred Compensation Plan. These amounts are reported as fiscal year 2020 income in the "All Other Compensation" column of the 2020 Summary Compensation Table.

(4) Reflects cash flows for the fiscal year ended June 30, 2020.

Our Nonqualified Deferred Compensation Plan permits our NEOs to elect to defer a portion of their base salary and incentive bonus, and to receive matching contributions from the Company on a portion of the deferred amounts. Mr. Baur may defer up to 50% of his base compensation and 100% of his bonus, and the Company will provide a matching contribution of 50% of the amount deferred up to a calendar year limit of \$200,000 in matching contributions. Mr. Lyons may defer up to 50% of his base salary and 100% of his bonus, and the Company will provide a matching contribution of 30% on the first 15% of compensation deferred. Mr. Dean may defer up to 50% of his base salary and 100% of his bonus, and the Company will provide a matching contribution of 30% on the first 15% of compensation deferred.

Deferred amounts are credited to each participant's account, which are invested in one or more investment alternatives chosen by each participant from a range of mutual fund offerings and other investments available under the plan. Each participant's account is adjusted to reflect the investment performance of the selected investments. Benefits under the plan are payable in cash and generally will be paid in either a lump sum or in annual installments over a certain term upon retirement, death or other termination of employment, or upon a change in control of the Company, as elected in advance by the participant. A participant also may elect to receive some or all of the deferred amounts and related earnings pursuant to an in-service distribution, subject to a minimum five-year deferral.

EMPLOYMENT ARRANGEMENTS AND POTENTIAL PAYMENTS UPON CERTAIN EVENTS

We have entered into an employment agreement with Mr. Baur that was effective July 1, 2017 and employment letters with Mr. Lyons and Mr. Dean effective August 23, 2017 and January 11, 2018, respectively. Mr. Baur, Mr. Lyons and Mr. Dean also participate in the Severance Plan. Notwithstanding these employment arrangements, each of Mr. Baur, Mr. Lyons and Mr. Dean has the right to voluntarily terminate his employment at any time. The employment arrangements set forth the general terms and conditions of Mr. Baur's, Mr. Lyons' and Mr. Dean's employment and provide for certain severance benefits upon the occurrence of certain events.

The material elements of compensation of each NEO as contained in their employment arrangements are described in the "Compensation Discussion and Analysis" section herein. The following sets forth in tabular format the incremental compensation that would be payable to such NEO in the event of his termination of employment under various scenarios, which we refer to as termination events. In accordance with SEC rules, the following discussion assumes:

- That the termination event in question occurred on June 30, 2020, the last day of fiscal 2020; and
- With respect to calculations based on our stock price, the reported closing price of our common stock on June 29, 2020, \$24.09, was used.

The tables contained in this section do not include payments made to a NEO with respect to contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms or operation, in favor of our executive officers and that are available generally to all salaried employees, such as our 401(k) plan. The actual amounts that would be paid upon a termination event can only be determined at the time of such executive officer's termination. Due to the number of factors that affect the nature and amount of any compensation or benefits provided upon the termination events, any actual amounts paid or distributed may be higher or lower than reported below. Factors that could affect these amounts include the timing during the year of any such event and our stock price at such time.

Mr. Baur

GENERAL

Pursuant to the terms of Mr. Baur's employment agreement he received a base salary of \$875,000 in fiscal 2020. Under his agreement, Mr. Baur is eligible to receive annual incentive cash and equity awards under our equity plans as described in the "Compensation Discussion and Analysis" section herein. Subject to the provisions of his employment agreement, Mr. Baur is obligated to comply with certain provisions relating to non-competition (for two years post termination), confidentiality and non-solicitation of customers and employees (for two years post termination) if his employment is terminated.

BENEFITS UPON THE OCCURRENCE OF CERTAIN TERMINATION EVENTS

In addition to the amounts listed below, Mr. Baur is entitled to all accrued compensation, unreimbursed expenses and other benefits through the date of termination in the event of his termination.

	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Termination Due to Death (\$)	Termination Due to Retirement (\$)	Termination Due to Disability (\$)	Voluntary Termination (\$)
Severance	3,882,923	4,659,507	—	—	—	—
Pro Rata Variable Compensation ⁽¹⁾	169,444	169,444	169,444	169,444	169,444	169,444
Equity Acceleration ⁽²⁾	—	1,364,072	1,364,072	1,364,072	1,364,072	—
Performance-Based Equity Acceleration ⁽³⁾	—	1,883,790	1,883,790	1,883,790	1,883,790	—
Medical Coverage ⁽⁴⁾	484,158	484,158	484,158	484,158	484,158	—
Disability ⁽⁵⁾	—	—	—	—	437,500	—
TOTAL⁽⁶⁾	4,536,525	8,560,971	3,901,464	3,901,464	4,338,964	169,444

- (1) Mr. Baur's employment agreement provides for the payment of a pro rata portion of the current fiscal year annual variable compensation that would otherwise be payable if Mr. Baur had continued employment through the end of the current fiscal year, based on actual performance. Amounts shown reflect the earned and unpaid portion of Mr. Baur's fiscal 2020 annual variable compensation as of June 30, 2020.
- (2) Reflects (i) the difference between fair market value as of June 30, 2020 of the underlying shares over the exercise price of all unvested stock options, and (ii) the fair market value of all unearned and unvested non-performance-based restricted stock awards and restricted stock units. Vesting accelerates in the event of a change in control and termination by the Company without cause or by the grantee for good reason.
- (3) Reflects the fair market value as of June 30, 2020, of the shares of all unearned and unvested performance based restricted stock awards, the vesting of which accelerates with a change in control and termination by the Company without cause or by the grantee for good reason.
- (4) Reflects the cost of providing continued health and welfare benefits to the executive officer as provided in the executive officer's employment arrangements.
- (5) The executive officer's employment agreement provides that if his employment is terminated by reason of disability, he will continue to receive his salary during the period under which he continues to receive benefits under our short-term disability policy (assumed to be six months for purposes of this disclosure), less any benefits received under our short-term disability policy.
- (6) These amounts do not include the payout of Mr. Baur's vested balance under our Nonqualified Deferred Compensation Plan, which is reflected and described in the Nonqualified Deferred Compensation Table herein.

Mr. Lyons

GENERAL

Mr. Lyons served as our Senior Executive Vice President and Chief Financial Officer until December 10, 2020 and is expected to remain as an advisor to the Company through January 2021. At June 30, 2020, Mr. Lyons received a base salary of \$367,500. Mr. Lyons is eligible to receive both annual incentive cash compensation and equity awards under the 2013 Plan. Subject to the provisions of his employment arrangements, Mr. Lyons is obligated to comply with certain provisions relating to non-competition (for two years post termination), confidentiality and non-solicitation of customers and employees (for two years post termination).

BENEFITS UPON THE OCCURRENCE OF CERTAIN TERMINATION EVENTS

In addition to the amounts listed below, Mr. Lyons is entitled to all accrued compensation, unreimbursed expenses and other benefits through the date of termination in the event of his termination. The amounts listed below assume that the termination event in question occurred on June 30, 2020, the last day of fiscal 2020. The amounts payable to Mr. Lyons upon his departure from the Company in January 2021 will be determined in accordance with the Severance Plan based on his actual departure date from the Company.

	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Termination Due to Death (\$)	Termination Due to Retirement (\$)	Termination Due to Disability (\$)	Voluntary Termination (\$)
Severance	729,124	972,165	—	—	—	—
Pro Rata Variable Compensation ⁽¹⁾	33,211	33,211	33,211	33,211	33,211	33,211
Equity Acceleration ⁽²⁾	—	181,904	181,904	181,904	181,904	—
Performance-Based Equity Acceleration ⁽³⁾	—	251,186	251,186	251,186	251,186	—
Medical Coverage ⁽⁴⁾	37,253	37,253	37,253	37,253	37,253	—
Disability ⁽⁵⁾	—	—	—	—	183,750	—
TOTAL⁽⁶⁾	799,588	1,475,719	503,554	503,554	687,304	33,211

- (1) Mr. Lyons' employment arrangements provide for the payment of a pro rata portion of the current fiscal year annual variable compensation that would otherwise be payable if Mr. Lyons had continued employment through the end of the current fiscal year, based on actual performance. Amounts shown reflect the earned and unpaid portion of Mr. Lyons' fiscal 2020 annual variable compensation as of June 30, 2020.
- (2) Reflects (i) the difference between fair market value as of June 30, 2020 of the underlying shares over the exercise price of all unvested stock options, and (ii) the fair market value of all unearned and unvested non-performance-based restricted stock awards and restricted stock units. Vesting accelerates in the event of a change in control and termination by the Company without cause or by the grantee for good reason.
- (3) Reflects the fair market value as of June 30, 2020, of the shares of all unearned and unvested performance based restricted stock awards, the vesting of which accelerates with a change in control and termination by the Company without cause or by the grantee for good reason.
- (4) Reflects the cost of providing continued health and welfare benefits to the executive officer as provided in the executive officer's employment arrangements.
- (5) The executive officer's employment arrangement provides that if his employment is terminated by reason of disability, he will continue to receive his salary during the period under which he continues to receive benefits under our short-term disability policy (assumed to be six months for purposes of this disclosure), less any benefits received under our short-term disability policy.
- (6) These amounts do not include the payout of the executive officer's vested balance under our Nonqualified Deferred Compensation Plan, which is reflected and described in the Nonqualified Deferred Compensation Table herein.

Mr. Dean

GENERAL

Mr. Dean serves as our Senior Executive Vice President and Chief Legal and Strategy Officer. At June 30, 2020, Mr. Dean received a base salary of \$450,000. Mr. Dean is eligible to receive both annual incentive cash compensation and equity awards under the 2013 Plan. Subject to the provisions of his employment arrangements, Mr. Dean is obligated to comply with certain provisions relating to non-competition (for two years post termination), confidentiality and non-solicitation of customers and employees (for two years post termination) if his employment is terminated.

BENEFITS UPON THE OCCURRENCE OF CERTAIN TERMINATION EVENTS

In addition to the amounts listed below, Mr. Dean is entitled to all accrued compensation, unreimbursed expenses and other benefits through the date of termination in the event of his termination.

	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Termination Due to Death (\$)	Termination Due to Retirement (\$)	Termination Due to Disability (\$)	Voluntary Termination (\$)
Severance	823,526	1,098,034	—	—	—	—
Pro Rata Variable Compensation ⁽¹⁾	34,857	34,857	34,857	34,857	34,857	34,857
Equity Acceleration ⁽²⁾	—	190,696	190,696	190,696	190,696	—
Performance-Based Equity Acceleration ⁽³⁾	—	214,088	214,088	214,088	214,088	—
Medical Coverage ⁽⁴⁾	38,726	38,726	38,726	38,726	38,726	—
Disability ⁽⁵⁾	—	—	—	—	225,000	—
TOTAL⁽⁶⁾	897,109	1,576,401	478,367	478,367	703,367	34,857

- (1) Mr. Dean's employment arrangements provide for the payment of a pro rata portion of the current fiscal year annual variable compensation that would otherwise be payable if Mr. Dean had continued employment through the end of the current fiscal year, based on actual performance. Amounts shown reflect the earned and unpaid portion of Mr. Dean's fiscal 2020 annual variable compensation as of June 30, 2020.
- (2) Reflects (i) the difference between fair market value as of June 30, 2020 of the underlying shares over the exercise price of all unvested stock options, and (ii) the fair market value of all unearned and unvested non-performance-based restricted stock awards and restricted stock units. Vesting accelerates in the event of a change in control and termination by the Company without cause or by the grantee for good reason.
- (3) Reflects the fair market value as of June 30, 2020, of the shares of all unearned and unvested performance based restricted stock awards, the vesting of which accelerates with a change in control and termination by the Company without cause or by the grantee for good reason.
- (4) Reflects the cost of providing continued health and welfare benefits to the executive officer as provided in the executive officer's employment arrangements.
- (5) The executive officer's employment arrangement provides that if his employment is terminated by reason of disability, he will continue to receive his salary during the period under which he continues to receive benefits under our short-term disability policy (assumed to be six months for purposes of this disclosure), less any benefits received under our short-term disability policy.
- (6) These amounts do not include the payout of the executive officer's vested balance under our Nonqualified Deferred Compensation Plan, which is reflected and described in the Nonqualified Deferred Compensation Table herein.

PAY RATIO DISCLOSURE

Pursuant to Item 402(u) of Regulation S-K promulgated under the Exchange Act, we are required to disclose the median annual total compensation of all the Company's employees, the total compensation of the Company's CEO and the ratio of those two amounts. The pay ratio set forth below is a reasonable estimate and has been calculated in a manner consistent with SEC rules and based on the methodology described below. The SEC rules for identifying median employees allow companies to use a variety of methodologies. As a result, the pay ratio reported by others may not be comparable to our reported pay ratio. For the year ended June 30, 2020:

- the total compensation for our median employee was \$45,914;
- the annual total compensation of Mr. Baur was \$3,442,451; and
- based on the information above, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees is 75 to 1.

During fiscal year 2020 there were no changes in our employee population or employee compensation arrangements that we reasonably believe would result in a significant change to our pay ratio disclosure. Therefore, to calculate our fiscal 2020 pay ratio, we used the same median employee identified in fiscal 2019 and fiscal 2018.

The methodology that we used and the material assumptions, adjustments and estimates that we used to identify the median and determine annual total compensation were as follows:

Employee population. As of June 30, 2018, the date we selected to identify our median employee, our employee population consisted of approximately 2,611 individuals, with 1,106 employees representing 42% of our total employee population located outside the United States and 1,505 employees representing 58% of our total employee population located in the United States. Our employee population for purposes of determining the pay ratio described above was 2,376, after taking into consideration (i) the de minimis adjustment and (ii) the exclusion of certain recently acquired employees, each as permitted by the SEC rules. We excluded approximately 12 individuals who are located in Chile, 48 individuals who are located in Colombia and 9 individuals who are located in Peru under the de minimis exception. These non-U.S. employees accounted for 5% or less of our total employees. We also excluded 173 employees who joined the Company as a result of our acquisition of POS Portal in July 2017.

Identification of Median. To identify the median of the annual total compensation of all of our employees, we reviewed the total cash earnings of all employees for the twelve-month period ending on June 30, 2018 (the “reported compensation”). In making this calculation, we annualized the reported compensation of all of our employees who were hired during the period. While we did not make any cost of living adjustments to the reported compensation in identifying the median employee, we did convert the reported compensation of our non-United States employees to United States dollars using the applicable conversion rate as of June 29, 2018. Using this methodology, we determined that our median employee was a full-time, salaried employee located in the U.S.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based upon such review, the related discussions and such other matters deemed relevant and appropriate to the Compensation Committee, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended June 30, 2020 and in this Proxy Statement.

Submitted by the Compensation Committee:



Peter C. Browning, Chair
Frank E. Emory, Jr.
Michael J. Grainger
Dorothy F. Ramoneda
John P. Reilly
Jeffrey R. Rodek
Charles R. Whitchurch

The Compensation Committee report does not constitute soliciting material and shall not be deemed to be filed or incorporated by reference into any other filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates the Compensation Committee report by reference therein.

Equity Compensation Plan Information

The following table provides information about the common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of June 30, 2020:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights ⁽³⁾	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Shareholders			
2013 Long-Term Incentive Plan	1,033,272 ⁽¹⁾	\$22.46	1,536,626
2002 Long-Term Incentive Plan	221,395 ⁽²⁾	\$35.25	—
Equity Compensation Plans Not Approved by Shareholders			
	—	—	—
TOTAL:	1,254,667	\$24.72	1,536,626

(1) ScanSource, Inc. 2013 Long-Term Incentive Plan ("2013 Plan"). At June 30, 2020, approximately 1,536,626 shares remain available for issuance under the 2013 Plan, which allows for grants of incentive stock options, non-qualified stock options, stock appreciation rights, performance awards, restricted stock awards, restricted stock units, deferred stock units, dividend equivalent awards and other stock-based awards. Includes restricted stock outstanding, including restricted stock awards, restricted stock units, performance restricted stock awards and performance restricted stock units. Amount includes 438,370 restricted shares outstanding in the form of restricted stock units and performance units.

(2) ScanSource, Inc. 2002 Long-Term Incentive Plan, as amended. At June 30, 2020, there were no restricted stock units or performance units outstanding under the ScanSource, Inc. 2002 Long-Term Incentive Plan.

(3) The weighted-average exercise price does not reflect the shares that will be issued upon the payment of outstanding awards of restricted stock, which have no exercise price.

Audit Committee Report

The Audit Committee oversees our financial reporting process on behalf of the Board. The Audit Committee operates under a written charter, a copy of which is available on the “Investors” page of our website, www.scansource.com, under the “Governance” tab. This report reviews the actions taken by the Audit Committee with regard to our financial reporting process during fiscal 2020 and particularly with regard to the audited consolidated financial statements as of June 30, 2020 and June 30, 2019 and for the three years ended June 30, 2020.

The Audit Committee is comprised solely of independent directors. None of the committee members is or has been an officer or employee of the Company or any of our subsidiaries or has any current business or any family relationship with the Company or any of our subsidiaries or affiliates.

Our management has the primary responsibility for the financial statements and reporting process, including the systems of internal controls. The independent auditors are responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States and issuing a report thereon. The Audit Committee’s responsibility is to monitor and oversee these processes and to select annually the accountants to serve as our independent auditors for the coming year.

The Audit Committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to fulfill its oversight responsibilities under the Audit Committee’s charter. To carry out its responsibilities, the Audit Committee met four times during fiscal 2020.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited consolidated financial statements in our Annual Report on Form 10-K for fiscal 2020, including a discussion of the quality, rather than just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee also discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, rather than just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee under the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the SEC. The Audit Committee also reviewed and discussed with the independent auditors the critical audit matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that (1) relate to accounts or disclosures that are material to the consolidated financial statements, and (2) involved the auditor’s especially challenging, subjective or complex judgments. In addition, the Audit Committee discussed with the auditors their independence from management and the Company, including the matters in the written disclosures and the letter required by the PCAOB regarding the independent auditors’ communications with the Audit Committee regarding independence. The Audit Committee also considered whether the provision of services during the fiscal year ended June 30, 2020 by the auditors that were unrelated to their audit of the consolidated financial statements referred to above and to their reviews of our interim consolidated financial statements during the fiscal year is compatible with maintaining their independence.

Additionally, the Audit Committee discussed with the independent auditors the overall scope and plan for their audit. The Audit Committee met with the independent auditors, with and without management present, to discuss the results of their examination, their evaluation of our internal controls and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020 for filing with the SEC.

Submitted by the Audit Committee:



Charles R. Whitchurch, Chair

Peter C. Browning

Michael J. Grainger

Dorothy F. Ramoneda

John P. Reilly

Jeffrey R. Rodek

PRINCIPAL SHAREHOLDERS AND BENEFICIAL OWNERSHIP

The following table sets forth certain information regarding the beneficial ownership of our common stock as of November 30, 2020 by the following: (i) each of our NEOs; (ii) each of our directors and director nominees; (iii) all of our directors and executive officers as a group; and (iv) each person known to own beneficially more than 5% of our common stock. Unless otherwise indicated, each person possesses sole voting and investment power with respect to the shares identified as beneficially owned. The address for each of our directors and executive officers is 6 Logue Court, Greenville, South Carolina 29615.

Name	Number of Shares Beneficially Owned	Percentage ⁽¹⁾
BlackRock, Inc.⁽²⁾	4,804,768	18.91%
The Vanguard Group, Inc.⁽³⁾	2,712,184	10.67%
Dimensional Fund Advisors LP⁽⁴⁾	2,111,172	8.31%
FMR LLC⁽⁵⁾	1,731,545	6.81%
Pzena Investment Management, LLC⁽⁶⁾	1,464,078	5.76%
Victory Capital Management Inc. ⁽⁷⁾	1,406,971	5.54%
Michael L. Baur⁽⁸⁾	874,521	3.35%
Peter C. Browning	24,600	*
Matthew S. Dean⁽⁹⁾	30,614	*
Frank E. Emory, Jr.⁽¹⁰⁾	6,600	*
Michael J. Grainger	35,500	*
Stephen T. Jones⁽¹¹⁾	—	—
Gerald Lyons⁽¹²⁾	37,888	*
Dorothy F. Ramoneda	9,700	*
John P. Reilly	27,624	*
Jeffrey R. Rodek	9,400	*
Elizabeth O. Temple	15,300	*
Charles R. Whitchurch	17,800	*
All directors and executive officers as a group (13 persons)⁽¹³⁾	1,199,744	4.59%

* Amount represents less than 1.0%.

- (1) Applicable percentage of ownership is based upon 25,410,555 shares of our common stock outstanding on November 30, 2020. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares shown as beneficially owned. Shares of common stock subject to options currently exercisable or exercisable within 60 days are deemed outstanding for computing the shares and percentage ownership of the person holding such options but are not deemed outstanding for computing the percentage ownership of any other person or entity. Except as otherwise indicated, the persons or entities listed in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them.
- (2) The information reported is based on a Schedule 13G/A filed with the SEC on February 4, 2020 reporting sole power of BlackRock, Inc. to vote or direct the vote of 4,584,999 shares and sole power to dispose or direct the disposition of 4,804,768 shares. The business address of BlackRock, Inc. is 55 East 52nd St., New York, NY 10055.
- (3) The information is reported based on a Schedule 13G/A filed with the SEC on February 12, 2020 reporting sole power of The Vanguard Group, Inc. ("Vanguard") to vote or direct the vote of 24,856 shares; shared power of Vanguard to vote or direct the vote of 4,800 shares, sole power of Vanguard to dispose or direct the disposition of 2,685,259 shares; and shared power of Vanguard to dispose or direct the disposition of 26,925 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 22,125 shares. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 7,531 shares. The business address of Vanguard is 100 Vanguard Boulevard, Malvern, PA 19355.
- (4) The information is reported based on a Schedule 13G/A filed with the SEC on February 12, 2020 reporting the beneficial ownership of Dimensional Fund Advisors LP ("Dimensional") and the sole power to vote or direct the vote of 2,033,317 shares and sole power to dispose or direct the disposition of 2,111,172 shares. Dimensional is an investment adviser registered under Section 203 of the Investment Advisors Act of 1940. All securities reported in this schedule are owned by the funds advised by Dimensional. Dimensional disclaims beneficial ownership of such securities. The business address of Dimensional is Building One, 6300 Bee Cave Road, Austin, TX 78746.
- (5) The information reported is based on a Schedule 13G/A filed with the SEC on February 7, 2020 reporting sole power of FMR LLC, the parent holding company of subsidiary companies engaged in the securities business, to vote or direct the vote of 219,515 shares and sole power to dispose or direct the disposition of 1,731,545 shares. A subsidiary of FMR LLC has the sole power to vote or direct the voting of shares directly owned by the funds, and the voting of these shares is carried out under written guidelines established by the board of trustees of the funds advised by the subsidiary of FMR LLC. The business address of FMR LLC is 245 Summer Street, Boston, MA 02210.
- (6) The information reported is based on a Schedule 13G/A filed with the SEC on January 27, 2020 reporting sole power of Pzena Investment Management, LLC ("Pzena") and the sole power to vote or direct the vote of 1,149,462 shares and sole power to dispose or direct the disposition of 1,464,078 shares. The business address of Pzena is 320 Park Avenue, 8th Floor, New York, NY 10022.

Stock Ownership Information

- (7) The information reported is based on a Schedule 13G/A filed with the SEC on January 31, 2020 reporting sole power of Victory Capital Management Inc. ("Victory") and the sole power to vote or direct the vote of 1,386,996 shares and sole power to dispose or direct the disposition of 1,406,971 shares. The business address of Victory is 4900 Tiedeman Road, 4th Floor, Brooklyn, OH 44144.
- (8) Does not include 240,767 shares issuable pursuant to options granted by the Company that are not currently exercisable and will not become exercisable by January 29, 2021. Includes 676,936 shares issuable pursuant to exercisable options. Does not include 30,499 shares underlying unvested restricted stock units that will not vest by January 29, 2021.
- (9) Does not include 44,293 shares issuable pursuant to options granted by the Company that are not currently exercisable and will not become exercisable by January 29, 2021. Does not include 4,924 shares underlying unvested restricted stock units that will not vest by January 29, 2021.
- (10) Mr. Emory was appointed as a director of the Company effective October 5, 2020.
- (11) Mr. Jones was appointed as Senior Executive Vice President, Chief Financial Officer effective December 2020.
- (12) Includes 8,747 shares issuable pursuant to exercisable options. Does not include 4,067 shares underlying unvested restricted stock units that will not vest by January 29, 2021.
- (13) Includes 685,683 shares issuable pursuant to exercisable options.

DELINQUENT SECTION 16(a) REPORTS

To our knowledge, based solely on a review of the copies of Section 16 reports furnished to us and written representations that no other reports were required, during the fiscal year ended June 30, 2020, all Section 16(a) filing requirements applicable to directors, executive officers and greater than ten percent beneficial owners were complied with by such persons, except that each of Mr. Baur, Mr. Lyons and Mr. Dean filed one late Form 4 reporting the withholding of stock to satisfy tax withholding obligations upon vesting of restricted stock awards.

Other Business

The Board has no knowledge of any other matter to be submitted at the 2021 Annual Meeting. If any other matter shall properly come before the 2021 Annual Meeting, the persons named in this Proxy Statement will have discretionary authority to vote the shares thereby represented in accordance with their best judgment.

We must receive shareholder proposals intended to be presented at the 2022 Annual Meeting of Shareholders by August 19, 2021 for possible inclusion in the proxy materials relating to such meeting, in accordance with the SEC's Rule 14a-8. However, if the date of the 2022 Annual Meeting is changed by more than 30 days from the first anniversary of the date of the 2021 Annual Meeting, the deadline will instead be a reasonable time before we begin to print and mail the proxy statement for the 2022 Annual Meeting.

Shareholders intending to present a proposal or to nominate a candidate for director for election at the 2022 Annual Meeting of Shareholders, but not to have the proposal or nomination considered for inclusion in the proxy materials for that meeting, must be eligible and give us advance written notice in accordance with our Bylaws.

Our Bylaws provide that such notice shall set forth in writing: (i) whether the shareholder is providing the notice at the request of a beneficial holder of shares, whether the shareholder, any such beneficial holder or any nominee has any agreement, arrangement or understanding with, or has received any financial assistance, funding or other consideration from, any other person with respect to the investment by the shareholder or such beneficial holder in the Company or the matter the notice relates to, and the details thereof, including the name of such other person (the shareholder, any beneficial holder on whose behalf the notice is being delivered, any nominees listed in the notice and any persons with whom such agreement, arrangement or understanding exists or from whom such assistance has been obtained are hereinafter collectively referred to as "Interested Persons"), (ii) the name and address of all Interested Persons, (iii) a complete listing of the record and beneficial ownership positions (including number or amount) of all equity securities and debt instruments, whether held in the form of loans or capital market instruments, of the Company or any of its subsidiaries held by all Interested Persons, (iv) whether and the extent to which any hedging, derivative or other transaction is in place or has been entered into within the prior six months preceding the date of delivery of the notice by or for the benefit of any Interested Person with respect to the Company or its subsidiaries or any of their respective securities, debt instruments or credit ratings, the effect or intent of which transaction is to give rise to gain or loss as a result of changes in the trading price of such securities or debt instruments or changes in the credit ratings for the Company, its subsidiaries or any of their respective securities or debt instruments (or, more generally, changes in the perceived creditworthiness of the Company or its subsidiaries), or to increase or decrease the voting power of such Interested Person, and if so, a summary of the material terms thereof, and (v) a representation that the shareholder is a holder of record of stock of the Company that would be entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose the matter set forth in the notice. As used herein, "beneficially owned" has the meaning provided in Rules 13d-3 and 13d-5 under the Exchange Act. The notice shall be updated not later than 10 days after the record date for the determination of shareholders entitled to vote at the meeting to provide any material changes in the foregoing information as of the record date.

The deadline for shareholders to provide written notice of intent to make nominations for the election of directors at the 2022 Annual Meeting of Shareholders (but not for inclusion in the proxy materials relating to such meeting) will be no more than 120 days and no less than 90 days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, that if (and only if) the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends within 60 days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Meeting Date"), the notice shall be given in the manner provided herein by the later of the close of business on (i) the date 90 days prior to such Other Meeting Date or (ii) the tenth day following the date such Other Meeting Date is first publicly announced or disclosed. Assuming that the date of the 2022 Annual Meeting is not advanced or delayed in the manner described above, the required notice for the 2022 Annual Meeting would need to be provided to us not earlier than September 30, 2021 and not later than October 30, 2021.

If the notice relates to the nomination of directors it must also contain (i) the information regarding each nominee required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the SEC (or the corresponding provisions of any successor regulation), (ii) each nominee's signed consent to serve as a director of the Company if elected, and (iii) whether each nominee is eligible for consideration as an independent director under the relevant standards contemplated by Item 407(a) of Regulation S-K (or the corresponding provisions of any successor regulation). The Company may also require any proposed nominee to furnish such other information, including completion of the Company's director's questionnaire, as it may reasonably require to determine whether the nominee would be considered "independent" as a director or as a member of the audit committee of the Board.

under the various rules and standards applicable to the Company. In addition to complying with the foregoing procedures, any shareholder recommending a director candidate must also comply with all applicable requirements of the Exchange Act, including the rules and regulations under such Act. In the event that the number of directors to be elected to the Board of the Company is increased and either all of the nominees for director or the size of the increased Board is not publicly announced or disclosed by the Company at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice shall also be considered timely hereunder, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Company at the principal executive office of the Company not later than the close of business on the tenth day following the first date all of such nominees or the size of the increased Board shall have been publicly announced or disclosed.

Our Nominating Committee will consider nominees recommended by shareholders that are properly brought before the Company. The proper procedures shareholders must follow to receive nominee consideration are outlined in this section. These nominees will be evaluated in the same manner as Board nominees as described in "Candidates for the Board" above.

For business proposals to be brought before an annual meeting by a shareholder, the shareholder must give timely notice to the Corporate Secretary and such other business must otherwise be a proper matter for shareholder action. Notice other than the nomination of directors must contain: (i) the text of the proposal to be presented, including the text of any resolutions to be proposed for consideration by shareholders and (ii) a brief written statement of the reasons why such shareholder favors the proposal. The deadline for shareholders to provide written notice of their intent to bring a proposal (other than a nomination for the election of directors) at the 2022 Annual Meeting of Shareholders (but not for inclusion in the proxy materials relating to such meeting) is no more than 120 days and no less than 90 days prior to the first anniversary of the 2021 Annual Meeting. However, if the 2022 Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered no more than 90 days and no less than 60 days prior to such Annual Meeting or the 10th day following the day on which we make a public announcement of the 2022 Annual Meeting. Assuming that the date of the 2022 Annual Meeting is not advanced or delayed in the manner described above, the required notice for the 2022 Annual Meeting would need to be provided to us not earlier than September 30, 2021 and not later than October 30, 2021.

To be in proper written form, a shareholder's notice to the Corporate Secretary must set forth in writing as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on our books, of the shareholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (iii) the class and number of shares of our common stock which are owned beneficially and of record by the shareholder and such beneficial owner and (iv) any material interest of the shareholder or such beneficial owner in such business.

Some banks, brokers, and other nominee record holders may be participating in the practice of “householding” annual reports and proxy statements. This means that only one copy of our Annual Report on Form 10-K and Proxy Statement, as applicable, may have been sent to multiple shareholders in the same household. We will promptly deliver a separate copy of our Annual Report on Form 10-K and Proxy Statement, as applicable, to any shareholder upon request submitted to the Company at the following address: ScanSource, Inc., 6 Logue Court, Greenville, South Carolina 29615, Attention: John Harvey, Corporate Secretary, or by calling (864) 288-2432. Any shareholder who wants to receive separate copies of our Annual Report on Form 10-K and Proxy Statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder, or contact the Company at the above address and telephone number.

FORM 10-K

A copy of our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, which has been filed with the SEC, will be made available to shareholders to whom this Proxy Statement is mailed, without charge, upon written request to John Harvey, Corporate Secretary, ScanSource, Inc., 6 Logue Court, Greenville, South Carolina 29615.



6 Logue Court
Greenville, South Carolina 29615