

LEONI AG

Nuremberg

**Annual General Meeting of LEONI AG
on Thursday, 23 July 2020, 10:00 hours,
NürnbergMesse GmbH, Trade Fair Centre, 90471 Nuremberg**

Countermotions and election nominations by shareholders

Status as of: 9 July 2020

Below you will find all shareholder motions that are required to be made accessible (countermotions and election nominations by shareholders pursuant to Sections 126 and 127 of the German Stock Corporation Act) on the items of the agenda for the Annual General Meeting of LEONI AG on 23 July 2020, which is held in form of a virtual annual general meeting without physical presence of shareholders or their proxies.

Such motions and their explanations in each case represent the views of their authors as imparted to us. Motions including statements of facts have also been published on the website without amendment or review by us to the extent that they are required to be made accessible.

Voting or instructions on motions by shareholders

You can support a counter-motion by voting with "NO", i.e. against the management proposal, at the respective item on the agenda - if you cast your vote by postal vote - or by issuing corresponding instructions to your proxies or the proxies appointed by the Company.

You will find further information on voting and authorisation in the Invitation to the Annual General Meeting.

Counter motions of shareholder Lutz Richter
Regarding Item 8 on the Agenda
of the Annual General Meeting of LEONI AG on 23 July 2020

From: Lutz <richter.lutz@[REDACTED]>
Sent: Tuesday, 30 June 2020 15:46
To: HDENM-HV-2020
Subject: Counter-motion to compensation of the board

Dear Sirs,

As I assume that members of the Board of Directors with an income of > EUR 1.5 million are in a position to build up their own pension scheme, I propose that the 30% surcharge on the pension scheme for members of the Board of Directors and the Chairman of the Board of Directors be abolished.

With kind regards
Lutz Richter

Shareholder number

[REDACTED]

Sent from [REDACTED]

From: Lutz <richter.lutz@[REDACTED]>
Sent: Tuesday, 30 June 2020 16:31
To: HDENM-HV-2020
Subject: Countermotion 2 to compensation of the board

Dear Sirs,

Since the term "additional benefits" in the compensation package is quite flexible, I propose to delete it. Healthcare and nursing insurance must also be paid for by each employee or executive, contributions to a group accident insurance cannot be so generous.

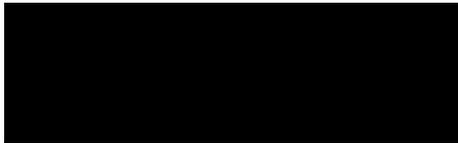
With kind regards
Lutz Richter

Shareholder number

[REDACTED]

Sent from [REDACTED]

**Counter motions of shareholder Hans-Jürgen Welsch
Regarding Items 2, 3 and 8 on the Agenda
of the Annual General Meeting of LEONI AG on 23 July 2020**



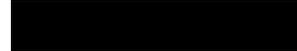
LEONI AG
Corporate Investor Relations
Mr Jens von Seckendorff
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By fax in advance: +49 911 20 23 -
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PHONE [REDACTED]
FAX + [REDACTED]
EMAIL: [REDACTED]



Munich, 7 July 2020



(Please state in all correspondence)

Annual General Meeting in Nuremberg on 23 July 2020

I refer to the attached power of proxy and state that I represent shareholder H.-J. Welsch, shareholder number [REDACTED].

On his behalf, I submit the following countermotions:

1.) Item 2

Resolution on the discharge of the members of the Board of Directors for the 2019 financial year by individual vote

I move:

To refuse the discharge of all 5 members of the Board of Directors, contrary to the proposal by the Supervisory Board and Board of Directors.

Reasoning:

a)

Damage suffered by shareholders due to the loss in value!

The LEONI share, SCN 540 888, is now worth no more than a packet of cigarettes. Its price on the stock market has plummeted dramatically: In January 2018, it hit an all-time high of € 65.54 but in September of that year it was worth only around half of that figure. By the end of December 2019 (i.e. before the strain resulting from the coronavirus pandemic), € 10.35 remained; that is barely one-sixth of the all-time high. This corresponds to a loss of € 55.19 or 84.2% within the timeframe of two years. After an all-time low of € 5.43 on 12 March 2020 as a result of the coronavirus crisis, it was trading at € 6.76 on Friday 3 July 2020; that is one-tenth



of its all-time high. Put differently, the price has literally been decimated. The capital market has issued its judgement on the Company's business performance, and it is damning.

A comparison with the automotive supply sector: During the same period, i.e. between January 2019 and year-end 2019, the STXE 600 Automobiles & Parts Index (price, euros) fell from around 683 to approx. 508, that is, by only 25.6%. The performance of the LEONI share is also poor in a comparison with the 3-year charts of the other companies in the SDAX belonging to the automotive sector, which are also suppliers (here I will only specify their SCNs): 523280, JST400, A0MU70, SHA015, A113Q5, TRATON.

Based on these facts, there is an "actual assumption" (wording used by the courts) that the disaster of LEONI AG, which was previously listed in the MDAX, has been caused by management errors. The *Handelsblatt* business newspaper appears to have claimed that overly rapid growth was the cause of the decline (source: www.finanzen.net/News). Overly rapid growth amounts to a management error.

b)

The Company's communication with its shareholders

It is, on balance, unacceptably poor; this extends to the 48-page booklet "Invitation and agenda" which invites its shareholders to the AGM. Shareholders are used to seeing Item 2 on the agenda, a resolution on the appropriation of the profit generated in the previous year. Realistically, the shareholders are primarily interested in this figure and in the amount thereof which is paid out to them as a dividend. The 48 pages are silent on this matter. The only way the shareholder can understand the reason for this is by taking their PC or laptop to go to the web page www.leoni.com/de/hv2020 and trawling through 208 pages of the annual report including the annual financial statements etc. There they might land upon the passage where it says: Retained loss EUR (161) million. As if shareholders had unlimited time at their disposal or liked nothing better than spending hours online researching the significant business results of their company, which they could read in a matter of minutes if said figures were in the text they have received as their invitation to the AGM. Looking at it this way, it amounts to an invitation to many hours of private study. It is a well-known fact that is not widely spread in consciousness, that if the law obliges one to divulge information one would rather not disclose or if such a legal obligation does not exist and one does not wish to look as if one had concealed it, a clever way to handle this is to bury the information towards the end of a very extensive text because many readers lose patience before the end and give up their search. Good style of a company's communication with its shareholders demands to phrase the information unambiguously, to print it clearly and in a succinct manner in a place where it is the easiest accessible to the recipient. In the case at hand, no medium was better suited to this than the 48-page booklet that shareholders received by post. Instead, in this booklet LEONI AG loses itself mostly in third-tier information that is of immaterial importance to the shareholder. In particular, the shareholder is left cold by items 6 and 7 because he is not interested in an authorisation to acquire own shares etc., nor is he interested in the issue of option and/or convertible bonds etc. - With all this in mind, the client considers the 48-page booklet to be a document that conceals the business results and extremely alarming state of LEONI AG.

c)

Regarding the publication obligations of LEONI AG pursuant to the Market Abuse Regulation (MAR) and pursuant to Sections 284-289a of the German Commercial Code

(HGB)

The shareholder I represent cannot remember having come across one ad hoc release of the Company that presented current events of concern in its business operations unadorned (!), which would have given rise to fears of a subsequent (!) price slump and allowed the shareholder to pull the plug. Instead, the shareholder read statements by analysts online and in the printed media that made the preceding price decline, which he thought inexplicable, sound reasonably plausible in retrospect - this at a time when it seemed too late to sell the shares in order to limit the damage he had suffered. One could suspect that the use of inside knowledge led to the price slump and that small shareholders such as himself, who were at a disadvantage in terms of the information they received, were left stranded.

Furthermore, my client considers the way in which LEONI AG handles its duty to issue regular publications in the current, 2019 annual report to be unsatisfactory.

He deplores the fact that the annual report and annual financial statements are only available in digital format. Although it is justified from a business management and environmental perspective that not every shareholder should be sent the 208 pages by post, the Company should offer shareholders the option to receive this overabundance, which in a manner of speaking amounts to an informational overkill, in paper form. This is because 208 pages on a computer screen are not easy to peruse and it is impossible to evaluate them within a reasonable number of hours. My client was not able to consistently find a detailed table of contents such as that found in the management report. But the picture is not all doom and gloom: The 2-page "Letter to shareholders", signed by the CEO, is a good start. It could have been up to 5 pages long and could then have included all material facts that are of interest to a small shareholder. But these 2 pages have to be first located, by scrolling through 208 pages. This letter should have been included in the booklet that was posted to shareholders.

In particular, the "management report" is intended, pursuant to Section 289 HGB, to reflect the Company's current situation as well as provide an outlook for the near future. The language of the management report should be tailored to match its purpose and provide compact and unambiguous information, that is, without trivialising worrying facts and without dressing up desired but illusionary developments of business operations as concrete prospects. For this reason, the woolly phrasings that are typical of politicians and the reduction of information to allusions, as diplomats are wont to do, are unacceptable. The "combined management report" extends from page 37 to page 105. With a length of 68 pages it is unsuitable for informing small shareholders. But, quite apart from this, if, based on a cursory reading of its issues and the style in which they are discussed, I have understood properly, the text does not provide any information on the business policy measures which have caused the alarming damage suffered by the Company since 2018. Just like my client, I see LEONI AG as being in an unstable position on the edge of the abyss. All texts of the 208 pages seem to have been guided by the thought: one should not talk about death in the house of a dying person.

Some sentences on page 87 of the 1-page “supplementary report” (7.) allude to a bad phase in the company’s history: *Based on the expectation that the LEONI Group was overwhelmingly likely to successfully restructure, the LEONI Group on 13 March 2020 received a positive endorsement of its restructuring [...]. This expert opinion on restructuring looked ahead to the end of 2022 contained a positive going-concern forecast.*

From these two sentences I conclude the following:

The LEONI Group was a restructuring case already back in 2019, and the success of the restructuring was by no means guaranteed, it was merely ‘overwhelmingly likely’. Also: It would seem that the requirements for the opening of insolvency proceedings, namely over-indebtedness and/or illiquidity pursuant to sections 17, 19 of the German Insolvency Code (InsO), were met even then, but a going-concern forecast within the meaning of section 19 (2) InsO was considered justified and it was therefore believed that a filing for the opening of insolvency proceedings was not required. The disillusioning impact of the coronavirus crisis could not have been taken into account in the audit report, which was completed in mid-March 2020. All that is now left to my client is to hope, since “hope dies last”. The booklet that includes the invitation to the AGM gives “June 2020” as its date. Its content suggests to the reader that everything is fine and dandy. The ship is on a promising course. However, the conduct of the Board of Directors and Supervisory Board could be likened to the dance on the Titanic.

2.) Item 3

Resolution on the discharge of the members of the Supervisory Board for the 2019 financial year by individual vote.

I move:

That contrary to the proposal by the Supervisory Board and the Board of Directors, discharge of the members of the Supervisory Board be refused.

Ms Regine Stachelhaus is exempt from this countermotion as she only joined the Supervisory Board on 12 November 2019, having been appointed by the court on that day. She is not responsible for the Company’s management in recent years.

Reasoning:

If it performed its mandate carefully in accordance with its obligations, the Supervisory Board ought to have recognised the presumed harmful mistakes in the Company’s management and to have made full use of its legal and argumentation options to intervene in the Company’s management and thereby avert serious damage to the Company and its shareholders, including the large number of small shareholders, and - even more so - its employees.

3.) Item 8

Resolution on the approval of the system for compensating the members of the Board of Directors

I move:

That, contrary to the Supervisory Board's proposal, the said system not be approved.

Reasoning:

The background to a valuation is that LEONI AG did not generate a profit but, rather, a huge loss, that it has cancelled the dividend for its shareholders and laid off many employees. An appropriate yardstick is not what the Board of Directors is expected, with doubtful certainty, to achieve in future years, but rather what it failed to achieve in the past two years. "The average consumer", if he has failed in his world of work, cannot expect an increase in his salary but a cut, at least when it comes to additional benefits. A detailed criticism of the new compensation system and its presentation:

a)

The necessary transparency is lacking.

In the 48-page "Invitation and agenda AGM 2020" (hereinafter referred to in short as "booklet") in A4 format, a good 15 pages deal with the compensation system. LEONI AG has numerous shareholders, particularly small shareholders, for whom a system of compensation above € 1,000,000, to use a round figure, is an alien world, of which they have no prior knowledge and gaining experience of which is not their privilege. To avoid any misunderstanding, this discrepancy is admittedly not a reason to refrain from providing "upper limits" within the meaning of page 27 of the booklet, totalling € 3,552,500 for the CEO and € 2,382,400 for "ordinary members of the Board of Directors". However, as a reader of the booklet a shareholder should be able to comprehend the structure of the system consisting of a number of components after investing a reasonable time and analytical effort and understand the factors on which the compensation elements are dependent, such as the EBIT margin and free cash flow margin.

It may be that other listed companies have compensation systems of a similar structure that are also no longer transparent to shareholders on account of their complexity.

b)

The total amount of compensation is inappropriately high. The market capitalisation of LEONI AG, which is listed in the SDAX and CDAX, is limited to approx. € 220 million. The so-called target compensation for the 5 members of the Board of Directors for 2020 adds up to $(2,670,000 + 4 \times 1,793,800 =) € 9,845,200$, i.e. just under 4.5% of the market capitalisation. This figure in itself is inappropriately high, particularly for a Board of Directors whose listed company has suffered a dramatic decline during its term of office. To compare it with Continental AG, a far bigger automotive supplier, listed in the DAX with a market capitalisation of € 17.3 billion, which amounts to 77 times that of LEONI AG: the CEO in 2018 earned € 4.3 million (presumably excluding pension provisions); this figure is 1.65 times that of LEONI AG.

c)

I agree with shareholder Richter, who has submitted two countermotions regarding pension provisions and additional benefits for the members of the Board of Directors, stating that the expenditure is excessive. He raises a general objection, i.e. that those who receive a salary the size of that paid to the Board of Directors are able to provide for their own pension. Another argument could be raised against the excess favoured by the AG, as demonstrated in the following comparison: In the opinion of the Supervisory Board, LEONI AG's expenditure on "pension provision and additional benefits" should total "approx. 30% of the fixed salary". By contrast, for a large number of employees, the contributions to the German pension fund merely total 18.6% of their gross income, and only half of this figure is borne by the employer. If the listed company represented by a management board not only bears the full 18.6% of a board member's gross fixed salary but, in addition, increases this percentage to 30%, this amounts to an over-privileging of the management board.

d)

The reasons given for the new compensation system, detailed as it is and taking up 15 pages, does not show whether the new system is likely to lead to higher compensation compared to previous years even though it is customary to compare the amounts for one financial year against the corresponding amounts for the previous period, especially when presenting a balance sheet or the income statement. When a listed company incurs losses, has cancelled the dividend for its shareholders and has laid off many of its employees, this suggests a modest amount of compensation for its management rather than an ample one.

Should the administration believe that it is not obliged to publish the above-mentioned countermotions with their full reasoning on the website www.leoni.com/de/hv2020 and therefore intend to refrain from such publication, I would ask that they contact me. I will then make selections from the text for publication. I may be able to publish the omitted sections of the reasoning online in another way. I also take the liberty to remind you of the Company's offer on page 45 of the booklet, that statements by shareholders can be published elsewhere on its website up to a maximum length of 10,000 characters, without recognising a legal obligation; the deadline for this expires on 20 July of this year.

