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## »Counter-motion to the Annual General Meeting of the Heckler & Koch AG on 12 July 2019«

regarding Item 3 of the Agenda:

### »The members of the executive board are not discharged.

Substantiation:

»The days of chaos, for which the H&K Board was responsible in 2017 and 2018, have caused the reputation and trust in the reliability of Heckler & Koch AG to plunge into the abyss.« This was my analysis in one of my counter motions for the »Critical Shareholders Heckler & Koch« at the last Annual General Meeting. It was hard to imagine that the almost never-ending days of chaos would lead to a year of unprecedented catastrophe in 2018 - but that's exactly what happened as one disaster hunted the next.

The debt capital raised in 2018 officially amounted to around 231 million euros. There is much to suggest that the situation is even worse in reality: total liabilities are said to have climbed to 381.7 million euros in 2018 (according to *WELT.DE* from April 26th 2019) – so this is the current state of the debt crisis. According to numerous media reports, the 2018 financial year brought Heckler & Koch AG »close to bankruptcy,« and the company seems to be edging ever further towards that cliff.

The annual report shows that the financial disaster was cushioned by two transitional loans of around 80 million euros from an anonymous major shareholder. But who is this major shareholder? By answering these and other questions about the true owner of the company, the transparency disaster could be remedied - which the board obviously has no intention of doing.

The logical consequence is the stock price disaster. In June 2018, the rating agency Moody's lowered the rating of the Oberndorf weapons manufacturer from B3 to Caa1. Thus Heckler & Koch shares »sank even deeper into the junk area. H&K is now on the same credit rating level as Iraq«, *DIE WELT* reported (29.06.2018). According to *onvista.de*, the H&K share price fell by 29.5 % in one year.

The desperate executive, under the leadership of CEO Jens Bodo Koch, drastically intervened in spring 2019 - at the expense of the employees, mind you. For example, the working hours of the employees were increased by 2.5 hours per week without pay, for two years an annual special payment had to be waived. The deputy chairman of the H&K worker's council, Martin Stussak, who stood firm against the working time disaster, is now to be fired.

But that is nothing unusual at the company, as the personnel carousel at H&K has been in full swing for years. So-called »(financial) experts« were and are hired and

highly praised, just to be released again as soon as possible. The list of those who have left voluntary or were made to leave is immensely long. H&K boss Norbert Scheuch was released after giving an open interview to *SWR*, among others. The personnel disaster now culminated in the dismissal of the Chairman of the Supervisory Board, Dieter John, who treated the Critical Shareholders' decently and pushed for the Green Countries Strategy.

John will now be replaced by Harald Kujat, former Inspector General of the German Armed Forces. His primary task is to remedy the procurement disaster by means of his intensive contacts on the procurement level of the German Federal Ministry of Defence (BMVg). Because H&K has still not been awarded the follow-up order for the G36 rifle - which led to the current communication disaster with the headquarters of the BMVg. For example, H&K accused Defence Minister Ursula von der Leyen of not selecting the G36 successor model in an informed and fair selection process.

Furthermore, H&K continues to be haunted by a failed as well as illegal arms export disaster from the past. The tip of this enormous iceberg is the conviction by the Stuttgart Regional Court in the criminal proceedings from May 2018. In February 2019, the company - after my successful criminal charges and those of my lawyer Holger Rothbauer - was sentenced to pay 3.7 million euros. Two former employees received suspended sentences for the illegal export of thousands and thousands of assault rifles, submachine guns and accessories to forbidden provinces of conflict in Mexico. See my counter-motion on the non-execution of the actions of the Supervisory Board. Heckler & Koch appealed, the judicial disaster dragged on and ultimately led to a worldwide reputation crisis - the media reported comprehensively both nationally and internationally.

All this mismanagement and the many negative developments are the result of a fundamental strategy disaster at the leadership level. Another year has gone by in which H&K's management has failed to set the course for the arms conversion, the conversion to meaningful sustainable production. Instead, H&K weapons continue to be used to murder thousands of people worldwide.

We ask the shareholders of H&K AG: Please join our counter-motion. «

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