

REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE MANAGEMENT BOARD OF MEDIGENE AG

The plenary meeting of the Supervisory Board is responsible for specifying the remuneration of Executive Management Board members of Medigene AG. It is regularly reviewed, taking into account the requirements for the Supervisory Board pursuant to Sections 87 (1) and (2) and 87a of the German Stock Corporation Act (AktG) as well as the recommendations of the German Corporate Governance Code (DCGK).

At the Annual General Meeting on 11 August 2016, under Item 8 of the agenda, the Executive Management Board and Supervisory Board presented the current remuneration system for Executive Management Board members. It was accordingly approved.

In view of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II), which came into force on 1 January 2020 and the new version of the German Corporate Governance Code (DCGK), which was resolved on 16 December 2019 and came into force following publication on 20 March 2020, the remuneration system for the Executive Management Board was adapted. The adjusted remuneration system for the Executive Management Board will be presented to the 2021 Annual General Meeting for approval.

The current remuneration system for the Executive Management Board is structured as follows and taken into account by the Company when concluding new and extending existing service agreements for Executive Management Board members:

The Supervisory Board takes into account the following principles when developing the remuneration system and the amount and structure of remuneration of the Executive Management Board:

- The remuneration of Executive Management Board members overall delivers a significant contribution to the sustained development of the Company and to promoting the corporate strategy.
- The remuneration of Executive Management Board members ensures that outstanding achievements are appropriately rewarded and missed targets result in a perceptible reduction in remuneration.
- The remuneration of Executive Management Board members is in line with the market, in terms of both amount and structure, and takes account of the size and complexity of the Company as well as its financial position.
- The remuneration takes into account the relevant area of responsibility of each Executive Management Board member, the personal achievements of the various Executive Management Board members and the achievements of the Executive Management Board as a whole.

A. STRUCTURE OF THE REMUNERATION

The remuneration of Executive Management Board members comprises non-performance-related and performance-related components.

Non-performance-related components are as follows:

- a) Fixed annual salary;
- b) Fringe benefits (for example, company car, reimbursement of travel expenses, accident insurance, D&O insurance, pension).

Performance-related components are as follows:

- a) Short-term variable remuneration (variable annual bonus);
- b) Long-term variable remuneration (long-term bonus and stock options).

By using a combination of non-performance-related and performance-related remuneration components, the Company creates an attractive incentive for current and potential future Executive Management Board members to contribute to the sustainable long-term development of the Company. Variable remuneration represents the material financial incentive for pursuing the aims of the business policy. It is the motivation and reward for specific actions, for operating achievements, for a strategic direction that promotes the Company's long-term development and for responsible behavior.

1. Fixed remuneration

a) Fixed salary

Each Executive Management Board member receives non-performance-related (fixed) remuneration, which is paid in monthly instalments. The amount of fixed remuneration is determined on the basis of the principles explained above.

b) Other emoluments

In addition to the fixed salary, members of the Executive Management Board are granted the following fringe benefits (other emoluments):

- i. Provision of a company car or BahnCard 100 First Class railcard, up to a maximum amount of €7,200 p.a. (or €600 per month);
- ii. Accident insurance policy (amount insured in the event of death of €130,000 and €260,000 in the event of disability) and payment of the relevant insurance premiums;
- iii. Grant towards health and long-term care insurance: the amount of individual grants corresponds to half of the contributions paid by the Executive Management Board member, however, no more than the maximum statutory amount of the employer's contribution towards the health and long-term care insurance owed, taking into account the applicable income thresholds in each case;
- iv. D&O insurance policy with excess according to the minimum statutory amount;
- v. Conclusion of term life insurance;
- vi. Payment of an amount of maximum €3,200.00 per month to put towards a pension plan;
- vii. Contribution to rental cost (rent including utilities) of up to a maximum of €1,500 per month;
- viii. One-off contribution to removal costs and estate agent fees; and/or
- ix. Reimbursement of business travel expenses.

2. Variable performance-related remuneration

In addition to the fixed remuneration, Executive Management Board members are entitled to variable remuneration, depending on the achievement of several performance targets specified in advance by the Supervisory Board.

Variable remuneration represents the material financial incentive for pursuing the aims of the business policy. It is the motivation and reward for specific actions, for operating achievements, for a strategic direction that promotes the Company's long-term development and for responsible behaviour. It is not essential that achievement of the targets can be measured precisely, although such achievement must always be verifiable. The link between target achievement and variable remuneration must be specified in advance and may not be changed subsequently.

The annual performance-related remuneration amounts to 50% of fixed remuneration for 100% target achievement and may amount to a maximum of 75% of fixed remuneration for maximum possible target achievement of 150%.

The achievement of corporate goals is decisive for the granting of variable remuneration components. At the beginning of each financial year, by 31 March at the latest, the Supervisory Board sets corporate goals for the company for the current financial year. With regard to the individual members of the Executive Board, the individual business areas are taken into account in the weighting of the corporate goals.

In addition, the Supervisory Board sets long-term targets at the beginning of each financial year, at the latest by 31 March. Long-term targets are primarily oriented to the long-term development of the company's value and thus also to the development of the company's share price.

In addition to the corporate targets, the Supervisory Board can also take into account targets from the area of "Environmental, Social, Governance (ESG)" to incentivise sustainable and long-term corporate success. In particular, employee targets, sustainability targets, diversity targets and targets relating to energy and the environment can be taken into account.

a) Short-term variable remuneration (short-term bonus)

At the centre of short-term variable remuneration, the annual performance bonus are mainly operating metrics.

Specifying short-term targets:

Every year, the Supervisory Board specifies both uniform short-term targets for all Executive Management Board members and additionally, individual short-term targets for each Executive Management Board member. The Supervisory Board assigns a weighting to the various short-term targets.

Establishing the amount of short-term variable remuneration:

In principle, short-term targets ranging from 0% to 100% can be achieved. Target achievement is determined arithmetically, where applicable with the relevant weighting of targets (e.g. 4 of 5 targets achieved to the full extent = 80% target achievement).

Moreover, the Supervisory Board may add, at its discretion, up to a further 50% to the 100% target achievement of short-term targets, in particular for achievements which were not defined among the targets at the start of the year but which made a significant, objective and verifiable contribution to the Company's success. The maximum possible short-term target achievement therefore amounts to 150%.

To this extent, the short-term bonus is capped (short-term bonus cap).

b) Long-term variable remuneration (long-term bonus)

At the centre of long-term variable remuneration are successes in terms of implementation of the corporate strategy. The long-term variable remuneration amounts granted to Executive Management Board members are primarily based on cash payments which do not necessarily need to be invested in shares in the Company as well

as on the granting of stock options, i.e. share-based granting. The components of long-term variable remuneration therefore are as follows:

- a) Cash remuneration, and
- b) Stock options.

Specifying long-term targets:

Every year, the Supervisory Board specifies both long-term targets for all Executive Management Board members and additionally, individual long-term targets for each Executive Management Board member. The Supervisory Board assigns a weighting to the various long-term targets. Long-term targets are primarily based on the long-term trend in the Company value and therefore also the trend in the Company's share price.

Establishing the amount of long-term variable remuneration:

In principle, long-term targets ranging from 0% to 100% can be achieved. Target achievement is determined arithmetically, where applicable with the relevant weighting of targets (e.g. 4 of 5 targets achieved to the full extent = 80% target achievement).

Moreover, the Supervisory Board may add, at its discretion, up to a further 50% to the 100% target achievement, in particular for achievements which were not defined among the targets at the start of the year but which made a significant, objective and verifiable contribution to the Company's sustainable long-term success. The maximum possible long-term target achievement therefore amounts to 150%.

To this extent, the long-term bonus is capped (long-term bonus cap).

c) Establishing the amount of annual performance-related remuneration (cash components)

Based on the level of target achievement, in relation to the specific targets and taking into account the weighting assigned to the relevant target, the amount of annual performance-related remuneration is calculated.

Out of the annual bonus for a financial year, 65% is allocated to the short-term bonus and 35% to the long-term bonus.

At the beginning of the following financial year, the Supervisory Board assesses the percentage of achievement of each performance target. On the basis of the degree of target achievement thus calculated for each performance target and the weighting of the individual performance targets among each other defined by the Supervisory Board, the Supervisory Board calculates the overall degree of target achievement for the previous financial year, on the basis of which the amount of the short-term portion is determined by multiplying the overall degree of target achievement by the portion of the annual bonus attributable to the short-term bonus. The short-term portion of the annual bonus is paid out in cash after the adoption of the annual financial statements of the Company for the respective financial year. The member of the Executive Board concerned may immediately dispose of the amount of the short-term variable remuneration paid out at his or her own discretion.

The payment of the long-term portion of the annual performance-related remuneration is deferred for a further three years. At the end of this total four-year period, the Supervisory Board will decide whether and to what extent the defined long-term targets have been achieved. Depending on this, the Supervisory Board will decide whether and to what extent the long-term portion of the annual bonus will be paid out to the respective member of the Executive Board with appropriate interest. On the basis of the calculated degrees of target achievement for each long-term performance target and the weighting of the individual performance targets among each other defined by the Supervisory Board, the Supervisory Board calculates the overall degree of target achievement for the four-year period, on the basis of which the amount of the long-term portion of the

bonus payment is determined by multiplying the overall degree of target achievement by the portion of the annual bonus attributable to the long-term bonus. The payment of the long-term variable remuneration is thus made in cash in the fourth year after the Supervisory Board has set the relevant long-term targets. The member of the Executive Board concerned may immediately dispose of the amount of the long-term variable remuneration paid out at his or her own discretion.

The Supervisory Board's decision on the sustained positive development of the Company is primarily based on the long-term trend in the Company value and therefore also the trend in the Company's share price. Executive Management Board members therefore participate in the Company's long-term development on the basis of this remuneration component and, where applicable, share in any negative developments.

d) Stock options

Furthermore, Executive Management Board members receive, as the second component of long-term variable remuneration, stock options on the basis of the stock option plan of the Company in place at the time of issue. This is aimed at creating performance incentives that are geared to the Company's sustainable long-term performance.

The first-time issue of stock options to the relevant Executive Management Board member is within the first year after joining the Company. Subsequently, Executive Management Board members annually receive additional stock options, which are issued as part of either one tranche or several tranches.

The exercise price corresponds to the average closing price of the last 30 trading days prior to issuing the stock options (allocation date). Executive Management Board members may exercise the stock options at the earliest after expiry of a waiting period of four years, starting on the allocation date of the relevant subscription right. Furthermore, a requirement is that the average closing price on the 30 trading days prior to the relevant exercise amounts to 120% of the exercise price (performance target).

The stock options have a contractual stock option period of seven years, i.e. after expiry of the required waiting period of four years, stock options may be exercised within a window of opportunity of three years, provided that the conditions are met.

The different Executive Management Board members receive an annual, individually specified number of up to 20,000 stock options, with the number actually offered tied to the level of target achievement established for the short-term variable remuneration component in the previous calendar year.

Moreover, the Supervisory Board of the Company may grant an Executive Management Board member up to a further 20,000 stock options per year in recognition of additional, outstanding, personal achievements.

A maximum upper limit of 40,000 stock options therefore exists, which may be offered to an Executive Management Board member in any one calendar year (stock option cap).

The value of stock options is measured for the purposes of maximum possible remuneration at the time of issue of the stock options, taking into account the terms specified under the stock option plans and the expected increase in the Company's share price up to expiry of the four-year waiting period. A maximum increase in the price of the Company's shares at the time of expiry of the four-year waiting period of 500% is assumed, compared with the price of the Company's shares at the time of issue of the stock options.

After exercising stock options upon expiry of the four-year waiting period, there is no duty to hold the relevant shares (no lock-up).

As a result of the proportional structure of annual performance-related remuneration, with a sustainability component of a total of four years, and the structure of the stock options, with a four-year waiting period prior

to exercise, considerable incentives are provided for the sustained positive development of the Company and to promote long-term business strategy, so that a balanced mix of short-term and long-term remuneration components is achieved overall.

3. Maximum remuneration

The Supervisory Board specifies target and maximum remuneration for each Executive Management Board member. The fiscal year for which it is granted is decisive rather than when the relevant element of remuneration is disbursed. The Supervisory Board checks that the amount of maximum remuneration is appropriate. This adequacy check is carried out in connection with the horizontal and vertical comparisons and encompasses both fringe benefits and the cost of provisioning in the relevant maximum amount calculated as a lump sum.

The maximum remuneration for a fiscal year – irrespective of whether it is disbursed in that fiscal year or at a later date, and, based on the relevant upper limits for short-term and long-term variable remuneration – amounts to € 1.5 Mio for all Executive Management Board members in each case.

The maximum remuneration does not represent the amount of remuneration the Supervisory Board aims for or considers appropriate. It simply is an absolute upper limit, which is only achievable in the event of optimum target achievement and a significant increase in the share price of Medigene AG shares.

The share of fixed remuneration in the maximum remuneration (annual fixed salary and pension commitments) if the above-mentioned prerequisites are met in the period under review of the next four years amounts to around 30% for Executive Management Board members.

The share of short-term variable remuneration (short-term bonus) in the maximum remuneration if the above-mentioned prerequisites are met in the period under review of the next four years amounts to around 10% for Executive Management Board members.

The share of long-term variable remuneration (long-term bonus) in the maximum remuneration if the above-mentioned prerequisites are met in the period under review of the next four years amounts to around 6% for Executive Management Board members.

The share of long-term variable remuneration (stock options) in the maximum remuneration if the above-mentioned prerequisites are met in the period under review of the next four years amounts to around 54% for Executive Management Board members.

The maximum remuneration for Executive Management Board members may increase in exceptional cases upon the relevant Executive Management Board member taking up office in the year of appointment or the second year after appointment as member of the Executive Management Board if the relevant Executive Management Board member is granted compensation payments for benefits no longer received under a previous employment contract because of the relevant Executive Management Board member changing to Medigene AG. The maximum remuneration may also increase to the above-mentioned extent if an Executive Management Board member is granted severance payments following early termination of Executive Management Board membership (including early termination in the event of a change of control). However, severance payments are limited to maximum the value of double the annual remuneration in accordance with the provisions of the German Corporate Governance Code (DCGK) and remunerate no more than the remaining time of the service contract.

4. Peer group comparison

To assess how the specific total remuneration of Executive Management Board members compares with other companies, the Supervisory Board uses a comparison with the following peer group companies:

- MorphoSys AG
- Heidelberg Pharma AG
- 4SC AG
- Evotec SE
- Qiagen NV

The Supervisory Board also takes into account the level of remuneration of the members of the Executive Board in relation to the remuneration structure within Medigene AG when determining the target total remuneration, whereby it uses the annual basic remuneration and the variable remuneration for the members of the Executive Board in the event of (assumed) one hundred percent target achievement as a basis. As part of this vertical comparison, the Supervisory Board uses the average remuneration of the first management level below the Executive Board of Medigene AG, consisting of the executives reporting directly to the Executive Board (vice presidents). Furthermore, the Supervisory Board also takes into account the average remuneration of the entire workforce of Medigene AG over time.

B. Term and termination options of Executive Management Board members' service agreements

Executive Management Board members' service agreements have a maximum term of three years in each case. Routine termination is excluded under Executive Management Board members' service agreements. Termination without notice of a service agreement for cause is possible, with dismissal of the Executive Management Board member constituting cause pursuant to Section 84 (3) of the German Stock Corporation Act (AktG). In the event of a change in control, exceptional rights of termination exist under certain conditions, both for the Company and the Executive Management Board member concerned. A change in control in terms of Executive Management Board members' service agreements arises if a minimum of 30% of the shares in the Company carrying voting rights are directly or indirectly acquired by a third party.

C. Compensation in the event of early termination of the appointment & inclusion (counting towards)

Executive Management Board members' service agreements include exceptional rights of termination under certain conditions in the event of a change in control, both for the Company and Executive Management Board members in each case. A change in control in terms of Executive Management Board members' service agreements arises if a minimum of 30% of the shares in the Company carrying voting rights are directly or indirectly acquired by a third party.

If the appointment of Executive Management Board members ends in the event of a change in control as a result of an exceptional right to termination being exercised by the Company or the Executive Management Board member concerned, the Executive Management Board member concerned is entitled to a compensation payment. The payment must neither exceed the value of double the annual remuneration (severance cap) nor amount to more than the remaining term of the service agreement. The upper limits indicated in this paragraph equally apply in the event of payment of compensation following early termination of the Executive Management Board membership for other cause. In the event of prohibition of competition after the end of the service agreement, the compensation payment counts towards the compensation for the time of competitive restriction.

Upon termination of an Executive Board agreement, the payment of any outstanding variable remuneration components attributable to the period up to the termination of the agreement shall be made in accordance with

the originally agreed targets and comparison parameters and in accordance with the due dates or holding full stops specified in the agreement.

D. Procedure for specifying, implementing and reviewing the remuneration system

The remuneration system for Executive Management Board members of Medigene AG is adopted by the full Supervisory Board, with the Nomination and Compensation Committee of the Supervisory Board playing a role in preparing the resolution. The Nomination and Compensation Committee works out the details of the remuneration system and submits a proposal for the proposed resolution to the plenary meeting of the Supervisory Board.

The remuneration system for Executive Management Board members of Medigene AG is used when new service agreements are signed with Executive Management Board members or in the event of extensions or amendments to existing Executive Management Board members' service agreements. When negotiating and signing new Executive Management Board members' service agreements or extensions and amendments, the Supervisory Board must take into account the requirements of this remuneration system; this applies, in particular, to the Chairman of the Supervisory Board, who has signatory powers on behalf of the Company in terms of Executive Management Board members' service agreements, where the Chairman is authorized to do so by the Supervisory Board.

The remuneration system for Executive Management Board members of Medigene AG is reviewed by the Nomination and Compensation Committee of the Supervisory Board on an ongoing basis, particularly as part of contract negotiations with existing and future members of the Executive Management Board. However, no formal review at regular intervals takes place.

In the event that any conflict of interest is a risk or exists in the case of members of the Supervisory Board or members of the Executive Management Board, these must be disclosed to the Supervisory Board in accordance with the internal rules of procedure for the Supervisory Board and the Executive Management Board. The Supervisory Board will then take a decision in a plenary meeting on a case-by-case basis as to how to deal with a specific conflict of interest.

Planegg/Martinsried, May 2021

Der Aufsichtsrat