

## G. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

### (54) Executive Management Board

Total remuneration comprises fixed and variable components as well as other benefits, as described below:

#### a) Fixed remuneration

Each member of the Executive Management Board receives fixed remuneration, which is not performance-related and is paid in monthly installments. The amount of the fixed remuneration is determined based on the principles described in the group management's discussion and analysis.

#### b) Variable remuneration

##### i. Annual performance-related remuneration

In addition to fixed remuneration, Executive Management Board members are entitled to variable remuneration, which is dependent on the achievement of several performance targets specified by the Supervisory Board in advance. The annual performance-related remuneration currently amounts to 50% of fixed remuneration in the event of achieving 100% of the short-term and long-term profit targets and may amount to a maximum of 75% of fixed remuneration.

##### a. Setting of performance targets

The Supervisory Board sets annual performance targets, both comprehensively for all Executive Management Board members and, in addition, separately for each member of the Executive Management Board where necessary. The targets are weighted by the Supervisory Board.

##### b. Establishing the amount of annual performance-related remuneration

The Executive Board service agreement applicable to Prof. Dr. Dolores Schendel as of 1 May 2019, and the Executive Board service agreements of Dr. Kai Pinkernell and Mr. Axel Sven Malkomes do not provide for any scenarios as described above for determining the performance-related remuneration. The amount of the performance-related remuneration is determined arithmetically, if necessary, with appropriate weighting of the

targets, whereby 100% target achievement is determined if all agreed targets are met. However, within the scope of its discretionary powers, the Supervisory Board may add up to a further 50% to the 100% target achievement of the short-term targets, in particular for performance that was not formulated in the targets at the beginning of the year, but which has made a significant, objective, and demonstrable contribution to the success of the Company. In this respect, the variable compensation is capped.

c. Short-term and long-term components of annual performance-related compensation

For Prof. Dr. Dolores Schendel and Mr. Axel Sven Malkomes 65% and for Dr. Kai Pinkernell 50% of the achieved annual performance-related remuneration will be paid after the approval of the annual financial statements of the Company for the respective financial year. Payment of the remaining 35% (Prof. Dr. Schendel and Axel Sven Malkomes) and 50% (Dr. Pinkernell) of the annual bonus achieved in a financial year is deferred for a period of three years, starting from the date of notification of target achievement, which takes place by 31 March of the following year. The Executive Board service agreement applicable to Dr. Kai Pinkernell from 1 April 2020 also provides for a ratio of 65% for the short-term bonus component and 35% for the long-term bonus component.

At the end of this three-year period, the Supervisory Board will decide whether and to what extent sustainable positive corporate development can be affirmed. Depending on this, the Supervisory Board decides whether and to what extent the remaining 35% (Prof. Dr. Schendel and Axel Sven Malkomes) or 50% (Dr. Pinkernell) of the respective annual bonus is to be paid out to the respective Executive Board member with appropriate interest. For example, once the short-term targets for 2019 have been determined, the relevant long-term component for the 2019 financial year will be deferred for a further three years in the following 2020 financial year and then paid out in the 2023 financial year, if necessary. The Executive Board service agreement applicable to Dr. Kai Pinkernell from 1 April 2020 also provides for a rate of 35% for the long-term bonus component.

The Supervisory Board's decision on the sustainable positive development of the Company is based predominantly on the long-term development of the enterprise value and therefore also, among other things, on the Company's share price. The Executive Board members therefore participate in the long-term development of the Company with this compensation component and share in any negative developments.

ii. *Stock options*

In addition, the members of the Management Board receive stock options based on the Company's stock option program in effect at the time of issue. Stock options represent further long-term variable compensation components. This is intended to create performance incentives geared to the sustainability and long-term success of the Company as measured by a positive development in the Company's share price.

Options are issued to the respective Executive Board member in accordance with the contractually agreed number per year (currently a maximum of 20,000 options) either in one tranche or several tranches. The maximum number of 20,000 options to be issued per year is based on the target achievement for short-term incentive compensation in the preceding calendar year. Furthermore, the Supervisory Board of the Company may grant additional stock options of up to 20,000 per year as a special recognition bonus based on additional, special, personal performance by a member of the Executive Board.

In deviation from the previous presentation, Prof. Dr. Schendel was offered a pro rata option amount for the period under review up to 30 April 2019, which is not linked to the achievement of targets for short-term incentive compensation in the preceding calendar year, as the Executive Board service agreement correspondingly applicable up to 30 April 2019 did not provide for such a link. Furthermore, in deviation from the previous presentation, a total of 50,000 stock options have been contractually offered to Mr. Axel Sven Malkomes on a one-off basis at the beginning of his term of office on 1 April 2019.

The exercise price corresponds to the average closing price of the last 30 trading days prior to the issue of the stock options (allocation date).

The Executive Board members may exercise the option rights at the earliest after expiry of a waiting period of four years beginning with the allocation date of the respective subscription right. Furthermore, the average closing price on the 30 trading days prior to the respective exercise must be 120% of the exercise price (performance target). Only the test periods ending on the last day of the waiting period or later are relevant. The options have a contractual term of ten years and, for options issued from 2018 onwards, seven years from the date of grant.

### c) Fringe benefits

In addition to the above-mentioned remuneration components, members of the Executive Management Board are granted additional fringe benefits, in particular

- Payment of a fixed amount to be contributed to a pension fund
- A company car or alternatively, an increase in the contribution to the pension plan
- Reimbursement of costs in connection with dual households
- Co-payment of existing health insurance, not exceeding the employer's share of statutory health insurance contributions
- Reimbursement of business travel expenses
- Accident insurance coverage and payment of the relevant insurance premiums
- Inclusion in the D&O insurance in place with a deductible according to the statutory minimum amount

The pro rata structure of the annual performance-related remuneration with a total sustainability component of three years (with determination and payment only taking place in the fourth year after the year to which the long-term variable remuneration relates) and the structure of the stock options with a four-year waiting period before exercise provide considerable incentives for sustained positive corporate development, so that overall a balanced mix of short- and long-term remuneration components is achieved.

### d) Severance payments upon termination due to a change of control

In the event of a change in control, the service agreements made with the members of the Executive Management Board contain certain criteria for special termination by either the Company or the respective member (see (e) below). As defined by the service agreements, a change of control is when (i) a bidder who holds no voting rights or less than 5% of the voting rights at the time the service agreement is entered into obtains control over the Company in the sense of Sec. 29 WpÜG by holding at least 30% of the voting rights (including the voting rights allocable to it pursuant to Sec. 30 WpÜG) or (ii) as an independent entity enters into a control agreement as defined in Sec. 291 AktG with the Company and this agreement has become effective or (iii) the Company is merged with another legal entity pursuant to Sec. 2 UmwG unless the value of the other entity amounts to less than 30% of the value of the Company as evidenced by the swap ratio agreed for the merger.

If a service agreement with a member of the Executive Management Board is terminated due to a change of control and exercise of the right to special termination by the Company or a member of the Executive Management Board, the respective member has the right to a severance payment. This may not exceed a sum that is threefold the agreed annual gross remuneration as at the date on which the service contract terminates. In the service agreement with Prof. Schendel that was in place until 30 April 2019, the severance payment includes an

additional sum that is 1.5 times the remuneration provided for until the regular end of her service agreement and an individual upper limit has been agreed on.

#### e) Special termination rights in the event of a change in control

The service agreements for Executive Management Board members Prof. Dolores Schendel and Dr. Kai Pinkernell as well as for Axel Sven Malkomes, who was appointed to the Executive Management Board effective 1 April 2019, include special termination rights for both the Company and the Executive Management Board members in the event of a change in control.

Regarding Prof. Dolores Schendel, the details arranged in the service agreement that expired on 30 April 2019 are not presented below. Rather, only those arrangements which were agreed in the service agreement that came into force on 1 May 2019.

In the event of a change in control, the Company and the respective member of the Executive Management Board each have a special termination right due to a triggering event for a period of three months following the date of the change in control in each case.

If a service agreement with a member of the Executive Management Board is terminated due to the exercise of the right to special termination presented above, the respective member is entitled to:

- Payment of a severance payment equal to the gross remuneration (fixed component) until the regular end of the service agreement
- a pro rata temporis gross bonus (excluding stock options) until the end of the regular term of the service agreement and
- a severance payment of 2.5 times the annual remuneration (fixed component and performance-related remuneration, excluding stock options).
- Severance cap: The severance payment may not exceed three times the sum of the agreed annual remuneration (fixed and performance-based components) valid at the time the service agreement is terminated.

If a member of the Executive Management Board exercises the special right to termination, they are entitled to:

- a severance payment equivalent to three times the gross monthly sum for every completed year of membership on the Company's Executive Management Board. The gross monthly amount comprises one twelfth of the current gross remuneration at the time of termination and one twelfth of the average annual bonus,
- however, at least twelve gross monthly amounts (lower limit).
- Severance cap: The severance payment may not exceed three times the sum of the agreed annual remuneration (fixed and performance-based components) valid at the time the service agreement is terminated (upper limit).

**f) Summary of severance payments for members of the Executive Management Board due to the exercise of a special right of termination (change of control)**

**SUMMARY OF SEVERANCE PAYMENTS DUE TO THE EXERCISE OF A SPECIAL RIGHT OF TERMINATION**

EXECUTIVE MANAGEMENT BOARD	TERMINATED BY:	RIGHT TO A SEVERANCE PAYMENT OF	CAPS
Prof. Dolores Schendel, Chief Executive Officer	Company	4. Gross remuneration (fixed component) until the regular end of the agreement 5. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 6. 2.5 times the annual remuneration (excluding stock options)	3.0 times the annual remuneration (fixed remuneration plus bonus)
	Executive Management Board	3. 3.0 times the annual remuneration (fixed remuneration plus bonus) for each full year of service, but 4. At least 12 gross monthly amounts (lower limit)	3.0 times the annual remuneration (fixed remuneration plus bonus)
Dr. Kai Pinkernell	Company	4. Gross remuneration (fixed component) until the regular end of the agreement 5. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 6. 2.5 times the annual remuneration (excluding stock options)	3.0 times the annual remuneration (fixed remuneration plus bonus)
	Executive Management Board	3. 3.0 times the annual remuneration (fixed remuneration plus bonus) for each full year of service, but 4. At least 12 gross monthly amounts (lower limit)	3.0 times the annual remuneration (fixed remuneration plus bonus)
Axel Sven Malkomes (since 1 April 2019)	Company	4. Gross remuneration (fixed component) until the regular end of the agreement 5. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 6. 2.5 times the annual remuneration (excluding stock options)	3.0 times the annual remuneration (fixed remuneration plus bonus)
	Executive Management Board	3. 3.0 times the annual remuneration (fixed remuneration plus bonus) for each full year of service, but 4. At least 12 gross monthly amounts (lower limit)	3.0 times the annual remuneration (fixed remuneration plus bonus)

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to €1,402 k in 2020 (2019: €1,742 k).

**REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD**

IN € k	2020	2019 <sup>1)</sup>
Fixed remuneration component (basic remuneration)	<b>935</b>	875
Short-term variable compensation component	<b>183</b>	252
Mid-term variable compensation component	<b>148</b>	167
Post-employment benefits (service cost from pension entitlements)	<b>76</b>	53
Share-based payment	<b>60</b>	351
Termination benefits	<b>0</b>	44
<b>Total</b>	<b>1.402</b>	<b>1.742</b>

<sup>1)</sup> Previous year figure was adjusted

**REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD**

IN T€	PROF. DR. DOLORES J. SCHENDEL		DR. KAI PINKERNELL		AXEL SVEN MALKOMES	
	2020	2019	2020	2019	2020	2019
Fixed remuneration component	320	350	315	300	300	225
variable compensation component						
Short term	55	94	75	90	53	68
Mid-term	46	63	35	60	67	44
Post-employment benefits (service cost from pension entitlements)			32	24	44	29
Share-based payment	20	43	20	36	20	272
<b>Total</b>	<b>441</b>	<b>550</b>	<b>477</b>	<b>510</b>	<b>484</b>	<b>638</b>

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to €1,252 k in 2020 (2019: €1,557 k).

**REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD – BENEFITS GRANTED**

IN € K	PROF. DOLORES J. SCHENDEL CHIEF EXECUTIVE OFFICER SINCE 1/2/2016 (MEMBER OF THE BOARD SINCE 1/5/2014)		DR. KAI PINKERNELL MEMBER OF THE EXECUTIVE MANAGEMENT BOARD SINCE 1/4/2018		AXEL SVEN MALKOMES MEMBER OF THE EXECUTIVE MANAGEMENT BOARD SINCE 1/4/2019	
	2020	2019	2020	2019	2020	2019
Fixed remuneration	320	350	315	300	300	225
Fringe benefit <sup>1)</sup>	0	0	19	31	55	48
<b>Total</b>	<b>320</b>	<b>350</b>	<b>334</b>	<b>331</b>	<b>355</b>	<b>273</b>
Variable performance-based components <sup>2)</sup>	55	94	75	90	53	68
<b>Total</b>	<b>375</b>	<b>444</b>	<b>409</b>	<b>421</b>	<b>408</b>	<b>341</b>
Variable components in the form of stock options						
Number of stock options in the year	10,000	15,000	10,000	12,500	10,000	65,000
Fair value	20	43	20	36	20	272
<b>Total</b>	<b>395</b>	<b>487</b>	<b>429</b>	<b>457</b>	<b>428</b>	<b>613</b>

<sup>1)</sup> The fringe benefits paid to members of the Executive Management Board include expenses for the cost of maintaining dual households.

<sup>2)</sup> Including an annual bonus on the basis of the accruals for 2020/2019 (without discounting) and a 100% payout based upon an estimated target achievement of 60%/80%.

The members of the Executive Management Board do not hold any positions on comparable governing or supervisory boards and/or similar bodies.

**(55) Supervisory Board****a) Supervisory Board remuneration**

Supervisory Board compensation amounted to €192 k in 2020 (2019: €210 k). The total compensation of the members of the Supervisory Board comprises fixed compensation and attendance fees. In addition, expenses are reimbursed. The greater scope of activities of the Supervisory Board Chairman and Deputy Chairman is reflected in correspondingly higher compensation. Since the resolution on the compensation system for members of the Supervisory Board was adopted at the 2020 Annual General Meeting on 16 December 2020, this has also applied to the chairmanship of a committee. The disclosures on subscription rights of board members are as follows → note (56) on p. 98. No advances were paid to members of the Supervisory Board and Executive Management Board.

**SUPERVISORY BOARD MEMBER REMUNERATION 2020**

SUPERVISORY BOARD MEMBERS	FIXED REMUNERATION IN € K	COMMITTEE REMUNERATION IN € K	MEETING FEES IN € K
Dr. Gerd Zettlmeissl, Chairman since 23/5/2019	32	6	4
Prof. Dr. Horst Domdey, Co-Founder, Chairman until 22/5/2019	16	3	4
Antoinette Hiebeler-Hasner, Deputy Chair	24	3	4
Dr. Yita Lee	16	3	4
Dr. Keith Manchester	16	3	4
Dr. Frank Mathias	16	3	8
Ronald Scott	16	3	4
<b>Total</b>	<b>136</b>	<b>24</b>	<b>32</b>

**b) Supervisory Board members of Medigene AG**

The Supervisory Board of the Company consists of six members as of 31 December 2020. The Annual General Meeting elected Dr. Anthony Man to the Supervisory Board on 16 December 2020. The term of office of Dr. Yita Lee and Prof. Dr. Horst Domdey ended on the day of the 2020 Annual General Meeting on 16 December 2020. The term of office of Ronald Scott and Dr. Gerd Zettlmeissl ends with the conclusion of the Annual General Meeting that resolves on the second financial year after the start of their term of office, i.e., on the day of the 2021 Annual General Meeting. The term of office of Antoinette Hiebeler-Hasner, Dr. Keith Manchester, and Dr. Frank Mathias will end at the close of the Annual General Meeting that passes a resolution on the third financial year after the start of their term of office, i.e., on the date of the Annual General Meeting in 2022. The term of office of Dr. Anthony Man will end at the close of the Annual General Meeting that passes a resolution on the third financial year after the start of his term of office, i.e., on the date of the Annual General Meeting in 2023.

**Dr. Gerd Zettlmeissl****Self-employed consultant immunoprophylaxis and immunotherapies**

Positions on other supervisory boards/advisory boards in Germany: none

Positions outside Germany:

- MSD Wellcome Trust Hilleman Laboratories, New Delhi, India (Non-Profit), Chairman
- Themis Bioscience GmbH, Vienna, Austria, Chairman

**Antoinette Hiebeler-Hasner****Managing director of Vistra GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Cologne**

Positions on other supervisory boards/advisory boards in Germany:

- Grob Aircraft SE, Tussenhausen-Mattsies, Chairman
- Ventuz Technology AG, Grünwald, Chairman

Positions outside Germany: none

**Dr. Yita Lee till December 16, 2020****Chief Scientific Officer of the Sinphar group, Taiwan**

Positions on other supervisory boards/advisory boards in Germany: none

Positions outside Germany:

- Sinphar Pharmaceutical Co., Ltd., Yilan, Taiwan
- SynCore Biotechnology Co., Ltd., Yilan, Taiwan
- ZuniMed Biotech Co., Ltd., Yilan, Taiwan
- CanCap Pharmaceutical Ltd., Richmond, Canada

**Prof. Horst Domdey till December 16, 2020****Managing director of BioM Biotech Cluster Development GmbH****Liquidator of BioM AG Munich Biotech Development i.L., Planegg/Martinsried**

Positions on other supervisory boards/advisory boards in Germany:

→ GNA Biosolutions GmbH, Planegg/Martinsried

Positions outside Germany: none

**Ronald Scott**

Positions on other supervisory boards/advisory boards in Germany: none

Positions outside Germany:

→ Basilea Pharmaceutical International Ltd., Basel, Switzerland (a listed company)

**Dr. Keith Manchester****Managing partner and Head of Life Sciences of QVT Financial LP, New York, NY, USA**

Positions on other supervisory boards/advisory boards in Germany: none

Positions outside Germany:

→ Arbutus Biopharma Corporation, Canada (listed)

→ Roivant Sciences, Inc., Delaware, USA and Roivant Sciences Ltd., Bermuda

**Dr. Frank Mathias****Chairman of Rentschler SE, Laupheim**

Positions on other supervisory boards/advisory boards in Germany:

→ Mediatum AG, Heidelberg, Chairman

→ Leukocare AG, Martinsried

→ August Faller GmbH &amp; Co. KG, Waldkirch, Chairman

→ leon-Nanodrug GmbH, Munich

Positions outside Germany: none

**Dr. Anthony Man****Global Clinical Development Head, Communicable Diseases, Global Health Development Unit bei der Novartis Pharma AG**

Supervisory board/advisory board mandates: none

**(56) Directors' holdings and notes on subscription rights****DIRECTORS' HOLDINGS AND NOTES ON SUBSCRIPTION RIGHTS**

NUMBER OF SHARES/OPTIONS	SHARES		OPTIONS	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Dr. Gerd Zettlmeissl	0	0	0	0
Antoinette Hiebeler-Hasner	0	0	0	0
Yita Lee, Ph.D.	0	0	0	0
Prof. Horst Domdey	39,125	39,125	0	0
Dr. Keith Manchester <sup>1)</sup>	0	0	0	0
Ronald Scott	0	0	0	0
Dr. Frank Mathias	20,197	20,197	46,089 <sup>2)</sup>	46,089 <sup>2)</sup>
<b>Total Supervisory Board</b>	<b>59,322</b>	<b>59,322</b>	<b>46,089</b>	<b>46,089</b>
Prof. Dolores J. Schendel, CEO <sup>3)</sup>	846,296	846,296	97,500	87,500
Dr. Kai Pinkernell, member of the board	0	0	73,438	63,438
Axel Sven Malkomes, member of the board (from 1/4/2019)	0	0	75,000	65,000
<b>Total Executive Management Board</b>	<b>846,296</b>	<b>846,296</b>	<b>245,938</b>	<b>215,938</b>

<sup>1)</sup> Dr. Manchester is a partner and Head of Life Sciences QVT Financial LP New York, USA. According to the latest voting rights announcement dated 8 June 2018, the funds managed by QVT hold 1,072,879 shares in Medigene AG.

<sup>2)</sup> The stated number of options corresponds to 124,839 options prior to a capital reduction in 2013.

<sup>3)</sup> Prof. Schendel indirectly holds 846,296 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH, which can be allocated to Prof. Schendel directly.