

F. OTHER DISCLOSURES

(46) German Corporate Governance Code

Medigene AG's Executive Management Board and Supervisory Board confirmed in their declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) of November 27, 2018 that Medigene AG complies with the recommendations of the German Corporate Governance Code in the corresponding current version since the date of issue of the declaration of conformity dated November 28, 2017, with the exceptions mentioned and explained, and that the declaration of conformity for the period from November 27, 2018 complies and will comply with the recommendations of the Code in the version dated February 7, 2017 with the exceptions mentioned. The recommendations of the Code which Medigene AG does not implement are explained and justified in the declaration of conformity. This declaration is available in English and German on the Medigene AG website at <http://www.medigene.de/investoren-medien/corporate-governance/entsprechenserklaerung/>.

The declarations of conformity of Medigene AG are available on the website of the Company for at least five years.

(47) Audit fees

The auditors of the Company and the Group received the following fees for the past fiscal year:

| AUDIT FEES | 2018 | 2017 |
|--------------------------|------------|------------|
| IN € K | | |
| Audit services | 156 | 144 |
| Other assurance services | 152 | 40 |
| Other services | 22 | 16 |
| Total | 330 | 200 |

For the purpose of this presentation, the audit services are defined in accordance with Article 2 of Directive 2006/43/EC of the European Parliament and Council of May 17, 2006 in conjunction with Directive (EU) Nr. 537/2014 of the European Parliament and of the Council of April 16, 2014 (EU Audit Regulation). Other assurance services and other services comprise the non-audit services permitted as defined by the EU Audit Regulation and related in fiscal year 2018 to the limited review of interim financial reports, services in connection with enforcement proceedings and discount rate estimates, the German-English translation and other cost allocations. In accordance with Secs. 285 No. 17, 314 (1) No. 9 HGB, other assurance services rendered in fiscal year 2018 are to be allocated to the audit services.

G. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

(48) 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 on the basis of the principles described above.

b) Variable remuneration

1) 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 100% target achievement and may be a maximum of 75% of fixed remuneration.

(1) 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.

(2) Establishing the amount of annual performance-related remuneration

The contract with the CEO, Prof. Dolores Schendel allows for three possible target achievement scenarios: low case, base case and best case.

- The low case scenario corresponds to 50% target achievement, the base case to 100% and the best case to 150%.
- In the event that target achievement is below the low case threshold, no variable remuneration is paid. If target achievement is in the range between the low case and base case and the base case and best case, variable remuneration increases on a straight-line basis according to target achievement. Target achievement which surpasses the best case is not reflected in terms of higher remuneration. To this extent, variable remuneration is capped.
- The amount of the annual performance-related remuneration is calculated on the basis of target achievement in relation to the specific targets, taking into account the weighting of the relevant target.

The contract with Dr. Kai Pinkernell does not allow for any of the scenarios described above with regard to his performance-related remuneration. His performance-related remuneration is calculated arithmetically by weighting the targets accordingly, with full attainment of the agreed targets equating to 100%. However, the Supervisory Board may add an additional 50% upon attaining 100% of the short-term targets, particularly for work which could not be formulated in quantifiable targets at the beginning of the year but has significantly and demonstrably contributed to the success of the Company. To this extent, variable remuneration is capped.

(3) Short-term and long-term components of annual performance-related remuneration

- In the case of Prof. Dolores Schendel, 65% of the performance-related annual remuneration is paid after the financial statements of the Company have been adopted for the relevant fiscal year. In the case of Dr. Kai Pinkernell, 50% of the performance-related remuneration is paid out. Payment of the remaining 35% (Prof. Schendel) and 50% (Dr. Pinkernell) of the annual performance-related remuneration granted in a specific fiscal year is deferred for a period of three years beginning from the moment that notice that the targets have been achieved is given, which occurs no later than March 31 of the following year.
- At the end of this three-year period, the Supervisory Board decides whether and to what extent sustained corporate growth can be affirmed. Based on this decision, the Supervisory Board resolves whether and to what extent the remaining 35% (Prof. Schendel) and 50% (Dr. Pinkernell) of the relevant annual performance-based remuneration will be paid out to the respective Executive Management Board member with appropriate interest.

→ The Supervisory Board's decision regarding sustained corporate growth is primarily based on the long-term trend in business value and, therefore, also the share price of the Company's shares, among other things. The members of the Executive Management Board thus participate in the Company's long-term growth on the basis of this remuneration component, and they also share any negative developments.

2) *Stock options*

→ In addition, stock options are granted to Executive Management Board members on the basis of the respective Company's stock option program in force on the date of issue. Stock options represent another long-term remuneration component. They are aimed at providing a performance incentive which is geared to sustainable long-term corporate growth based on the positive development of the share price of the Company's shares.

→ Stock options are issued to each Executive Management Board member in accordance with the contractually agreed number per year (currently a maximum of 20,000 stock options) either in one tranche or in several tranches. The maximum number of options that can be issued to Dr. Kai Pinkernell in any one year is set at 20,000 based on the attainment of short-term targets in the prior calendar year. Furthermore, the Supervisory Board of the Company can issue individual members of the Executive Management Board up to 20,000 extra stock options per annum as a special reward for personal performance.

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

→ Executive Management Board members may exercise their stock options at the earliest after a vesting period of four years, starting from the grant date of the relevant subscription right. Moreover, they may only be exercised if the average share price over the 30 trading days prior to the respective exercise date is at least 120% of the exercise price (performance target). Only those monitoring windows are relevant that end on the last day of the vesting period or later. The options have a contractual term of ten years or, in the case of options granted from the year 2018 onwards, seven years from the grant date.

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

→ Copayment 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 proportional structure of annual performance-related remuneration with a cumulative three-year sustainability component and the terms of stock options with a four-year vesting period prior to exercising the stock options create a significant incentive to achieve sustained corporate growth, ensuring a balanced mix of short-term and long-term remuneration components.

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). A change of control in the sense of the service agreements is when at least 30% of the shares in the Company equipped with voting rights are acquired directly or indirectly by a third party. 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, the respective member has a 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 case of Prof. Schendel, 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 and for Dr. Thomas Taapken, who left the Company effective August 31, 2018, include special termination rights for both the Company and the Executive Management Board members in the event of a change in control.

Details on the separate service agreement made with Dr. Thomas Taapken are not presented below as he left the Executive Management Board on August 31, 2018 and no change of control took place during his appointment.

In the event of a change of control, the Company has a special termination right for a period of one year in the case of Prof. Schendel and three months in the case of Dr. Kai Pinkernell, commencing on the date of the change in control. The service agreement with Prof. Dolores Schendel, commencing on May 1, 2019, covering the term from 2019 to 2022 also provides the Company with a right to terminate the agreement upon notice of three months.

Prof. Schendel has a special termination right based on a triggering event for a period of one year after the date of the change in control if this change results in an unacceptable change in the previous duties and responsibilities of the relevant Executive Management Board member (budget, number of employees supervised and their role on the Board), or if the Company informs him/her that his/her appointment as Executive Management Board member will not be renewed and denial of such renewal is for a cause for which he/she bears responsibility justifying extraordinary termination of the relevant Executive Management Board member's service agreement. The service agreement with Prof. Dolores Schendel, commencing on May 1, 2019, covering the term from 2019 to 2022 provides Prof. Schendel with a right to terminate the agreement upon notice of three months.

Dr. Kai Pinkernell has a special termination right 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: In this context, the severance payment may exceed neither:
- three times the sum of the annual remuneration and average annual bonus agreed at the time of the termination of the service agreement, nor
 - one and a half times the remuneration agreed on in the service agreement for the residual term of the agreement, nor
 - a cap of €450,000 in the case of Prof. Dolores Schendel
 - in the case of Dr. Kai Pinkernell and in the service agreement with Prof. Dolores Schendel commencing on May 1, 2019 for the term from 2019 to 2022, a cap of three times the sum of the annual remuneration agreed on effective on the date of termination (fixed and variable remuneration)
- In the event that 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,
 - In the case of Prof. Dolores Schendel, at least six months' gross salary and in the case of Dr. Kai Pinkernell and also under the terms of the new service agreement with Prof. Dolores Schendel, commencing on May 1, 2019 for the period from 2019 to 2022 at least twelve months' gross salary (lower limit).
- Severance cap: The severance payment may not exceed:
- the sum of 36 gross monthly salaries
- (upper limit)

In the case of Prof. Dolores Schendel there is, under the terms of the service agreement in place until April 30, 2019, an additional severance cap of 1.5 times the remuneration outstanding for the remaining term of her service agreement.

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 (SMALLEST CAP APPLIES) |
|---|----------------------------|--|---|
| Prof. Dolores Schendel, CEO (based on the terms of the service agreement expiring on April 30, 2019) | Company | 1. Gross remuneration (fixed component) until the regular end of the agreement 2. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 3. 2.5 times the annual remuneration (excluding stock options) | 3.0 times the annual remuneration (fixed remuneration plus bonus) or 1.5 times the remuneration over the remaining term of the agreement, not to exceed €450,000 (cap) |
| | Executive Management Board | 1. 3.0 times the annual remuneration (fixed remuneration plus bonus) for each full year of service, but 2. at least 6 gross monthly amounts (lower limit) | 36 gross monthly salaries (fixed remuneration and bonus) or 1.5 times the remuneration over the remaining term of the agreement |
| Dr. Kai Pinkernell (since April 1, 2018) | Company | 1. Gross remuneration (fixed component) until the regular end of the agreement 2. Pro rata share of bonus (excluding stock options) until the regular end of the agreement, and 3. 2.5 times the annual remuneration (excluding stock options) | 3.0 times the annual remuneration (fixed remuneration plus bonus) |
| | Executive Management Board | 1. 3.0 times the annual remuneration (fixed remuneration plus bonus) for each full year of service, but 2. At least 12 gross monthly amounts (lower limit) | 36 gross monthly salaries (fixed remuneration and bonus) |

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to €1,689 kin 2018 (2017: €1,767 k).

REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD – BENEFITS GRANTED

| IN € K | PROF. DOLORES J. SCHENDEL CEO SINCE 2/1/2016 (MEMBER OF THE BOARD SINCE 5/1/2014) | | DR. KAI PINKERNELL MEMBER OF THE EXECUTIVE MANAGEMENT BOARD SINCE 4/1/2018 | | DR. THOMAS TAAPKEN MEMBER OF THE EXECUTIVE MANAGEMENT BOARD SINCE 1/1/2017 UNTIL 8/31/2018 | | FORMER MEMBERS OF THE EXECUTIVE MANAGEMENT BOARD | |
|---|--|------------|---|-------------|--|------------|--|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Fixed remuneration | 334 | 334 | 225 | n.a. | 264 | 264 | 0 | 404 |
| Fringe benefit ¹⁾ | 0 | 0 | 24 | n.a. | 62 | 64 | 0 | 0 |
| Total | 334 | 334 | 249 | n.a. | 326 | 328 | 0 | 404 |
| Variable performance-based components ²⁾ | 120 | 141 | 90 | n.a. | 194 | 124 | 0 | 149 |
| Total | 454 | 475 | 339 | n.a. | 520 | 452 | 0 | 553 |
| Variable components in the form of stock options | | | | | | | | |
| Number of stock options in the year | 20,000 | 20,000 | 17,500 | n.a. | 20,000 | 20,000 | 0 | 0 |
| Fair value | 114 | 144 | 100 | n.a. | 162 | 144 | 0 | 0 |
| Total | 568 | 619 | 439 | n.a. | 682 | 596 | 0 | 553 |

¹⁾ Fringe benefits include dual household expenses amounting to €35 k (2017: €36 k), pension fund contributions of €42 k (2017: €24 k) and vehicle leasing amounting to €9 k (2017: €4 k) for the members of the Executive Management Board.

²⁾ Including an annual bonus on the basis of the accruals for 2017/2018 (without discounting) and a 100% payout based upon an estimated target achievement of 80% in 2018 and 93.75% in 2017.

The following table presents the remuneration paid to the members of the Executive Management Board, which amounted to €1,356 k in the 2018 fiscal year (2017: €1,446 k).

REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD - PAYMENTS MADE

| IN € K | PROF. DOLORES J. SCHENDEL | | KAI PINKERNELL | | DR. THOMAS TAAPKEN | | FORMER MEMBERS OF THE EXECUTIVE MANAGEMENT BOARD | |
|---------------------------------------|---------------------------|------------|----------------|-------------|-------------------------|------------|--|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Fixed remuneration | 334 | 334 | 225 | n.a. | 264 | 264 | 0 | 404 |
| Fringe benefits ³⁾ | 0 | 0 | 24 | n.a. | 62 | 64 | 0 | 0 |
| Total | 334 | 334 | 249 | n.a. | 326 | 328 | 0 | 404 |
| Variable performance-based components | | | | | | | | |
| thereof for 2018 | 0 | 0 | 0 | n.a. | 44 | 0 | 0 | 0 |
| thereof for 2017 ⁴⁾ | 91 | 0 | 0 | n.a. | 80 | 0 | 94 | 0 |
| thereof for 2016 ⁴⁾ | 0 | 113 | 0 | n.a. | 0 | 0 | 0 | 146 |
| thereof for 2014 ⁵⁾ | 31 | 0 | 0 | n.a. | 0 | 0 | 107 | 0 |
| thereof for 2013 ⁵⁾ | 0 | 0 | 0 | n.a. | 0 | 0 | 0 | 121 |
| Total | 122 | 113 | 0 | n.a. | 124 | 0 | 201 | 267 |
| Total remuneration paid out | 456 | 447 | 249 | n.a. | 450⁶⁾ | 328 | 201 | 671 |

³⁾ Fringe benefits include dual household expenses, pension expenses and vehicle leases for the members of the Executive Management Board.

⁴⁾ Corresponds to 65% of the variable components of the respective previous year

⁵⁾ Corresponds to 35% of the variable components in 2014/2013 plus interest

⁶⁾ Due to the exit effective August 31, 2018 the salary components payable until the original appointment to the Executive Management Board on December 31, 2018 were already considered in the fixed remuneration on August 31, 2018.

The members of the Executive Management Board additionally hold positions on the following supervisory boards and/or similar bodies:

Prof. Dr. Dolores Schendel

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

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

Dr. Kai Pinkernell (from April 1, 2018)

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

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

Dr. Thomas Taapken (until August 31, 2018)

Positions on other supervisory boards/advisory boards in Germany:

→ Immunic AG, Planegg/Martinsried

Positions outside Germany:

→ SciBase AB, Stockholm, Sweden

(49) Supervisory Board

Supervisory Board remuneration

Supervisory Board remuneration amounted to €197 k in 2018 (2017: €165 k). The total remuneration paid to the members of the Supervisory Board comprised fixed remuneration as well as attendance fees. In addition, expenses were reimbursed. The greater scope of activities of the Chairman of the Supervisory Board and his

deputy are taken into account and accordingly reflected by higher remuneration. Details regarding the subscription rights of members of the Supervisory Board and Executive Management Board are provided in → *note (50)*. No advances were paid to members of the Supervisory Board and Executive Management Board.

SUPERVISORY BOARD REMUNERATION 2018

| SUPERVISORY BOARD MEMBERS | FIXED REMUNERATION IN € K | MEETING FEES IN € K |
|--|------------------------------|------------------------|
| Prof. Horst Domdey, Chairman, co-founder | 32 | 11 |
| Antoinette Hiebeler-Hasner | 24 | 11 |
| Dr. Frank Mathias (from May 15, 2018) | 8 | 10 |
| Dr. Gerd Zettlmeissl | 16 | 10 |
| Dr. Keith Manchester | 16 | 7 |
| Dr. Yita Lee, Member | 16 | 9 |
| Ronald Scott | 16 | 11 |
| | 128 | 69 |

Supervisory Board members of Medigene AG:

The Supervisory Board of the Company had seven members as at December 31, 2018. On May 15, 2018, the Annual General Meeting appointed an additional member to the Supervisory Board for the remaining term of the full board expiring in 2019, namely, Dr. Frank Mathias, in addition to Prof. Horst Domdey (Chairman of the Supervisory Board), Ms. Antoinette Hiebeler-Hasner (Deputy Chair of the Supervisory Board), Dr. Yita Lee, Dr. Keith Manchester, Dr. Gerd Zettlmeissl and Mr. Ronald Scott

Prof. Horst Domdey

Managing director of BioM Biotech Cluster Management GmbH

Liquidator of BioM AG Munich Biotech Development i.L., Munich

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

Positions on boards in other countries: none

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 on boards in other countries: none

Dr. Yita Lee

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

Dr. Gerd Zettlmeissl

Self-employed consultant immunoprophylaxis and immunotherapies

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

Positions outside Germany:

- ASIT biotech, Brussels, Belgium (a listed company), Chairman (until December 17, 2018)
- MSD Wellcome Trust Hilleman Laboratories, New Delhi, India (Non-Profit), Chairman
- Themis Bioscience GmbH, Vienna, Austria, Chairman
- Aeris, Rockville, MD, USA (non-profit) (until November 15, 2018)

Ronald Scott

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

Positions outside Germany:

- KIDpharma AG, Root, Switzerland
- 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 & Co. KG, Waldkirch (Chairman)
- leon-Nanodrug GmbH, Munich

Positions on boards in other countries: none

(50) Directors' holdings and notes on subscription rights

DIRECTORS' HOLDINGS AND NOTES ON SUBSCRIPTION RIGHTS

| NUMBER OF SHARES/OPTIONS | SHARES | | OPTIONS | |
|---|----------------|----------------|----------------------|---------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 | 12/31/2017 |
| Prof. Horst Domdey | 39,125 | 39,125 | 0 | 0 |
| Yita Lee, Ph.D. | 0 | 0 | 0 | 0 |
| Antoinette Hiebeler-Hasner | 0 | 0 | 0 | 0 |
| Dr. Gerd Zettlmeissl | 0 | 0 | 0 | 0 |
| Dr. Keith Manchester ¹⁾ | 0 | 0 | 0 | 0 |
| Ronald Scott | 0 | 0 | 0 | 0 |
| Dr. Frank Mathias (from 5/15/2018) | 20,197 | n.a. | 46,089 ²⁾ | 0 |
| Total Supervisory Board | 59,322 | 39,125 | 46,089 | 0 |
| Prof. Dolores J. Schendel, Chief Executive Officer and Chief Scientific Officer ³⁾ | 846,296 | 929,268 | 72,500 | 52,500 |
| Dr. Kai Pinkernell, Chief Medical Officer and Chief Development Officer (since 4/1/2018) | 0 | n.a. | 50,938 | n.a. |
| Dr. Thomas Taapken, CFO (until 8/31/2018) | n.a. | 6,000 | n.a. | 20,000 |
| Total Executive Management Board | 846,296 | 935,268 | 123,438 | 72,500 |

¹⁾Dr. Manchester is a partner and Head of Life Sciences QVT Financial LP New York, USA. According to the latest voting rights announcement dated 6/8/2018, the funds managed by QVT hold 1,072,879 shares in Medigene AG.

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

³⁾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.