

## Statement on corporate governance in accordance with Section 289a of the HGB

The statement on governance in accordance with Section 289a of the HGB comprises the declaration of conformity pursuant to Section 161 of the AktG, relevant information on corporate governance practices, and a description of the procedures of the Executive Management Board and the Supervisory Board along with the composition and procedures of their committees.

Pursuant to Section 161 of the AktG, any non-compliance with the recommendations of the German Corporate Governance Code must be described and justified in the declaration of conformity. Medigene reports on non-compliance with certain recommendations of the German Corporate Governance Code as described in the following statement on corporate governance (I) and the amendment to the statement (II).

## **I. Declaration of conformity by the Executive Management Board and Supervisory Board of Medigene AG pursuant to Section 161 of the AktG**

Section 161 (I) (1) of the German Stock Corporation Act (AktG) requires the Executive and the Supervisory Boards of a listed stock corporation to declare annually that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and are complied with, and which recommendations have not been or are not being applied, and for what reason. In addition to the presentation of the applicable German Stock Corporation Act, the German Corporate Governance Code ("Code") also includes recommendations from which a company may deviate ("shall" provisions). However, any deviation has to be disclosed and accounted for annually.

Since issuing the last Declaration of Conformity on 3 December 2014, Medigene AG has complied with the recommendations of the Code in its old version dated 24 June 2014, except with the declarations made in the Declaration of Conformity of 3 December 2014. For the period starting 17 December 2015 the Executive and Supervisory Boards declare conformity with the Code in its version dated 5 May 2015 with the following exceptions, and declare their intention to comply in the future as follows:

### **Section 3.8 para. 3 of the Code: Deductible in the case of D&O insurances**

The D&O insurance (so-called directors' and officers' liability insurance) taken out by Medigene AG for its Supervisory Board members does not provide for any deductible. Medigene AG does not intend to agree a general deductible for its Supervisory Board members with its D&O insurance carrier. The legal obligation to adapt D&O insurance contracts pursuant to Section 93 (II) (3) of the German Stock Corporation Act (AktG) in conjunction with Section 23 (I) (1) of the Introductory Act to the German Stock Corporation Act (EAG) is applicable only to Executive Board members. In Section 116 (I) of the German Stock Corporation Act, the legislator did not require any deductible for Supervisory Board members, but expressly excluded the Supervisory Board instead. The Executive and Supervisory Board of Medigene AG believe that the nature of the position as a Supervisory Board member, which is also emphasized by the different remuneration, calls for a distinction between D&O insurances for Executive and Supervisory Board members. Both the Executive and Supervisory Boards also believe that the motivation and sense of responsibility applied by the members of the Supervisory Board of Medigene AG in the fulfillment of their duties are fully guaranteed without any general deductible as recommended under the Code.

### **Section 4.1.5 sentence 2 of the Code: Proportion of women in management levels under the Executive Management Board**

The Executive Management Board of Medigene AG resolved on 30 September 2015 for the first time a target regarding the proportion of women in the so-called „Management Team“. A second level was consciously not defined in the light of the current size of Medigene AG and the respective structure of the company, which would not be meaningful and appropriate. The definition of only one management level in the form of the Management Team reflects existing reporting lines to the Executive Management Board. A second management level which would be meaningful in the sense of the Equal Opportunities Act does not exist and cannot be formally defined through job titles or responsibility over personnel.

**Section 4.2.3 para. 3 of the Code: Establishment of a targeted pension level**

For the members of the Executive Management Board of Medigene AG, there is a defined contribution plan that does not aim to achieve a specific level of pensions. The Supervisory Board considers the existing pension system as appropriate and well balanced.

**Section 5.1.2 para. 1 sentence 3 & Section 5.4.1 para. 2 sentence 3 of the Code:  
Proportion of women in the Executive & Supervisory Boards**

The Supervisory Board of Medigene AG resolved on 8 October 2015 for the first time targets regarding the proportion of women in the Executive Management Board and the Supervisory Board. The respective resolutions were not made until 30 September 2015 because the Supervisory Board wished to deal with these topics personally in an ordinary meeting which was scheduled for early October 2015.

**Section 5.4.1 para. 2 sentence 1: Regular time limit for membership in the Supervisory Board**

A regular time limit for the membership in the Supervisory Board of Medigene AG has not yet been resolved. The General Assembly elects a member of the Supervisory Board for a limited period of time of office. The Supervisory Board and the Executive Management Board are of the opinion that the General Assembly finally decides on the time of office of a member of the Supervisory Board and its overall time of office through the respective election or re-election.

**Section 5.4.6 para. 1 sentence 2 of the Code: Consideration of committee work in the compensation of Supervisory Board members**

While chairmanship and membership in committees of the Supervisory Board is taken into account when fixing the remuneration of Medigene's Supervisory Board members, there is no differentiation between a chairman and a regular member of a committee. Both the Executive and Supervisory Boards believe that the Supervisory Board members show a high degree of commitment in their committee work without any such arrangement.

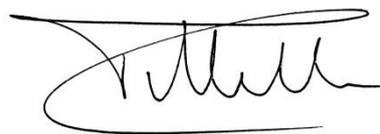
Martinsried, 17. December 2015

For the Supervisory Board:



Prof Horst Domdey  
Chairman of the Supervisory Board

For the Executive Management Board:



Dr Frank Mathias  
Chief Executive Officer

**II. Amendment to the declaration of conformity of 17 December 2015 by the Executive Management Board and Supervisory Board of Medigene AG pursuant to Section 161 of the AktG: Chairman of Supervisory Board serves concurrently as Chairman of Audit Committee**

In addition to the declaration published on 17 December 2015, the Executive Management Board and Supervisory Board of Medigene AG report the following pursuant to Section 161 of the AktG:

**Section 5.2 para. 2 of the German Corporate Governance Code (“Code”): Chairman of the Audit Committee**

Section 5.2 para. 2 of the Code recommends, that the chairman of the supervisory board shall not be chairman of the audit committee. From 18 January 2016, the Chairman of the Supervisory Board is also acting as Chairman of the Audit Committee. Background to this is the resignation of office as member of the Supervisory Board by the previous Chairman of the Audit Committee in December 2015.

New independent financial specialist according to Section 100 para. 5 of the German Stock Corporation Act is the Chairman of the Supervisory Board. The Chairman of the Audit Committee shall have specialist knowledge and experience in the application of accounting principles and internal control processes according to Section 5.3.2 sentence 2 of the Code. Because the functions of the Chairman of the Supervisory Board and the the independent financial expert are united in one person, the Executive Management board and the Supervisory Board deem it reasonable and in the light of a three member supervisory Board appropriate, that the chair of the Audit Committee is with the Chairman of the Supervisory Board.

The Declaration of Conformity dated 17 December 2015 shall remain unaffected and in full effect unless amended by this amendment to the declaration.

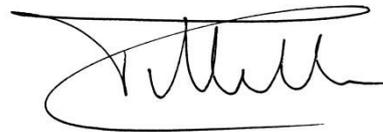
Martinsried, 18 January 2016

For the Supervisory Board:



Prof Horst Domdey  
Chairman of the Supervisory Board

For the Executive Management Board:



Dr Frank Mathias  
Chief Executive Officer

The declarations of conformity of Medigene AG are available for a minimum of five years in each case on the Company’s website (<http://www.medigene.com/media-investors/corporate-governance/declaration-on-corporate-governance>).

### **III. Law on the equal participation of men and women in leadership positions**

In accordance with the law on the equal participation of men and women in leadership positions, which came into effect on 1 May 2015, the Supervisory Board established by resolution on 8 October 2015 a target figure for the representation of women in the Supervisory Board. The Supervisory Board of Medigene AG should reach the target of at least 15% by 30 June 2017 and to consider this draft resolution at the General Meeting for elections to the Supervisory Board. Currently there are no women on the three-member Supervisory Board of Medigene AG. As the Supervisory Board wished to address this issue at a meeting scheduled for October 2015, the corresponding resolution could not be made until 30 September 2015.

Furthermore, the Supervisory Board defined targets for the Executive Management Board on the same day. In line with these, the proportion of women on the Executive Management Board should be at least 25% by 30 June 2017. At the time of passing the resolution, the proportion stood at 33%.

On 30 September 2015, the Executive Management Board of Medigene AG also established a target proportion of women in the “management team”, the management tier below the Executive Management Board. In line with this, the proportion of women in the management team should be at least 30% by 30 June 2017. At the time of passing the resolution, and as at 31 December 2015 this proportion was 42%. Although this is envisaged by the act, the resolution does not define two separate tiers of management as this would not have been meaningful or appropriate given Medigene AG’s current size and the Company structure which is associated with this. By only defining one tier of management (the management team) the reporting lines to the Executive Management Board are reflected. Although the definition of a second management tier would be practical in terms of the law, this does not exist and cannot be clearly defined by job titles or management responsibility in this case.

Medigene AG will report on its progress in achieving the self-defined target proportions after 30 June 2017.

### **IV. Function of the Executive Management Board and Supervisory Board**

#### **Function of the Executive Management Board**

The Executive Management Board of Medigene AG in its entirety and each individual Board member engage in the business of the Company with the due care and diligence of proper and conscientious management in accordance with the law, the Articles of Association and the Executive Management Board rules of procedure. The Executive Management Board assumes responsibility for the management of the Company. In doing so, it is obliged to act in the Company’s best interest and is committed to sustainably enhancing enterprise value. In managing the Company, the Executive Management Board considers the interests of the Company’s shareholders, employees and other stakeholders.

In the 2015 fiscal year, the Executive Management Board of Medigene AG had three members. After the reporting period came to an end, the Executive Management Board was increased in size to four members effective 1 January 2016 with the appointment of Dave Lemus to the board in the newly established role of Chief Operating Officer (COO). Dr. Frank Mathias, formerly Chief Executive Officer (CEO) with responsibility for the strategic realignment of the Company has handed over his mandate as CEO to Prof. Schendel in

order to pursue new opportunities outside of the Company. He will remain a member of the Executive Management Board until 31 March 2016, when his contract expires, in order to ensure a smooth transition. Furthermore, Peter Llewellyn-Davies decided to leave the Company as of 31 March 2016. The Executive Management Board will therefore consist of Prof. Dolores Schendel as Chief Executive Officer and Chief Scientific Officer as well as Dave Lemus as Chief Operating Officer, who in that capacity, will also now assume the duties of the previous Chief Financial Officer from 1 April 2016.

Members of the Executive Management Board cooperate closely and keep each other informed about important measures taken and processes in their areas of responsibility. The Executive Management Board passes resolutions during meetings which take place at regular intervals, at least once a month. If required, the Executive Management Board also takes decisions outside its regular meetings.

The Executive Management Board's rules of procedure describe the processes and approaches that form the basis of the Executive Management Board's work. The rules of procedure also include regulations for business transactions which require the Supervisory Board's consent, the Company's organisational chart and basic behaviour policy guidelines.

The Executive Management Board works closely with the Supervisory Board. It keeps the Supervisory Board informed regularly, promptly and comprehensively on all issues relevant to the Company.

### **Function of the Supervisory Board**

It is the duty of Medigene AG's Supervisory Board to appoint the Executive Management Board members, to advise them regularly and to control and support the management and the achievement of Medigene AG's long-term goals. The Supervisory Board of Medigene AG is composed of three members, pursuant to Article 10 (I) (1) of the Articles of Association and to Sections 95, 96 (I) and 101 (I) of the AktG. The term of office of the Supervisory Board expires at the end of the Annual General Meeting in 2016, which resolves on the Supervisory Board's discharge for the 2015 fiscal year.

Following his appointment to the Executive Management Board from 1 January 2016, the Deputy Chairman of the Supervisory Board Dave Lemus resigned his position on the Supervisory Board, effective 28 December 2015. In accordance with Section 104 (I) of the AktG, the Company filed a petition for judicial appointment of the required third Supervisory Board member, recommending for the position Prof. Ernst-Ludwig Winnacker with the approval of the Supervisory Board. Prof. Winnacker was appointed to the Supervisory Board by a court order in January 2016. Prof. Horst Domdey serves as the new independent financial expert as required under Section 100 (V) of the AktG, while also taking over the Chairmanship of the Audit Committee.

The Supervisory Board regularly conducts an efficiency review every two years in accordance with Section 5.6 of the German Corporate Governance Code. The last review took place in March 2015. All reviews carried out to date ascertained that the Supervisory Board's organisation is efficient and confirmed optimum cooperation between Executive Management Board and Supervisory Board.

The Supervisory Board has set up two committees for the fulfilment of its duties:

### **Compensation & Nomination Committee**

The tasks of the Compensation and Nomination Committee include human resource issues regarding the Executive Management Board members. The focus is on preparing the employment contracts for Executive Management Board members and submitting proposals for their remuneration. The decision about these aspects is taken by the full Supervisory Board. The Compensation and Nomination Committee comprises Prof. Horst Domdey in the capacity of Chairman, Dave Lemus (until 28 December 2015) and Dr Yita Lee. Prof. Ernst-Ludwig Winnacker joined the Compensation and Nomination Committee as a member in January 2016.

#### **Audit Committee**

The members of the Audit Committee deal with issues relating to accounting and risk management, the required independence of the auditor, issuing the audit assignment to the auditor, determining audit priorities and agreeing the audit fee with the auditors. The Audit Committee comprises Dave Lemus in the capacity of Chairman (until 28 December 2015), Prof. Horst Domdey and Dr Yita Lee. Prof. Ernst-Ludwig Winnacker joined the Audit Committee as a member in January 2016, while Prof. Domdey assumed the positions of Chairman of the Committee and independent financial expert.

#### **VI. Key corporate governance practices**

Medigene attaches major importance to compliance with legislation and in-house guidelines. A key aspect of this is securities law as well as the statutory prohibition of insider trading complemented by the Company's insider policy. Within the scope of our compliance scheme, employees are required to report any violations to their superior or the relevant Executive Management Board member. Company policies and standard operating procedures are issued in many areas, and these should be followed, with compliance being monitored by the appointed area's representative(s). In line with legal requirements, a number of persons have been appointed to monitor compliance with the respective regulations for their field, to analyse any breaches and to implement the necessary measures in collaboration with the Executive Management Board. Furthermore, Medigene has signed up to the code of the "Voluntary Self-regulation for the Pharmaceutical Industry" organisation ("Freiwillige Selbstkontrolle für die Arzneimittelindustrie e.V."). The aim of this organisation is to observe and ensure proper collaboration between pharmaceutical companies and doctors, pharmacists, patient self-help organisations and other members of the medical community, sanctioning violations where necessary. In conjunction with the above principles, this forms the basis of Medigene AG's corporate activities.

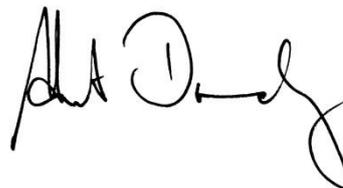
Martinsried, March 2016

For the Executive Management Board:



Prof. Dr. Dolores J. Schendel

For the Supervisory Board:



Prof. Dr. Horst Domdey