

CORPORATE GOVERNANCE

The Executive Management Board and the Supervisory Board report on corporate governance at Medigene AG in accordance with Section 3.10 of the German Corporate Governance Code. The corporate governance report also includes the statement on corporate governance pursuant to section 289a of the German Commercial Code (HGB).

Corporate governance report

Good corporate governance is the basis of the decision-making and monitoring processes of Medigene AG. It stands for responsible and value-based leadership and control of the Company for long-term success, goal-oriented and efficient cooperation between the Executive Management Board and Supervisory Board, respect for the interests of our shareholders and employees, consistently transparent and responsible corporate decisions and an appropriate risk management system.

Corporate governance ensures the following basic principles:

- It defines key shareholder rights.
- It demonstrates clear management principles and the associated responsibilities of corporate bodies.
- It governs the cooperation between these bodies.
- It calls for open and transparent communication with the public.
- It demands that accounting and auditing be conducted in a conscientious and reliable manner.

Shareholders and Annual General Meeting

Medigene AG respects the rights of its shareholders and ensures the exercise of these rights to the extent possible within the applicable statutory framework. In particular, these rights include the free purchase and sale of shares, equal voting rights for each share (one share – one vote), participation in the Annual General Meeting and exercise of voting rights there, and meeting the shareholders' information needs to a satisfactory level.

Resolutions of the Annual General Meeting, which is held at least once every year, include the discharge of the Executive and Supervisory Boards as well as the election of the auditor. Amendments to the Articles of Association and measures relating to changes in capital are decided at the Annual General Meeting and implemented by the Executive Management Board. Shareholders may table motions that pertain to resolutions proposed by the Executive and Supervisory Boards and can appeal resolutions passed by the Annual General Meeting.

In accordance with the relevant legal provisions, Medigene provides information in a timely manner about the venue and date of the Annual General Meeting. The notice of the Annual General Meeting as well as the reports and information required for resolutions are published pursuant to the regulations of the German Stock Corporation Act (AktG), held available at the Company's premises and made available on Medigene AG's website. Every shareholder who registers in time has the right to attend the Annual General Meeting in person. In the event that a shareholder is unable to exercise his/her voting right in person at the Annual General Meeting, he/she has the option of voting by nominating an authorized representative of his/her choice or through the Company's proxy, who is bound by instructions. Furthermore, shareholders may also transfer their voting rights to a proxy of the company or nominate an authorised representative online in advance of the Annual General Meeting.

The Annual General Meeting of Medigene AG is prepared with the goal of effectively providing the shareholders with comprehensive information. Prior to the Annual General

Meeting, shareholders are informed in detail about the past fiscal year via the Annual Report. In the invitation to the Annual General Meeting, the requirements for participation, for the exercise of voting rights, as well as the procedure of voting by proxy and the shareholder rights related to the Annual General Meeting are explained. All documents and information referring to the Annual General Meeting are available on the Medigene AG website. Following the Annual General Meeting, Medigene AG publishes the ascertained voting results for each agenda item for which a resolution was passed, the number of shares for which valid votes were given, the proportion of share capital represented by valid votes, the number of votes in favour of the resolution, the number of dissenting votes and, if applicable, the number of abstentions. This ensures and simplifies the exchange of information between Medigene AG and the shareholders regarding the Annual General Meeting.

Communication with the public

In relaying information to entities outside, the Executive Management Board complies with the principles of transparency, promptness, openness, comprehension and equal treatment of shareholders. For this purpose, the company provides information such as press releases, financial and conference calendars, annual and quarterly reports, announcements of transactions for which disclosure is mandatory and corporate governance information under the heading »Media & Investors« on its website, www.medigene.com. Medigene AG regularly reports on the status of its research and development programs as well as other business operations in press conferences, analyst meetings and at international investor conferences.

Composition of the Executive Management Board and Supervisory Board

Medigene AG is subject to the German stock corporation law, and its structure is therefore based on a dual management system, comprising an Executive Management Board and a Supervisory Board. In addition, the Annual General Meeting is the decision-making body representing the interests of shareholders.

Executive Management Board

The Executive Management Board is the Company's management body and represents the Company to the outside. Its members have joint responsibility for overall management of the Company and decide on important matters relating to corporate policy and corporate strategy. The duties and the methods of operation of the Executive Management Board are regulated by law, the Articles of Association and the Rules of Procedure for the Executive Management Board. With regard to the Executive Management Board's composition, the Supervisory Board ensures a broad range of expert knowledge and experience as well as diversity with regards to the number of women. The Executive Management Board has not established any committees.

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

Dr. Frank Mathias, Chief Executive Officer

German supervisory/advisory board positions:

- Faller KG, Waldkirchen
- Mediatum AG, Heidelberg
- Rentschler Biotechnologie GmbH, Laupheim

Positions outside Germany:

- Catherex, Inc., Bala Cynwyd, Pennsylvania, USA
- Aettis, Inc., Bala Cynwyd, Pennsylvania, USA

Peter Llewellyn-Davies, Executive Management Board member

Positions outside Germany:

- Immunocore Ltd., Abingdon, United Kingdom (until 6 October 2014 with retroactive effect from 8 July 2014)
- Catherex, Inc., Bala Cynwyd, Pennsylvania, USA
- Aettis, Inc., Bala Cynwyd, Pennsylvania, USA

The positions held by members of the Executive Management Board on other supervisory bodies are published on page 86 of the 2014 annual report.

In addition to their roles as members of the Company's Executive Management Board, Prof. Dolores Schendel and Peter Llewellyn-Davies are also Managing Directors of Medigene Immunotherapies GmbH.

A profile of each Executive Management Board member is available on the Company's website at <http://www.medigene.com/company/boards>.

Supervisory Board

The Supervisory Board appoints the members of the Executive Management Board. It controls and advises the Executive Management Board in the management of the Company. In accordance with the German stock corporation law, the Supervisory Board must not take management decisions. At regular intervals, the Supervisory Board discusses the business development, planning and strategy as well as their implementation. It reviews the annual financial statements and the management's discussion and analysis as well as reviewing the quarterly and half-year reports. The Supervisory Board is responsible for the appointment of the Executive Management Board members and controls compliance with legal provisions. Its duties and methods of operation are stipulated by law, the Articles of Association and the Rules of Procedure for the Supervisory Board. The Supervisory Board has established two committees, the Audit Committee and the Compensation & Nomination Committee.

The Audit Committee and Compensation & Nomination Committee each comprise all three members of the Supervisory Board. In accordance with German law, at least one member of the Supervisory Board must have expertise in accounting or auditing. As Chairman of the Audit Committee, Dave Lemus fulfils these requirements. The Audit Committee supervises the accounting process. It prepares the proposal for the election of the auditor, discusses the quarterly, half-year and annual financial statements prepared by the Executive Management Board, deals with risk monitoring and monitors the efficacy of the internal control system of the Company.

The Compensation & Nomination Committee prepares recommendations for the Supervisory Board regarding the appointment of Executive Management Board members and their remuneration.

The Supervisory Board submits nominations to the Annual General Meeting when the scheduled new election of the Supervisory Board is due or a member leaves and needs to be replaced. For this purpose, the Supervisory Board has defined the following aims with regard to its own composition in December 2013, based on the recommendations in Section 5.4.1 of the German Corporate Governance Code:

- The Supervisory Board of Medigene AG shall be constituted in such a way that it entirely possesses the knowledge, skills and professional experience required for the proper exercise of its duties. Each individual Supervisory Board member, however,

must exhibit the minimum knowledge and skills needed to understand and appropriately assess without assistance all ordinary business processes arising at Medigene AG.

- In view of the highly competitive international environment in which Medigene AG practices the research, development and commercialization of novel drugs, international experience of Supervisory Board members is of vital importance for the composition of the Supervisory Board. For this reason, the Supervisory Board seeks to retain its composition with members showing an international background, at least to the present extent.
- Women shall be represented on the Supervisory Board of Medigene AG in an adequate manner in future. At the moment, there are no female members on the Supervisory Board. It is intended that there will be at least one female Supervisory Board member by the end of the year 2016.
- Moreover, the Supervisory Board has committed itself to 50% of its members being independent within the meaning of the Code. Material conflicts of interest and those which are not merely temporary should always be avoided, such as board functions or advisory duties for other major competitors of the company.

The Supervisory Board will take the above-mentioned aspects into account in its decision-making process regarding proposals to the Annual General Meeting for the election of Supervisory Board members.

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

Prof. Horst Domdey, Chairman of the Supervisory Board

Positions outside Germany:

- Oasmia Pharmaceutical AB, Uppsala, Sweden

Dave Lemus, Member of the Supervisory Board

German supervisory/advisory board positions:

- Proteros BioStructures GmbH, Planegg/Martinsried

Positions outside Germany:

- Axela Inc., Toronto, Canada
- PhRMA (Pharmaceutical Manufacturers Association of America), Washington, D.C., USA
- BioHealth Innovation, Inc., Rockville, Maryland, USA

Dr. Yita Lee, Mitglied des Aufsichtsrats

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

The positions held by members of the Supervisory Board on other supervisory bodies are published on page 87 of the 2014 annual report.

A profile of each Supervisory Board member is available on the Company's website at <http://www.medigene.com/company/boards>.

Cooperation between the Executive Management Board and the Supervisory Board

The Executive Management and Supervisory Boards cooperate closely for the benefit of the company. The Chairman of the Supervisory Board maintains regular and close contact with the Executive Management Board, especially with the Chief Executive Officer. The Executive Management and Supervisory Boards coordinate the company's strategic direction and discuss at regular intervals the status of research and development projects, business planning and development, strategy implementation, as well as the company's risk situation and risk management. Deviations from the established business plans and objectives are explained and justified during these sessions. The Supervisory Board specifies in the Executive Management Board's rules of procedure that transactions of major significance are subject to Supervisory Board consent. This includes, for example, decisions or measures that have a fundamental impact on the company's assets, financial, and income position.

Remuneration of the Executive Management Board and Supervisory Board

Further information regarding the remuneration of Executive Management Board members and Supervisory Board members can be found on the company's website, www.medigene.com, and on pages 17 and 81 et seq. of the Annual Report 2014.

Forward-looking risk management

A well-structured risk management system geared to practical requirements helps the company to identify any risks at an early stage and quickly take the appropriate steps. Information about current business risks and details regarding risk management in the Medigene Group are provided in the risk report on pages 18 et seq. of the Annual Report 2014. The report on the accounting-related internal control and risk management system can be found on page 25 of the Annual Report 2014.

Reporting and audit of financial statements

Medigene AG keeps shareholders and interested parties informed at regular intervals by means of its consolidated financial statements and the quarterly and half-year reports prepared in the course of the fiscal year. The Supervisory Board discusses the consolidated financial statements as well as the half-year and quarterly reports with the Executive Management Board prior to their publication. Consolidated reporting takes place in compliance with the International Financial Reporting Standards (IFRS) as applicable within the EU. Annual financial statements, which also provide the basis for taxation, are prepared in accordance with national regulations (German Commercial Code, HGB) for the purpose of observing German corporate law (calculation of dividends, creditor protection). The consolidated financial statements and individual financial statements are prepared by the Executive Management Board and reviewed by the auditors and the Supervisory Board. The Supervisory Board issues the audit assignment and concludes a fee agreement with the auditors. The auditors participate in the Supervisory Board's discussions about the annual and consolidated financial statements and report on key audit findings.

The consolidated financial statements and the financial statements of Medigene AG were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, the auditors elected by the 2014 Annual General Meeting. Their audit was carried out in accordance with the current German auditing regulations, taking into account the principles of proper auditing stipulated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) and additionally taking into account the International Standards on Auditing. The audit also included an audit of the risk management.

Shareholdings of the Boards

Further information regarding the shareholdings of Executive Management Board members and Supervisory Board members can be found on the company's website, www.medigene.com, and on page 88 of the Annual Report 2014.

Directors' holdings

(as of 31 December 2014)

Supervisory Board	Shares		Options	
	2014	2013	2014	2013
Prof. Dr. Horst Domdey	39,125	39,125	0	-
Dave Lemus	0	-	0	-
Dr. Yita Lee	0	-	0	-
Total	39,125	39,125	0	0
Dr. Frank Mathias, CEO	1,499	1,499	59,214	49,375
Peter Llewellyn-Davies, CFO	4,000	3,000	18,813	9,375
Prof. Dolores J. Schendel, CSO (since 1 May 2014)	611,704 ¹⁾	-	5,000	-
Total	617,203	4,499	83,027	58,750

1) Prof. Schendel indirectly holds 611,704 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH. Of these, 519,084 Medigene shares are allotted to Prof. Schendel.

Directors' dealings

Pursuant to section 15a of the German Securities Trading Act (WpHG), the Executive and Supervisory Board members of Medigene AG, as well as any persons who have a close relationship with these members (e.g. family members), must undertake to report any trading in Medigene AG shares. In addition to reporting the purchase and sale of Medigene AG shares, any transactions in securities which relate to Medigene AG shares (e.g. the sale or purchase of options on Medigene AG shares) must be reported. The company must be notified of such transactions within five business days, and it must then disclose such transactions without delay. The reporting obligation is inapplicable if the total value of trading does not exceed the statutory minimum limit of €5,000 during one calendar year.

Directors' Dealings 2014

Name	Date	Transaction	Trading Venue	Price EUR	Number of Shares	Volume EUR
Peter Llewellyn-Davies, CFO	22.07.2014	Purchase	Frankfurt	5.00	428	2,140.00
Dr. Frank Mathias, CEO	22.07.2014	Purchase	Frankfurt	5.00	428	2,140.00
Peter Llewellyn-Davies, CFO	24.07.2014	Purchase	Frankfurt	5.05	572	2,888.60

Other

Reportable directors' dealings pursuant to section 21 (1) or (1a) and pursuant to section § 27a of the German Securities Trading Act (WpHG) took place in the fiscal year 2014.

Statement on corporate governance in accordance with section 289a of the German Commercial Code (HGB)

The statement on governance in accordance with section 289a of the German Commercial Code (HGB) comprises the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices, and a description of the procedures of the Management Board and the Supervisory Board along with the composition and procedures of their committees.

Pursuant to section 161 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. Declaration of conformity by the Executive Management Board and Supervisory Board of Medigene AG pursuant to Section 161 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 electronic 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. However, any deviation has to be disclosed and accounted for annually.

Since issuing the last Declaration of Conformity on 16 December 2013, Medigene AG has complied with the recommendations of the Code in its old version dated 13 May 2013 and published in the electronic Federal Gazette on 9 June 2013, except with the declarations made in the Declaration of Conformity of 16 December 2013.

For the period starting 1 October 2014 the Executive and Supervisory Boards declare conformity with the Code in its version dated 24 June 2014, with the following exceptions, and declare their intention to comply in the future as follows:

1. 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 (compare point 3.8 (III) of the Code).

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 (EGAktG) is applicable only to Executive Management 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 Management 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 Management and Supervisory Board members. Both the Executive Management 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 fulfilment of their duties are fully guaranteed without any general deductible as recommended under the Code.

2. Establishment of a targeted pension level

The Code recommends in point 4.2.3 paragraph 3, that the Supervisory Board shall, for pension schemes, establish the targeted pension level aimed for in each case and take into account the resulting annual and long-term expense for the company. 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 therefore does not establish, with regard to pension benefits, the targeted level of the pensions and considers the existing pension system as appropriate and well balanced.

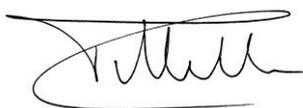
3. Consideration of committee work in the compensation of Supervisory Board members

The German Corporate Governance Code recommends in point 5.4.6 (I) that chairmanship and membership in Supervisory Board committees be taken into consideration in the remuneration 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 Management and Supervisory Boards believe that the Supervisory Board members show a high degree of commitment in their committee work without any such arrangement.

Martinsried, 3 December 2014

For the Executive Management Board



Dr. Frank Mathias

For the Supervisory Board



Prof. Dr. Horst Domdey

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>).

II. 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. Currently, Medigene AG's Executive Management Board is composed of three members. They 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 section 10 (I) (1) of the Articles of Association and to Sections 95, 96 (I) and 101 (I) of the German Stock Corporation Act (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.

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 (Chairman), Dave Lemus and Dr. Yita Lee.

Audit Committee

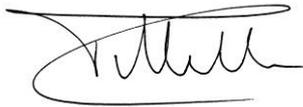
The members of the Audit Committee deal with issues relating to accounting and risk management, the required independence of the auditor, issuing the audit assignment to the auditor, determining audit priorities and agreeing the audit fee with the auditors. The Audit Committee comprises Dave Lemus (Chairman), Prof. Horst Domdey and Dr. Yita Lee.

III. Key corporate governance practices

Medigene attaches major importance to compliance with legislation and in-house guidelines. For this purpose, a Compliance Officer has been appointed to concentrate on a number of central points, such as securities law and the statutory prohibition of insider trading. Medigene has developed its own insider policy to complement the latter. Furthermore, Medigene has committed to the Code of Conduct of the German Association for the Voluntary Self-Regulation of the Pharmaceutical Industry (Verband Freiwillige Selbstkontrolle für die Arzneimittelindustrie e.V. – <http://www.fs-arzneimittelindustrie.de/en/verhaltenskodex/>). The association monitors appropriate cooperation of pharmaceutical companies with physicians, pharmacists and other healthcare professionals as well as patient self-help organisations, and imposes sanctions in the event of a breach of rules. In combination with the above-mentioned principles, this forms the basis of corporate actions at Medigene AG.

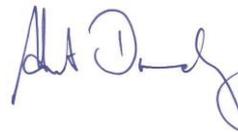
Planegg/Martinsried, March 2015

For the Executive Management Board



Dr. Frank Mathias

For the Supervisory Board



Prof. Horst Domdey