

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. This 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 represents 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 handling of risks.

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 a conscientious and reliable accounting and auditing.

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. 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 including exercise of voting rights, and an appropriate satisfaction of the information needs.

Resolutions of the Annual General Meeting, which is held at least once every year, include the discharge of the Executive Management Board and the Supervisory Board 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 submit motions referring to resolutions proposed by the Executive Management and the Supervisory Board and can challenge 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 authorised 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 representative 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 determined 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

When providing information to external parties, 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 reports, quarterly reports and releases, 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 the 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

German supervisory/advisory board positions:

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

Positions outside Germany:

- Catherex, Inc., Bala Cynwyd, Pennsylvania, USA (until 29 January 2016)
- Aettis, Inc., Bala Cynwyd, Pennsylvania, USA

Peter Llewellyn-Davies

Positions outside Germany:

- Catherex, Inc., Bala Cynwyd, Pennsylvania, USA (until 29 January 2016)
- Aettis, Inc., Bala Cynwyd, Pennsylvania, USA

The positions held by members of the Executive Management Board on other supervisory bodies are published on page 84 of the Annual Report 2015.

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.

The profiles of the Executive Management Board members are 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 report, as well as the quarterly and half-year reports. The Supervisory Board is responsible for the employment contracts 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 of the Company currently consists of three members, which is the legal minimum defined under Section 95 (1) of the AktG. Following his appointment to the Executive Management Board beginning 1 January 2016, the Deputy Chairman of the Supervisory Board Dave Lemus resigned from his position, 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 Prof. Dr. Ernst-Ludwig Winnacker for the position with the approval of the Supervisory Board. Prof. Winnacker was appointed as a member of the Supervisory Board by a court order of 5 January 2016.

The Supervisory Board has established two committees, the Audit Committee and the Compensation & Nomination Committee.

The Audit Committee and the Compensation & Nomination Committee each comprise all three members of the Supervisory Board. In accordance with Section 100 (V) of the AktG, 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. Effective 28 December 2015, Mr Lemus resigned his position on the Supervisory Board and therefore also his chairmanship of the Audit Committee. On 18 January 2016, the Supervisory Board elected its Chairman, Prof. Dr. Horst Domdey as the new independent financial expert as required under Section 100 (V) of the AktG to the position of Chairman of the Audit Committee.

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 replacing by the Annual General Meeting. For this purpose, the Supervisory Board defined the following aims with regard to its own composition in December 2013 and October 2015, 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 possesses all the knowledge, skills and professional experience required for the proper exercise of its duties. However, each individual Supervisory Board member 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 commercialisation of innovative 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 keep its composition of members with international background, at least to the present extent.
- 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.
- On 8 October 2015, in accordance with the law to ensure equal access for men and women to leadership positions, which came into effect on 1 May 2015, the Supervisory Board determined a target figure at a minimum of 15% for the representation of women in the Supervisory Board of Medigene AG to be reached by 30 June 2017. The Supervisory Board aims to achieve this target and to consider this draft resolution at the General Meeting for elections to the Supervisory Board.

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

Positions outside Germany:

- Oasmia Pharmaceutical AB, Uppsala, Sweden

Dave Lemus

German supervisory/advisory board positions:

- Proteros BioStructures GmbH, Planegg/Martinsried

Positions outside Germany:

- BioHealth Innovation, Inc., Rockville, Maryland, USA

Dr. Yita Lee

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 85 of the Annual Report 2015.

The profiles of all Supervisory Board members are 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 Board and Supervisory Board 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 Board and the Supervisory Board 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

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 15 and 79 et seq. of the Annual Report 2015.

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 16 et seq. of the Annual Report 2015. The report on the accounting-related internal control and risk management system can be found on page 18 of the Annual Report 2015.

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 European Union, as well as the additional commercial law provisions as applicable under Section 315a (I) of the HGB. Annual financial statements, which also provide the basis for taxation, are prepared in accordance with national regulations (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 2015 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). 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 86 of the Annual Report 2015.

Directors' holdings

(as at 31 December 2015)

	Shares		Options	
	2015	2014	2015	2014
Supervisory Board				
Prof. Dr. Horst Domdey	39,125	39,125	0	0
Dave Lemus (until 28.12.2015) ¹	0	0	0	0

Dr. Yita Lee	0	0	0	0
Prof. Dr. Ernst-Ludwig Winnacker (from 05.01.2016) ²	55,919	65,919	0	0
Total	95,044	105,044	0	0
Dr. Frank Mathias, CEO ³	2,697	1,927	69,214	59,214
Peter Llewellyn-Davies, CFO	5,000	4,000	28,813	18,813
Prof. Dr. Dolores J. Schendel, CSO ⁴	651,593 ⁵	611,704	12,500	5,000
Total	659,290	617,631	110,527	83,027

- 1) Dave Lemus was appointed to the Executive Management Board with effect from 1 January 2016.
- 2) Prof. Winnacker was appointed to the Supervisory Board as Dave Lemus' successor by way of a court order on 5 January 2016.
- 3) Chief Executive Officer until 31 January 2016.
- 4) Chief Executive Officer and Chief Scientific Officer from 1 February 2016.
- 5) Prof. Schendel indirectly holds 651,593 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH. Of these, 552,933 Medigene shares are directly allotted to Prof. Schendel.

Reportable securities transactions

Directors' Dealings

Pursuant to Section 15a of the German Securities Trading Act (WpHG), the Executive Management 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 not applicable if the total value of trading does not exceed the statutory minimum limit of € 5,000 during one calendar year. For the 2015 fiscal year, the following transactions were reported in accordance with Section 15a of the WpHG:

Directors' Dealings 2015

Name	Date	Transaction	Trading Venue	Price €	Number of shares	Volume €
Peter Llewellyn-Davies, Executive Management Board	03.07.2015	Purchase	Frankfurt	8.30	1,000	8,300.00

Dr. Frank Mathias, Chairman of the Executive Management Board	03.07.2015	Purchase	Frankfurt	8.30	770	6,391.00
DJSMontana Holding GmbH	16.06.2015	Subscription obligation	OTC	10.55	39,889	420,693.48

Other

Reportable securities transactions pursuant to Section 21 (1) or (1a), Section 25 (1) and Section 27a of the WpHG took place in the fiscal year 2015. Information relating to these dealings is published on the Company's website.

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 (EGAktG) 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

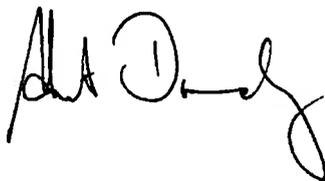
A regular time limit for the membership in the Supervisory Board of Medigene AG has not yet been resolved. The General Assembly elects a member of the Supervisory Board for a limited period of time of office. The Supervisory Board and the Executive Management Board are of the opinion that the General 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.

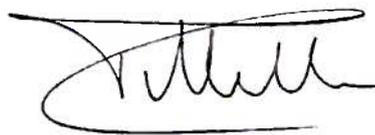
Martinsried, 17. December 2015

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

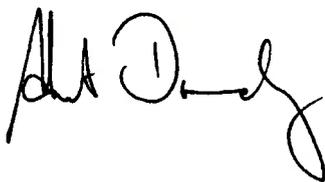
Section 5.2 para. 2 of the Code recommends, that the chairman of the supervisory board shall not be chairman of the audit committee. From 18 January 2016, the Chairman of the Supervisory Board is also acting as Chairman of the Audit Committee. Background to this is the resignation of office as member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

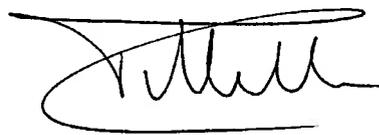
Martinsried, 18 January 2016

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.

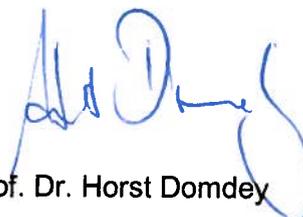
Martinsried, March 2016

For the Executive Management Board:



Prof. Dr. Dolores J. Schendel

For the Supervisory Board:



Prof. Dr. Horst Domdey