

## 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. 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 Management 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 17 December 2015, amended on 18 January 2016, Medigene AG has complied with the recommendations of the Code in its version dated 5 May 2015, except with the declarations made in the Declaration of Conformity of 17 December 2015 / 18 January 2016. For the period starting 13 December 2016 the Executive Management 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 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 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**

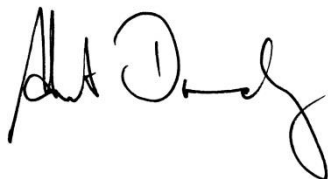
**For the members of the Executive Management Board of Medigene AG, there is a defined contribution plan that does not aim to achieve a specific level of pensions. The Supervisory Board considers the existing pension system as appropriate and well balanced.**

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

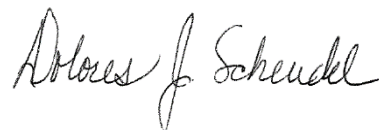
Martinsried, 13. December 2016

**For the Supervisory Board:**



**Prof Horst Domdey**  
**Chairman of the Supervisory Board**

**For the Executive Management Board:**



**Prof Dolores Schendel**  
**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/investors-media/corporate-governance/declaration-on-corporate-governance>).

## II. 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, whereas at the time of passing the resolution, the proportion stood at 0%. The Supervisory Board of Medigene AG should reach the target of at least 15% by 30 June 2017 and has presented a respective draft resolution at the General Meeting for the election of the Supervisory Board on 11 August 2016. Since then there is one woman on the three-member Supervisory Board of Medigene AG (equals to 33%).

Furthermore, the Supervisory Board defined targets for the Executive Management Board on the same day. In line with these, the proportion of women in 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%, as of 31 December 2016 the proportion stood at 50%.

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 this proportion was 42%, and 36% as of 31 December 2016. Although this is envisaged by the act, the resolution does not define two separate tiers of management below the Executive Management Board 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.

### OVERVIEW TARGET PROPORTION OF WOMEN

	AS AT 08 OCTOBER 2015	AS AT 31. DECEMBER 2016	TARGET FOR 30. JUNE 2017
Supervisory Board	0 %	33 %	≥ 15 %
Executive Management Board	33 %	50 %	≥ 25 %
Management level below the Management Board	42 %	36 %	≥ 30 %

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

### **III. Function and composition of the Executive Management Board and the Supervisory Board**

#### **Function and composition 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's 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 2016 fiscal year, the Executive Management Board of Medigene AG had four members which were reduced to two. The Executive Management Board consisted of four members from 1 January 2016 with the appointment of Dave Lemus in addition to Dr Frank Mathias, Prof Dolores Schendel and Mr Peter Llewellyn-Davies. Dr Frank Mathias handed over his mandate as CEO to Prof Schendel in order to pursue new opportunities outside of the Company. He remained a member of the Executive Management Board until 31 March 2016, when his contract expired, 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 therefore consisted of Prof. Dolores Schendel as Chief Executive Officer and Chief Scientific Officer and Dave Lemus as Chief Operating Officer, who in that capacity also assumed the duties of the previous Chief Financial Officer from 1 April 2016. The Supervisory Board appointed Dr. Thomas Taapken as Chief Financial Officer of the Company with effect from 1 January 2017.

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 and composition of the Supervisory Board**

It is the duty of Medigene AG's Supervisory Board to appoint the members of the Executive Management Board, 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 elected by the Annual General Meeting on 11 August 2016 expires at the end of the Annual General Meeting in 2019, which resolves on the Supervisory Board's discharge for the 2018 fiscal year.

Prof. Ernst-Ludwig Winnacker ceased to be a member of the Supervisory Board at the end of the Annual General Meeting on 11 August 2016. Ms Antoinette Hiebeler-Hasner was elected as a new member of the Supervisory Board. Prof Horst Domdey (Chairman), Dr. Yita Lee and Ms Antoinette Hiebeler-Hasner (Deputy Chairman) are currently the members of the Supervisory Board. Ms Hiebeler-Hasner serves as the independent financial expert as required under Section 100 para. 5 of the AktG, while also taking over the Chairmanship of the Audit Committee.

In alignment with the defined aims for its composition, more than 50% of the members of the Supervisory Board are considered to be independent within the meaning of the German Corporate Governance Code.

The Supervisory Board 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 2017. All reviews carried out to date ascertained that the Supervisory Board's organisation is efficient and confirmed optimum cooperation between the Executive Management Board and the 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 members of the Executive Management Board. The focus is on preparing the employment contracts for the members of the Executive Management Board and submitting proposals for their remuneration. The decision about these aspects is taken by the full Supervisory Board. The Compensation and Nomination Committee comprises Dr. Yita Lee in the capacity of Chairman as well as Prof. Horst Domdey and Ms Antoinette Hiebeler-Hasner.

#### **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 Ms Antoinette Hiebeler-Hasner in the capacity of Chairman, Prof. Horst Domdey and Dr. Yita Lee.

#### **IV. Compliance & Key corporate governance practices**

Medigene attaches major importance to compliance with legislation and in-house guidelines. A key aspect of this is the securities law as well as the statutory prohibition of insider trading complemented by the Company's insider policy and rules of conduct. Employees who are involved in insider projects will be informed about their rights and obligations as well as legal consequences in case of a breach of law. The members of the Executive Management Board and the Supervisory Board are informed likewise as insiders and directors of the Company regarding directors' dealings.

Within the scope of our compliance scheme, employees are required to report any violations to their superior or the relevant members of the Executive Management Board. 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. Important areas are e.g. biological safety, radiation safety, safety at work, drug safety, quality assurance, IT infrastructure, data protection, and, in the light of anti-corruption rules, on order procedures and contracts.

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.”; <http://www.fs-arzneimittelindustrie.de/verhaltenskodex>). 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 and its affiliates’ corporate activities.

Martinsried, March 2017

For the Supervisory Board:

For the Executive Management Board:

Prof. Dr. Horst Domdey

Prof. Dr. Dolores J. Schendel

Chairman of the Supervisory Board

Chief Executive Officer