

Please note: translation is provided for informational purposes only.

**DECLARATION OF COMPLIANCE 2016  
WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO  
SECTION 161 PARAGRAPH 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG)**

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The Executive Board and the Supervisory Board of Epigenomics AG hereby declare that, since the last declaration of compliance in October 2015 and the update in July 2016, Epigenomics AG has complied with the recommendations of the German Government Commission on the German Corporate Governance Code (hereinafter also "Code") in the version of May 5, 2015 (published by the Ministry of Justice in the official part of the Federal Gazette on June 12, 2015), with the exceptions set forth below.

**Section 3.8 Paragraph 3**

Epigenomics AG has taken out a D&O policy. The policy includes as insured persons also the members of the Supervisory Board. Deviating from Section 3.8 Paragraph 3 the D&O policy does not provide for a deductible for members of the Supervisory Board. We consider such a deductible as inadequate taking into account the nature of the office as member of the Supervisory Board and the function of the Supervisory Board.

**Section 5.1.2 Paragraph 1 Sentence 2 and Paragraph 2 Sentence 3 and Section 5.4.1 Paragraph 2 Sentence 1 and Paragraph 3**

In the past, when filling the positions in its bodies, the Executive Board and the Supervisory Board considered the company-specific situation, and also made allowances for potential conflicts of interest as well as the international activities of the company through an appropriate diversity of their members as well as the appointment of an adequate number of independent Supervisory Board members. Furthermore, the Supervisory Board determined a maximum term of membership. In deviation from the recommendations in Section 5.1.2 paragraph 2 sentence 3 and in Section 5.4.1 paragraph 2 sentence 1, we however consider the commitment to institute special age limits for members of the Executive Board and the Supervisory Board as an inadequate limitation of the voting rights of our shareholders. In addition, we are convinced that sweeping requirements for the composition of the Executive Board as requested in Section 5.1.2 paragraph 1 sentence 2 constrain the Supervisory Board inadequately in its selection of suitable members of the Executive Board. The same applies accordingly to the specification of sweeping objectives regarding the composition of the Supervisory Board, as required in Section 5.4.1 paragraph 2 sentence 1 and assumed in Section 5.4.1 paragraph 3. We strive to achieve an appropriate diversity in the Executive Board and the Supervisory Board and to ensure that an adequate number of independent Supervisory Board members is elected. However, it is ultimately in the corporate interest to appoint as members of the Executive Board and the Supervisory Board the most suitable male or female candidates. Furthermore, the Supervisory Board has defined gender diversity objectives for the proportion of women in both the Executive Board and the Supervisory Board in accordance with Section 111 paragraph 5 of the Stock Corporation Act (*Aktiengesetz – AktG*). We therefore believe that (additional) sweeping requirements constitute an inadequate limitation of the individual selection of suitable candidates for the Executive Board or the Supervisory Board. Furthermore, a target requirement regarding the composition of the Supervisory Board also inadequately impairs our shareholders' right to elect the Supervisory Board members. Accordingly, we did not and will not comply with these recommendations of the Code.

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**Sections 5.3.1 Sentence 1, and 5.3.3**

Following the increase of the number of the members of the Supervisory Board to four, as resolved by the annual general shareholders' meeting on May 25, 2016 which has become effective upon registration with the commercial register, the Supervisory Board has resolved to set up an Audit Committee from among its members. The annual general shareholders' meeting on May 25, 2016 has further resolved to grant compensation to the members of the Supervisory Board for holding a chairman position or being a member of a committee. The deviations from Section 5.3.2 and Section 5.4.6 Paragraph 1 Sentence 2 of the Code therefore no longer apply (cf. update to the Declaration of Compliance in July 2016).

However, due to the size of the company, the Supervisory Board did not and does not believe that it is necessary to form a Nomination Committee composed exclusively of shareholder representatives which recommends suitable Supervisory Board candidates for the proposals of the Supervisory Board to the general shareholders' meeting. Rather, this task is being performed by the full Supervisory Board. In addition and again due to the size of the company, the Supervisory Board does not consider it necessary to set up further committees, but believes the formation of the Audit Committee and thus of one committee of the Supervisory Board only to be adequate and appropriate. Hence, the recommendations pursuant to Sections 5.3.1 sentence 1 and 5.3.3 continue not to be complied with.

Berlin, October 2016

**On behalf of the Supervisory Board:**

**On behalf of the Executive Board:**

Heino von Prondzynski  
(Chairman of the Supervisory Board)

Gregory Hamilton  
(CEO)

Dr. Uwe Staub  
(COO)