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**DECLARATION OF COMPLIANCE 2020  
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 2019, 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 February 7, 2017 (hereinafter also "Code 2017") until the entry into force of the Code in the version adopted by the German Government Commission on December 16, 2019, on March 20, 2020 (hereinafter also "Code 2020"), with the exceptions set forth below:

**Section 3.8 paragraph 3 Code 2017**

Epigenomics AG has taken out a D&O policy. The insured persons also include 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 did not consider such a deductible to be adequate taking into account the nature of the office as member of the Supervisory Board and the function of the Supervisory Board.

**Section 4.1.3 sentence 3 Code 2017**

The company does not have a separate system that employees can use to report, in a protected manner, suspected breaches of the law within the company. Owing to its size and organization, the company does not believe that it is necessary to implement such a system. Accordingly, the company deviated from the recommendation pursuant to Section 4.1.3 sentence 3 Code 2017.

**Section 5.1.2 paragraph 1 sentence 2 and paragraph 2 sentence 3 and Section 5.4.1 paragraph 2 sentences 1 and 2 and paragraph 4 Code 2017**

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 and prepared a profile of skills and expertise for the entire Supervisory Board. In deviation from the recommendations in Section 5.1.2 paragraph 2 sentence 3 and in Section 5.4.1 paragraph 2 sentence 2 Code 2017, 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 sentences 1 and 2 and assumed in Section 5.4.1 paragraph 4. 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 male and female 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 comply with these recommendations of the Code 2017.

### **Sections 5.3.1 sentence 1, and 5.3.3 Code 2017**

Due to the size of the company, the Supervisory Board did 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 was performed by the full Supervisory Board. Owing to the size of the company and of the Supervisory Board, the Supervisory Board considers it adequate and appropriate to form only an Audit Committee. In contrast, the implementation of further committees was in the opinion of the Supervisory Board not necessary. Hence, the Company has deviated from the recommendations pursuant to Sections 5.3.1 sentence 1 and 5.3.3 Code 2017.

Furthermore, the Executive Board and Supervisory Board of Epigenomics AG hereby declare that the recommendations of the Code 2020 have been and will be complied with since its entry into force on March 20, 2020, with the following exceptions:

### **Recommendation A.2 sentence 2 Code 2020**

The Company does not have a separate system that employees can use to report, in a protected manner, suspected breaches of the law within the company. Owing to its size and organization, the company does not believe that it is necessary to implement such a system. Accordingly, the company deviates from the recommendation A.2 sentence 2 halvesentence 1 Code 2020.

### **Recommendations B.1, B.5, C.1 and C.2 Code 2020**

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 and prepared a profile of skills and expertise for the entire Supervisory Board. In deviation from the recommendations B.5 and C.2 Code 2020, 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. Accordingly, contrary to recommendations B.5 and C.2 Code 2020, no such age limits are stated in the declaration of governance. In addition, we are convinced that sweeping requirements for the composition of the Executive Board as requested in recommendation B.1 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 recommendation C.1 sentence 1 and sentence 2 Code 2020. 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 male

and female 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 comply and will not comply with these recommendations of the Code 2020. In the absence of concrete targets for the composition of the Supervisory Board, the status of the implementation of such targets is not published in the declaration of governance in deviation from recommendation C.1 sentence 4 of the Code 2020.

#### **Recommendations D.2 sentence 1 and D.5 Code 2020**

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. Owing to the size of the company and of the Supervisory Board, the Supervisory Board considers it adequate and appropriate to form only an Audit Committee. In contrast, the implementation of further committees was and is in the opinion of the Supervisory Board not necessary. Hence, the Company has deviated and will continue to deviate from the recommendations D.2 sentence 1 and D.5 Code 2020.

#### **Recommendation F.2 Code 2020**

The company has published the consolidated financial statements and the Group management report for the fiscal year 2019 on April 29, 2020. Contrary to recommendation F.2 of the Code 2020, the consolidated financial statements and the Group management report have not been published within 90 days from the end of the fiscal year. The deviation has been taken against the background of the general uncertainty expected by the company because of the coronavirus (COVID-19) and with the intention of ensuring maximum safety of employees, customers, suppliers and fellow citizens. In the upcoming years, the company intends to publish the consolidated financial statements and the group management report again within 90 days from the end of the fiscal year.

#### **Recommendations G.1, G.3, G.4 and G.11 Code 2020**

Section G.I. of the Code 2020 contains new recommendations on the remuneration of the Executive Board. The company does not fully comply with all new recommendations. The deviations relate to the following recommendations:

- Recommendation G.1 first and third indent Code 2020: The Company's current remuneration system does not contain any provisions on the (individual) maximum remuneration of the members of the Executive Board or on non-financial performance criteria for the granting of variable remuneration components. The Supervisory Board has agreed a maximum amount for each compensation component with each member of the Executive Board. The maximum remuneration can be mathematically derived from this amount. The Supervisory Board has therefore not yet considered an additional separate determination of a maximum remuneration to be reasonable. Non-financial performance criteria are not included in the current remuneration system because the pursuit of certain financial and strategic goals appears to be a priority in view of the Company's situation.
- Recommendations G.3 and G.4 Code 2020: No peer group of other third-party entities has been used to assess the customary level of the current Executive Board remuneration, nor has any vertical compensation comparison been made. In the absence of a peer group of other third-party entities, their composition has not been disclosed. Horizontal and vertical comparison did not appear meaningful so far due to the characteristics of the company and its size.

- Recommendation G.11 sentence 1 Code 2020: The Supervisory Board takes extraordinary developments into account by means of caps for the individual remuneration components; the caps ensure that the variable remuneration is adjusted "downwards" in the event of extraordinary developments. Conversely, however, in deviation from recommendation G.11, the Supervisory Board does not have the possibility to adjust "upwards" any compensation that is inappropriately low due to extraordinary developments. Until now, the regulatory framework for such an "upward" adjustment option seemed unclear and the practical need did not seem to be urgent.
- Recommendation G.11 sentence 2 Code 2020: The Supervisory Board currently has no possibility to retain or reclaim variable remuneration in justified cases. Against the background of legal uncertainties existing in the past, the introduction of such a possibility has so far been refrained from.

The Supervisory Board will adopt a new remuneration system for the members of the Executive Board and submit it to the Annual General Shareholders' Meeting in 2021 for approval. As part of the development and adoption of the new system, the Supervisory Board will also decide on future compliance with the above recommendations.

Berlin, October 2020

**On behalf of the Supervisory Board:**

**On behalf of the Executive Board:**

Heino von Prondzynski  
(Chairman of the Supervisory Board)

Gregory Hamilton  
(CEO)

Jorge Garces  
(CSO)

Albert Weber  
(EVP)