

### Agreements for compensation in the event of a takeover bid

If a member of the Management Board leaves his or her position in connection with a change of control, that member is currently entitled to continued payment of the relevant annual remuneration for the entire remaining contract term. In accordance with a special contract termination right granted to members of the Management Board, the period of continued payment is capped at a maximum of 36 months in the event that the member resigns, or at a minimum of 24 months and a maximum of 36 months in the event that the member is removed from office or dismissed by Infineon Technologies AG. Further details are contained in the Compensation Report.

 see page 186 f.

The change-of-control clauses agreed with the members of the Management Board correspond to the recommendation made in section 4.2.3, paragraph 5, of the German Corporate Governance Code. Such clauses are intended to give members of the Management Board security if a change-of-control situation occurs, and to preserve their independence in the event of a takeover bid.

Comparable arrangements for employees are only in place in a small number of individual cases.

## Corporate Governance Report

### Corporate Governance practices

#### Corporate Governance – standards for effective and responsible corporate management

The Management Board and the Supervisory Board of Infineon Technologies AG view corporate governance as a comprehensive concept for responsible, transparent and value-led corporate management. Good corporate governance contributes towards increasing the value of the business on a sustainable basis, while at the same fostering trust in our entity among national and international investors, the financial markets, business partners, employees and the public. The Management Board, the Supervisory Board and the management ensure that corporate governance is actively implemented and continuously developed throughout the entity. Corporate governance at Infineon encompasses not only the German Corporate Governance Code (Deutscher Corporate Governance Kodex – “DCGK”), but also the standards of the internal control system, compliance – particularly the Infineon’s “Business Conduct Guidelines” – and regulations on organizational and supervisory duties within the entity. The Business Conduct Guidelines and the Regulations on Organizational and Supervisory Duties are available to all employees on the Infineon intranet for review and download.

#### Business Conduct Guidelines

We conduct our business responsibly and in compliance with legal requirements and administrative regulations. We have established several guidelines that contribute towards achieving this objective. Infineon Technologies AG’s Business Conduct Guidelines – as one of the key elements of our corporate governance system – are published on the internet and are mandatory for the Management Board and all employees worldwide. The Business Conduct Guidelines are regularly reviewed and updated. They include regulations on compliance with the law, interaction with business partners and third parties, the avoidance of conflicts of interest, interaction with Company institutions, data and information management as well as environmental protection, health and safety topics. Also included are regulations for the handling of complaints and communication relating to violations of the Business Conduct Guidelines and other mandatory Infineon specific rules.

@ [www.infineon.com/cms/en/about-infineon/investor/corporate-governance/compliance/business-conduct-guidelines/](http://www.infineon.com/cms/en/about-infineon/investor/corporate-governance/compliance/business-conduct-guidelines/)

#### Corporate Compliance Officer and Compliance Panel

Infineon maintains an independent Compliance Office. The additional resources allocated underline Infineon’s clear commitment to absolute compliance with the law and to maintaining ethical standards which protect the legitimate interests of employees, suppliers, customers, and shareholders, safeguard Infineon’s reputation, and nonetheless take account of Infineon’s needs. Beside the traditional compliance objectives, such as risk mitigation and increases in efficiency and effectiveness, compliance is promoted with a view to strengthening Infineon’s image as a reliable and fair business partner and thus contributing to its overall success.

Infineon Technologies AG's Corporate Compliance Officer reports directly to the Chief Financial Officer (CFO). The Corporate Compliance Officer coordinates the Compliance Management System, develops the Infineon compliance program based on a risk-oriented approach, draws up and revises guidelines, advises employees, receives complaints and tip-offs, including those made anonymously, and leads investigations aimed at clarifying compliance-related cases. In addition, he or she carries out regular compliance training measures for employees on topics such as antitrust law and the prevention of corruption. Extensive training measures were again carried out during the 2015 fiscal year.

The Corporate Compliance Officer is supported by regional Compliance Officers. The Company has also established a Compliance Panel that meets on a regular basis and is composed of experienced managers from the Legal, Human Resources, Internal Audit and Security departments and the Corporate Compliance Officer. The primary task of the panel is to deliberate on the current status of compliance throughout Infineon and to discuss key issues and reach decisions aimed at improving the compliance system. A whistleblowing system has been established as an important component of the compliance system. Infineon employees can contact the Corporate Compliance Officer on a confidential basis (anonymously, if desired) to report non-compliance with internal guidelines and applicable laws. Since 2011, an external lawyer serving in the capacity of an independent ombudsman has also been available to enable employees and business partners to pass on confidential information (anonymously, if desired) with respect to legal violations at Infineon. In collaboration with the Compliance Panel, the Corporate Compliance Officer follows up on every item of information communicated before deciding whether to initiate an internal investigation.

The external audit of the Compliance Management System at Infineon Technologies AG and at two other major Group entities, commissioned at the end of the 2012 fiscal year, was completed in June 2014. Under the terms of this engagement, the Management Board commissioned an independent audit firm to test and report on the appropriateness, implementation and effectiveness of the Compliance Management System. The audit was conducted in accordance with the "Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW PS 980)" issued by the Institute of Public Auditors in Germany (IDW). The main points of emphasis were the prevention of corruption and compliance with antitrust laws. Since the 2015 fiscal year the sustainability of the Compliance Management System in place at Group companies is additionally being ensured by regular audits primarily conducted in accordance with Audit Standard IDW PS 980.

### Risk management

The Management Board sees the systematic and effective management of risks and opportunities as an important part of good corporate governance and a key success factor for our business. The system in place ensures that risks and opportunities are detected at an early stage and risk exposures are minimized. The transparency of the Group's risk profile contributes to the systematic and continuous increase of the value of the business.

Our Group-wide Risk and Opportunity Management System, which is continuously adapted to changes in circumstances, consists of the following sub-processes: identification, analysis, controlling and monitoring of opportunities. Its effectiveness is reviewed regularly by the Supervisory Board's Investment, Finance and Audit Committee.

Details of risk management at Infineon are presented in the chapter "Risk and opportunity report", which provides an in-depth description of both risk and opportunity management and the internal control system at Infineon.

 see page 149 ff.

### Transparent management

We submit a quarterly report to our shareholders according to a defined financial calendar, covering our business development as well as financial position and financial performance. The members of the Management Board regularly inform shareholders, analysts, media and the general public about the quarterly and annual results. Our comprehensive investor relations service features regular meetings and telephone conferences with analysts and institutional investors. Reports, notices and disclosures are usually available on our website in German and English.

@ [www.infineon.com](http://www.infineon.com)

Infineon Technologies AG also issues ad hoc announcements in addition to its regular reporting to publish information that is not in the public domain and the disclosure of which is deemed to have a significant impact on the value of the Infineon share.

The Company has a Disclosure Committee comprising experienced managers from the investor relations, communication, finance, financial reporting and accounting, legal and internal audit departments. The Disclosure Committee – in a different composition, as deemed appropriate – reviews and approves specified financial and other material information published in conjunction with regular financial reporting or ad hoc announcements.

German law requires the Management Board to render a responsibility statement (“Bilanzeit”). The information required for this purpose is confirmed internally to the Management Board by senior executives bearing management responsibility.

#### D&O insurance

The Company maintains a directors’ and officers’ group liability insurance policy (“D&O Insurance”). The D&O Insurance policy covers personal liability in the event of claims made in particular against members of the Management and Supervisory Boards for the indemnification of losses incurred in the performance of their duties. A deductible of 10 percent of the loss up to the amount of one-and-a-half times the annual fixed compensation of the member of the Management or Supervisory Board concerned has been agreed upon in accordance with the statutory regulation in section 93, paragraph 2, of the German Stock Corporation Act (AktG) (for the Management Board) and the recommendation in section 3.8 of the DCGK (for the Supervisory Board).

#### Financial reporting and auditing

Starting with the 2009 fiscal year, Infineon Technologies AG has prepared its Consolidated Financial Statements exclusively in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. The separate Financial Statements of Infineon Technologies AG are prepared in accordance with the German Commercial Code (HGB). The separate and consolidated Financial Statements of Infineon Technologies AG and the combined Management Report (Lagebericht) are published within 90 days of the end of the fiscal year upon approval by the Supervisory Board.

Infineon’s financial reporting system for the 2015 fiscal year is audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (KPMG). The Quarterly and Half-Year Financial Reports were also subject to review by KPMG. The audit also considers the Company’s system for the early identification of risks and the submission of the Declaration of Compliance in accordance with section 161 AktG. The Investment, Finance and Audit Committee discusses the Quarterly and Half-Year Financial Reports with the Management Board prior to publication. We have agreed with KPMG that the Chairman of the committee should be informed without delay if any possible reasons for exclusion or bias occur during the audit, unless they can be eliminated immediately. The auditors should also report immediately on all findings and occurrences material to the Supervisory Board’s work that arise in the course of the audit and review engagements.

#### Directors’ dealings

“Persons discharging managerial responsibilities” – which in Infineon’s case includes members of the Management and Supervisory Boards as well as parties related to them – are required pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz) to notify the Company as well as the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) of own transactions involving Company shares or related financial instruments. This requirement, however, applies only if the total value of the transactions made by one of the above-mentioned persons amounts to €5,000 or more in one calendar year. The Company is obliged to publish the notifications it receives without undue delay and have them recorded in the Company Register. Such notices are also reported to BaFin.

The following securities transactions were notified to the Company during the previous fiscal year by persons discharging managerial responsibilities and parties related to them:

Last name, first name	Dr. Ploss, Reinhard
Function	Chairman of the Management Board
Description	Shares in Infineon Technologies AG
ISIN/WKN	DE0006231004/623 100
Date of transaction	November 28, 2014
Purchase/sale	Purchase
Price (per unit)	€7.88
Number of units	6,400
Total volume	€50,432.00
Date of transaction	November 28, 2014
Purchase/sale	Purchase
Price (per unit)	€7.89
Number of units	4,400
Total volume	€34,694.00
Total volume of transactions	€85,126.00
Transaction location	Frankfurt Stock Exchange (Xetra)
Last name, first name	Asam, Dominik
Function	Member of the Management Board
Description	Shares in Infineon Technologies AG
ISIN/WKN	DE0006231004/623 100
Date of transaction	December 01, 2014
Purchase/sale	Purchase
Price (per unit)	€7.83
Number of units	1,379
Total volume	€10,794.81
Date of transaction	December 01, 2014
Purchase/sale	Purchase
Price (per unit)	€7.83
Number of units	2,957
Total volume	€23,144.44
Date of transaction	December 01, 2014
Purchase/sale	Purchase
Price (per unit)	€7.83
Number of units	1,375
Total volume	€10,764.88
Date of transaction	December 01, 2014
Purchase/sale	Purchase
Price (per unit)	€7.83
Number of units	1,503
Total volume	€11,768.49
Total volume of transactions	€56,472.62
Transaction location	Frankfurt Stock Exchange (Xetra)

Last name, first name	Gruber, Peter
Function	Member of the Supervisory Board
Description	Shares in Infineon Technologies AG
ISIN/WKN	DE0006231004/623 100
Date of transaction	February 16, 2015
Purchase/sale	Sale
Price (per unit)	€10.06
Number of units	26,000
Total volume	€261,560.00
Transaction location	Frankfurt Stock Exchange (Xetra)
Last name, first name	Mittal, Arunjai
Function	Member of the Management Board
Description	Shares in Infineon Technologies AG
ISIN/WKN	DE0006231004/623 100
Date of transaction	June 2, 2015
Purchase/sale	Sale
Price (per unit)	€11.94
Number of units	21,598
Total volume	€257,885.52
Transaction location	Frankfurt Stock Exchange (Xetra)

### Compensation of the Management Board and the Supervisory Board

Details of Management Board and Supervisory Board compensation in the 2015 fiscal year are presented in the comprehensive Compensation Report, which also forms part of the Combined Management Report of Infineon Technologies AG.

### Share-based compensation programs for employees and members of the Management Board

Infineon's share-based compensation programs are described in note 26 to the Consolidated Financial Statements. The full text of the plans may be viewed on the internet.

A "Performance Share Plan" (PSP) was put into place in the 2015 fiscal year as part of the long-term remuneration of executives and selected Infineon employees worldwide. The same plan also applies to members of the Management Board, whereby the latter – unlike other plan participants – have a contractually secured claim. The principal conditions of the plan for members of the Management Board are described in the Compensation Report. Essentially the same conditions apply to other PSP participants, with rules differing only with respect to the requirement of personal investment in Infineon shares and in the event of early termination. Moreover, the cap stipulated for Performance Shares only applies to members of the Management Board.

**P** see page 249 f.  
**@** [www.infineon.com](http://www.infineon.com)

## Declaration concerning the management of the company (Part of the Combined Management Report – unaudited)

### **Declaration of compliance with the German Corporate Governance Code issued for the 2015 fiscal year by the Management Board and Supervisory Board of Infineon Technologies AG in accordance with section 161 of the German Stock Corporation Act**

The Management Board and Supervisory Board issued the following declaration pursuant to section 161 AktG in November 2015:

1. Since the submission of the last Declaration of Compliance in November 2014, Infineon Technologies AG has, with one exception, complied with all recommendations of the German Corporate Governance Code in the version dated June 24, 2014 (“Code”). The one exception, stated and explained in the November 2014 declaration, relates to the following:

Section 5.4.6 of the Code recommends that any performance-related compensation of the members of the Supervisory Board should be oriented toward the sustainable growth of the enterprise. The similarity in terminology to the requirements contained in the German Stock Corporation Act with respect to compensation of members of the Management Board therefore seems to imply that performance-related compensation should also be based on a “multi-year assessment” for members of the Supervisory Board.

Members of the Supervisory Board of Infineon Technologies AG receive both fixed and performance-related compensation, the latter only being paid if earnings per share in the previous fiscal year exceed a pre-defined amount.

Both the Management Board and the Supervisory Board have deliberated on this topic on several occasions. They concluded in each case that the compensation system currently in place for the Supervisory Board is already oriented toward the sustainable growth of the enterprise even without a multi-year assessment, since the minimum amount required to trigger the compensation payment increases year-on-year, thus setting an incentive for improving earnings each year. As a consequence, neither of the boards saw any necessity to change the Supervisory Board compensation system, which had been approved by a large majority at the Annual General Meeting. The Management Board and the Supervisory Board have not changed their assessment of the situation.

2. The new version of the Code, dated May 5, 2015, became effective on June 12, 2015. With the exception (described in point 1 of this declaration) of the unchanged recommendation contained in section 5.4.6 of the Code, Infineon Technologies AG has also complied with the applicable recommendations contained in this version of the Code and will continue to do so in the future.

### **Relevant disclosures in respect of corporate governance practices**

The Company complies with all legal requirements with respect to corporate governance. With one exception, which is stated and explained in the Declaration of Compliance, Infineon also complies with the recommendations of the German Corporate Governance Code. Furthermore, Infineon’s corporate governance practices in particular underpin the guidelines on corporate conduct (“Business Conduct Guidelines”) as well as the regulations relating to organizational and supervisory duties. Both of these sets of regulations are available to all employees worldwide on the Infineon Intranet.

### Shareholders and Annual General Meeting

Infineon shareholders take their decisions at the Annual General Meeting, which is held at least once a year. Each share carries one vote. Shareholders can attend the Annual General Meeting as long as they are entered in the share register and have duly registered for the meeting. The Annual General Meeting decides on all issues assigned to it by law, most notably on the formal approval of the conducting of business by the Management Board and the Supervisory Board, the profit appropriation, the election of the auditors, corporate agreements and amendments to the Articles of Association. Shareholders are entitled to make counter-proposals to motions introduced by management and to speak as well as ask questions at the Annual General Meeting. They also have the right, subject to certain conditions, to challenge resolutions of the Annual General Meeting, to request an extraordinary judicial review and to claim damages from corporate bodies of the Company on behalf of the Company when they identify incidences of misconduct or serious deficiencies in the Company's management and control. We wish to support our shareholders as far as possible in the exercising of their rights at the Annual General Meeting. Shareholders can register for our Annual General Meeting electronically, participate in voting by means of postal voting or by sending online instructions, e.g. to their proxies, and they can follow the general debate via the internet. All documents and information relating to the Annual General Meeting are available to any interested parties on our website. Our Investor Relations department, moreover, can be contacted throughout the year, both by telephone and electronically, to ensure the exchange of information between us and our shareholders.

### Description of the mode of operation of the Management Board and Supervisory Board and of the composition and mode of operation of the Supervisory Board's committees

Infineon Technologies AG is subject to German stock corporation law, which stipulates a two-tier administrative system, with the Management Board responsible for management and the Supervisory Board responsible for corporate oversight. We are convinced that this separation of the two functions is an important precondition for good corporate governance. The Management Board and the Supervisory Board cooperate closely in Infineon's best interest.

#### Management Board

Infineon Technologies AG's Management Board comprises three members. In accordance with the DCGK, the Supervisory Board has set an age limit for Management Board membership, according to which members of the Management Board should, as a general rule, not be more than 67 years old. In accordance with its rules of procedure, the Supervisory Board takes account of diversity as well as technical and personal suitability in respect of the composition of the Management Board.

The Management Board currently comprises only men (100 percent), of whom two are in the middle age group of between 30 and 50 years of age (66.7 percent) and one (33.3 percent) is in the 50+ age group.

In conjunction with the implementation of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force on May 1, 2015, the Supervisory Board decided on a quota for women on the Management Board of 0 percent, which is compatible with applicable legislation until June 30, 2017. At the same time, however, the Supervisory Board gave a commitment to increase its efforts to develop and attract women with the professional and personal skills needed to take up Management Board positions. The Management Board is the Company's executive body. It is obliged, within the framework of the law, to serve the Company's interests and thereby pursue the goal of sustainably increasing Infineon's value taking into account the interests of all stakeholders. It determines Infineon's commercial objectives, strategy and corporate policy and defines how the Group is organized.

According to German stock corporation law, the Management Board has overall responsibility for the management of the Company. The Company's Management Board has adopted rules of procedure with the consent of the Supervisory Board. These rules stipulate that the Company is managed jointly by all members of the Management Board, who should work together in a cooperative manner to achieve this end. Collaboration between the Management Board and the Supervisory Board is coordinated by the Chief Executive Officer (CEO). The CEO maintains regular contact with the Chairman of the Supervisory Board, with whom he discusses the key aspects of Infineon's strategy, corporate planning, business performance and risk management. At the ordinary meetings of the Supervisory Board, the Management Board reports comprehensively and promptly on Infineon's business performance, its economic situation and the economic situation of the individual segments, as well as Infineon's financial and investment planning. The CEO notifies the Chairman of the Supervisory Board without delay regarding any matters that are of material importance for assessing the position and development of the Company or for its management.

## Supervisory Board

### *Work of the Supervisory Board*

The Supervisory Board advises and monitors the Management Board in its management of the entity. The Supervisory Board is informed by the Management Board regularly, comprehensively, and in a timely manner on all matters of relevance and agrees upon Infineon's corporate strategy and its implementation with the Management Board. The Supervisory Board discusses the quarterly reports and reviews and approves both the Separate Financial Statements and the Consolidated Financial Statements of Infineon Technologies AG. Any major decisions made by the Management Board, such as Group-wide financial and investment planning or major acquisitions and equity investments, divestitures, and financial measures, are subject to its approval. Further details are stipulated in the rules of procedure of the Management Board and the Supervisory Board. When Supervisory Board votes end in a tie, the Chairman of the Supervisory Board has two voting rights if voting is carried out for a second time and again results in a tie.

The duties of the Supervisory Board and its committees are regulated by law, by the Articles of Association and by the rules of procedure of the Supervisory Board and its committees. In addition, the DCGK contains recommendations pertaining to Supervisory Board work.

Once a year, the Supervisory Board reviews the efficiency of its work, including its interaction with the Management Board. The efficiency review is performed on the basis of a questionnaire addressing different areas and criteria of the Supervisory Board's work. The results are subsequently discussed at a Supervisory Board meeting. In the 2010 fiscal year, an external independent consultant was engaged for the first time to conduct a detailed survey of Supervisory Board activities. The most recent efficiency review took place in summer 2015, again based on a questionnaire. No significant deficits in efficiency were identified.

### *Composition of the Supervisory Board*

The Supervisory Board of Infineon Technologies AG currently comprises 16 members, with an equal number of shareholder and employee representatives, as stipulated in the German Co-Determination Act (Mitbestimmungsgesetz). The shareholder representatives are elected by the Annual General Meeting, the employee representatives by employee delegates at Infineon's German facilities in accordance with the German Co-Determination Act. The normal term of office of members of the Supervisory Board is approximately five years.

New elections were held in the 2015 fiscal year for both the shareholder representative and the employee representative positions on the Supervisory Board. At the Supervisory Board meeting held on February 12, 2015, Wolfgang Mayrhuber was confirmed as Chairman and Johann Dechant elected as Deputy Chairman of the Supervisory Board. The terms of office of all members of the Supervisory Board will expire at the end of the Annual General Meeting that resolves on the approval of the acts of its members for the 2019 fiscal year.

Concrete objectives for the Supervisory Board composition were specified in 2010 in accordance with the recommendation in section 5.4.1 DCGK (version: May 2010) and have been supplemented from time to time in subsequent years. In view of the changes in the law and DCGK recommendations in 2015, the Supervisory Board revised its catalog of objectives in August 2015. Accordingly, the most important of these is to ensure that the composition of the Supervisory Board enables it to optimally perform the duties prescribed to it by law and in the Company's Articles of Association. The Supervisory Board is of the opinion that – in addition to the personal suitability and technical competence of the individual members of the Supervisory Board and the high degree of independence required of the Supervisory Board and its members – diversity of know-how and experience within the Supervisory Board as a whole are decisive factors. This also includes the international character of its membership. Furthermore, an appropriate age limit and a general rule for a maximum period of service on the Supervisory Board should be observed. Taking all of these factors into consideration, the following objectives and requirements profile arises:

› **Personal suitability**

All members of the Supervisory Board must possess the necessary personality and integrity for the due performance of their duties. Members of the Supervisory Board must be loyal to the Company at all times and in particular comply strictly with their statutory obligation of confidentiality, with which they must be fully conversant. They must have sufficient availability and willingness to devote the necessary time and attention to their office. Before submitting its recommendations to the Annual General Meeting for the election of new members of the Supervisory Board, the Nomination Committee of the Supervisory Board therefore obtains assurance from the respective candidates that they are in a position to devote the necessary time to their future duties.

› **Technical competence**

When determining the composition of the Supervisory Board, it must be ensured that its members as a whole have the necessary technical competence to optimally perform its tasks. Furthermore, each individual member of the Supervisory Board must possess a sufficiently good understanding of the Company's business activities to serve as a basis for drawing objective conclusions in the Company's interests.

› **Independence**

Every effort should be made to ensure the maximum independence of the Supervisory Board and its members. A member is independent if he or she can reach decisions on matters considered by the Supervisory Board free of any possible conflict of interests, i.e. based entirely on objective criteria geared to the interests of the Company. Conversely, a member of the Supervisory Board is considered not to be independent if he or she has personal or business relationships with the Company, its representative bodies, a controlling shareholder or an entity related to such a controlling shareholder with whom a serious conflict of interests could arise (other than temporarily). No more than two former members of the Management Board should be members of the Supervisory Board. Members of the Supervisory Board should not exercise board functions or perform advisory tasks for major competitors. In the case of employee representatives, the fact of being employed by the Company alone is not considered to be a factor that limits their independence. The aim of the Supervisory Board is to have at least twelve independent representatives (including at least five shareholder representatives).

› **Diversity**

The overall composition of the Supervisory Board should comply with the principles of diversity. To the maximum degree possible, the composition of the Supervisory Board should therefore take into account the diversity found in an open and innovative global company such as Infineon. At the same time, however, no-one should be proposed or dropped as a candidate for the Supervisory Board simply because he or she possesses or lacks a certain diversity factor.

Diversity also includes gender diversity. As a listed company subject to co-determination stipulations, by law the Supervisory Board must be made up of at least 30 percent women and at least 30 percent men.

› **International character**

The composition of the Supervisory Board should be of an international nature. However, this international character is not to be understood restrictively in the sense of any specific (foreign) nationality. The decisive factor is more the intercultural influences and experiences and the resulting openness, the corresponding understanding and the ability to judge with regard to international topics and correlations. The Supervisory Board's objective is to have at least five international representatives among its ranks.

› **Age limit**

As a general rule, no-one older than 69 years of age should be proposed for membership of the Supervisory Board.

› **General rule for maximum period of service on the Supervisory Board**

The Supervisory Board's objective is that its members do not, as a general rule, serve for more than three terms of office (i.e. normally no longer than 15 years).

The objectives and requirements profile approved by the Supervisory Board is taken into account when making nominations to the Annual General Meeting. As part of this process, the Supervisory Board also discloses any of the candidate's business or other relationships with Infineon, the Company's representative bodies and/or a major shareholder in the Company, if an impartial shareholder making an objective decision about the election would consider such information to be of relevance. The same applies in respect of the work of the Nomination Committee, insofar as this committee performs the preparatory work for the Supervisory Board decision.

The Supervisory Board also recommends that members who have been elected by the employees do what they can, within the scope of their influence, to have the objectives and requirements profile taken into account in the nominations made by the relevant bodies on the employees' side. Lastly, the Supervisory Board recommends that the objectives should be taken into account by any of its members making an application for the appointment of a member of the Supervisory Board by the courts.

The composition of the Supervisory Board is in accordance with the objectives as most recently defined in August 2015. In addition, the Supervisory Board observes the age limit stipulated in its rules of procedure, according to which "as a general rule" no-one older than 69 years of age should be proposed for membership of the Supervisory Board. In the opinion of the Supervisory Board, endorsed by the vote in favor at the Annual General Meeting, the case of Dr. Sünner, who already exceeded this age limit at the time of his appointment, constitutes a well-founded and therefore justified exception, notably on the grounds of his wealth of experience in taxation, law and compliance. The Supervisory Board currently comprises six women (37.5 percent) and ten men (62.5 percent). Four (25 percent) of the members of the Supervisory Board are aged between 30 and 50 and 12 (75 percent) are over 50. The composition of the Supervisory Board therefore already complies with the requirements of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector" (which do not yet formally apply to the Supervisory Board in its current composition), according to which each gender is required to have a minimum 30 percent representation on the Supervisory Board.

*Supervisory Board committees*

The Supervisory Board rules of procedure provide for the formation of three committees: the Mediation Committee, the Executive Committee, and the Investment, Finance, and Audit Committee. The Supervisory Board has also established both a Strategy and Technology Committee and the Nomination Committee recommended in the DCGK. All Supervisory Board committees have an equal number of employee representatives and shareholder representatives, apart from the Nomination Committee, which consists exclusively of shareholder representatives.

The **Mediation Committee**, which consists of the Chairman of the Supervisory Board, the Vice-Chairman, one shareholder representative and one employee representative, submits specific recommendations to the Supervisory Board concerning the appointment of members of the Management Board if the first round of the election on the appointment does not result in the required majority of two thirds of the members of the Supervisory Board.

The **Executive Committee** consists of the Chairman of the Supervisory Board, the Vice-Chairman, one shareholder representative and one employee representative. The duties of this committee include preparing the decisions to be taken by the full Supervisory Board regarding the appointment or dismissal of members of the Management Board and Management Board compensation. The Executive Committee is authorized in its own capacity to make decisions with respect to contracts with members of the Management Board, except in matters involving remuneration.

The **Investment, Finance and Audit Committee** (“Audit Committee”) consists of the Chairman of the Supervisory Board, the Vice-Chairman and one further representative each of the shareholders and employees. The Chairman of the Investment, Finance, and Audit Committee, Dr. Süner, has – among other qualifications – particular expertise in and extensive experience of financial reporting on account of his many years of service as chairman of the audit committee of another DAX-listed corporation and accordingly qualifies as an “independent financial expert” pursuant to section 100, paragraph 5, of the German Stock Corporation Act.

The Audit Committee monitors the Company’s financial reporting process and discusses and examines the Separate Financial Statements and Consolidated Financial Statements prepared by the Management Board as well as the quarterly and half-yearly financial reports. It gives recommendations with respect to the approval of the Separate Financial Statements and Consolidated Financial Statements by the Supervisory Board based on the independent auditor’s report, submits recommendations to the Supervisory Board regarding the election of the independent auditor, engages the auditor elected at the Annual General Meeting to audit the Separate Financial Statements and Consolidated Financial Statements and review the interim financial reports, specifies the key areas to be examined in audit activities jointly with the auditor and is responsible for determining the auditor’s compensation.

Other matters addressed by the Audit Committee include monitoring the effectiveness of the internal control system, the internal audit system and the risk management system. In this capacity, it has the authority both to contact employees of the entity directly and to seek external assistance. Internal Audit reports annually to the Audit Committee, which can also specify an audit plan and key areas to be considered in audits.

Furthermore, the Audit Committee is responsible for discussing compliance issues. The Management Board and the Corporate Compliance Officer regularly report to the Audit Committee on the structure and work of the compliance organization and on any particular compliance issues.

The **Strategy and Technology Committee**, which consists of three shareholder representatives and three employee representatives, concerns itself with Infineon’s business strategy and key technology issues.

The **Nomination Committee**, which consists of the Chairman of the Supervisory Board and two further shareholder representatives, proposes to the Supervisory Board suitable candidates for recommendation to the Annual General Meeting.

All committees regularly submit detailed reports on their work to the Supervisory Board. Further information about the work of the Supervisory Board and its committees can be found, together with details of the people who serve on them, in note 35 to the Consolidated Financial Statements and in the report of the Supervisory Board to the Annual General Meeting.

#### Avoidance of conflicts of interest

The members of the Management Board and Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose among the members of the Management Board and Supervisory Board in the 2015 fiscal year.

The German Corporate Governance Code requires prior approval to be given by the Supervisory Board before members of the Management Board accept mandates on external supervisory boards. In the fiscal year under report, the Supervisory Board’s Executive Committee consented to Dr. Ploss taking on a mandate in the Supervisory Board of “Haus der Zukunft gGmbH” and

**P** see pages 275 ff. und 16 f.

to Mr. Mittal taking on a mandate in the Board of Directors of Global Semiconductor Alliance (GSA). In the previous fiscal year, Mr. Mittal received the approval of the Supervisory Board to accept a mandate as member of the Board of Directors of the Singapore Economic Development Board and took up this position during the year under report.

Material transactions between the Company and members of the Management Board or related parties require the approval of the Supervisory Board. This also applies to consulting and other service or work contracts a member of the Supervisory Board enters into with the Company. As a precaution, in August 2015 the Supervisory Board approved a contract between the Company and the Technische Universität München (the Institute for Technical Electronics headed by Prof. Schmitt-Landsiedel) for the performance of research and development work. Prof. Schmitt-Landsiedel does not participate in the payments contractually required to be made by Infineon. For this reason, there is no conflict of interest. Dr. Sünner was Of Counsel with the law firm Allen & Overy from 2011 to the end of 2014. The Company had in the past engaged Allen & Overy in individual cases, but never received advice from Dr. Sünner personally in conjunction with any of these engagements. In addition, Dr. Sünner did not benefit – either directly or indirectly – from the fees paid for any of these engagements. A potential conflict of interest did not therefore arise.

The Company concluded a consulting agreement with the former CEO, Mr. Bauer, in 2012 when he stood down from the Management Board. In view of his candidacy for the Supervisory Board, the consultancy mandate ended on January 31, 2015.

#### Shareholdings of Management Board and Supervisory Board

As of September 30, 2015, the shares in Infineon Technologies AG held by all members of the Management Board and Supervisory Board did not exceed 1 percent of the shares issued by the Company.

Information regarding the composition of the Management Board, the Supervisory Board and the Supervisory Board's committees can be found in note 35 to the Consolidated Financial Statements.

 see page 275 ff.

#### *“Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector”*

Pursuant to the “Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector”, which came into force on May 1, 2015, the composition of the Supervisory Board of Infineon Technologies AG is required to include at least 30 percent women and at least 30 percent men. The Supervisory Board already complies with these requirements (which do not yet formally apply to the Supervisory Board in its current composition). Furthermore, the Law requires Infineon Technologies AG to set targets for the proportion of women on the Management Board and in the two leadership levels below the Management Board. Within the Infineon Group, this requirement applies to Infineon Technologies AG and Infineon Technologies Dresden GmbH. Both entities are therefore required to set targets for its respective Management Board/Board of Directors and the two leadership levels below board level as well as for the Supervisory Board.

The targets to be achieved by June 30, 2017 by the entities concerned are as follows (in each case compared to the current situation):

	Infineon Technologies AG		Infineon Technologies Dresden GmbH	
	Current situation	Target figure	Current situation	Target figure
Supervisory Board	statutory	30% quota	16.7%	25%
Management Board/Board of Directors	0%	0%	0%	0%
1st leadership level	0%	6%	13.3%	13.3%
2nd leadership level	18.5%	20%	22.2%	22.2%