

Corporate Governance Statement in accordance with sections 289a and 315 (5) HGB

Declaration of Compliance with the German Corporate Governance Code issued for the 2016 fiscal year by the Management Board and Supervisory Board of Infineon Technologies AG in accordance with section 161 of the German Stock Corporation Act

In November 2016, the Management Board and Supervisory Board issued the following declaration in accordance with section 161 AktG:

1. The Declaration of Compliance issued in November 2015 was updated in March 2016, to the extent that the previously reported deviation relating to section 5.4.6 of the German Corporate Governance Code (compensation of the Supervisory Board) was eliminated. This deviation had been declared for precautionary reasons due to the fact that the members of the Supervisory Board of Infineon Technologies AG previously – in addition to a fixed compensation – also received a performance-related compensation. In view of the fact that the performance-related compensation was not based on a multi-year assessment, it was unclear whether it fully complied with the requirements contained in section 5.4.6 of the German Corporate Governance Code. At the Annual General Meeting held on February 18, 2016, the shareholders of Infineon Technologies AG resolved to modify the structure of Supervisory Board compensation. With retrospective effect from October 1, 2015, the performance-related compensation was eliminated entirely. Members of the Supervisory Board now only receive a fixed compensation. The corresponding amendment to the Articles of Association was entered in the commercial register in March 2016.
2. Since the submission of the Declaration of Compliance in November 2015, Infineon Technologies AG has complied with all applicable recommendations of the German Corporate Governance Code in the version dated June 12, 2015 – in the case of section 5.4.6 of the German Corporate Governance Code at the latest from the date of entry in the commercial register in March 2016 of the above-mentioned amendment to the Articles of Association – 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. Infineon also complies with all of the recommendations contained in the German Corporate Governance Code (Deutscher Corporate Governance Kodex – “DCGK”). 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 profit appropriation, the approval of the acts of the Management Board and the Supervisory Board, the election of the auditors, corporate agreements, and amendments to the Articles of Association. Shareholders are entitled to make proposals for example 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 corporate governance 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

The Infineon Technologies AG Management Board was expanded from three to four members effective July 1, 2016. In accordance with the DCGK, the Supervisory Board has set an age limit for membership at the Management Board, 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 (50 percent) and two (also 50 percent) are 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 financial 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 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. The most recent efficiency review took place in summer 2016. 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 representatives and employee representatives, as stipulated in the German Co-Determination Act. 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 composition of the Supervisory Board were specified in 2010 in accordance with the recommendation in section 5.4.1 DCGK and have been supplemented from time to time in subsequent years. The Supervisory Board revised its catalog of objectives in 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 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 meets the stipulated objectives. 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 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 complies with the requirements of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", 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 Deputy 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 Deputy 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 Deputy Chairman and one further representative each of the shareholders and employees. The Chairman of the Investment, Finance, and Audit Committee, Dr. Sünner, 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-(now M-Dax-)listed corporation and accordingly qualifies as an 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 half-yearly and any quarterly 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 any 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 26 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 2016 fiscal year.

The DCGK 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 Board of Trustees of the Technische Universität München.

Shareholdings of Management Board and Supervisory Board

As of September 30, 2016, 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 26 to the Consolidated Financial Statements.

"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 per cent women and at least 30 per cent men. In its current composition of 37.5 percent women and 62.5 percent men, the Supervisory Board complies with these requirements.

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. These entities are required to set targets not only for its respective Management Board/Board of Directors and the two leadership levels below board level, but also 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 situation prevailing when the targets were set):

	Infineon Technologies AG		Infineon Technologies Dresden GmbH	
	Situation at the time of target setting	Target figure	Situation at the time of target setting	Target figure
Supervisory Board	No setting of target figure because of statutory 30% quota		16.7%	25.0%
Management Board/Board of Directors	0.0%	0.0%	0.0%	0.0%
1st leadership level	0.0%	6.0%	13.3%	13.3%
2nd leadership level	18.5%	20.0%	22.2%	22.2%