

Infineon Pension Plan

Committed to the Future

For employees of the Infineon Technologies AG

www.infineon.com



Dear Employees,

In this brochure, we present the retirement benefits of Infineon in Germany – the Infineon Pension Plan. The plan meets Infineon's high standards for modern company retirement benefits and at the same time, it unites the interests of our employees with those of the company. Contributing to secure your standard of living in retirement is and remains one of the most important social benefits provided by Infineon.

Through the Pension Plan, Infineon has ensured that you are afforded the advantages of a modern, attractive arrangement. In addition, the contribution-oriented Pension Plan assures transparency of your benefits balance. This is an enormously important prerequisite for being able to integrate the company retirement benefits into your private retirement planning. The plan furthermore takes the different living situations of our employees into account: You can choose from multiple payment options for receiving the benefits.

The benefits of the Infineon Pension Plan go beyond mere retirement planning: You and your family are provided additional security against the risks of complete disability and death.

The Pension Plan also offers clear advantages for Infineon: It secures a high measure of planning reliability and controllability for the company. This is a decisive requirement in order to ensure attractive retirement benefits to employees over the long term.

We feel certain that we offer you and the company cutting-edge retirement benefits under the Infineon Pension Plan.

Neubiberg, September 2020



Markus Fink
Human Resources



The Infineon Pension Plan at a glance

The principle behind the Infineon Pension Plan is simple:

For each employee, Infineon sets up a personal basic account, which is completely financed by Infineon. Every year, Infineon calculates a specific contribution to your basic account. The amount of this contribution depends on the components of your salary that are eligible for pension contributions.

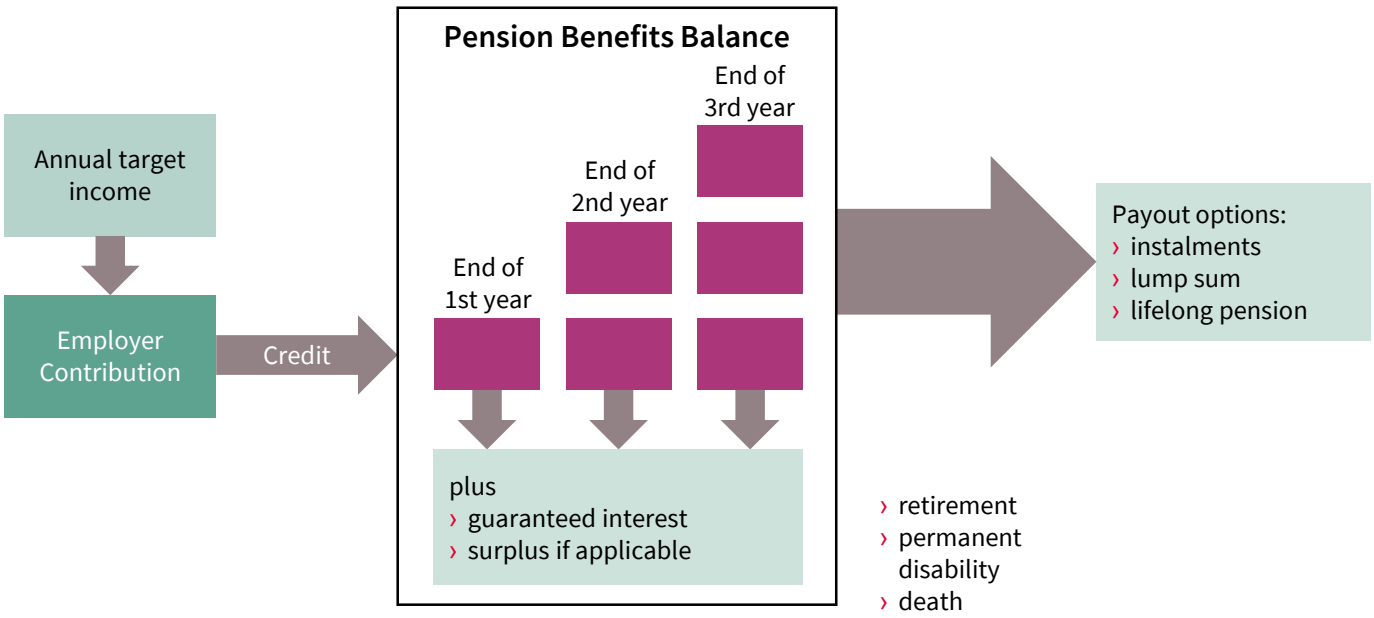
The amount will be credited to your account and accrue interest at a guaranteed annual rate. Surplus amounts may be credited on top. This is how your account balance will increase year by year. You will receive an account statement each year with information about your current retirement benefits balance so that you have oversight at all times.

The Infineon Pension Plan does not only support you in retirement. In the event of complete disability or death, you and your family are additionally covered by the Infineon Pension Plan. The current benefits balance, meaning all amounts plus guaranteed interest and all credited surplus amounts, will be paid out. As a general rule, your balance will be paid out in instalments, but a lump sum or a lifelong pension are also options.

Salary components eligible for contributions

“Salary components eligible for contributions” refers to your respective annual target income: in other words, your regular base remuneration plus annual variable compensation based on 100% target achievement.




Annual target income
Employer Contribution
Credit
Pension Benefits Balance
End of 1st year
End of 2nd year
End of 3rd year
plus
› guaranteed interest
› surplus if applicable
Payout options:
› instalments
› lump sum
› lifelong pension
› retirement
› permanent disability
› death

Premiums and account development

Attractive, secure, and transparent – with the Infineon Pension Plan, you will build up a financial cushion for your future year by year. Infineon credits a contribution to your basic account each year, which accrues interest at a guaranteed rate. Additionally, you can receive surplus payments based on the performance of the funds in the Infineon Pension Trust, which finances the retirement benefits.

Contribution to the Infineon Pension Plan

From reference value to contribution

The Infineon Pension Plan is structured according to a "reference value system," which is based on two reference values and three contribution levels: For the calculation of the specific contribution to your basic account, your salary (more precisely: your "salary components eligible for contributions") is set in relation to these reference values:
First, the ratio of your eligible salary components to each reference value is calculated as a percentage. A specific euro amount is determined for each percentage point. The sum of all euro amounts results in your contribution. The total euro amount depends on the contribution levels:

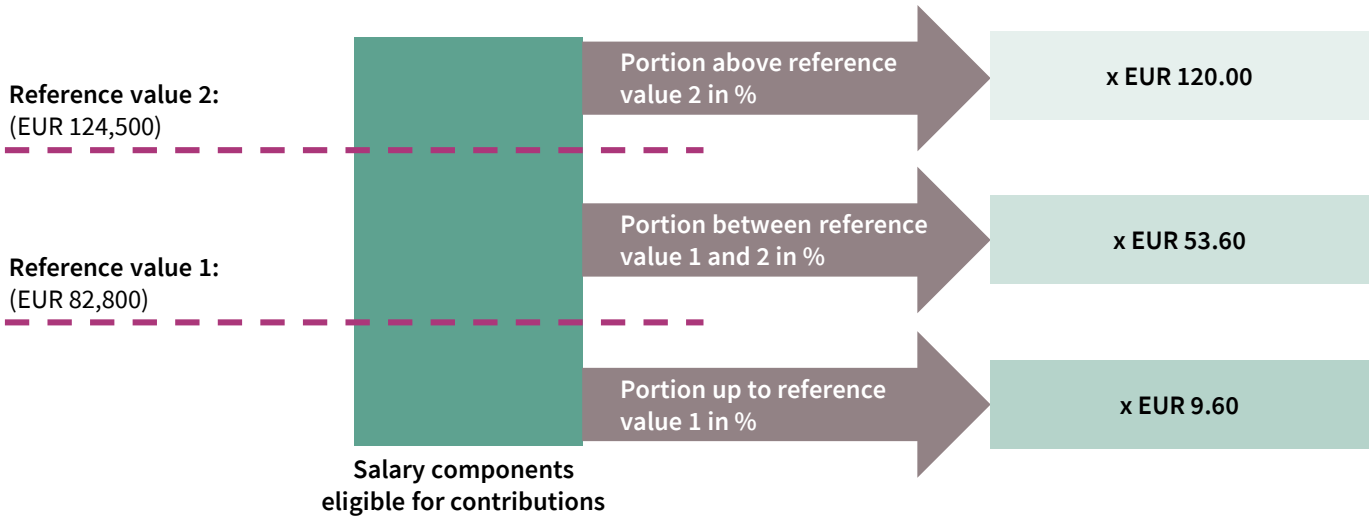
Contribution level 1	EUR 9.60
Contribution level 2	EUR 53.60
Contribution level 3	EUR 120.00

You can find calculation examples on page 7

Reference values and contribution levels

The reference values are limits defined for the Infineon Pension Plan that divide the salary components eligible for contributions into up to three contribution levels. In the contribution calculation, a defined euro amount is assigned to each contribution level.

The idea behind the "reference value system" is the goal of ensuring a market-oriented contribution level for all employees.



Different reference values and contribution levels may apply at Infineon subsidiaries.

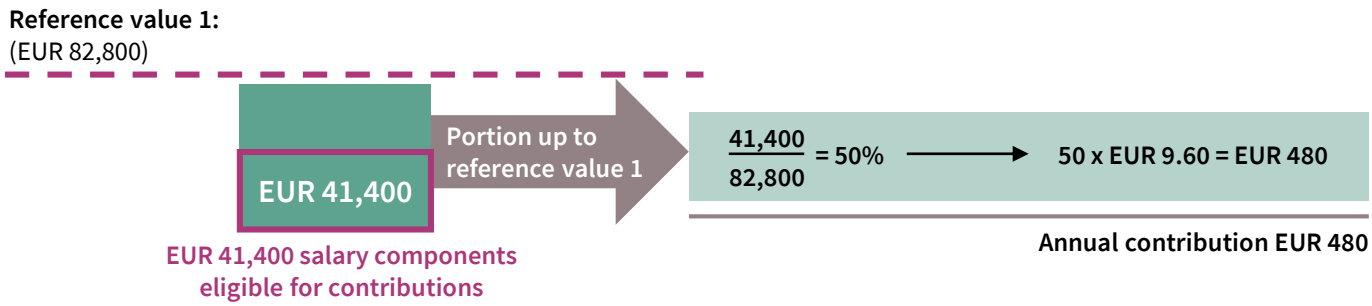
The simplest example is the contribution calculation for salaries that reach the exact amount of a reference value: If your salary reaches reference value 1 (EUR 82,800), you will be granted a contribution of EUR 960. If your salary reaches the exact amount of reference value 2 (EUR 124,500), you will be credited an amount of EUR 3,659 – EUR 960 for contribution level 1, plus EUR 2,699 for contribution level 2.
The best way for you to understand the contribution calculation for salaries above or below a reference value is by means of specific examples – and of course, you can see the exact amount on the annual account statement for your basic account.

How the contribution is calculated – two examples

Example 1: Salary components eligible for contributions amount to EUR 41,400

› First, the applicable ratio of your salary relative to EUR 82,800 (reference value 1) is calculated – at EUR 41,400 this is 50%.

› These percentage points are multiplied by EUR 9.60 – resulting in a rounded annual contribution to the basic account in the amount of: 50 x EUR 9.60 EUR = EUR 480.

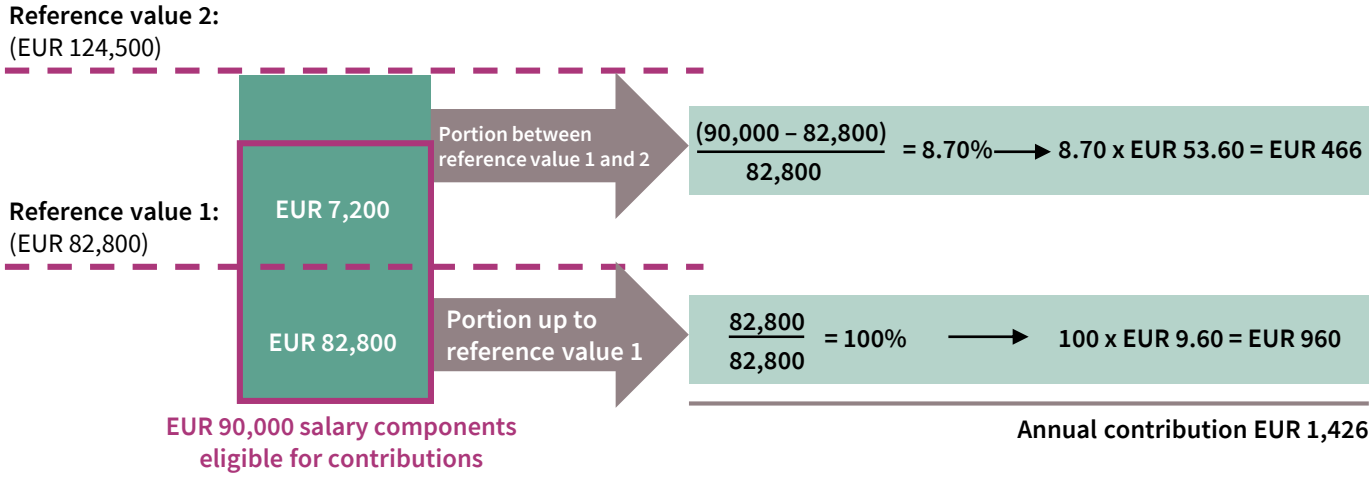


Example 2: Salary components eligible for contributions amount to EUR 90,000

› Given salary components eligible for contributions in the amount of EUR 90,000 and EUR 82,800 equaling reference value 1 – you will receive a contribution of EUR 960 for this salary component.

› Reference value 1 is exceeded by EUR 7,200. The ratio of this salary component relative to reference value 1 is likewise calculated for this amount, and it equals 8.70%. These percentage points are multiplied by EUR 53.60: 8.70 x EUR 53.60 = EUR 466.

› In total, you will be credited an annual amount of EUR 1,426 (EUR 960 + EUR 466).



Different reference values and contribution levels may apply at Infineon subsidiaries.

Adjustments to reference values and euro amounts

The reference values increase automatically, parallel to the earnings development at Infineon.

Infineon reviews the contribution levels each year. Infineon has reserved the right to decide on an increase for the purpose of ensuring the necessary economic flexibility.

Account development: Guaranteed interest rate and credited surplus amounts

Your credit balance on the basic account accrues interest annually at the respective guaranteed interest rate. Moreover, you may receive surplus amounts if the funds managed by the Infineon Pension Trust perform positively. The guaranteed interest rate is independent of the funds' performance.

The possible surplus amounts will be credited to the employee at the latest upon reaching age 60. You will then be credited pro-rata 95% of the possible surplus amounts, which have been earned by the funds in excess of the guaranteed interest accrual. After age 61, the credit balance will continue to accrue interest at the guaranteed rate (without surplus share).

It may also be the case – depending on the company's decision – that surplus amounts are even credited to you before then. Along with your current credit balance, your account statement also shows the performance of the funds managed by the Infineon Pension Trust. You can thereby see the possible current balance in the event of complete disability or death.

Guaranteed interest rate

The guaranteed interest rate is oriented on the statutory maximum interest rate of the German life insurance industry, which is determined by the Federal Department of Finance. This maximum interest rate – and thus the guaranteed interest rate – is commonly stable over a longer period of time.

Prior to 2018, it was adjusted most recently in the years 1994, 2000, 2004, 2007, 2012 and 2015. As of 2017, the maximum interest rate is 0.90% p.a. You will of course be informed of any changes to the interest rate.

Payment to you

You can choose from three payment options: Instalments, lump sum, or lifelong pension – you decide what works best with your personal retirement planning. The payment is due to you upon your retirement. Special coverage in the form of additional interest credits is provided to you and your survivors in the event of complete disability or death.

Benefits in retirement

The credit balance on your basic account will be paid out when you retire at the fixed age limit of 67 years.

If you decide to take early retirement, you will profit from the flexibility of your Infineon Pension Plan: Upon completion of your 62nd year of age[1)], you can have the balance of the basic account paid out to you – even if you do not yet receive the statutory pension at that time. Unlike the statutory pension, the Infineon Pension Plan does not apply any reductions for early retirement to your accrued benefits balance.

Benefits in the event of complete disability

In the event of a full reduction of earning capacity, Infineon provides special coverage by raising the benefits balance. In addition, any unsettled surplus amounts will be credited to your basic account right away. In the second step, the guaranteed interest will be added to your benefits balance for each missing year before the age of 60. This additional increase in the benefits balance is also applied in the event of death.

Although lawmakers differentiate between a reduction of earning capacity for a limited time and its permanent reduction, you will receive benefits in both cases under the Infineon Pension Plan: In the event of a **reduction of earning capacity for a limited time**, you will receive a pension payment from the Infineon Pension Plan for the duration of your reduced earning capacity. The amount of this pension is 0.4% per month of your current balance.

Important: The pension will not reduce the balance on the basic account – your account will be "frozen" at its current status at the onset of complete disability. The contribution and interest credits will be suspended for the period of a temporary reduction of earning capacity. If you can resume your work at Infineon again after the expiration of the time limit, your account will be continued as usual. Details on this topic can be found in the company agreement.

In the event of a **permanent reduction of the earning capacity**, you will be paid out the credit balance on the basic account (including surplus amounts and added interest up to the age of 60) in the form of instalments, lump sum, or lifelong pension.

Full/partial reduction of earning capacity

The benefits from your Infineon Pension Plan will be paid in the event of a full reduction of earning capacity. Employees who can work at most 3 hours per day are deemed to have a fully reduced earning capacity according to the Social Security Code. Employees who can work at most 6 hours per day are deemed to have partly reduced earning capacity.

[1)] The current earliest possible date of payment. Age 60 if employment began before the end of 2011.
The defined age can change depending on statutory provisions.

Benefits in the event of death

Should you pass away during your professional activity, your family will be co-insured under the Infineon Pension Plan: The balance of the basic account will be paid out to your survivors. As in the event of disability, Infineon will provide increased risk coverage by raising the balance for interest accrual until the age of 60 (see p. 9).

Surviving beneficiaries are marital spouses or registered civil partners, children (currently up to the maximum age of 25)[2)] or life partners living in a marriage-like union.

If you already receive a pension from the Infineon Pension Plan and decease, your surviving dependents will receive 60% of the remaining pension capital. The death benefit can be paid as a lump sum, in instalments or as a pension.

Instalments, lump sum, lifelong pension? Payment options

The Infineon Pension Plan offers you three payment options: Instalments, lump sum or lifelong pension. You can thereby choose the option that is best suited for your personal life planning.

Up to an amount of EUR 5,000, the balance will be paid out as a lump sum; from EUR 5,000 upward, it will be paid out in 12 annuities (or 8 upon application). Advantages of instalments: You do not have to declare taxes on the entire sum at once. The outstanding instalments will accrue interest until they are paid out. In the event of death, any remaining outstanding instalments can be passed on as inheritance to anyone – you will not be bound to a particular group of survivors. Instead of the annuity payment, you can also request a single payment.

Starting from a defined minimum credit balance[3)], the payment can also be made as a **lifelong pension** with the company's agreement. In 2020, the minimum amount (West Germany) was EUR 31,850. Your credit balance will then be converted into a lifelong monthly pension according to actuarial principles. This pension includes benefits to survivors. The pension will be raised by 1% per year.

Important: All payments from the Infineon Pension Plan are subject to public charges. We recommend that you discuss the tax consequences of these various payment options with a tax consultant in advance. Infineon cannot provide any advice regarding choice of payment.

[2)] The provision is derived from the statutory provision regarding child benefits (Sec. 32 Income Tax Act) – you can find details in the company agreement.

[3)] Die The minimum amount is equivalent of 10 times the monthly reference value pursuant to Sec. 18 Social Security Code (the reference value for West Germany in 2020: EUR 3,185).



What else you should know about the Infineon Pension Plan

What happens if I leave Infineon?

If you have been included in the Infineon Pension Plan for at least 3 years when you resign and are at least 21 years of age, your credit balance on the basic account will become "nonforfeitable"[1)]. The criteria regarding nonforfeiture are regulated by law.

Nonforfeiture means: Even if you leave the company, you remain entitled to the credit balance. The account will be continued as a non-contributory account until payout; interest and possible surplus amounts will continue to be credited regularly. The credit balance will be paid out upon retirement or in the event of disability or death.

If you do not fulfill said criteria when resigning (age 21, 3 years commitment period), the balance will be forfeited.

Do I receive contributions during parental or nursing care leave?

Infineon supports employees on parental leave, nursing care leave (as defined by the German nursing time law "PflegeZG") and family care time (as defined by the German family care time law "FPfZG") with special contributions: Contribution credits continue to be made during parental leave, nursing leave or family care time. The amount of the special contribution corresponds to the contribution you would have received if you would have continued to work regularly. The special contributions are automatically credited to your account - an application is not required. During maternity leave you receive regular contributions.

If you work part-time at Infineon during parental leave, nursing time or family care time, your part-time contributions will be deducted from the special contributions.

[1)] The three-year period applies to promises made from January 1, 2018 onwards; for old promises, please note the statutory transitional rules (cf. § 30f (3) BetrAVG as amended).

Will I also receive contributions during longer periods of illness?

In the event of a longer period of illness, your contributions will continue regularly for 6 weeks (statutory continued remuneration). The contribution to the Infineon Pension Plan will continue, however, for up to 18 months total at the longest.

What happens with my eligibility for the company pension plan in the event of insolvency?

Infineon pays contributions to the Pensions-Sicherungs-Verein auf Gegenseitigkeit (PSV aG statutory agency providing insolvency protection). The PSV will generally enter the obligations for benefits payments in the event of insolvency, as soon as you fulfill the requirements for statutory nonforfeiture (age 21 and 3 years commitment period). In the worst case, within the scope of legal provisions, PSV would take over the statutory nonforfeitable eligibilities and any pensions already being paid out.

Questions about the Infineon Pension Plan? Our HR Service Center Consultants are happy to assist you. You can also find more information on the intranet (http://goto/myIPP).

Please note:

For a better understanding of the complex topic of retirement planning, a number of circumstances presented in this brochure have been simplified. The entire, exact text of the company agreements is legally binding, including annexes and the respectively valid case law. You can obtain the company agreement from the HR Department, the works council, or the intranet.

Questions about the Infineon Pension Plan?

Your contacts in the HR Service Center are happy to assist you.
You can also find more information on the intranet (goto/myIPP).

For questions about your personal IPP pension account, please contact our external service provider, the Deutsche Pension Service GmbH.

Infineon HR Service Center:

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- Mail: .....HRServiceCenter@infineon.com

Deutsche Pension Group GmbH – A company of the Lurse AG:

- Phone: .....+49 211 54236 185 (Monday to Friday from 8:30 am to 4:00 pm)
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