



Performance Share Plan (PSP)

Valid for PSP grants from FY 2021 on

Infineon Technologies AG

www.infineon.com



This brochure consists of two elements: the first part summarizes the key terms of the Performance Share Plan (PSP) and has been designed to give better guidance and a general understanding of the plan and includes sample calculations to make the plan easier to understand. The second part describes the detailed plan rules of the PSP outlining the legal terms and conditions of any equity award. The terms and conditions of the PSP may be amended from time to time. In any case, of discrepancy or doubt, the plan rules in its current version (as published on the Infineon intranet at goto.infineon.com/PSP) will take precedence.

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Introduction

Dear Colleagues,

As leaders, you have a strong influence on the success of Infineon Technologies AG¹ today and in the future. With the Performance Share Plan (PSP), you can benefit from your achievements as they materialize in the long-term development of the Infineon share price and in a better performance than our competitors.

This offer underlines our commitment to attracting and motivating top management employees. To this effect, the compensation package for our top management consists of three elements:

- › the annual fixed income as a strong foundation,
- › the annual success bonus as our core short-term incentive, and
- › equity, rewarding the long-term effects of our management decisions.

With the PSP, we want to create a vital equity culture at top management level and retain key employees. With the PSP, we offer excellent opportunities for benefiting from Infineon's long-term success in case we are outperforming our competitors.

The PSP principles apply to all top management employees. The PSP contributes to aligning the interests of our leaders with those of our investors and the entire company. In a true equity culture, top management employees are critical investors and decision-makers at the same time – striving for sustainable, profitable growth and create a stronger link between pay and performance.

This brochure describes what the PSP means in detail and the terms and conditions that apply. With our joint commitment to the success of the Infineon Group, all of us will ultimately gain from our efforts. Thank you for your continuing support on our high-performance journey.

Best regards,

Jochen Hanebeck Constanze Hufenbecher Helmut Gassel Sven Schneider Rutger Wijburg

¹ "Infineon" or the "Company" together with its affiliated group companies in which Infineon holds more than 50% of the voting rights (collectively, together with the Company, referred to as "Infineon Group")

Performance Share Plan (PSP) – at a glance –

Performance Shares represent an opportunity for employees to receive Infineon shares granted to an employee and subject to a Performance and a Waiting Period of four years each. Their transformation into Infineon shares after the Waiting Period depends on achieving defined Performance Targets.

1 Annual Grant

Employee receives and accepts a number of preliminary Performance Shares via the annual grant.

2 Share Ownership Guideline

Plan participant with a Global Grade 17 and above will not vest in Performance Shares unless they hold a certain number of Infineon shares during the Waiting Period in a private custody account.

3 Performance and Waiting Period

All granted Performance Shares are subject to a Performance and a Waiting Period of four years each. The Performance Period coincides with the four financial years in which the grant is awarded; the four-year Waiting Period begins with the respective grant date.

4 Performance Targets

All Performance Shares granted must be assessed at the end of the Performance Period against the Performance Targets set (Targets: 80% TSR – Total Shareholder Return and 20% ESG - Environment, Social and Governance).

5 Settlement

Upon Settlement (after the Waiting Period) Infineon will create or procure the necessary amount of Infineon shares and transfer these shares to our provider's omnibus custody account at the disposal of the plan participant (if applicable a number of shares will be automatically sold to cover tax withholding as explained below) or Infineon may elect to settle the Performance Shares in cash. The final value of the Settlement will depend on the share price development since grant and on the achievement level of the Performance Targets.

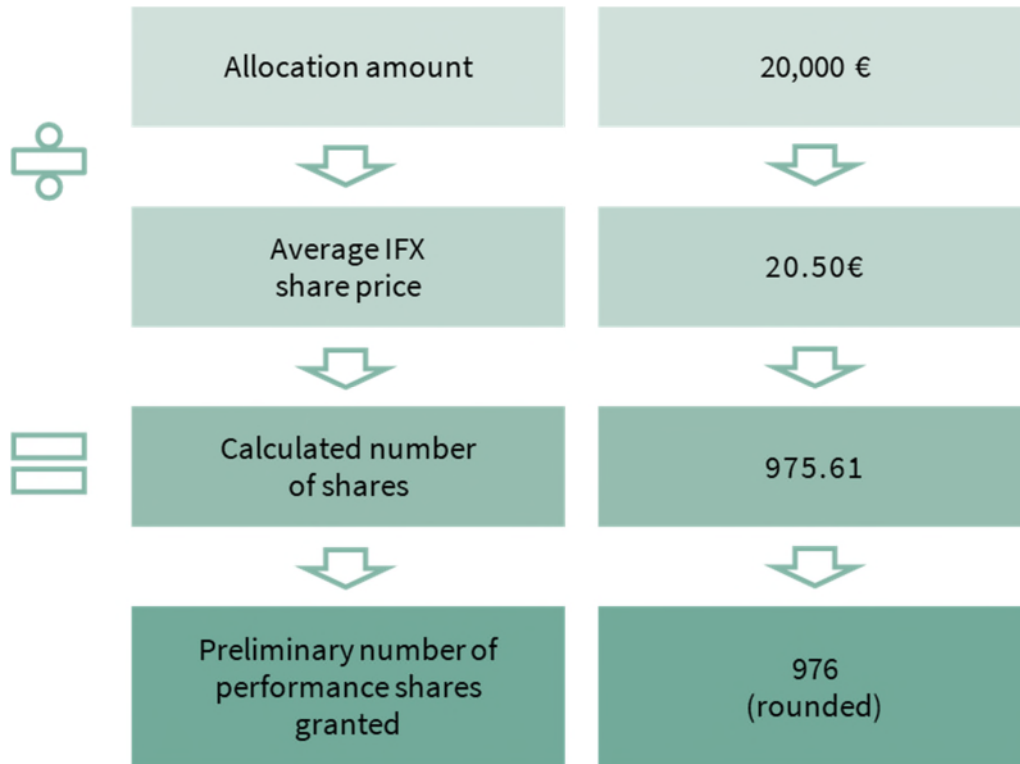
6 Eligibility

Plan is limited to employees with a specific global grade and who are employed in legal entities of Infineon Group as determined by the Infineon Management Board (the "Management Board").

Performance Share Plan (PSP) – step by step –

1 Annual Grant

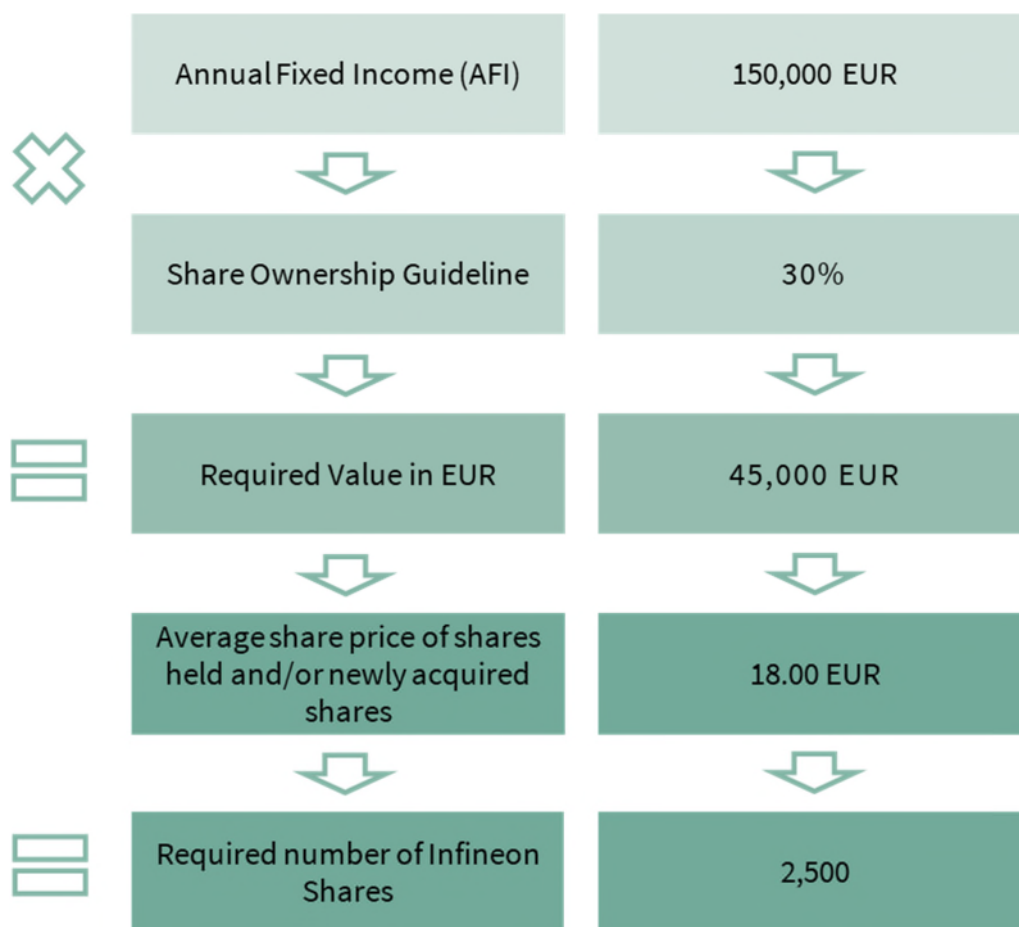
Employee receives and accepts a preliminary number of Performance Shares via the annual grant by the Company, which are subject to a performance assessment.



The number of preliminarily allocated shares depends on the initially set allocation amount. There is a recommended allocation amount for each job level (GG/TL) from which the manager can deviate up or down. The preliminary number of Performance Shares actually granted for the respective year on April 1 is derived by dividing this allocation amount by the Average Infineon Share Price (calculated from the closing prices of the Infineon share over a period of 60 stock exchange trading days prior to the start date of the Performance Period). The employee must accept the grant and declare consent with the plan rules to become a plan participant.

2 Share Ownership Guideline

Employee with a Global Grade 17 and above will not vest until he holds a certain number of Infineon shares during the Waiting Period in a private custody account.

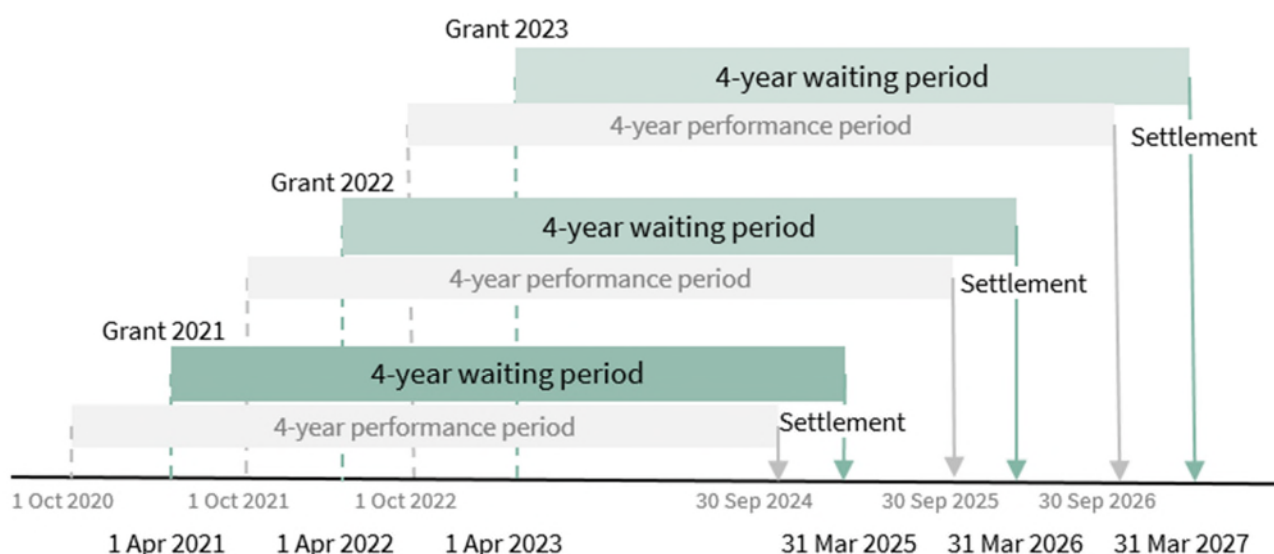


Employees with a Global Grade 17 and above, who participate in the PSP have to maintain a certain share ownership in order to vest. This will be a fixed percentage of annual fixed income (AFI) (for Global Grade 17 = 30%, for Global Grade 18+ = 50%). The share ownership can be fulfilled by either buying Infineon shares or using previously acquired Infineon shares as proof for the share ownership guideline. The Average Infineon Share Price is calculated from the closing prices of the Infineon share over a period of 60 stock exchange trading days prior to the start date of the Performance Period. After an initial setup-period of five years, Infineon will conduct yearly checks beginning with October 2025 and will impose consequences resulting from a violation against the share ownership guideline (i.e. forfeiture of the Performance Share Grant(s)).

The share ownership is solely at the economic risk of the plan participant. Infineon cannot be held liable for any loss resulting therefrom.

3 Performance and Waiting Period

All granted Performance Shares are subject to a Waiting Period of four years. In addition, a Performance Period applies to measure targets set.

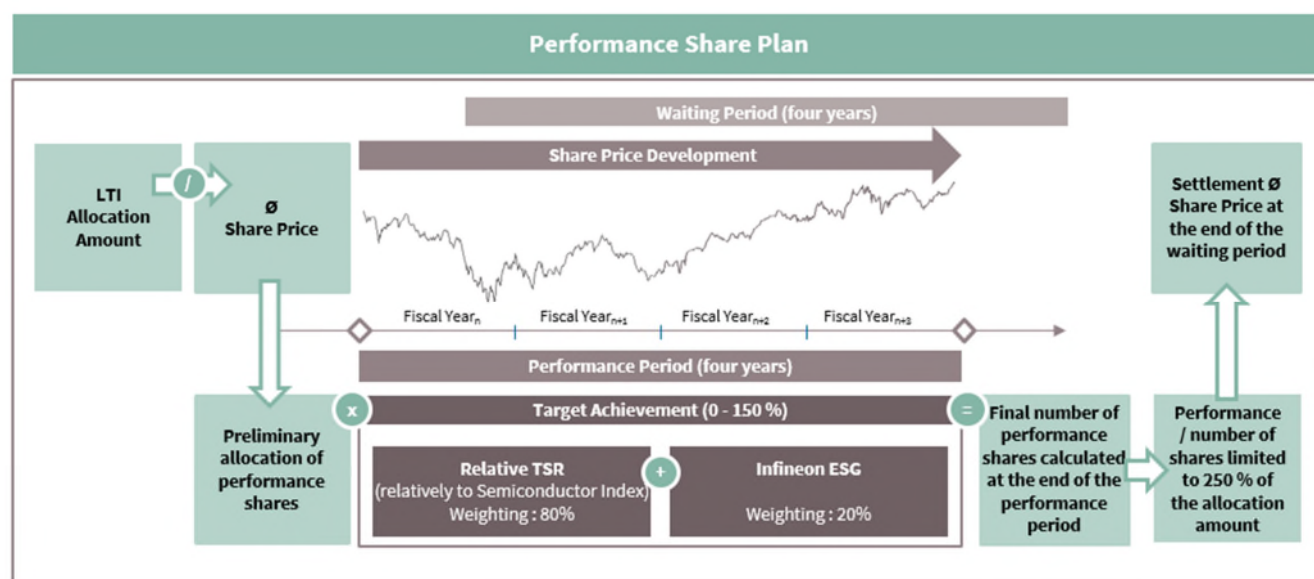


Within a Performance Period of four years, which coincides with the four fiscal years of Infineon (generally beginning with October 1 that precedes the grant date and ending four years later on September 30), the targets set are measured. The Waiting Period is the four years period after the grant date. Only after the Waiting Period and depending on the achievement of the Performance Targets for the Performance Shares, a percentage of the target number of the Performance Shares will be settled and a certain number of Infineon shares will be transferred to our provider's omnibus custody account at the disposal of the plan participant (or a corresponding cash payment will be made as provided in the plan rules). During the Waiting Period, all granted Performance Shares are non-tradable, non-transferable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

Except as otherwise expressly provided in the plan rules, vesting of the Performance Shares requires the holder's continued employment with the Infineon Group through the last day of the Waiting Period (regardless of whether the applicable Performance Targets are met).

4 Performance Targets

All granted Performance Shares must meet Performance Targets measured at the end of the Performance Period.



The target structure consists of an 80% weighted TSR (total shareholder return) target and a 20% weighted ESG (environment, social and governance) target.

TSR Target (80% weightage)

Infineon's TSR is evaluated relative to the TSR's of a predefined peer group ("Semiconductor Index") over the Performance Period according to a ranking procedure.

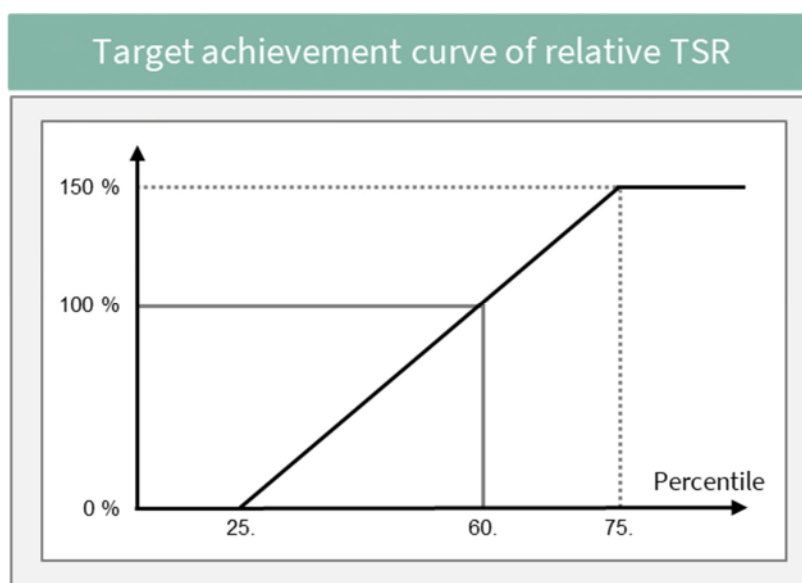
The TSR for Infineon and the companies in the Semiconductor Index will be measured for the duration of the respective Performance Period.

The number of Performance Shares as to which the performance criteria under the PSP shall be determined to have been satisfied will be in a range of 0% to 150% of the proportional target number of Performance Shares, awarded to the plan participant as follows:

TSR Performance Percentile Rank	Shares as a Percent of preliminary allocated Performance Shares
75 th Percentile or above	150%
60 th Percentile	100%
Below 25 th Percentile	0%

The target achievement of the relative TSR can be between 0% and 150%. If Infineon positions itself with the relative TSR at the 60th percentile, this corresponds to a target achievement of 100%. A positioning on or below the 25th percentile results in a target achievement of 0%, while a positioning on or above the 75th percentile results in a target achievement of 150%. Achievements between the defined achievement points are interpolated linearly.

The target achievement of the relative TSR is included in the overall target achievement for the Performance Shares based on the 80% weighting for this metric.



The relative TSR is defined as Infineon's share price performance over the Performance Period, including the cumulative paid and notionally reinvested dividend per Infineon share during that period compared to a predefined peer group (Semiconductor Index). For each company, the TSR describes the total shareholder return, reflects the overall success of an investment in that company during the Performance Period and is used as an indicator for the increase in market or company value. By including the relative TSR in the PSP, both a relative performance measurement is integrated and the interests of the shareholders and the plan participants are linked together, e.g. striving for long-term outperformance compared to the competition. The target achievement for the relative TSR is based on a comparison of Infineon's TSR with a total of 29 major international competitors, which are shown in the following table.

Semiconductor Index	
Analog Devices	NXP Semiconductors
Broadcom	Omron
China Electronics Huada Technology Company	ON Semiconductor
Wolfspeed, Inc.	Power Integrations
Synaptics	Qualcomm Incorporated
Elmos Semiconductor	Renesas Electronics
Fuji Electric	Rohm
GigaDevice	Shanghai Fudan Microelectronics Group
Knowles	Silicon Laboratories
Macronix International	STMicroelectronics
MediaTek	Texas Instruments
microchip	Toshiba
Micron	Vishay Intertechnology
Mitsubishi Electric	Winbond
Nuvoton Technology	

Should a company of the Semiconductor Index be acquired or de-listed during the Performance Period, the company will not be considered for the respective Performance Period. Companies that become insolvent during the Performance Period will be included in the calculation with a TSR at the bottom of the list. Only companies that are legally independent during the entire respective Performance Period

are part of the peer group. The Management Board in consultation with the Supervisory Board of Infineon (the “Supervisory Board”) may adjust the peer group at its reasonable discretion before the beginning of a new Performance Period.

ESG Targets (20% weightage)

The ESG targets are defined as non-financial, quantitative and qualitative performance criteria from the Environment, Social and Governance (ESG) areas. These include, for example, contributions to global climate protection (e.g. CO₂ neutrality by 2030) or the promotion of diversity at Infineon, which have a positive impact on innovation, employee engagement and the financial performance of Infineon. By clearly linking ESG objectives to the business and sustainability strategy and current market requirements, Infineon creates incentives to manage society sustainably in the interests of its stakeholders. As a result, the ESG objectives are important for the long-term and sustainable success of Infineon.

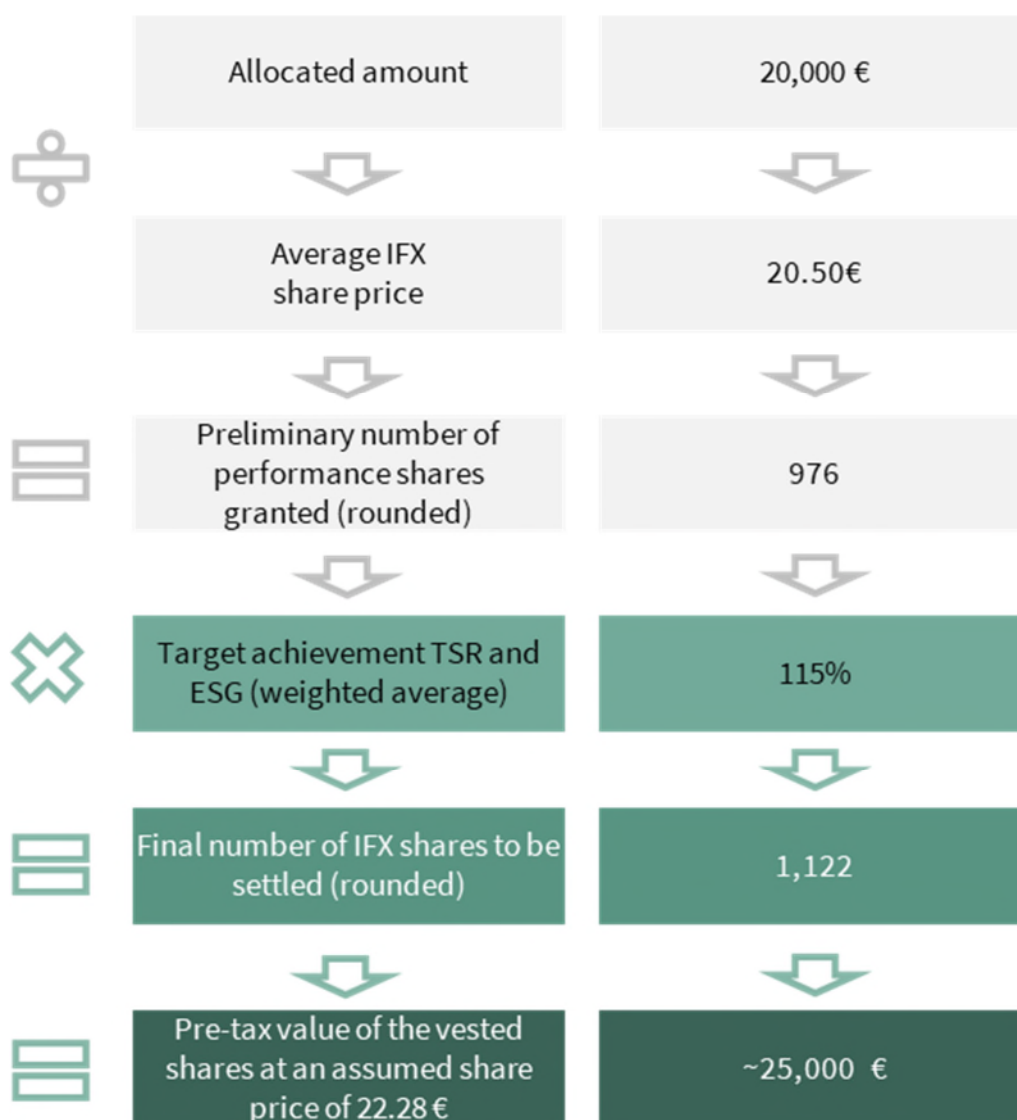
The concrete ESG targets for the respective Performance Shares are determined and finally adopted before the start of the corresponding Performance Period. The Management Board in consultation with the Supervisory Board defines up to three specific ESG targets, which are weighted equally. At the end of the Performance Period, the achievement of the targets is based on a target/actual comparison and can range from 0% to 150%, as with the financial performance criterion of the PSP. The specific ESG targets, target achievement curves and target achievements are disclosed ex-post in the compensation report.

The target achievement of the ESG targets is included in the overall target achievement for the Performance Shares based on the 20% weighting for this metric.

The final settlement is limited to 250% of the original allocation amount. The allocated shares are allocated as whole shares based on the relevant share price.

5 Settlement

Upon Settlement (which is after the Waiting Period) Infineon will create or procure the necessary amount of Infineon shares and transfer these shares to our provider's omnibus custody account at the disposal of the plan participant. The final value of the Settlement will depend on the share price development since grant and on the achievement of the defined Performance Targets.



The banking provider will withhold from the final amount of transferrable Infineon shares a certain number of shares and promptly sell them at the current going market price in order to cover any applicable income and social taxes as well as any applicable administration fees resulting from the transaction process. Infineon reserves the right to settle the Performance Share grant by a cash payment, in each case reflecting the market price of the respective Infineon shares.

Glossary of terms

Term	Definition
Average Share Price	Means the arithmetic mean of the daily closing share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable system) over a period of 60 trading days prior to the respective due date. As the case may be, the due date is e.g. the grant date or the communication of the share ownership level.
Beginning Share Price	Means the arithmetic mean of the daily closing share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the <u>first day</u> of the respective Performance Period.
Change in Share Price	Means the difference between the Beginning Share Price and the Ending Share Price.
Dividends Paid	Means the total of all cash dividends paid on one share during the respective Performance Period.
Ending Share Price	Means the arithmetic mean of the daily closing share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the <u>last day</u> of the respective Performance Period.
ESG	Environment, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of a company or business.
LTI	Long Term Incentive (LTI) is that portion of the top management reward package (besides the fixed and the variable compensation) that is directed at long-term success sharing.
Performance Period	Performance Period is the period of four years in which targets set are measured. The Performance Period begins at the beginning of the fiscal year (October 1) in which the Performance Shares are allocated and ends at the end of the fiscal year four years later (September 30).
Performance Share	A Performance Share is a grant of share unit(s) in which the recipient's rights in the share are contingent on the satisfaction of the employment requirements under the plan rules during the applicable Waiting Period and the achievement of pre-established Performance Targets during the applicable Performance Period.
Performance Targets	Performance Targets apply to all granted Performance Shares. The targets are weighted 80% of TSR targets and to another 20% of ESG targets.
Semiconductor Index	The Semiconductor Index represents a relevant peer group to Infineon, which is derived from analyst reports and competitor analysis and hence represents the most relevant international competitors of Infineon.
Settlement	Settlement takes place right after the respective Waiting Period when – depending on the results of the performance assessment – the Performance Shares are transformed into Infineon shares and transferred to our provider's omnibus custody account at the disposal of the plan participant.
TSR	Total Shareholder Return for the Performance Period is defined as Change in Share Price within the Performance Period plus Dividends Paid divided by the average share price over a period of 60 trading days prior to the beginning of the respective Performance Period.
Waiting Period	The Waiting Period is a four-year period starting with the grant date. Within the Waiting Period of four years the granted Performance Shares cannot be traded nor transferred. They do not allow any shareholder rights either.

Further questions?

Human resources is committed to supporting the plan participant in the most effective way. If you have any further questions on the Performance Share Plan (PSP), please visit us under <http://goto.infineon.com/PSP> or send us an e-mail to PSP@infineon.com.

Plan Rules

Purpose of the Plan

Infineon together with the Infineon Group is committed to attracting and rewarding top management employees. The compensation package consists of three major elements:

- › the annual fixed income (AFI) as a strong foundation,
- › the annual success bonus as our key short-term incentive, and
- › the PSP rewarding the long-term effects of our top management decisions and intended to retain our top management employees, in addition to the Restricted Stock Unit Plan (RSUP).

Infineon has chosen Performance Shares as a part of the LTI (see § 1 Definition of Performance Shares). Additionally, in order to vest in Performance Shares all Global Grade 17+ plan participants must hold a certain percentage of their annual base compensation in Infineon shares (see § 5 Share Ownership Guideline).

The PSP replicates the LTI principles of the Management Board compensation also for Infineon's top management thereby underlining the importance of a uniform compensation strategy.

With the PSP Infineon ensures that

- › top management employees receive market competitive long-term incentives and rewards,
- › plan participants can participate in the long-term success of Infineon and hence increase their commitment to actively drive profitable growth,
- › top management employees have a strong incentive to uphold their employment with the Infineon Group,
- › by means of the required share ownership the entrepreneurial spirit among the plan participants is fostered and the necessary link between the executive's own performance and shareholder value is created, and
- › with a four-year Performance and Waiting Period (see § 6 Performance and Waiting Period) and defined Performance Targets for all granted Performance Shares (see § 7 Performance Targets) the long-term compensation vehicle shall also gain broad acceptance among Infineon's shareholders.

Terms & Conditions

These plan rules define the general terms and conditions according to which Performance Shares can be granted and to what extent these will eventually be settled.

§ 1 Definition of Performance Shares

A Performance Share represents a contingent opportunity for employees to receive Infineon shares and is granted to the plan participant at the grant date by Infineon. The number of Performance Shares granted will be derived from an allocation amount in EUR and the Average Infineon Share Price (60 day trading average) prior to the start date of the Performance Period date (see § 4 Grant of Performance Shares).

This grant is preliminary as it depends on certain conditions:

During a four-year period, the so-called Waiting Period (see § 6 Performance and Waiting Period), all granted Performance Shares are non-tradable, non-transferrable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

After the expiration of the Waiting Period, a number of Performance Shares as determined under these plan rules will be settled based upon the target achievement of the defined Performance Targets (see § 7 Performance Targets). As a result, Infineon shares will eventually be transferred to our provider's omnibus custody account at the disposal of the plan participant. Performance Shares may also be cashed-out under certain circumstances (see § 8 Settlement of Performance Shares).

§ 2 Duration of the Plan; Share Limit

The PSP is adopted pursuant to Article 4, paragraph 7 of the Company's Articles of Association as approved by shareholders on 25 February 2021 ("Authorized Capital 2021/I") and, unless earlier terminated by the Management Board, the PSP shall terminate on the date on which the Management Board's authority to increase the share capital for purposes of issuing shares to employees lapses as provided in Authorized Capital 2021/I. No additional awards may be granted under the PSP after its termination, but previously granted awards (and the authority of the Company with respect thereto) shall remain outstanding in accordance with their applicable terms and conditions. All terms and conditions shall apply unless the PSP is changed, suspended, terminated, or replaced by a new plan (see § 14 Further Provisions).

The number of Infineon shares that may be delivered pursuant to the PSP subsequent to 25 February 2021 is subject to the limit provided in Authorized Capital 2021/I. For the avoidance of doubt, however, shares delivered in settlement of PSP awards may be any combination of newly created shares, shares to be acquired by the Company from the market, or shares previously acquired by the Company (see § 8 Settlement of Performance Shares).

§ 3 Eligibility Group

Generally, eligible to participate in the PSP are top management employees of the Infineon Group with a Global Grade 16 or higher who are in active employment.

Regardless of the general eligibility, the actual nomination of an individual for a grant of Performance Shares shall be made by decision of the Management Board.

The grant of Performance Shares to an individual is at the sole and absolute discretion of the Management Board. It has neither factual nor legal binding effect on any entitlement to possible future grants.

§ 4 Grant of Performance Shares

Only one grant can be made during a fiscal year. The date on which the plan participant is granted Performance Shares shall typically be on or around April 1 (grant date), unless the Management Board otherwise provides.

The number of Performance Shares granted is derived from an individual allocation amount in EUR. This amount is divided by the arithmetic mean of the daily closing Infineon share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the start date of the Performance Period.

The calculation result is rounded and represents the number of Performance Shares granted.

Example

Individual allocation amount in EUR	20,000 €
Average Infineon Share Price prior to grant date	20.50 €
Calculation result	975.61 - rounded to 976
Preliminary number of Performance Shares granted	976

The plan participant must declare his/her consent with the grant (as further stated on the grant certificate), these plan rules and the share ownership guideline (if applicable) (see § 5 Share Ownership Guideline) in writing no later than two months after the grant date. Infineon reserves the right to set up an electronic acceptance process. Consent after the final deadline will be rejected by Infineon. If the eligible person does not declare his/her consent properly in time, the grant of Performance Shares (to the extent then outstanding) will be immediately forfeited on the date that is two months after the grant date.

The grant is preliminary, i.e. the Performance Shares are subject to a time restriction (see § 6 Performance and Waiting Period) and achievement of the applicable Performance Targets (see § 7 Performance Targets). Furthermore, the Performance Shares may be forfeited entirely or on a pro-rata basis upon termination of employment with the Infineon Group (see § 9 Termination of Employment).

Only after the expiration of the Waiting Period and the measurement of the Performance Targets will the number of Performance Shares to be settled become final (see § 8 Settlement of Performance Shares). Any portion of the Performance Shares that is not eligible to vest after achievement of the Performance Targets has been determined shall be canceled.

§ 5 Share Ownership Guideline (SOG)

Purpose of Share Ownership Guideline

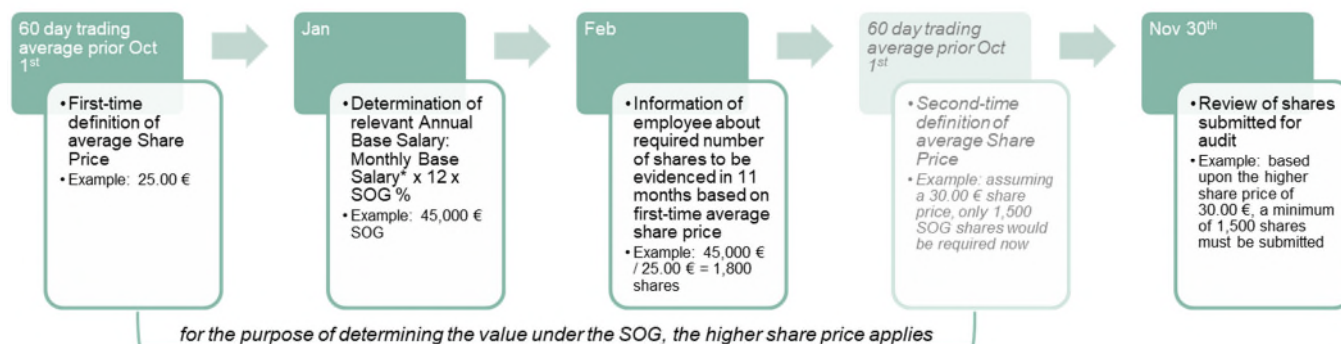
All executives with a Global Grade 17 and above are required to acquire and continue to hold during the term or his/her employment with the Company, ownership of Infineon shares having a value equal to the multiple of his/her annual base salary indicated in the table below, based upon job grade assigned. Those executives will have generally five years to satisfy these guidelines after the date of adoption of these guidelines or the date of being designated as an executive, whichever is later.

The share ownership shall

- › promote an entrepreneurial behavior among plan participants (act as owner rather than as employee),
- › increase the identification of plan participants with Infineon, and
- › support long-term thinking and acting in a sustainable way among plan participants.

Eventually participation in the PSP in general, and the SOG feature in particular, shall generally lead to a higher appreciation of Infineon share ownership and promote a share ownership culture at Infineon among top management employees.

Process in a nutshell



Annual base salary

The annual base salary is calculated on the basis of the plan participant's applicable January base salary x 12, which precedes the period of proof. For executives who are not paid in EUR, the annual base salary is calculated using the average exchange rate (source: Euro foreign exchanges reference rates published by the European Central Bank) for the respective January.

Definition, volume and terms of Share Ownership

In order to vest, the plan participant must hold a certain number of Infineon shares dependent on the annual base salary.

The following share ownership percentages shall apply for the following Global Grade levels:

- › Global Grade 17: 30%
- › Global Grade 18 and above: 50%

The required number of Infineon shares to be held is calculated by multiplying the annual base salary by the respective share ownership percentage. The result is rounded to the nearest whole number. The plan participant is informed annually via the Human Resources department about the required number of shares.

Example

Annual Base Salary	150,000 €
Share Ownership percentage	30%
Required Value	45,000 €
Average Share Price prior to communication of share ownership level:	20.00 €
Required number of Infineon Shares (SOG):	2,250

Time period and share price to assess compliance

- The proof of ownership of the required number of Infineon shares must be provided to the Company in the period between November 1 and November 30 of each year at the latest.
- This applies for the first time between November 1, 2025 and November 30, 2025.

- All Infineon shares evidenced on this date will be valued for the first time at the Average Share Price prior to October 1.
 - › If the Average Share Price prior to October 1, 2025 is higher than the Average Share Price prior to October 1, 2020 the higher Infineon share price is used for the valuation.
- For reasons of simplification, the Average Share Price prior to October 1 of each year before the requirement to provide proof is assumed for all additional shares submitted in subsequent years.
 - › If the Average Share Price prior to October 1 of the previous year is higher, the higher Infineon share price is used for the valuation of the additional Infineon shares submitted.

The respective and individual Infineon share price at the time of purchase of the share are therefore not decisive for the valuation.

It is assumed that a one-time compliance with the SOG regulation ("in-compliance") for the respective number of Performance Shares will also be regarded as "in-compliance" for the future, as long as the number of Infineon shares is at least maintained. Thus, any fluctuations in the Infineon share price have no negative effect on the proof provided by the executive.

Qualifying Shares for Share Ownership Guideline

Infineon shares that count toward the satisfaction of the Share Ownership Guideline include:

- › Infineon shares held and owned by the plan participant himself/herself;
- › Infineon shares kept in one (or several) private custody account(s). The account(s) may be jointly owned by the plan participant and other closely related persons (e.g. legal spouse, civil partner). Infineon shares exclusively held or owned by other persons, however, will not be accepted.; and
- › Infineon shares resulting from a direct acquisition or investment. Infineon shares existing as part of a stock fund (e.g. DAX fund) will not be accepted.

Should the plan participant be unable to fulfill the share ownership requirement within the defined timeline due to mandatory legal requirements (e.g. statutory or Infineon internal insider trading rules), he/she must request an extension of the defined period with the Infineon's Human Resources department. The Management Board will decide about such extension on a case-by-case basis. Should the plan participant be unable to fulfill the share ownership requirement at all due to mandatory legal (e.g. prohibition of private share holdings in his/her country of residence) or insurmountable practical difficulties (e.g. restrictions for the opening of a securities account for non-residents) or should Infineon consider the SOG to be inappropriate, the Management Board will decide upon the exceptional waiving of the SOG on a case-by-case basis.

Shares subject to the SOG are not subject to any performance target and serve no other purpose than to support the share ownership requirement for the specific grants. Accordingly, shares subject to the SOG provide their regular shareholder rights like dividend, subscription and voting rights.

As soon as the Waiting Period for a grant ends or a grant forfeits for other reasons completely or according the pro-rata rule partially (see § 9 Termination of Employment), the share ownership requirement will be released and the Infineon shares can immediately be disposed of freely, e.g. be sold.

Proof of Share Ownership

The plan participant is obliged to present, without further notice, a meaningful proof of the required share ownership (e.g. by a copy of custody account statement(s) showing the requested number of

shares on his/her account(s)) at his/her cost to Infineon's Human Resources department. Initially, there is a five-year period for the setup of this investment, which means that the first proof does not have to be provided until end of October 2025.

Consequences of failure to meet the SOG

By accepting the annual grant, the plan participant agrees to satisfying, and providing a proof, the SOG requirements as laid down in these plan rules and to the consequences resulting from any violation. Should the plan participant fail to prove the required number of Infineon shares to Infineon's satisfaction in due time, all grants that are outstanding and have not been settled, will not vest and will be forfeited in their entirety with immediate and permanent effect. There will be no compensation in any form for the grants forfeited as a result from the violation. Furthermore, after such a violation the Management Board may decide to exclude the employee from participation in the following grant(s).

Compliance, cost and tax liability for share ownership

All mandatory legal requirements upon share purchase and holding (e.g. statutory and Infineon internal insider trading rules) must be observed by the plan participant in connection with the acquisition and holding of the shares subject to the SOG. Any violation of such mandatory legal requirements is at the own risk of the plan participant (see § 12 Insider Trading).

The cost of share ownership (incl. fees and commissions for one-time share purchases and ongoing custody account management) are to be borne by the plan participant.

Infineon will not assume any tax liability for the shares subject to the SOG. All taxes resulting from the share ownership (incl. fees for tax consulting, if applicable) must be borne by the plan participant. Infineon recommends consulting a professional tax advisor for any tax related questions arising from the share ownership.

The share ownership is solely at the economic risk of the plan participant. Infineon cannot be held liable for any loss resulting therefrom.

§ 6 Performance and Waiting Period

All Performance Shares granted under the PSP are subject to a Performance and a Waiting Period of four years each. The Waiting Period is linked to the grant date, whilst the Performance Period is a period of four consecutive fiscal years of Infineon. The Performance Period begins on October 1 of the fiscal year in which the grant is awarded and ends four years later on September 30.

Only after the Waiting Period the Performance Shares will be settled dependent on the final target achievement as well as the satisfaction of the employment requirement and subsequently Infineon shares may be transferred to the plan participant (see § 7 Performance Targets, § 8 Settlement of Performance Shares and § 9 Termination of Employment).

During the Waiting Period all granted Performance Shares are non-tradable, non-transferrable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

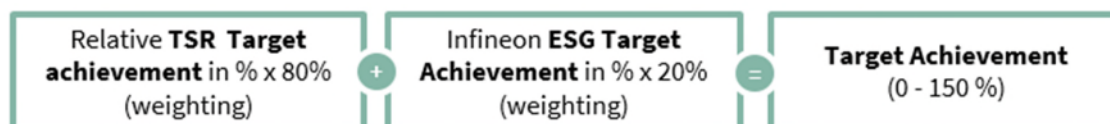
§ 7 Performance Targets

Besides the four-year Waiting Period, the PSP includes demanding Performance Targets to foster long-term success and sustainable growth. As it is Infineon's overall compensation strategy to achieve a widely uniform long-term incentive structure across Management Board and top management

employees, essentially the same Performance Targets have also been adopted by the Supervisory Board for the Management Board's LTI.

Therefore, in addition to the four-year Waiting Period, all Performance Shares granted under the PSP are subject to Performance Targets. This is also true for Performance Shares reduced on a pro-rata basis due to a termination (see § 9 Termination of Employment).

The defined targets are weighted 80% for relative TSR performance and 20% for performance against the ESG targets. The Performance Shares may vest between 0% and 150% of the number of Performance Shares subject to the respective Performance Period, depending on the level of performance achieved. The target achievement is calculated in a simplified way as follows:



TSR Target

Calculation of TSR and Definitions

The TSR for Infineon and each other company in the defined Semiconductor Index shall include any cash dividends paid during the Performance Period and shall be determined as follows:

TSR for the Performance Period = (Change in Share Price + Dividends Paid) / Beginning Share Price.

The Beginning share price is defined as the arithmetic mean of the daily closing share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the first day of the respective Performance Period.

Example:

If the Beginning Share Price for a company was based upon the 60 day average 20.00 € per share, and the company paid 0.50 € in dividends over the Performance Period, and the Ending Share price based upon the 60 day average was 25.00 € per share (thereby making the Change in Share Price 5.00 € (25.00 € minus 20.00 €)), then the TSR for that company would be twenty-seven and one-half percent (27.50%).

The calculation is as follows: $27.50\% = (5.00 \text{ €} + 0.50 \text{ €}) / 20.00 \text{ €}$

Calculation of Percentile Performance

Following the calculation of the TSR for the Performance Period for Infineon and each of the other companies of the Semiconductor Index, Infineon and the other companies will be ranked, in order of maximum to minimum, according to their respective TSR for the Performance Period.

After this ranking, the percentile performance of Infineon as compared to the other companies in the Index shall be determined by the following formula: $P=1-(R-1)/(N-1)$

- › “P” represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of standard scientific rounding conventions.
- › “N” represents the number of companies in the Semiconductor Index, including Infineon.
- › “R” represents Infineon’s ranking versus the other companies in the Semiconductor Index.

Example:

If Infineon ranked 10th out of 30 companies, the performance (“P”) therefore will be in the 69th percentile.

This calculation is as follows: $P69 = 1 - (10 - 1) / (30 - 1)$

The following also applies to the companies of the semiconductor index: The Beginning / Ending share price is defined as the arithmetic mean of the daily closing share prices on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the first Performance Period and until the last day of the final Performance Period.

ESG Targets

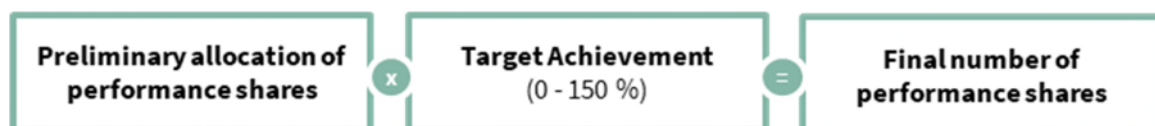
ESG goals are defined in equal parts for sustainability goals and diversity goals. The Management Board will assess and determine the achievement of ESG goals on a worldwide basis. For the diversity goals, implementing Infineon’s broad based diversity programs throughout its regions, with a special emphasis on increased female diversity in what is classified as its GG13+ positions, will be considered in reasonable discretion in the context of the Management Board’s assessment of the Company’s performance as a whole. The targets represent 20% of the allocation value and reflect the long-term importance to the Company’s success. Targets defined here are regularly reviewed and adjusted by the Management Board in consultation with the Supervisory Board.

The Management Board will establish the ESG targets applicable to a particular grant of Performance Shares and the methodology for determining the percentage of the total number of Performance Shares subject to the ESG goals that will vest based on performance against those targets at the time the Performance Shares are granted.

These targets cannot be changed after the grant date of the applicable Performance Shares. The final settlement is limited to 250% of the original allocation amount. The allocated shares are allocated as whole shares based on the relevant share price.

§ 8 Settlement of Performance Shares

After the Waiting Period (and in all events within 60 days thereafter), the granted Performance Shares are settled, i.e. Infineon shares will be transferred to the plan participant – depending on the extent to which the Performance Targets were met (see § 7 Performance Targets) and subject to satisfaction of the continued employment requirement. Infineon will either create new shares, buy existing Infineon shares from the market or use Infineon shares acquired earlier and transfer them to our provider’s omnibus custody account; it is expected that a Settlement per annum requires a number of Infineon shares in an aggregate amount not exceeding 1% of the share capital.



The actual time required for the share creation or the purchase process as well as for the transfer of the shares to the provider’s omnibus custody account for the disposal of the plan participant may vary and usually takes a processing time of up to one month. Infineon shall not be held liable for any delay in the settlement process or for share price fluctuations between the end of the Waiting Period and the day that the transferred Infineon shares are actually accessible to the plan participant.

Whereas Performance Shares do not confer any shareholder rights, each Infineon share transferred to the plan participant in the settlement process carries such rights, in particular voting, dividend and subscription rights.

Infineon reserves the right to settle the Performance Share grant, or parts of such grant, by any form of cash payment reflecting the market price of the respective Infineon shares. The payout amount is calculated based upon the arithmetic mean of the daily closing Infineon share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of 60 trading days prior to the end date of the Waiting Period times the final number of Performance Shares.

Any payout under such cash settlement shall be made within one month after the Settlement, and, if applicable, based upon the exchange rate (source: Euro foreign exchanges reference rates published by the European Central Bank) on the last trading day of the Waiting Period.

In any case, the banking provider will withhold from the final amount of transferrable Infineon shares a certain number of shares and instantly sell them at the current going market price in order to cover any applicable income and social taxes as well as any applicable administration fees resulting from the transaction process (see § 11 Tax Treatment, Social Security Contributions or Similar Obligations). The amount of Infineon shares to be sold will be based on a hypothetical tax rate applied. Any difference to the actual individual tax liability will be corrected in a separate subsequent payroll run.

For the time being, Infineon has selected EQUATEX AG as a banking service provider to support plan participants in all administrative matters of the PSP. The Company reserves the right to select a different administration and service provider at any time at its sole discretion.

Payment should be made/ shares should be delivered in all circumstances no later than December 31 of the year of payment / share delivery.

§ 9 Termination of Employment

In the event of the plan participant's

- › voluntary resignation (other than retirement or early retirement) or
- › termination of employment for cause by Infineon or an Infineon Group company

becoming effective during the Waiting Period the plan participant's Performance Shares will forfeit with effect from that date.

In the event of death of the plan participant during the Waiting Period, the Performance Shares will be forfeited entirely with effect from the day of death and there will be a cash payment for the benefit of the statutory or testamentary heirs. The cash payment will be calculated based on the respective grants' original EUR allocation amounts (as stated on the grant certificates). For each applicable PSP grant the allocation amount shall be pro-rated on a monthly basis (starting from the grant date month until the last full month before the death of the plan participant). The resulting gross cash amount shall be paid subject to statutory deductions no later than 60 days after the plan participant's death, provided that all documents relevant for the payout are available².

In the event of the plan participant's

- › termination of employment by Infineon or an Infineon Group company (except for cause),

² The prerequisite regarding the availability of relevant documents does not apply to plan participants subject to U.S. tax regulations.

- › termination of the employment relationship with Infineon or an Infineon Group company as a result of restructuring or similar processes (e.g. divestiture, sale of organizational unit, transformation),
- › long-term disability,
- › retirement, or
- › early retirement,

becoming effective during the Waiting Period the plan participant's outstanding Performance Shares shall not be forfeited on such event but shall remain outstanding and be settled at the end of the Waiting Period according to the general rules, particularly considering the achievement of the Performance Targets; provided, however, the target number of the plan participant's Performance Shares subject to each grant shall be reduced pro-rata based on the plan participant's employment with Infineon or an Infineon Group company, during the Waiting Period by multiplying such number of target Performance Shares by a fraction, the numerator of which is the number of full months (starting from the respective grant date month until the last full month before the end of his/her employment with Infineon or an Infineon Group company) and the denominator of which is 48 (rounded); and provided further, that such Performance Shares determined eligible to vest (based achievement of the Performance Targets as applied to such pro-rated target number of shares) shall be settled no later than 60 days after the end of the Waiting Period.

However, should the plan participant pass away after a termination of employment described in the preceding paragraph and prior to the end of the Performance Period, the above paragraph concerning the event of death of the plan participant shall apply (i.e. the Performance Shares will be forfeited in exchange for a cash payment as described above).

In case of forfeiture of Performance Shares, there will be no reimbursement by Infineon for losses resulting from the SOG.

§ 10 Change of Control

In the event of a share split, reverse share split, share dividend, recapitalization, combination, reclassification or other distribution of the Company's equity securities without the receipt of consideration by the Company, of or on the Infineon Shares subject to the Performance Shares, the Company represented by the Management Board/Supervisory Board shall proportionately adjust the number of granted Performance Shares, outstanding and still unvested at the effective date of such corporate action (as well as the Share Limit) accordingly.

For all the outstanding Performance Shares the Waiting Period as per § 6 shall end at the point in time of a change of control (new due date). The Performance Targets as per § 7 remain valid.

The following method of calculation will apply, however, in order to define to which extent the Performance Targets have been met in the event of a change of control: (i) The target achievements shall not be based on the end of the four-year Performance Period, but on the new due date instead; (ii) on the new due date, the 60 day trading average of the Infineon share and of the Semiconductor Index before the end of the Performance Period shall not be used, but instead the share and index values on the new due date for TSR. For other targets - if not assessable - the Management Board makes a discretionary decision regarding the achievement of targets (including, if applicable, any adjustment of the ESG Targets as appropriate to reflect the shortened Performance Period).

If on the new due date Performance Targets are met as per the method of calculation described above, the owner of the Performance Shares shall be entitled to a transfer of a corresponding number of Infineon shares upon (or as soon as practicable after and no later than 60 days after) the new due date as per § 8. Any portion of the Performance Shares that is not vested after the achievement of the Performance Targets has been determined shall be cancelled immediately prior to the completion of the change of control.

After the new due date, the plan participant shall be free to dispose of the Infineon shares purchased under the SOG for participation in a PSP instalment.

A change of control occurs if

- › someone individually or jointly with others, directly or indirectly acquires at least 50% of voting rights in Infineon, or
- › Infineon as per §§ 2 ff. UmwG (German Reorganization Act) is merged into a new legal entity or another entity is merged with Infineon and in both cases after completion of the merger, a third party either individually or jointly with others, directly or indirectly holds at least 50% of the voting rights in the acquiring legal entity or Infineon, or
- › all or all-key assets of Infineon are directly or indirectly contributed into a joint venture with a third party or several third parties, and, after the contribution a third party individually or jointly with others holds at least 50% of the voting rights in the joint venture.

A change of control thus also occurs if, after its completion, another than one of the aforementioned processes should lead to a third party individually or jointly with others holding at least 50% of voting rights in Infineon or in the company that continues Infineon either wholly or in substantial parts.

Purely intra-group change of control processes are not considered.

Notwithstanding the foregoing, no transaction shall be considered a change of control hereunder unless such transaction constitutes a “change in the ownership or effective control” of the Company, or a change “in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the U.S. Internal Revenue Code.

Crucial for the occurrence of the new due date in all the aforementioned cases is the first-time externally documented entry into force of the change of control, in the form of a capital market law notification (e.g., as per the WpHG [German Securities Trading Act] or, in the case of a compulsory or takeover bid, as per the WpÜG [German Securities and Takeover Act]) or a constitutive registration in the commercial register (e.g., in the case of a reorganization pursuant to the UmwG [German Transformation Act]).

Affected by the provisions of this § 10 are all plan participants, who at the time of the change of control are in an employment relationship with Infineon or an Infineon Group company.

If, after the entry of a change of control, it should prove to be legally or factually impossible to fulfill the entitlement of the plan participants by transferring a corresponding number of Infineon shares, Infineon shall make a decision, well in advance, on the implementation of an economically equivalent (e.g., cash) compensation. For any cash compensation the principles laid out in the 3rd paragraph of § 8 (Settlement of Performance Shares) shall apply.

§ 11 Tax Treatment, Social Security Contributions or Similar Obligations

All taxes, employee social security contributions or similar obligations resulting from the Settlement of the Performance Shares or from the disposal of the Infineon shares transferred to the plan participant in the settlement process as well as from the purchase or disposal of the SOG must be borne by the plan participant. The individual tax treatment might differ considerably due to personal circumstances, the tax rules in the applicable jurisdiction or any changes in applicable tax rules.

Infineon therefore recommends that plan participants consult their tax advisor about the individual tax treatment prior to accepting the grant.

The Company shall determine the amount of any federal, state, local or other income, employment, or other taxes that the Company or affiliated group company may be obligated to withhold with respect to any grant, vesting, settlement or other event with respect to any Performance Shares granted hereunder. If such withholding event occurs in connection with the distribution of Infineon shares and subject to compliance with all applicable laws, the plan participant agrees that the appropriate number of whole shares, valued at their then fair market value, to satisfy any withholding obligations of the Company or affiliated group company with respect to such distribution (such number of shares, the “Tax Withholding Shares”) shall automatically be sold by or on behalf of the plan participant on the open market and the proceeds of such sale shall be promptly remitted to the Company to satisfy such tax withholding obligations. The plan participant shall execute such documents as may reasonably be requested by the Company or its banking service provider, as applicable, in order to implement such transactions and shall otherwise comply with the administrative rules and procedures established by the Company with respect to such transactions, provided that the plan participant shall not be permitted to exercise any influence over how, when or whether the sales occur. If, however, any withholding event occurs with respect to the Performance Shares other than in connection with the distribution of Infineon shares, or if the withholding obligations of the Company or affiliated group company cannot be satisfied by such market sale because such a sale would violate applicable law, the Company shall be entitled to require a cash payment by or on behalf of the plan participant and/or to deduct from other compensation payable to the plan participant the amount of any such withholding obligations.

Additional Provisions for Plan Participants Subject to US Taxation:

It is intended that any amounts payable in respect of Performance Shares granted hereunder shall either be exempt from or comply with Section 409A of the U.S. Internal Revenue Code (“Code Section 409A”) and Section 457A of the U.S. Internal Revenue Code (“Code Section 457A”), in each case including the Treasury regulations and other published guidance relating thereto, so as not to subject the plan participant to payment of any additional tax, penalty or interest imposed under Code Section 409A or Code Section 457A. The provisions of the PSP (including the applicable grant certificate and these plan rules) shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A and Code Section 457A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the plan participant.

If a plan participant is a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the plan participant’s “separation from service” (as such term is defined for purposes of Code Section 409A), the plan participant shall not be entitled to any payment or benefit pursuant to an award granted hereunder until the earlier of (i) the date which is six months after the plan participant’s separation from service for any reason other than death, or (ii) the date of the plan participant’s death. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts

otherwise payable to the plan participant upon or in the six month period following the plan participant's separation from service that are not so paid by reason of this paragraph shall be paid (without interest) as soon as practicable after (and in all events within thirty days after) the date that is six months after the plan participant's separation from service (or, if earlier, as soon as practicable, and in all events within thirty days, after the date of the plan participant's death).

§ 12 Insider Trading

With regard to the disposal of the Infineon shares transferred to the plan participant in the settlement process as well as the acquisition and disposal of SOG shares, plan participants acknowledge that they may be subject to statutory insider trading provisions as defined in the EU Market Abuse Regulations, German Securities Trading Act or other local laws, specifically in their home countries or current countries of residence other than Germany. Plan participants are obliged to observe applicable insider trading provisions and may subject themselves to punishment in case of violation. In addition, Infineon's internal insider trading provisions shall apply at all times.

§ 13 Personal Hedging

Should a plan participant use personal hedging strategies or compensation- and liability-related insurance to undermine the risk alignment embedded in the grant of Performance Shares and/or the SOG, the Management Board may decide upon the immediate and permanent forfeiture of all grants targeted by the respective hedging or insurance. There will be no compensation for the Performance Shares forfeited or any losses resulting from the SOG.

§ 14 Further Provisions

To the extent not preempted by mandatory national law, the PSP shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany without giving effect to its conflict or choice of law rules or principles that might otherwise refer construction or interpretation of the PSP to the substantive law of another jurisdiction.

The section headings of these plan rules are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

The Infineon Group may, in its sole discretion, decide to deliver any documents related to current or future plan participants in the PSP by electronic means. The plan participant consents to receive such documents by electronic delivery and agrees to participate in the PSP through an online or electronic system established and maintained by the Company or a third party designated by the Company.

The PSP is a voluntary benefit offered by Infineon. No series of offers or repeated offers under the PSP can be construed as giving rise to a right to continuing or subsequent offers or any equivalent benefit in the future. Performance Shares are not a part of the plan participant's employment contract (if any) with Infineon or an Infineon Group company and not a part of the expected compensation or other remuneration for any purposes, including for purposes of computing severance pay or other termination compensation or indemnity of the plan participant.

Nothing in the PSP, any grant certificate or any other document or statement made with respect to the PSP, shall interfere with or limit in any way the right of Infineon or an Infineon Group company to

terminate any plan participant's employment relationship, at any time, nor confer upon any plan participant any right to continue as an employee of Infineon or an Infineon Group company.

Neither a grant nor any benefits arising under this PSP shall constitute an employment contract with Infineon or an Infineon Group company and, accordingly, this PSP and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Company represented by the Management Board without giving rise to any liability on the part of the Infineon Group. The Company represented by the Management Board is authorized to create, alter and amend the rules of the PSP, including the administration processes and other technicalities regarding the settlement of the Performance Shares. Such amendments to the terms and conditions of the plan are possible at any time. Notwithstanding the foregoing, no amendment or termination of the PSP shall, without the consent of the holder of Performance Shares, affect any outstanding Performance Shares to the extent that the Performance Shares would be materially adversely affected.

The PSP will be administered by the Management Board, which has full and final discretionary authority, in each case subject to and consistent with the provisions of the PSP plan rules, to construe and interpret the PSP plan rules and any grant certificate, to correct defects, to supply omissions, or to reconcile inconsistencies therein and make all other decisions and determination as the Management Board may deem necessary or advisable for the administration of the PSP. All decisions, determinations, and interpretations of the Management Board (or its delegate) shall be final and binding on all persons, including, but not limited to, the Infineon Group, any plan participant, or any person claiming any rights under the PSP from or through any plan participant. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Management Board may allocate all or any portion of its responsibilities and powers to any one or more of its members or any other person or persons selected by it, including the record keeper. Any such allocation or delegation may be revoked by the Management Board at any time.

No Performance Share may be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the plan participant, and any attempt to violate this provision shall be void ab initio.

If any changes in the financial or tax accounting rules applicable to the grants covered by the PSP shall occur which may have an adverse effect on the reported earnings, assets or liabilities of the Infineon Group, the PSP might be canceled by the Management Board with respect to any Performance Share at the time of such determination.

Should any of these plan rules be or become invalid or unenforceable, this shall not affect the validity or enforceability of the remaining provisions. Any gap resulting from the invalidity or unenforceability of a provision will be replaced, by means of supplementary interpretation, by another, valid provision reflecting the intent of the original provision as closely as possible. This shall not affect any of the remaining provisions.

The competent courts in Germany shall have exclusive jurisdiction, if legally permissible.

Administrative details

Prospectus Obligations

The PSP does not trigger any prospectus obligations. At least, exemptions to possible prospectus obligations in the relevant securities laws do apply.

Data Transfer and Protection

For the purpose of the administration of the PSP, Infineon Group may store, process, transfer and use personal data of plan participants, also involving third parties employed to administer or to assist with the administration and implementation of the PSP (e.g. the banking service provider). All service providers are carefully selected and must comply with “state of the art” data protection standards and technology.

Plan Authority

The Management Board is authorized to create, alter and amend the rules of the PSP, including the administration processes and other technicalities regarding the Settlement of the Performance Shares. Such amendments to the terms and conditions of the plan are possible at any time. Notwithstanding the foregoing, no amendment of the PSP shall, without the consent of the holder of Performance Shares, affect any outstanding Performance Shares to the extent that Performance Shares would be materially adversely affected.

More Information

More information about the PSP can be found on the Infineon intranet under <http://goto.infineon.com/PSP>.

General information on Infineon is available under <http://www.infineon.com>.

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