

# Statement on Corporate Governance in accordance with sections 289f and 315d of the German Commercial Code (HGB)

## Information on the Company's governing constitution

Infineon Technologies AG is a stock corporation (Aktiengesellschaft) under German law and has its registered office in Neubiberg (Germany). It has three representative bodies – the Annual General Meeting, the Management Board and the Supervisory Board. The duties of those bodies derive primarily from the German Stock Corporation Act (AktG) and the Company's Articles of Association.

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 issues assigned to it by law, most notably the appropriation of profit, the approval of the acts of the Management Board and the Supervisory Board, the election of the auditors, corporate contracts, and amendments to the Articles of Association. Shareholders are entitled to make proposals and also have the right to speak and raise 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. The Company supports the shareholders in exercising their rights at the Annual General Meeting. Shareholders can register for the Annual General Meeting electronically, participate in voting by means of postal voting or by sending online instructions (e.g. to their proxies) and follow the general debate online. All documents and information relating to the Annual General Meeting are available to interested parties on the Company's website. Moreover, the Infineon Investor Relations department can be contacted throughout the year, both by telephone and electronically, to ensure the exchange of information between the Company and its shareholders.

The German Stock Corporation Act envisages a two-tier administrative system, with the Management Board responsible for management and the Supervisory Board responsible for corporate oversight. The Management Board manages the Company under its own responsibility. Within this framework, it is both monitored and advised by the Supervisory Board. The Supervisory Board appoints the members of the Management Board and can, at any time, revoke an appointment for good cause. The Management Board keeps the Supervisory Board informed on a regular, timely and comprehensive basis. For specified measures, the Management Board requires the approval of the Supervisory Board.

## Declaration of Compliance with the German Corporate Governance Code issued for the 2018 fiscal year by the Management Board and Supervisory Board of Infineon Technologies AG in accordance with section 161 AktG

In November 2018, the Management Board and Supervisory Board issued the following declaration in accordance with section 161 AktG:

1. The Declaration of Compliance issued in November 2017 was updated in February 2018 in view of the Supervisory Board's decision, taken at its meeting on 22 February 2018, to elect the Chairman of the Investment, Finance and Audit Committee, Dr. Eckart Sünner, also to the position of Chairman of the Supervisory Board. The Management Board and Supervisory Board accordingly have declared a deviation from section 5.3.2, paragraph 3, sentence 3 of the DCGK, according to which the Chairman of the Supervisory Board should not chair the Audit Committee.
2. Since submitting the most recent Declaration of Compliance in November 2017 and February 2018 respectively, Infineon Technologies AG has complied with all recommendations of the DCGK in the version dated 7 February 2017 and will continue to do so, with the exception of the deviation from section 5.3.2, paragraph 3, sentence 3 of the DCGK referred to above in point 1. The rationale for the deviation remains unchanged: due to his many years of service in the Audit Committees of Infineon and another listed company, Dr. Sünner qualifies as an independent financial expert within the meaning of section 100, paragraph 5, of the German Stock Corporation Act (AktG). His outstanding financial expertise is complemented by extensive knowledge of taxation, law and compliance. Against this background, it is in the interest of the Company for Dr. Sünner to continue chairing the Audit Committee.

## Relevant disclosures in respect of corporate governance practices

The Company complies with all legal requirements and – with the exception of section 5.3.2, paragraph 3, sentence 3 (for further details see the Declaration of Compliance above) – with all recommendations of the DCGK. It also complies voluntarily with the non-mandatory suggestions contained in the code, with the exception of section 3, paragraph 7. That section includes the suggestion that, in the event of a takeover offer, the Management Board should convene an Extraordinary General Meeting at which shareholders will discuss the takeover offer and, if appropriate, decide on corporate actions. Calling a general meeting of the shareholders constitutes a major organizational challenge for a listed public company – even taking into account the shorter deadlines stipulated by law in a takeover situation. It is questionable as to whether the related expense can be justified if there is no intention to pass resolutions at the meeting. An extraordinary general meeting should therefore only be convened in indicated cases.

Furthermore, corporate governance practices are underpinned in particular by Infineon's internal guidelines on corporate conduct ("Business Conduct Guidelines") and on organizational and supervisory duties. These sets of regulations are available to all employees on the Infineon intranet.

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

### Management Board

#### *Work of the Management Board*

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 to 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.

The Management Board has overall responsibility for the management of the Company. The members of the Management Board manage the Company jointly and work together in collegial cooperation. 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.

With the consent of the Supervisory Board, the Management Board has adopted rules of procedure which are published on the Infineon website.

#### *Composition of the Management Board*

Infineon Technologies AG's Management Board currently comprises four members, all of whom are men (100 percent). Two are in the middle age group between 30 and 50 years of age (50 percent) and two (also 50 percent) are in the 50+ age group.

#### *Management Board committees*

Management Board committees may be formed to carry out specific examinations and to prepare and implement Management Board resolutions. The Management Board as a whole decides on the formation of Management Board committees based on proposals put forward by the Chairman of the Management Board. There are currently no Management Board committees in place.

### Supervisory Board

#### *Work of the Supervisory Board*

The Supervisory Board both advises and monitors the Management Board as it manages 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 financial reports and reviews and approves the Separate and 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. When a Supervisory Board vote ends in a tie, the Chairman of the Supervisory Board has two votes if voting is held for a second time and again results in a tie. In conjunction with the Supervisory Board's meetings, the shareholder and employee representatives hold separate preliminary discussions, sometimes without the members of the Management Board being present.

Once a year, the Supervisory Board reviews the efficiency of its work, including its interaction with the Management Board. The most recent efficiency examination took place in summer 2018. The results were subsequently discussed at a Supervisory Board meeting. No significant deficits in efficiency were identified.

The Supervisory Board has drawn up rules of procedure for the full Supervisory Board and for the work of its Investment, Finance and Audit Committee. These rules of procedure are published on the Company's website.

#### *Composition of the Supervisory Board*

The Supervisory Board of Infineon Technologies AG currently comprises 16 members and includes 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 are elected by employee delegates of Infineon's facilities within Germany in accordance with the German Co-Determination Act. The general term of office of members of the Supervisory Board is approximately five years.

The shareholders' and employees' representatives on the Supervisory Board were newly elected during the 2015 fiscal year with effect to the end of the Annual General Meeting that resolves on the approval of the acts of the members of the Supervisory Board for the 2019 fiscal year. At the Supervisory Board meeting held on 12 February 2015, Wolfgang Mayrhuber was confirmed as Chairman and Johann Dechant elected as Deputy Chairman of the Supervisory Board.

Mr. Mayrhuber resigned from the Supervisory Board with effect from the end of the Annual General Meeting on 22 February 2018. At that meeting, the shareholders elected Dr. Wolfgang Eder as member of the Supervisory Board until the end of the Annual General Meeting that resolves on the approval of the acts of the Supervisory Board for the 2023 fiscal year. At the Supervisory Board meeting held on 22 February 2018, Dr. Eckart Sünnner was elected as the new Chairman of the Supervisory Board.

#### *Supervisory Board committees*

The Supervisory Board rules of procedure prescribe the formation of three committees: the Mediation Committee (also required by law), 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 shareholder representatives and employee 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 and one further representative of the shareholders and employees respectively, 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 and one further representative of the shareholders and employees respectively. The duties of this committee include preparing decisions to be taken by the full Supervisory Board regarding the appointment or dismissal of members of the Management Board as well as Management Board compensation issues. 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") comprises two representatives of the shareholders and employees respectively. The Chairman of the Investment, Finance, and Audit Committee, Dr. Sünnner, has – among other qualifications – particular expertise in and extensive experience of financial reporting on account of his many years of service as chairman of the audit committee of another DAX-listed (now MDAX-listed) corporation. He is therefore qualified as a financial expert within the meaning of sections 100, paragraph 5, AktG and 324, paragraph 2, HGB and is also considered to be independent.

The Audit Committee monitors the Company's financial reporting process and discusses and examines the Separate Financial Statements and Consolidated Financial Statements prepared by the Management Board as well as the quarterly and half-yearly financial statements. It gives recommendations with respect to the approval of the Separate Financial Statements and Consolidated Financial Statements by the Supervisory Board based on the independent auditor's report, submits recommendations to the Supervisory Board regarding the election of the independent auditor, engages the auditor elected at the Annual General Meeting to audit the Separate Financial Statements and Consolidated Financial Statements and review the interim financial reports, specifies 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 Company 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 full Supervisory Board.

Further information about the current composition of the Management Board, the Supervisory Board as well as the Supervisory Board's committees can be found in note 26 to the Consolidated Financial Statements.

### Target quotas for women; information on compliance with minimum quotas for the composition of the Supervisory Board of Infineon Technologies AG

Pursuant to the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", 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 as well as in the two leadership levels below the Management Board. Within the Group, this requirement also applies to Infineon Technologies Dresden Verwaltungs GmbH, which is required to set targets not only for its Board of Directors and the two leadership levels below board level, but also for the Supervisory Board.

In the 2017 fiscal year, new targets were set for Infineon Technologies AG and the then Infineon Technologies Dresden GmbH, most of which are to be achieved by 30 June 2022. The targets set for Infineon Technologies Dresden GmbH continue to apply for Infineon Technologies Dresden Verwaltungs GmbH.<sup>1</sup>

#### Infineon Technologies AG

	Starting position (30 June 2017)	Target for period through 30 June 2022
Supervisory Board	Statutory 30% quota	
Management Board	0%	20%
1st leadership level	5.7%	15%
2nd leadership level	19.3%	22%

#### Infineon Technologies Dresden Verwaltungs GmbH

	Starting position (30 June 2017)	Target for period through 30 June 2022
Supervisory Board	25%	33% <sup>2</sup>
Board of Directors	0%	0% <sup>2</sup>
1st leadership level	11.1%	15%
2nd leadership level	20%	22%

<sup>1</sup> Infineon Technologies Dresden GmbH's legal form was changed with effect from 7 June 2018, since when the entity operates as Infineon Technologies Dresden GmbH & Co. KG. Its managing general partner (Komplementärin) is Infineon Technologies Dresden Verwaltungs GmbH, whose Supervisory Board continues to have an equal number of shareholder and employee representatives in accordance with co-determination requirements. The targets therefore now relate to the Board of Directors and the Supervisory Board of Infineon Technologies Dresden Verwaltungs GmbH. Due to the fact that Infineon Technologies Dresden Verwaltungs GmbH has no employees of its own, targets for the two leadership levels below board level are based on the situation at Infineon Technologies Dresden GmbH & Co. KG.

<sup>2</sup> Deviating date for target achievement 30 June 2020.

## Diversity concept for the composition of the Management Board

During the year under report, the Supervisory Board adopted the following diversity concept for the composition of the Management Board.

### *Description and objectives of the diversity concept*

Infineon has set itself the task of creating a working environment free of prejudice. The objective is to foster a corporate culture in which the benefits offered by diversity are consciously utilized and where everyone can freely develop their potential in the best interest of the Company. The Supervisory Board also shares this understanding of diversity.

Any decision made by the Supervisory Board regarding a particular appointment to the Management Board is always taken in the best interest of the Company as a whole, taking into account all relevant circumstances. The decisive criteria in this context are the professional and personal suitability of the individual concerned. Consideration must be given to ensuring that the members of the Management Board as a whole possess to the fullest possible extent the knowledge, skills and experience required to manage a technology company.

Within the framework of these requirements, the Supervisory Board also considers diversity aspects, in particular age, gender, education and professional background as well as internationality. Besides ensuring the greatest possible personal suitability of each individual member, it is important that varying perspectives on managing the business are encouraged by having a Management Board with a diverse composition. The individual aspects of diversity are therefore an integral component, but not an exclusive criterion in taking appointment decisions.

#### › **Age**

In accordance with section 5.1.2, paragraph 2, sentence 2 DCGK, the Supervisory Board's rules of procedure provide in section 2, paragraph 2, for an age limit according to which members of the Management Board are generally not to be older than 67 years of age. The mandates of the members of the Management Board therefore generally end at the age of 67. In addition, the Supervisory Board gives due consideration to ensuring a well-balanced age mix when making appointments to the Management Board. The Supervisory Board's objective in this respect is to find a balance that combines the benefits of years of professional and personal experience on the one hand and the perspectives of a younger generation on the other. An appropriate age mix also ensures continuity in corporate management.

#### › **Gender**

Diversity also includes gender diversity. Pursuant to section 111, paragraph 5 of the German Stock Corporation Act (AktG), the Supervisory Board is required on a regular basis to set a target quota for the proportion of women on the Management Board and at the same time determine the period within which this quota is to be achieved (see above). The desire to see both men and women represented on the Management Board is, on the one hand, an expression of the Supervisory Board's conviction that mixed-gender teams can bring different points of view to corporate management, and therefore contribute to higher profitability. It is also the logical continuation of the gender diversity measures already implemented by the Management Board throughout the organization, which aim to increase the proportion of women in management positions.

#### › **Professional diversity, in particular educational and professional background**

Despite the Management Board being a collegial body that acts in accordance with the principle of overall responsibility, it is not necessary for each individual member to possess, to the same extent, all of the technical skill sets that may be required in the course of managing a business. More to the point, it must be ensured that the Management Board as a whole has the knowledge, skills and experience required to perform its duties in a proper manner. The competencies of the Management Board should be sufficiently wide-ranging to enable it to reconcile the interests of all relevant stakeholders such as employees, customers, investors and the general public when acting in the Company's interest. The following competencies do not need to be covered by each individual member of the Management Board, but should be reflected in the Management Board as a whole:

- Experience in the semiconductor industry
- Technological competence
- Competence in the field of digitalization
- Know-how in the fields of manufacturing and production
- Expertise in marketing and sales

- Experience in personnel and organizational development
- Strategic competence (including M&A experience)
- Financial competence (including knowledge of accounting, auditing and internal control procedures)
- Knowledge of the capital market
- Experience in the fields of corporate governance, corporate social responsibility, law and compliance
- Management experience and intercultural competence, preferably gained abroad

› **Internationality**

Infineon operates worldwide with a workforce from many countries as well as a global base of customers and suppliers. Accordingly, the Management Board needs to have an international composition. Internationality should, however, not only be understood in terms of any specific (foreign) nationality. More important are intercultural influences and experiences acquired in the course of a person's education, vocational training and career path. The Supervisory Board encourages intercultural openness on the Management Board as well as the corresponding understanding for and the ability to assess international topics and correlations.

*Nature of implementation of the diversity concept*

The Supervisory Board is responsible for the appointment, re-appointment and dismissal of members of the Management Board (including performance assessments and long-term succession planning) as well as for the signing, amending and terminating of Management Board service contracts. These personnel-related issues are prepared by the Supervisory Board's Executive Committee and subsequently discussed and decided upon by the full Supervisory Board. As part of the process of succession planning, the Executive Committee and the full Supervisory Board regularly exchange views with the Management Board concerning suitable internal candidates for the Management Board. In addition, the Executive Committee and the full Supervisory Board consider succession planning issues independently, where appropriate without the members of the Management Board being present, including, if considered necessary, assessing external candidates for Management Board positions. The selection and decision-making process for making appointments to the Management Board is guided by the diversity concept described above.

*Status of implementation and results achieved during the year under report*

The current composition of the Management Board reflects in many respects the successful implementation of the diversity concept adopted by the Supervisory Board. Targets for the proportion of women on the Management Board have been set for the period through 30 June 2022.

**Competency profile, catalog of objectives and diversity concept for the composition of the Supervisory Board**

Concrete objectives for the composition of the Supervisory Board were specified during the 2011 fiscal year in accordance with the recommendation contained in section 5.4.1 DCGK and have been supplemented from time to time in subsequent years. During the 2017 fiscal year, the Supervisory Board revised this catalog of objectives and expanded it to form a comprehensive competency profile, which also constitutes the diversity concept within the meaning of section 289f, paragraph 2, number 6, HGB.

Based on this profile, the most important objective is to ensure that the composition of the Supervisory Board enables it to optimally perform the duties prescribed by law and as set out in the Company's Articles of Association. In particular, this includes having the required expertise to both advise and supervise the Management Board. Accordingly, candidates proposed for election to the Supervisory Board should be capable of successfully performing the duties incumbent on a member of a supervisory board of a technology company with international operations, based in particular on their personality and integrity, their individual skill sets and their availability. Consideration should also be given to ensuring a sufficient range of expertise, diversity, international character and independence on the Supervisory Board as a whole.

*Requirements profile for individual members of the Supervisory Board*

› **Personality and integrity**

Each member of the Supervisory Board should possess the necessary personality and integrity for the due performance of their duties. Members of the Supervisory Board must be loyal to the Company and, in particular, comply strictly with the statutory obligation of confidentiality, with which they must be fully conversant. Members of the Supervisory Board are required to put the interests of the Company at the center of their activities at all times.

› **Individual professional competence**

Each member of the Supervisory Board should know and understand Infineon's key product lines, its customers, its sales markets and its strategy. Members of the Supervisory Board need to be aware of conditions prevailing on capital markets as well as the particular features of a listed company. In addition, each member of the Supervisory Board must possess the necessary skills to appropriately comprehend the reports and financial statements presented, to assess the decisions required to be made by the Supervisory Board and to draw factually based conclusions that are in the best interests of the Company.

› **Availability**

Each member of the Supervisory Board must be available to a sufficient extent and willing to devote the necessary time to performing the stipulated mandate. In particular, it should be taken into account that

- at least four Supervisory Board meetings take place during the year, each requiring careful preparation;
- sufficient time must be scheduled, including in particular for the detailed examination of the Separate and Consolidated Financial Statements;
- attendance at the Annual General Meeting is required;
- depending on membership in Supervisory Board committees, further work arises in conjunction with attendance at, and careful preparation for, committee meetings;
- in addition, extraordinary Supervisory Board and/or committee meetings may be necessary.

As a general rule, a member of the Supervisory Board may not accept more than a total of four other supervisory mandates in listed companies or in other bodies with comparable requirements. If the member of the Supervisory Board belongs to the management board of such a company, he or she may not accept more than a total of three other supervisory mandates. Chairmanship of a supervisory board counts as double, mandates within the same group count only once. Mandates in foreign companies are treated the same as mandates in German companies.

› **Age limit**

As a general rule, no one older than 70 years of age should be proposed for membership of the Supervisory Board. The age limit is applied on the basis of the candidate's age on the day on which the Annual General Meeting decides upon the proposed election.

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

The Supervisory Board is aware of the importance of regularly renewing its composition but is always required to weigh up the consequences of doing so compared to the advantages of maintaining continuity. Stability in the composition of the Supervisory Board promotes a spirit of trust, both within the Supervisory Board itself and together with the Management Board. After factoring in the know-how gained in conjunction with many years of experience on the board, maintaining continuity can result in greater added value for the entity compared to the effect of renewing its composition. After weighing up all of these aspects, 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).

**Requirements for the Supervisory Board as a whole and competency profile**

› **Range of expertise**

When determining the composition of the Supervisory Board, care should be taken to ensure that its members in their entirety have the necessary skills to perform the Board's tasks as optimally as possible (range of expertise).

A broad range of expertise is desirable to ensure that the Supervisory Board – when acting in the interests of the Company – is well positioned to take account of the interests of all relevant stakeholders, such as employees, customers, investors and the general public as well as to play a proactive role in accompanying and supporting organizational and technological change.

The members of the Supervisory Board in their entirety should be familiar with the industry in which Infineon operates, namely the semiconductor sector.

The Supervisory Board's composition should also represent an appropriate range of technological expertise, which may (but not necessarily) involve a scientific background.

The Supervisory Board in its entirety should possess sufficient knowledge in the areas of manufacturing, sales and marketing, human resources and organizational development. The Supervisory Board should also strive to achieve strategic competency, including experience in the field of mergers and acquisitions (M&A).

The Supervisory Board should also possess the required competence in financial matters. In particular, individual members of the Supervisory Board must have expert knowledge of accounting and/or auditing. The person chairing the Audit Committee must also have expert knowledge and practical experience in the field of corporate internal control systems.

Lastly, it is the opinion of the Supervisory Board that having an appropriate range of expertise also requires knowledge – in the broadest sense – of legal issues, including, in particular, corporate governance and compliance.

› **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 not only reflect diversity in terms of its range of expertise, it should also take into account the diversity found in an open-minded and innovative global company such as Infineon.

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

› **Internationality**

Infineon operates worldwide with a workforce originating from numerous countries and a global base of customers and suppliers. Accordingly, the Supervisory Board needs to have an international composition. Internationality should, however, not only be understood in terms of any specific nationality. More important are intercultural influences and experience (generally resulting in greater open-mindedness) and an understanding for and the ability to make judgments on international topics and correlations. It is the stated objective of the Supervisory Board to have among its ranks at least five international representatives that meet the above-mentioned requirements.

› **Independence and avoidance of conflicts of interest**

The Supervisory Board strives to ensure the maximum independence of its members and the Supervisory Board in its entirety. In this context, the ownership structure of the Company should also be taken into account.

A member is independent if he or she can reach decisions on matters dealt with by the Supervisory Board free of any conflict of interests, i.e. based entirely on objective criteria geared to the interests of the Company as a whole. Conversely, a member of the Supervisory Board is not considered 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, not just temporary conflict of interests could arise.

No more than two former members of the Management Board should be members of the Supervisory Board. Members of the Supervisory Board may not exercise board functions or perform advisory tasks for major competitors. Employee representatives are not considered as non-independent solely due to the fact that they are employed by the Company.

The aim of the Supervisory Board is to have at least twelve independent representatives (including at least five shareholder representatives).

A further aim of the Supervisory Board is to avoid potential conflicts of interest to the greatest possible extent. All conflicts of interest must be disclosed to the Supervisory Board. In its report, the Supervisory Board is required to inform the Annual General Meeting of any conflicts of interest which have occurred and how they were handled. Material conflicts of interest and those which are not merely temporary in respect of the person of a member of the Supervisory Board should result in the termination of the relevant mandate.

› ***Nature of implementation***

In its search for suitable candidates, the Supervisory Board's Nomination Committee bears in mind the competency profile and the targets set by the Supervisory Board as well as the requirements profile for individuals. The Nomination Committee's recommendations to the Supervisory Board as well as the Supervisory Board's proposals for election put forward at the Annual General Meeting also take account of the stipulated targets, the requirements profile for individuals and the aspiration to comply with the competency profile.

For each of its proposals for election of new members of the Supervisory Board by the Annual General Meeting, the Nomination Committee confirms with the respective candidates that they will be able to devote the expected time.

A curriculum vitae is provided for each of the candidates proposed for election at the Annual General Meeting, showing details of relevant knowledge, expertise and experience and a description of the candidate's principal activities alongside the Supervisory mandate. In addition, the Supervisory Board also discloses the candidate's business or other relationships with Infineon, the Company's representative bodies and/or a major shareholder in the Company, if it considers that an impartial shareholder making an objective decision about the election would consider such information to be of relevance. The same applies to 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 competency profile, the targets set, and the individual requirements taken into account in the nominations made by the relevant bodies on the employees' side. In addition, the Supervisory Board also recommends that any of its members – in whatever capacity – who apply for the court appointment of a member of the Supervisory Board should also take account of the competency profile, the targets set and the individual requirements.

› ***Status of implementation and results achieved during the year under report***

The composition of the Supervisory Board meets the stipulated objectives and competency profile and is therefore in line with the stated diversity concept. In the opinion of the Supervisory Board, all of its current members are independent within the meaning of the DCGK. The Supervisory Board currently comprises six women (37.5 percent) and ten men (62.5 percent). Five (31.25 percent) of the members of the Supervisory Board are aged between 30 and 50 and eleven (68.75 percent) are over 50. The composition of the Supervisory Board therefore satisfies 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.