

# Statement on Corporate Governance pursuant to sections 289f, 315d of the German Commercial Code (HGB)/ Corporate Governance Report

## **Declaration of Compliance with the German Corporate Governance Code issued for the 2019 fiscal year by the Management Board and Supervisory Board of Infineon Technologies AG in accordance with section 161 of the German Stock Corporation Act (AktG)**

### *Declaration of Compliance pursuant to Section 161 AktG*

In November 2019, the Management Board and Supervisory Board issued the following declaration in accordance with section 161 AktG:

1. In the Declaration of Compliance issued in November 2018, the Management Board and Supervisory Board declared a deviation from section 5.3.2 paragraph 3 sentence 3 of the German Corporate Governance Code, according to which the Chairman of the Supervisory Board should not chair the Audit Committee. The reason for this deviation was that the Chairman of the Investment, Finance and Audit Committee, Dr. Eckart Sünnner, was also elected Chairman of the Supervisory Board at the meeting of the Supervisory Board on 22 February 2018.
2. At the meeting of the Supervisory Board on 6 August 2019, Dr. Wolfgang Eder was elected as the new Chairman of the Supervisory Board. Dr. Sünnner resigned from his position as Chairman of the Supervisory Board, thereby bringing the aforementioned deviation to an end. The Declaration of Compliance was accordingly updated in August 2019.
3. Since submitting the most recent Declaration of Compliance in November 2018, as updated in August 2019, Infineon Technologies AG has complied with all recommendations of the German Corporate Governance Code in the version dated 7 February 2017 and will continue to do so.

### *Suggestions contained in the German Corporate Governance Code*

The Company complies in all respects with all legal requirements and all recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – “DCGK”). Moreover, it complies voluntarily with the non-mandatory suggestions contained in the DCGK, with the exception of section 3, paragraph 7, which suggests that, in the event of a takeover offer, the Management Board should convene an extraordinary general meeting to give shareholders the opportunity to discuss the offer and, if necessary, 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 time limits stipulated by law in a takeover situation. It is questionable as to whether the related effort 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.

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

### *Fundamentals of the Company's corporate governance*

Infineon Technologies AG is a stock corporation under German law with 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. 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, namely the Management Board being responsible for managing the Company and its control by the Supervisory Board. The Management Board manages the Company at 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.

#### *Standards for effective and responsible corporate management*

The Management Board and Supervisory Board of Infineon Technologies AG are of the opinion that responsible, transparent and value-oriented management of an enterprise requires a comprehensive corporate governance concept. Good corporate governance contributes towards increasing the value of the business on a sustainable basis, while at the same fostering trust in our entity among national and international investors, the financial markets, business partners, employees and the public. The Management Board, the Supervisory Board and management ensure that corporate governance is actively implemented and continuously developed throughout the entity. Corporate governance at Infineon encompasses not only the German Corporate Governance Code (DCGK), but also the standards of Infineon's internal control system, compliance (particularly with Infineon's Business Conduct Guidelines) as well as the regulations on organizational and supervisory duties applicable throughout the Group. The Business Conduct Guidelines and the Regulations on Organizational and Supervisory Duties are available to all employees on the Infineon intranet and can be downloaded.

#### **> Business Conduct Guidelines**

We conduct our business responsibly and in compliance with legal requirements and administrative regulations and have established several guidelines that contribute towards achieving this objective. Infineon Technologies AG's "Business Conduct Guidelines" – as one of the key elements of our corporate governance system – are published on the internet at @ [www.infineon.com/cms/en/about-infineon/investor/corporate-governance/compliance/business-conduct-guidelines/](http://www.infineon.com/cms/en/about-infineon/investor/corporate-governance/compliance/business-conduct-guidelines/) and are mandatory for the Management Board and all employees worldwide. They particularly include regulations on compliance with the law, interaction with business partners and third parties, the avoidance of conflicts of interest, the use of Company assets, data and information as well as environmental protection, health and safety topics. Also included are regulations relating to the handling of complaints and communication relating to violations of the Business Conduct Guidelines and other rules mandatory for Infineon. In order to convey the principles of the Business Conduct Guidelines, all members of the Management Board and employees are required to complete an online training program.

#### **> Corporate Compliance Officer and Compliance Panel**

Infineon maintains an independent Compliance Office, which underlines Infineon's clear commitment to absolute compliance with the law and to maintaining ethical standards that protect the legitimate interests of employees, suppliers, customers and shareholders, safeguard Infineon's reputation while nevertheless taking account of the Company's needs. In addition to meeting the traditional compliance objectives, such as risk mitigation and increases in efficiency and effectiveness, compliance is promoted with a view to strengthening Infineon's image as a reliable and fair business partner and thus contributing to its overall success.

Infineon Technologies AG's Corporate Compliance Officer reports directly to the Chief Financial Officer (CFO). The Corporate Compliance Officer coordinates the Compliance Management System, develops the Infineon compliance program based on a risk-oriented approach, draws up and revises guidelines, advises employees, receives complaints and tip-offs, including those made anonymously, and leads investigations aimed at clarifying compliance-related cases. In addition, the Corporate Compliance Officer carries out regular mandatory compliance training measures for employees on a range of topics, in particular antitrust law and the prevention of corruption. Extensive training measures were again carried out during the 2019 fiscal year.

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

The sustainability of the Compliance Management System in place at Group companies is ensured by means of regular internal audits.

#### *Risk management*

The Management Board sees the systematic and effective management of risks and opportunities as an important part of good corporate governance and a key success factor for our business. The system in place ensures that risks and opportunities are detected at an early stage and risk exposures are minimized. The transparency of the Group's risk profile contributes to the systematic and continuous increase in the value of the Company. The effectiveness of the Risk and Opportunity Management System is reviewed regularly by the Supervisory Board's Investment, Finance and Audit Committee.

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

#### *D&O insurance*

The Company maintains a directors' and officers' group liability insurance policy ("D&O insurance"). The D&O Insurance policy covers personal liability in the event that claims for losses incurred in the course of the performance of their duties are brought against members of the Management and Supervisory Boards and other specific managers. A deductible of 10 percent of the loss up to the amount of one-and-a-half times the annual fixed compensation of the member of the Management or Supervisory Board concerned, which can be insured personally by the members of the Company's representative bodies, has been agreed upon in accordance with the statutory regulation in section 93, paragraph 2, of the German Stock Corporation Act (AktG) (for the Management Board) and the recommendation in section 3.8 of the DCGK (for the Supervisory Board).

#### *Financial reporting and auditing*

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

The Separate and Consolidated Financial Statements of our Company for the 2019 fiscal year were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (KPMG). The audit also considered the Company's system for the early identification of risks as well as the submission of the Declaration of Compliance in accordance with section 161 AktG. In addition, KPMG performed a review of the Half-Year Financial Report in accordance with section 115, paragraph 5, of the German Securities Trading Act (WpHG). Prior to publication, the Half-Year Financial Report, the Separate Financial Statements and the Consolidated Financial Statements were deliberated on by the Management Board together with the Supervisory Board's Investment, Finance and Audit Committee.

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

### *Reporting*

We report to our shareholders four times a year on business developments and Infineon's business situation, according to a defined financial calendar. The members of the Management Board inform shareholders, analysts, media and the general public about the quarterly and annual results. Our comprehensive investor relations service features regular meetings and telephone conferences with analysts and institutional investors. Generally, reports, notices and disclosures are available on our website (@ [www.infineon.com](http://www.infineon.com)) in German and English.

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

The Company has a Disclosure Committee comprising experienced managers from the Investor Relations, Communication, Finance, Financial Reporting and Accounting, Controlling and Taxes as well as Legal departments. The Disclosure Committee reviews specified financial and other material information published in conjunction with regular financial reporting or ad hoc announcements.

### *Non-financial declaration*

Since the fiscal year 2019, the Management Board annually draws up the so-called non-financial declaration as a separate non-financial company and group report (non-financial report). The Supervisory Board is under the obligation to review such non-financial report. To support the review, the Supervisory Board has again for the fiscal year 2019 mandated an external "limited assurance" review. KPMG has performed that review and issued an unqualified statement. The documents were carefully examined by the Investment, Finance and Audit Committee at its meeting held on 11 November 2019, which was continued in a telephone conference on 18 November 2019, and by the Supervisory Board at its meeting on 22 November 2019. The Supervisory Board acknowledged and approved the non-financial report.

### *Reportable transactions in financial instruments ("Managers' Transactions")/ Shareholdings of members of the Management and Supervisory Board*

Persons with executive responsibilities (in Infineon's case, members of the Management and Supervisory Boards) and certain parties related to them, are required by law to notify the Company as well as the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") of their own transactions involving Company shares or Company debt securities or related financial instruments within three business days. This requirement only applies, however, if the total value of the transactions made by a person subject to notification requirements amounts to €5,000 (with effect as of 1 January 2020: €20,000) or more in a calendar year. The Company is obliged to publish the notifications it receives without undue delay, at the latest within three days, and have them recorded in the Company Register. Such notifications are also reported to BaFin.

As of 30 September 2019, the shares in Infineon Technologies AG held by all members of the Management Board and Supervisory Board did not exceed 1 percent of the total number of the shares issued by the Company.

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

The full text relating to share-based compensation programs can be viewed on Infineon's website @ [www.infineon.com](http://www.infineon.com) (about Infineon/Investor/Corporate Governance/equity-based compensation).

The Infineon Stock Option Plan 2010 was introduced by resolution of the Annual General Meeting on 11 February 2010. Under this plan, stock options were granted annually until the end of the 2013 fiscal year and, depending on the grant date, are exercisable until December 2019.

As an element of the long-term remuneration of management and selected Infineon employees worldwide, a "Performance Share Plan" (PSP) was again applied in the 2019 fiscal year. The same plan applies to members of the Management Board, whereby the latter – unlike other plan participants – have a contractual claim to entitlements under the plan. The principal conditions of the plan for members of the Management Board are described in the Compensation Report. Essentially the same conditions apply to other PSP participants, with rules differing only with respect to mandatory personal investment in Infineon shares and in the event of premature contract termination. Moreover, the cap stipulated for performance shares only applies to members of the Management Board.

The Management Board has also resolved a "Restricted Stock Unit Plan" (RSUP) for the USA, based on local market conditions.

### *Social responsibility in the supply chain*

Infineon combines entrepreneurial success with responsible actions. We place great value on the careful use of natural resources and provide solutions for important societal challenges: efficient use of energy, environmentally compatible mobility and security in a connected world.

We understand sustainability as the symbiosis between economy, ecology and social engagement, continuously respecting and recognizing the importance of cultural diversity. This is reflected in our Corporate Social Responsibility (CSR) Policy that sets guidelines for responsible and sustainable business operation, based on the fulfillment of the legal requirements where we operate and the commitment to follow the ten principles of the UN Global Compact, which we signed up for in 2004. Furthermore, internal rules and requirements, voluntary self-commitments, as well as our customers' requirements, form an additional framework for our approach. Further information can be found on our website (@ [www.infineon.com/cms/en/about-infineon/sustainability/](http://www.infineon.com/cms/en/about-infineon/sustainability/)).

## **Description of the mode of operation of the Management Board and Supervisory Board and the composition and mode of operation of their committees**

### **Management Board**

#### *Mode of operation of the Management Board*

The Management Board is the Company's executive body and has overall responsibility for the management of the Company. It is obliged, within the framework of the law, to serve the Company's interests and thereby pursue the goal of sustainably increasing Infineon's value, taking into account the interests of all stakeholders. It determines Infineon's commercial objectives, strategy and corporate policy and defines how the Group is organized. The members of the Management Board disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose in connection with the members of the Management Board during the 2019 fiscal year.

Prior to members of the Management Board assuming sideline activities, especially supervisory board mandates outside the Company, the DCGK requires that permission be given by the Supervisory Board. No conflicts of interest were discernible in the mandates assumed.

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 for the Management Board 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) and all within the 50+ age group.

### *Management Board committees/areas of responsibility*

Management Board committees may be formed to carry out specific examinations and to prepare and implement Management Board resolutions. There are currently no Management Board committees.

Notwithstanding the principle of the overall responsibility of the members of the Management Board and their obligation to cooperate as colleagues and to inform and monitor each other, a schedule of responsibilities has been drawn up for the Management Board specifying the various areas of responsibility allocated to each individual member of the Management Board. Each member of the Management Board is authorized to manage business matters on their own within the scope of the duties assigned to them in the schedule of responsibilities; this does not, however, constitute a sole power of representation. The Management Board's rules of procedure stipulate areas of responsibility which only the Management Board as a whole may decide on.

### *Supervisory Board*

#### *Mode of operation 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 which are of relevance for the Company 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.

Within an appropriate framework, the Chairman of the Supervisory Board may hold discussions with investors on supervisory board-related matters. If such discussions have taken place, the Chairman of the Supervisory Board reports to the full Supervisory Board on their content.

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 2019. The results were subsequently discussed at a Supervisory Board meeting. No significant deficits in efficiency were identified.

Members of the Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose in connection with the members of the Supervisory Board during the 2019 fiscal year.

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 (MitbestG). 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. One former member of the Management Board of Infineon Technologies AG is currently a member of the Supervisory Board.

At its meeting on 6 August 2019, the Supervisory Board elected Dr. Wolfgang Eder as Chairman of the Supervisory Board to succeed Dr. Eckart Sünner, who had taken on the role of Chairman of the Supervisory Board in February 2018. At the Annual General Meeting 2018, Dr. Sünner announced his intention to resign from this post in summer 2019. He will continue to serve the Company as a regular member of the Supervisory Board and as Chairman of the Investment, Finance and Audit Committee until the Annual General Meeting in 2020.

All other shareholder and employee representatives on the Supervisory Board have been elected 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.

### *Supervisory Board committees*

The Supervisory Board rules of procedure provide for 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 a Strategy and Technology Committee as well as 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 Committee, Dr. Sünner, has particular expertise and extensive experience in the field of accounting and financial reporting. He therefore qualifies 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 half-yearly and quarterly 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. The Chairman of the Audit Committee also maintains a regular dialog with the auditor outside the committee meetings.

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.

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.

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 30 to the Consolidated Financial Statements.

### Attendance at meetings

Individual attendance of members of the Supervisory Board at meetings is shown in the table below:

	Fiscal year 2019		Full term of office (since respective election)	
	Attendance at meetings	Attendance in % (rounded to full %)	Attendance at meetings	Attendance in % (rounded to full %)
<b>Full Supervisory Board</b>				
Dr. Wolfgang Eder (Chairman of the Supervisory Board since 6 August 2019, member since 22 February 2018)	9/9	100%	15/15	100%
Peter Bauer (Member since 12 February 2015)	9/9	100%	35/35	100%
Dr. Herbert Diess (Member since 12 February 2015)	4/9	44%	24/35	69%
Hans-Ulrich Holdenried (Member since 12 February 2015)	8/9	89%	33/35	94%
Prof. Dr. Renate Köcher (Member since 12 February 2015)	6/9	67%	30/35	86%
Géraldine Picaud (Member since 16 February 2017)	8/9	89%	17/21	81%
Dr. Manfred Puffer (Member since 12 February 2015)	7/9	78%	30/35	86%
Dr. Eckart Sünner (Member since 12 February 2015)	9/9	100%	34/35	97%
Johann Dechant (Member since 12 February 2015)	9/9	100%	35/35	100%
Annette Engelfried (Member since 12 February 2015)	9/9	100%	31/35	89%
Peter Gruber (Member since 12 February 2015)	9/9	100%	35/35	100%
Gerhard Hobbach (Member since 12 February 2015)	9/9	100%	35/35	100%
Dr. Susanne Lachenmann (Member since 12 February 2015)	9/9	100%	35/35	100%
Jürgen Scholz (Member since 12 February 2015)	9/9	100%	35/35	100%
Kerstin Schulzendorf (Member since 12 February 2015)	9/9	100%	32/35	91%
Diana Vitale (Member since 12 February 2015)	9/9	100%	35/35	100%
<b>Mediation Committee (no meetings)</b>				
<b>Nomination Committee</b>				
Dr. Wolfgang Eder	2/2	100%		
Prof. Dr. Renate Köcher	2/2	100%		
Dr. Manfred Puffer	2/2	100%		
<b>Executive Committee</b>				
Dr. Eckart Sünner (until 6 August 2019)	3/3	100%		
Dr. Wolfgang Eder (since 6 August 2019)	3/3	100%		
Gerhard Hobbach	3/3	100%		
Hans-Ulrich Holdenried	2/3	67%		
Johann Dechant	3/3	100%		
<b>Investment, Finance and Audit Committee</b>				
Dr. Eckart Sünner	7/7	100%		
Annette Engelfried	7/7	100%		
Dr. Wolfgang Eder	7/7	100%		
Johann Dechant	7/7	100%		
<b>Strategy and Technology Committee</b>				
Peter Bauer	3/3	100%		
Dr. Susanne Lachenmann	3/3	100%		
Dr. Wolfgang Eder	3/3	100%		
Peter Gruber	3/3	100%		
Hans-Ulrich Holdenried	2/3	67%		
Jürgen Scholz	3/3	100%		

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

Details of Management Board and Supervisory Board compensation in the 2019 fiscal year are presented in the comprehensive Compensation Report, which is part of the Combined Management Report.

### 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 percent women and at least 30 percent 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.

#### Infineon Technologies AG<sup>1</sup>

	Starting basis (30 June 2017)	Target until 30 June 2022
Supervisory Board	37.5%	At least statutory 30%-quote
Management Board	0%	20%
1. leadership level	5.7%	15%
2. leadership level	19.3%	22%

#### Infineon Technologies Dresden Verwaltungs GmbH<sup>1</sup>

	Starting basis (30 June 2017)	Target until 30 June 2022
Supervisory Board	25%	33% <sup>2</sup>
Management	0%	0% <sup>2</sup>
1. leadership level	11.1%	15%
2. 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 deadline for achievement of objectives: 30 June 2020.

### Diversity concept for the composition of the Management Board

The Supervisory Board adopted the following diversity concept for the composition of the Management Board in the 2018 fiscal year.

#### *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 like Infineon.

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 page 9). 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 during 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 to it 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. An onboarding process has been established for new members of the Supervisory Board, through which information relevant to their Supervisory Board activities is made available to them.

### *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 and 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 evaluate 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 be willing to devote the necessary time to perform 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 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 does not necessarily have to) 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. The composition of the Supervisory Board should therefore not only reflect diversity in terms of the 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/handling 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 therefore 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 requirement 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 requirement 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). Two (12.5 percent) of the members of the Supervisory Board are aged between 30 and 50 and 14 (87.5 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.