

# 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 2020 fiscal year by the Management Board and Supervisory Board of Infineon Technologies AG in accordance with section 161 AktG

### Declaration of Compliance pursuant to section 161 AktG

In November 2020, the Management Board and Supervisory Board issued the following declaration of compliance in accordance with section 161 AktG:

1. Since submitting its most recent Declaration of Compliance in November 2019, Infineon Technologies AG has complied with all recommendations of the German Corporate Governance Code in the version dated 7 February 2017.
2. Infineon Technologies AG currently complies with all recommendations of the German Corporate Governance Code in the version dated 16 December 2019 and will continue to do so in the future.
3. As a precautionary measure, the Management Board and Supervisory Board declare that Infineon Technologies AG has complied with the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 since its publication in the Federal Gazette on 20 March 2020 except for the deviations stated below. Following the revision of the Management Board compensation system in line with the resolution taken by the Supervisory Board on 20 November 2020, the deviations have been fully eliminated.
  - › Deviation from Recommendation G.1 (compensation system): The Supervisory Board did not adopt a compensation system within the meaning of Recommendation G.1 and accordingly has not yet fulfilled the requirements of Recommendation G.1 with regard to the disclosures provided as part of the system description.
  - › Deviation from Recommendation G.2 (target total compensation): As the Supervisory Board did not adopt a compensation system within the meaning of Recommendation G.1, the Supervisory Board has not yet decided on specific target total compensation amounts for individual Management Board members.

- › Deviation from Recommendation G.3 (peer group comparison): A peer group comparison with comparable enterprises was performed with regard to the market compatibility of Management Board compensation. However, the composition of the peer group was not disclosed.
- › Deviation from Recommendation G.6 (excess of long-term over short-term-oriented variable compensation): Since Infineon Technologies AG's Management Board compensation system previously provided for medium-term-oriented variable compensation in addition to long-term and short-term-oriented compensation, the long-term-oriented variable compensation did not exceed the other components of variable compensation.
- › Deviation from Recommendation G.10 sentence 1 (granting of variable compensation predominantly in shares or as share-based compensation): Variable compensation has not been granted to the Management Board members predominantly in shares or share-based compensation to date.
- › Deviation from Recommendation G.11 sentence 2 (malus and claw-back clauses): A malus or claw-back clause was not provided for in the previous compensation system.
- › Deviation from Recommendation G.13 sentence 1 (severance cap): In the event of a change of control, the previous compensation system provided for a severance payment of up to three years' compensation for Management Board members.

In all cases, the reason for the respective deviation was solely related to the fact that the German Corporate Governance Code in the version dated 7 February 2017 did not contain any corresponding recommendations.

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

The Company complies 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 Suggestion A.5 and Suggestion G.14.

According to Suggestion A.5, 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 action. 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 relevant resolutions at the meeting. An extraordinary general meeting should therefore only be convened in indicated cases.

According to Suggestion G.14, commitments for benefits in the case of early termination of a Management Board member’s service contract due to a change of control should not be agreed upon. However, the service contracts with Infineon Management Board members contain change-of-control clauses in line with market practice.

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

#### **Fundamentals of the Company’s governing constitution**

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 these 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 if 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 auditor, corporate contracts,

and amendments to the Articles of Association. Shareholders are entitled to put forward proposals and also have the right to speak and raise questions at the Annual General Meeting. Furthermore, subject to certain conditions, they also have the right 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 the exercising of 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 made available on the 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 is fully responsible for managing the Company. Within this framework, it is both monitored and advised by the Supervisory Board. The Supervisory Board appoints the Management Board members 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 time 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 other levels of management ensure that corporate governance is actively practiced and continuously developed

throughout the entity. At Infineon, corporate governance encompasses not only the German Corporate Governance Code (DCGK), but also the standards underlying Infineon's internal control system as well as compliance (particularly Infineon's Business Conduct Guidelines) and its Corporate Governance Principles. The Business Conduct Guidelines and Corporate Governance Principles are available to all employees on the Infineon intranet and can be downloaded.

In addition, we consider it to be good corporate governance for the Company not to grant loans to members of the Management Board or the Supervisory Board.

#### **Business Conduct Guidelines**

We conduct our business responsibly and in compliance with legal requirements and administrative regulations and have established various guidelines that contribute towards achieving this objective. As one of the key elements of our corporate governance system, the Infineon Technologies AG "Business Conduct Guidelines" are published online 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. In particular, they 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, environmental protection, and 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 Management Board members as well as all employees are required to participate in an online training program on a regular basis.

#### **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, which protect the legitimate interests of employees, suppliers, customers and shareholders and safeguard Infineon's reputation while nevertheless taking

account of its 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 anti-trust law and the prevention of corruption. Extensive training measures were again carried out during the 2020 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 as well as 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 relevant for the continuous improvement of the compliance system. A whistleblowing system has been established as an important component of the compliance system. Infineon employees can contact the Integrity Line and/or the Corporate Compliance Officer on a confidential basis (anonymously if desired) to report any non-compliance with internal guidelines and applicable laws. 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 growth of 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 Annual Report in the "Risk and opportunity report" contained in the Combined Management Report, including 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 specified levels of management. In accordance with the legal regulation in section 93 paragraph 2 AktG, a deductible of 10 percent of the loss up to the amount of one-and-a-half times the annual fixed compensation of the Management Board member concerned has been agreed in the D&O policy, which can be insured personally by Management Board members.

## **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 for the 2020 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 discussed in detail 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 Management Board members inform shareholders, analysts, media and the general public about the quarterly and annual results. Our comprehensive investor relations service features regular meetings as well as telephone and video 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 value of the Infineon share.

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

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

Persons with executive responsibilities (in Infineon’s case, members of the Management Board and Supervisory Board) 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 or more (with effect from 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.

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

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

As an element of the long-term compensation of management and selected Infineon employees worldwide, a “Performance Share Plan” (PSP) was again applied in the 2020 fiscal year. The same plan applies to Management Board members, whereby the latter – unlike other plan participants – have contractual entitlements under the plan. The principal conditions of the plan for Management Board members are described in the Compensation Report. The same conditions essentially apply to other PSP participants. The rules differ 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 Management Board members.

The Management Board has also resolved a “Restricted Stock Unit Plan” (RSUP).

### **Social responsibility**

Infineon combines entrepreneurial success with responsible action. We place great value on the careful use of natural resources and provide solutions for key societal challenges, including the 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 out guidelines for responsible and sustainable business operation, based on the fulfilment of the legal requirements where we operate and the voluntary commitment to follow the ten principles of the UN Global Compact, which we signed up for in 2004. Furthermore, internal rules and requirements, voluntary engagement, as well as our customers’ requirements, form an additional framework for our approach. Further information can be found on our website [www.infineon.com/csr](http://www.infineon.com/csr) and in the “Sustainability at Infineon” report“ [www.infineon.com/sustainability\\_reporting](http://www.infineon.com/sustainability_reporting).

### **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 Management Board members disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose in connection with the Management Board members during the 2020 fiscal year.

Prior to Management Board members assuming sideline activities, particularly 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, compliance and risk position as well as 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 that of the individual segments as well as Infineon's financial and investment planning. When necessary, for example during the coronavirus pandemic, the Management Board also reports to the Supervisory Board on the current business situation in additional extraordinary meetings. The CEO notifies the Chairman of the Supervisory Board without delay regarding any matters 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) and all within the 50+ age group. The Management Board members currently in office have been appointed until

- › 30 April 2022 (Dr. Schneider),
- › 31 December 2022 (Dr. Ploss) and
- › 30 June 2024 (Dr. Gassel and Mr Hanebeck).

#### **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 Management Board members and their obligation to cooperate as colleagues and to inform and monitor one another, a schedule of responsibilities has been drawn up for the Management Board specifying the various areas of responsibility allocated to each individual member. 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 advises and monitors the Management Board in its management of the business. It cooperates closely and in a spirit of trust with the Management Board for the benefit of the Company. The Supervisory Board is informed by the Management Board regularly, comprehensively, and in a timely manner on all matters 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, 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 connection with the regular Supervisory Board meetings, separate preliminary meetings are usually held for the shareholder representatives as well as for the employee representatives. The Supervisory Board also meets regularly without the Management Board members being present.

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 on their main content at the next meeting of the full Supervisory Board. In addition, the Supervisory Board has also issued a guideline for its communication with investors.



The Supervisory Board assesses, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfill their tasks. The most recent examination took place in summer 2019. The results were subsequently discussed at a Supervisory Board meeting. No significant deficits in effectiveness were identified. Likewise, no indications in this respect have emerged in the meantime. The next examination is scheduled for summer 2021.

Supervisory Board members disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose in connection with the Supervisory Board members during the 2020 fiscal year.

The Supervisory Board members are responsible for undertaking appropriate basic and further training measures in order to perform their tasks and receive appropriate support from the Company in this respect.

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 MitbestG. The maximum term of office for Supervisory Board members is approximately five years. The Supervisory Board does not comprise any former Management Board member of Infineon Technologies AG. Since the end of the 2020 Annual General Meeting, the Supervisory Board has been composed of an equal number of men and women.

The terms of office of all previous employee representatives on the Supervisory Board and of six of the eight shareholder representatives on the Supervisory Board came to an end at the close of the Annual General Meeting on 20 February 2020. The current employee representatives were elected in December 2019. With regard to the shareholder mandates required to be filled, the Annual General Meeting concurred with the proposals of the Supervisory Board and elected Xiaoqun Clever, Dr. Friedrich Eichiner, Dr. Ulrich Spiesshofer and Margret Suckale as new Supervisory Board members. The previous shareholder representatives Hans-Ulrich Holdenried and Dr. Manfred Puffer were also re-elected. The mandates of Géraldine Picaud and Dr. Wolfgang Eder run until the Annual General Meetings in 2022 and 2023 respectively. The remaining Supervisory Board members have been elected through to the close of the 2025 Annual General Meeting that resolves on the approval of the acts of its members for the 2024 fiscal year. Peter Bauer, Dr. Herbert Diess, Prof. Dr. Renate Köcher and Dr. Eckart Süner are no longer Supervisory Board members.

### **Supervisory Board committees**

The Supervisory Board's rules of procedure provide for the formation of five committees: The Mediation Committee (also required by law), the Executive Committee, the Investment, Finance and Audit Committee, the Strategy and Technology Committee and the Nomination Committee (the latter as 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 Management Board members if the first round of the election on the appointment does not result in the required majority of two thirds of the Supervisory Board members.

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 Management Board members as well as Management Board compensation issues. The Executive Committee is authorized in its own capacity to make decisions with respect to service contracts with Management Board members, except in matters involving compensation.

The **Investment, Finance and Audit Committee** (“Audit Committee”) comprises two representatives of the shareholders and two of the employees respectively. The Chairman of the committee, Dr. Eichiner, has particular expertise and extensive experience in the fields of accounting, financial reporting and internal control procedures and he is familiar with the audit process. 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. The Audit Committee submits recommendations to the Supervisory Board regarding the election of the auditor, engages the auditor elected by the Annual General Meeting to audit the Separate Financial Statements and Consolidated Financial Statements and perform a review of the interim financial reports, specifies key areas to be examined in audit activities jointly with the auditor, reviews the quality of the audit and is responsible for determining the auditor’s compensation. The Audit Committee monitors the independence of the auditor and decides in this context on the appropriateness and scope of non-audit services. The Chairman of the Audit Committee also maintains a regular dialog with the auditor outside the committee meetings.

The Audit Committee prepares the resolution of the Supervisory Board on the non-financial declaration/non-financial report and issues any audit mandate.

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 regularly to the Audit Committee.

Lastly, the Audit Committee is responsible for the Supervisory Board’s approval of certain equity and debt capital measures, always ensuring that the full Supervisory Board is comprehensively informed about such measures.

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 32 to the Consolidated Financial Statements.



## Attendance at meetings

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

	Attendance at meetings	Attendance in % (rounded to full %)
<b>Full Supervisory Board</b>		
Dr. Wolfgang Eder (Chairman of the Supervisory Board)	9/9	100%
Xiaoqun Clever (since 20 February 2020)	8/8	100%
Johann Dechant	9/9	100%
Dr. Friedrich Eichiner (since 20 February 2020)	7/8	88%
Annette Engelfried	9/9	100%
Peter Gruber	9/9	100%
Hans-Ulrich Holdenried	9/9	100%
Dr. Susanne Lachenmann	9/9	100%
Géraldine Picaud	9/9	100%
Dr. Manfred Puffer	9/9	100%
Melanie Riedl (since 20 February 2020)	8/8	100%
Jürgen Scholz	9/9	100%
Kerstin Schulzendorf	9/9	100%
Dr. Ulrich Spiesshofer (since 20 February 2020)	8/8	100%
Margret Suckale (since 20 February 2020)	8/8	100%
Diana Vitale	9/9	100%
Peter Bauer (until 20 February 2020)	1/1	100%
Dr. Herbert Diess (until 20 February 2020)	1/1	100%
Gerhard Hobbach (until 20 February 2020)	1/1	100%
Prof. Dr. Renate Köcher (until 20 February 2020)	1/1	100%
Dr. Eckart Sünnner (until 20 February 2020)	1/1	100%
<b>Mediation Committee (no meetings)</b>		
<b>Nominierungsausschuss</b>		
Dr. Wolfgang Eder	4/4	100%
Dr. Manfred Puffer	4/4	100%
Margret Suckale (since 20 February 2020)	-	-
Prof. Dr. Renate Köcher (until 20 February 2020)	4/4	100%

	Attendance at meetings	Attendance in % (rounded to full %)
<b>Executive Committee</b>		
Dr. Wolfgang Eder	6/6	100%
Johann Dechant	6/6	100%
Hans-Ulrich Holdenried	6/6	100%
Diana Vitale (since 20 February 2020)	4/4	100%
Gerhard Hobbach (until 20 February 2020)	2/2	100%
<b>Investment, Finance and Audit Committee</b>		
Dr. Friedrich Eichiner (since 20 February 2020)	4/4	100%
Johann Dechant	6/6	100%
Dr. Wolfgang Eder	6/6	100%
Annette Engelfried	5/6	83%
Dr. Eckart Sünnner (until 20 February 2020)	2/2	100%
<b>Strategy and Technology Committee</b>		
Dr. Ulrich Spiesshofer (since 20 February 2020)	-	-
Xiaoqun Clever (since 20 February 2020)	-	-
Dr. Wolfgang Eder	2/2	100%
Peter Gruber	2/2	100%
Hans-Ulrich Holdenried	2/2	100%
Dr. Susanne Lachenmann	2/2	100%
Peter Bauer (until 20 February 2020)	2/2	100%
Jürgen Scholz (until 20 February 2020)	2/2	100%

## Compensation of the Management Board and the Supervisory Board

Details of Management Board and Supervisory Board compensation in the 2020 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 50 percent women and men, the Supervisory Board exceeds these requirements.

Furthermore, the above-mentioned legislation 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, Dresden (Germany), 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.

The following targets – to be achieved by 30 June 2022 – apply for Infineon Technologies AG and Infineon Technologies Dresden Verwaltungs GmbH.

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

Infineon Technologies Dresden Verwaltungs GmbH	Starting basis (30 June 2017)	Target until 30 June 2022
Supervisory Board	25%	33%
Management	0%	0%
1. leadership level	11.1%	15%
2. leadership level	20%	22%

## 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 Management Board members as a whole possess to the fullest possible extent the knowledge, skills and experience required to manage a technology company such as 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 line with Recommendation B.5 DCGK, the Supervisory Board’s rules of procedure provide in section 2 paragraph 2 for an age limit according to which Management Board members are generally not to be older than 67 years of age. The mandates of the Management Board members 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 with 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 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, [p.10](#). 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 originating from numerous countries and 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 of 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 Management Board members (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 respectively 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 Management Board members being present, including, if considered necessary, assessing external candidates for Management Board positions. In this context, the Supervisory Board focuses on medium- to long-term succession planning, taking into account the terms of office of current Management Board members. The selection and decision-making process for making appointments to the Management Board is guided by the diversity concept described above. The Supervisory Board of Infineon applies the tried and tested practice of limiting the initial appointment of Management Board members to three years.

### **Status of implementation/results achieved during the year under report**

The current composition of the Management Board reflects in many respects 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**

The Supervisory Board adopted a comprehensive catalog of objectives and a competency profile for its composition in the 2011 fiscal year and revised them continuously in subsequent years. They were most recently updated in August 2020 in light of the new version of the German Corporate Governance Code. The catalog of objectives and competency profile also constitute Infineon's 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 sufficient diversity and independence on the Supervisory Board as a whole. As well as legal and DCGK requirements, proposals made by the Supervisory Board and its members to fill Supervisory Board positions are guided in particular by the competency profile and catalog of objectives. An onboarding process is in place for new Supervisory Board members, during which they are provided with information relevant to their Supervisory Board activities.

### **Requirements profile for individual Supervisory Board members**

#### **Personality and integrity**

Each member of the Supervisory Board should possess the necessary personality and integrity for the due performance of their duties. Supervisory Board members must be loyal to the Company and, in particular, comply strictly with the statutory obligation of confidentiality, with which they must be fully conversant. Supervisory Board members are required to put the interests of the Company at the center of their activities as Supervisory Board members 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. Supervisory Board members 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, Supervisory Board members may not accept more than five supervisory mandates in listed companies or in other bodies with comparable requirements. If the Supervisory Board member belongs to the management board of such a company, he or she may not accept more than two supervisory mandates in listed companies or in other bodies with comparable requirements. 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 of shareholder representatives 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. Considering 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 shareholder representatives do not serve on the board for more than twelve years.

### **Requirements for the Supervisory Board as a whole/competency profile**

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 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 includes not only diversity in terms of expertise (also taking into account a person's educational or professional background), but also age, gender and internationality.

### **Diversity 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 (diversity 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 pro-active role in accompanying and supporting organizational and technological change.

The Supervisory Board members 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 additionally 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 fields of mergers and acquisitions (M&A) and digitalization.

The Supervisory Board should also possess the required competence in financial matters. At least one member of the Audit Committee Board must have expert knowledge of accounting and financial reporting or auditing. The Chairman of the Audit Committee should have particular expertise and extensive experience in the fields of accounting, financial reporting and internal control procedures and should be familiar with the audit process.

Lastly, it is the opinion of the Supervisory Board that diversity of expertise within the board also requires competency regarding legal issues in the broadest sense, including, in particular, corporate governance and compliance.

### **Age structure and gender**

Diversity also includes diversity in terms of the age structure and gender of the Supervisory Board members. As a listed company subject to co-determination rules, the Supervisory Board must by law 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 (foreign) 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/treatment of conflicts of interest**

The Supervisory Board should include a number of independent members on the shareholder side as deemed appropriate by the shareholders, but in any case, more than half of the shareholder representatives should be independent. In this context, the ownership structure of the Company should also be taken into account.

A Supervisory Board member is considered independent if he/she is independent of Infineon and the Infineon Management Board and independent of any controlling shareholder.

A Supervisory Board member is independent of Infineon and the Infineon Management Board if he/she has no personal or business relationship with Infineon or the Infineon Management Board that could give rise to a material and not merely temporary conflict of interest. In particular, it must be considered whether the Supervisory Board member or a close family member of the Supervisory Board member concerned

- › was an Infineon Management Board member during the two-year period prior to being elected to the Supervisory Board,
- › currently has, or in the year prior to their election to the Supervisory Board, had a material business relationship with Infineon or with an entity dependent on Infineon (e.g. as a customer, supplier, lender or consultant), either directly, as a shareholder or in a responsible position of a non-Group company,
- › is a close family member of an Infineon Management Board member, or
- › has been an Infineon Supervisory Board member for more than twelve years.

If one or more of the above-mentioned indicators are met and the Supervisory Board member concerned is nevertheless considered independent, this should be explained in the Statement on Corporate Governance.

The Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Executive Committee should be independent of Infineon and of the Infineon Management Board.

No more than two former Management Board members should be Supervisory Board members. Supervisory Board members should not exercise board functions at or perform advisory tasks for Infineon's major competitors and should not have a personal relationship with a major competitor.

It is an objective of the Supervisory Board that at least five shareholder representatives are independent of Infineon and the Infineon Management Board.

A further objective of the Supervisory Board is to avoid potential conflicts of interest to the greatest possible extent. Any 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 that have occurred and how they were handled. Material conflicts of interest and those which are not merely temporary relating to a Supervisory Board member 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.

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 personal and business relationships of the respective candidates with the Company, its representative bodies, and, if applicable, with any shareholder directly or indirectly holding more than 10 percent of Infineon's shares that carry eligible voting rights, if, in the opinion of the Supervisory Board, such circumstances would be deemed relevant by a shareholder objectively



assessing the election proposal. The same applies to the work of the Nomination Committee, insofar as this committee performs the preparatory work for the Supervisory Board's 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 recommends that any of its members – in whatever capacity – who apply for a court appointment of a Supervisory Board member should also take account of the competency profile, the targets set and the individual requirements.

#### **Status of implementation/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.

The curricula vitae of the Supervisory Board members are available on the Infineon website at [www.infineon.com](http://www.infineon.com) (via Infineon/Investor/Corporate Governance/Supervisory Board) and are updated at least once a year.

#### **Independence**

The independence of the shareholder representatives on the Supervisory Board based on their own assessment is shown in the following table:

	Independent (✓/X)
Dr. Wolfgang Eder	✓
Xiaoqun Clever	✓
Dr. Friedrich Eichiner	✓
Hans-Ulrich Holdenried	✓
Géraldine Picaud	✓
Dr. Manfred Puffer	✓
Dr. Ulrich Spiesshofer	✓
Margret Suckale	✓

#### **Length of service in the Supervisory Board**

The following table shows the length of service of the Supervisory Board members:

	Supervisory Board member since February
Dr. Wolfgang Eder	2018
Xiaoqun Clever	2020
Johann Dechant	2015
Dr. Friedrich Eichiner	2020
Annette Engelfried	2015
Peter Gruber	2009
Hans-Ulrich Holdenried	2010
Dr. Susanne Lachenmann	2015
Géraldine Picaud	2017
Dr. Manfred Puffer	2009
Melanie Riedl	2020
Jürgen Scholz	2009
Kerstin Schulzendorf	2015
Dr. Ulrich Spiesshofer	2020
Margret Suckale	2020
Diana Vitale	2015

#### **Age limit and diversity**

The Supervisory Board currently comprises eight women (50 percent) and eight men (50 percent). Four (25 percent) of the Supervisory Board members are aged between 30 and 50 and twelve (75 percent) are over 50. The composition of the Supervisory Board therefore exceeds 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 of 30 percent representation on the Supervisory Board.