



## **Information on the planned revision of the Management Board compensation system and presentation thereof at the 2021 Annual General Meeting**

Over the past year, the Supervisory Board of Infineon Technologies AG carefully followed the progress of legislation relating to the Act on the Implementation of the Second Shareholder Rights Directive (ARUG II) and the new version of the German Corporate Governance Code (DCGK), particularly with regard to new developments in the area of management board compensation.

In the opinion of the Supervisory Board, it was not feasible to perform a definitive analysis of these issues as a basis for revising Infineon's Management Board compensation system and presenting it at the 2020 Annual General Meeting. It was not until the end of May 2019 that a significant degree of clarity emerged regarding the new version of the DCGK. The publication of ARUG II in the Federal Law Gazette did not take place until mid-December 2019; the fact that the requirement to set a maximum remuneration was only introduced shortly before the conclusion of parliamentary proceedings, shows that significant changes had to be expected right up to the end of the legislative process.

Even leaving aside the risk of unpredictable outcomes that could have arisen in conjunction with delays to ARUG II, the time frame for revising the Management Board compensation system in 2019 was too short, particularly so in the case of Infineon. In view of the fact that the Company's fiscal year deviates from the calendar year and the timing of the Annual General Meeting in February 2020, the revised Management Board compensation system would have required to have been resolved at the meeting of the Executive Committee of the Supervisory Board in October and approved at the subsequent Supervisory Board meeting in November 2019 (i.e. at the meeting set aside to examine the financial statements). Including the work required prior to these meetings, the only time available for the revision would have been June to September. The Supervisory Board did not consider it feasible to complete the conceptual and practical aspects of the work and to involve all relevant stakeholders, including investors and proxy advisors, in only four months. Further matters to be taken into account were the announced change in the chairmanship of the Supervisory Board at the beginning of August 2019 and the fact that the Chairman of the Supervisory Board is also the Chairman of the Executive Committee of the Supervisory Board which is responsible for compensation issues.

Following clarification of the new regulatory requirements, the Supervisory Board will proceed over the course of 2020 to make the necessary modifications to the Management Board compensation system and present a revised version at the 2021 Annual General Meeting.