

Corporate Governance Statement in accordance with section 289a and section 315, paragraph 5, HGB¹

Declaration of Compliance with the German Corporate Governance Code issued for the 2017 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)

In November 2017, the Management Board and Supervisory Board issued the following declaration in accordance with section 161 AktG:

1. Since the submission of the last Declaration of Compliance in November 2016, Infineon Technologies AG has complied with all applicable recommendations of the German Corporate Governance Code in the version dated 5 May 2015.
2. Furthermore, since the submission of the last Declaration of Compliance in November 2016, 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 in the future. In the case of section 5.4.1 of the German Corporate Governance Code and the recommendation therein for a competency profile for the Supervisory Board, this has at the latest been the case since the meeting of the Supervisory Board held on 3 August 2017, at which additions to the previously existing catalog of requirements and targets for the composition of the Supervisory Board were resolved.

Relevant disclosures in respect of corporate governance practices

The Company complies in all respects with all legal requirements. It also complies with all of the 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 deadlines stipulated by law in a takeover situation. It is questionable as to whether the related expense can be justified if there is no intention to pass resolutions at the meeting. An extraordinary general meeting should therefore only be convened in indicated cases.

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

Shareholders and Annual General Meeting

Infineon 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 as far as possible 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 available to interested parties on the Company’s website. The Infineon Investor Relations department, moreover, can be contacted throughout the year, both by telephone and electronically, to ensure the exchange of information between the Company and its shareholders.

¹ In accordance with Article 80 of the Introductory Act to the German Commercial Code (EGHGB), the sections 289f and 315d HGB – in the version pertaining to the CSR Directive Implementation Act dated 11 April 2017 – are applicable for the first time for the fiscal year beginning after 31 December 2016 (i.e. for Infineon’s 2018 fiscal year).

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

German stock corporation law envisages a two-tier administrative system, with the Management Board responsible for management and the Supervisory Board responsible for corporate control.

Management Board

Work of the Management Board

The Management Board is the Company's executive body. It is obliged, within the framework of the law, to serve the Company's interests and thereby pursue the goal of sustainably increasing Infineon's value, taking into account the interests of all stakeholders. It determines Infineon's business objectives, strategy and corporate policy and defines how the Group is organized.

The Management Board has overall responsibility for the management of the Company. The members of the Management Board manage the Company jointly and work together in collegial cooperation. Collaboration between the Management Board and the Supervisory Board is coordinated by the Chief Executive Officer (CEO). The CEO maintains regular contact with the Chairman of the Supervisory Board, with whom he discusses the key aspects of Infineon's strategy, corporate planning, business performance and risk management. At the ordinary meetings of the Supervisory Board, the Management Board reports comprehensively and promptly on Infineon's business performance, its economic situation and that 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 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

The Management Board of Infineon Technologies AG currently comprises four members. In accordance with a recommendation of the DCGK, the Supervisory Board has set an age limit for members of the Management Board, according to which members of the Management Board should not, as a general rule, be more than 67 years old. The Supervisory Board also takes account of diversity as well as technical and personal suitability in respect of the composition of the Management Board and is endeavoring in particular to achieve an appropriate level of female representation, in line with the target it has set. In conjunction with the implementation of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force on 1 May 2015, the Supervisory Board decided on a target quota of 20 percent for women on the Management Board, which is valid until 30 June 2022. The Management Board currently comprises only men (100 percent), of whom two are in the middle age group between 30 and 50 years of age (50 percent) and two (also 50 percent) in the 50+ age group.

Supervisory Board

Work of the Supervisory Board

The Supervisory Board both advises and monitors the Management Board in its management of the entity. The Supervisory Board is informed by the Management Board regularly, comprehensively, and in a timely manner on all matters of relevance and agrees upon Infineon's corporate strategy and its implementation with the Management Board. The Supervisory Board discusses the financial reports and reviews and approves the Separate and Consolidated Financial Statements of Infineon Technologies AG. Any major decisions made by the Management Board, such as Group-wide financial and investment planning or major acquisitions and equity investments, divestitures, and financial measures, are subject to its approval. When a Supervisory Board vote ends in a tie, the Chairman of the Supervisory Board has two votes if a vote is held for a second time and again results in a tie. In conjunction with the Supervisory Board's meetings, the shareholder and employee representatives hold separate preliminary discussions, sometimes without the members of the Management Board being present.

Once a year, the Supervisory Board reviews the efficiency of its work, including its interaction with the Management Board. The most recent efficiency examination took place in summer 2017 with the assistance of an external consultant. The results were subsequently discussed at a Supervisory Board meeting. No significant deficits in efficiency were identified.

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

Composition of the Supervisory Board

The Supervisory Board of Infineon Technologies AG currently comprises 16 members and includes an equal number of shareholder representatives and employee representatives, as stipulated in the German Co-Determination Act. The shareholder representatives are elected by the Annual General Meeting. The employee representatives are elected by employee delegates of Infineon's facilities within Germany in accordance with the German Co-Determination Act. The general term of office of members of the Supervisory Board is approximately five years.

During the 2015 fiscal year, the shareholder and employee representatives on the Supervisory Board were newly 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. At the Supervisory Board meeting held on 12 February 2015, Wolfgang Mayrhuber was confirmed as Chairman and Johann Dechant elected as Deputy Chairman of the Supervisory Board.

Prof. Dr. Doris Schmitt-Landsiedel ceased to be a member of the Supervisory Board with effect from 8 November 2016. The Annual General Meeting held on 16 February 2017 elected Géraldine Picaud to the Supervisory Board as a replacement through 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 2021 fiscal year. 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 fiscal year under report, the Supervisory Board revised this catalog of objectives and expanded it to create a comprehensive competency profile.

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 advise and supervise the Management Board. Accordingly, candidates proposed for election to the Supervisory Board should be capable of successfully performing the duties incumbent on a member of a supervisory board of a technology company with international operations, based in particular on their personality and integrity, their individual skill sets and their availability. Consideration should also be given to ensuring a sufficient range of expertise, diversity, international character and independence on the Supervisory Board as a whole.

Requirements profile for individual members of the Supervisory Board

› *Personality and integrity*

Each member of the Supervisory Board should possess the necessary personality and integrity for the due performance of his/her duties. The member of the Supervisory Board must be loyal to the Company and, in particular comply strictly with the statutory obligation of confidentiality, with which he/she must be fully conversant. Each member must put the interests of the Company at all times at the center of his/her activities as a member of the Supervisory Board.

› *Individual professional competence*

Each member of the Supervisory Board should know and understand Infineon's key product lines, its customers, its sales markets and its strategy. Members of the Supervisory Board should 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 justified 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 should 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/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 against 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 the abovementioned 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. no longer than 15 years).

Requirements for the Supervisory Board as a whole/Competency profile

› **Range of expertise**

When determining the composition of the Supervisory Board, care should be taken to ensure that its members as a whole have the necessary range of expertise to perform its tasks as optimally as possible.

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.

In its entirety, the members of the Supervisory Board should be familiar with the sector 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 have to) involve a scientific background.

Know-how in the areas of manufacturing, sales and marketing, human resources and organizational development should also be available on the Supervisory Board. The Supervisory Board should also strive to achieve strategic competency, including experience in the field of mergers and acquisitions (M&A).

It should also be ensured that the Supervisory Board possesses sufficient 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 possess expert knowledge and practical experience in the field of corporate internal control systems.

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

› **Diversity**

The overall composition of the Supervisory Board should comply with the principles of diversity. To the maximum degree possible, the composition of the Supervisory Board should therefore not only reflect diversity in terms of its range of expertise, but also take into account the diversity found in an open 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 from many countries and a global circle of customers and suppliers. Accordingly, the Supervisory Board should have an international composition. Internationality should not, however, only be understood in terms of any specific (foreign) nationality. More important are intercultural

influences and experience (generally resulting in greater openness), 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 abovementioned requirements.

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

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

A member is independent if he or she can reach decisions on matters dealt with by the Supervisory Board free of any conflict of interests, i.e. based entirely on objective criteria geared to the interests of the Company as a whole. Conversely, a member of the Supervisory Board is not considered to be independent if he or she has personal or business relationships with the Company, its representative bodies, a controlling shareholder or an entity related to such a controlling shareholder with whom a serious conflict of interest could arise (other than temporarily).

No more than two former members of the Management Board may 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 these 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.

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

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

A curriculum vitae is provided for each of the candidates proposed for election at the Annual General Meeting, showing details of relevant knowledge, expertise and experience and a description of the candidate's principal activities alongside the Supervisory Board 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.

The composition of the Supervisory Board meets the stipulated objectives and the competency profile. In the opinion of the Supervisory Board, all of its current members are independent within the meaning of the DCGK. The Supervisory Board currently comprises six women (37.5 percent) and ten men (62.5 percent). Five (31.25 percent) of the members of the Supervisory Board are aged between 30 and 50 and eleven (68.75 percent) are over 50. The composition of the Supervisory Board therefore satisfies the requirements of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", according to which each gender is required to have a minimum 30 percent representation on the Supervisory Board.

Supervisory Board committees

The Supervisory Board's rules of procedure prescribe the formation of three committees: the Mediation Committee (also required by law), the Executive Committee, and the Investment, Finance and Audit Committee. The Supervisory Board has also established both the Strategy and Technology Committee and the Nomination Committee recommended in the DCGK. All Supervisory Board committees have an equal number of employee representatives and shareholder 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 and Management Board compensation issues. The Executive Committee is authorized in its own capacity to make decisions with respect to contracts with members of the Management Board, except in matters involving remuneration.

The **Investment, Finance and Audit Committee** ("Audit Committee") comprises two representatives of the shareholders and employees respectively. The Chairman of the Investment, Finance and Audit Committee, Dr. Sünner, has – among other qualifications – particular expertise in and extensive experience of financial reporting on account of his many years of service as chairman of the audit committee of another DAX-listed (now M-DAX-listed) corporation. He is therefore qualified as a financial expert within the meaning of sections 100, paragraph 5, AktG and 324, paragraph 2, HGB and is also considered to be independent.

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

Other matters addressed by the Audit Committee include monitoring the effectiveness of the internal control system, the internal audit system and the risk management system. In this capacity, it has the authority both to contact employees of the Company directly and to seek external assistance. Internal Audit reports annually to the Audit Committee, which can also specify an audit plan and key areas to be considered in audits.

Furthermore, the Audit Committee is responsible for discussing compliance issues. The Management Board and the Corporate Compliance Officer regularly report to the Audit Committee on the structure and work of the compliance organization and on any particular compliance issues.

The **Strategy and Technology Committee**, which consists of three shareholder representatives and three employee representatives, concerns itself with Infineon's business strategy and key technology issues.

The **Nomination Committee**, which consists of the Chairman of the Supervisory Board and two further shareholder representatives, proposes to the Supervisory Board suitable candidates for recommendation to the Annual General Meeting.

All committees regularly submit detailed reports on their work to the Supervisory Board. Further information about the work of the Supervisory Board and its committees can be found, together with details of the people who serve on them, in note 26 to the Consolidated Financial Statements and in the report of the Supervisory Board to the Annual General Meeting.

Avoidance of conflicts of interest

The members of the Management Board and Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose among the members of the Management Board and Supervisory Board in the 2017 fiscal year.

Prior to members of the Management Board assuming sideline activities, particularly supervisory board mandates outside the Company, the DCGK requires that permission be approved by the Supervisory Board. The Supervisory Board's Executive Committee gave its permission for Dr. Ploss to take over a mandate as a member of the Executive Committee of VDE Verband der Elektrotechnik Elektronik Informationstechnik e.V. and for Dr. Gassel to assume mandates on the Board of Directors of Global Semiconductor Alliance (GSA), on the Board of Directors of ZVEI Zentralverband Elektrotechnik- und Elektronikindustrie e.V. and on the Advisory Board of Fraunhofer-Institut für Integrierte Systeme und Bauelementetechnologie (IISB). During the year under report, Mr. Asam was elected to the Supervisory Board of Zalando SE and in that capacity, as Chairman of its audit committee. The Executive Committee of Infineon's Supervisory Board had already given its permission in this respect in the previous fiscal year.

Shareholdings of Management Board and Supervisory Board

As of 30 September 2017, 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 shares issued by the Company.

Information regarding the composition of the Management Board, the Supervisory Board and the Supervisory Board's committees can be found in note 26 to the Consolidated Financial Statements.

"Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector"

Pursuant to the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force on 1 May 2015, the composition of 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 and in the two leadership levels below the Management Board. Within the Infineon Group, this requirement also applies to Infineon Technologies Dresden 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.

Target quotas set for Infineon Technologies AG and Infineon Technologies Dresden GmbH during the 2016 fiscal year for the period to 30 June 2017 are reported on below. New targets have now been set, most of which are required to be achieved by 30 June 2022:

Infineon Technologies AG

	Starting position (30 June 2015)	Target for period through 30 June 2017	Target achievement- through 30 June 2017	New target through 30 June 2022
Supervisory Board		Statutory 30% quota		
Management Board	0%	0%	0%	20%
1st leadership level	0%	6%	5.7%	15%
2nd leadership level	18.5%	20%	19.3%	22%

The respective nominal target (absolute number of women) was achieved for the 1st and 2nd leadership levels through 30 June 2017. However, due to the higher number of relevant positions (compared to the situation at the time the targets were set), the percentage target was not fully achieved.

Infineon Technologies Dresden GmbH

	Starting position (30 June 2015)	Target for period through 30 June 2017	Target achievement through 30 June 2017	New target through 30 June 2022
Supervisory Board	16.7%	25%	25%	33% ¹
Board of Directors	0%	0%	0%	0% ¹
1st leadership level	13.3%	13.3%	11.1%	15%
2nd leadership level	22.2%	22.2%	20.0%	22%

¹ Deviating date for target achievement 30 June 2020

The respective nominal target (absolute number of women) was achieved for the 1st and 2nd leadership levels through 30 June 2017. However, due to the higher number of relevant positions (compared to the situation at the time the targets were set), the percentage target was not fully achieved.