

Report of the Supervisory Board to the Annual General Meeting



Dr. Wolfgang Eder
Chairman of the
Supervisory Board

Dear ladies and gentlemen,

Decarbonization and digitalization will profoundly change our world. Infineon will have a key role to play here. One might suppose that this environment is ideal for the future of our Company, yet current conditions are a huge challenge and will remain so for the foreseeable future: the disastrous war in Ukraine with its human tragedies and political upheavals together with the economic consequences it has triggered, heightened geopolitical tensions not least between the USA and China, the pandemic continuing to cause restrictions on supply chains, and rampant inflation alongside massively rising interest rates – and those are merely the major issues. It is thanks to the efforts of our dedicated employees in support of our newly formed Management Board team that Infineon can be relied on to continue to play to its strengths and defy these adverse conditions, with the result that the 2022 fiscal year was again a very successful one. We also want you, dear shareholders, to be able to participate appropriately in this success in the usual way and will therefore submit a proposal

jointly with the Management Board to the Annual General Meeting for another increase in the dividend to €0.32 per share entitled to a dividend. Infineon and the management team stand out by keeping a cool head and a steady hand in uncertain times, paving the way for sustainable growth.

Main activities of the Supervisory Board

During the 2022 fiscal year, as in all previous years, the Supervisory Board performed its duties with the utmost diligence in accordance with the law, Infineon's Articles of Association and the Supervisory Board's own rules of procedure. It advised and monitored the Management Board in equal measure, based on detailed written and oral reports presented by the Management Board at Supervisory Board and committee meetings regarding all issues relevant to the Company, focusing for the most part on corporate strategy and planning, current business performance and the economic situation, financial and investment planning, the risk profile, as well as questions on risk management, group audit and compliance issues. The Supervisory Board was always given ample opportunity to examine the reports presented by the Management Board in detail and was thus able to satisfy itself that the governance of Infineon's corporate affairs was lawful, compliant and appropriate in every respect. The Supervisory Board was provided with written quarterly reports on the political and economic environment, Infineon's business performance, including investment and acquisition activities and its financial performance, risks and opportunities, major areas of litigation, as well as other specific topics of relevance. Between quarterly reports, the Management Board also provided the Supervisory Board with additional information in the form of monthly reports on current business performance and developments.

As Chairman of the Supervisory Board, I was also in regular contact with both the Chief Executive Officer and other members of the Management Board between meetings, focusing for the most part on Infineon's corporate strategy, business performance and financial position. The CEO kept me well-informed at all times of other key events for the Company.

In the 2022 fiscal year, the full Supervisory Board convened eight times, holding five ordinary meetings and three extraordinary meetings. Additionally, two resolutions were passed on the basis of written communication. The attendance rate at Supervisory Board meetings was around 98 percent; Annette Engelfried, Dr. Manfred Puffer and Kerstin Schulzendorf were each excused from attending one meeting. The attendance rate at the Supervisory Board's committee meetings was 100 percent in all cases. Details of the individual attendance record of Supervisory Board members at full Supervisory Board and committee meetings are provided in a table in the Statement on Corporate Governance.

www.infineon.com/declaration-on-corporate-governance

One of the eight meetings of the full Supervisory Board was held virtually. Of the eleven meetings of the Executive Committee, six were virtual. One of the six meetings of the Investment, Finance and Audit Committee and one of the five meetings of the Nomination Committee were virtual. All the meetings of the Strategy and Technology Committee, without exception, were face-to-face meetings.

In preparation for ordinary Supervisory Board meetings, separate preliminary meetings were held for both the shareholder representatives and the employee representatives. The Supervisory Board also convened regularly without the presence of Management Board members.

Corporate strategy

A key priority of the Infineon Supervisory Board is to provide the Management Board with support in the task of developing corporate strategy. For this reason, in addition to the meetings of the Strategy and Technology Committee, detailed reports were presented and discussions held on important strategic topics in full Supervisory Board meetings during the reporting year. A significant proportion of time was spent on financial aspects such as financial and investment planning, as well as on financial targets, including the target operating model. The Supervisory Board supports the Management Board in putting a focus on strengthening the Company's profitability significantly and thus setting more ambitious long-term financial targets as part of the new target operating model, as well as continuing the growth path by further investments.

In summary, Infineon's corporate strategy and success are based, in terms of content, on four key aspects:

- › Infineon's role as a major pioneer in the decarbonization and digitalization of our world, areas which offer huge growth potential.
- › Factors that differentiate Infineon from the competition: the "Product to System" approach in manufacturing and technology, such as in 300-millimeter silicon wafer technology or compound semiconductors like SiC and GaN, and new customer cooperation models.
- › A comprehensive concept to raise profitable growth (NLoPG – Next Level of Profitable Growth), and
- › A broadly-based development project for Infineon's corporate culture (SPIRIT) that will ensure employees have clear and effective access to Infineon's plans for the future.

Personnel matters relating to the Management Board

A key theme for the Supervisory Board in the 2022 fiscal year was the formation of the new Management Board team. The starting point for this was the expiry of the term of office of Infineon's distinguished and long-standing Chief Executive Officer, Dr. Reinhard Ploss, on grounds of age. The Executive Committee of the Supervisory Board, as well as the full Supervisory Board, addressed the issue of succession planning at an early stage. A renowned firm of human resources consultants provided the Supervisory Board with support.

As we know, the Supervisory Board decided on an internal candidate, Jochen Hanebeck, as the successor to Dr. Reinhard Ploss. Jochen Hanebeck has now been in this new role for over half a year and it is quite clear that he – with the support of a highly-motivated Management Board team – can and will continue to write Infineon's success story in his own hand.

With Jochen Hanebeck's appointment as Chief Executive Officer, his previous role as Chief Operations Officer became vacant and needed to be filled. Here we also adopted a tried-and-tested approach, and again, with the support of an eminent consultancy firm, sought to resolve the issue of succession by considering both internal and external candidates. With the appointment of Dr. Rutger Wijburg, an industry expert with international experience and extensive knowledge of semiconductor manufacturing and of the world of contract manufacturers, we have succeeded in finding the best solution for Infineon.

With great regret, the Supervisory Board then had to face the fact that Dr. Helmut Gassel, Infineon's long-standing Chief Marketing Officer, intended to resign from the Management Board at his own request. Dr. Helmut Gassel made a significant contribution towards ensuring that Infineon is superbly positioned today, both within major growth markets and with regard to the underlying market trends of decarbonization and digitalization. Over the past three and a half years, he has also managed the largest acquisition in Infineon's history, with the successful integration of Cypress. Andreas Urschitz was appointed as his successor. As Division President for many years, Andreas Urschitz has shown himself to be finely attuned to market developments and customer needs. Here again, an internal candidate proved to be the best solution which is evidence of the huge potential of the constantly evolving candidate pipeline for the Management Board that has been systematically developed by Infineon over the years.

Management Board remuneration

The new Management Board remuneration system decided upon by the Supervisory Board in November 2020 was approved by a large majority at the Annual General Meeting held in February 2021. The new rules were also fully incorporated into the service contracts of all Management Board members, effective 1 October 2021.

During the reporting year, the review that takes place on a regular basis of the appropriateness of Management Board remuneration was conducted with the support of an internationally recognized consultant. The remuneration expert's report concluded that Infineon's remuneration system complied with the German Stock Corporation

Act (AktG) and the German Corporate Governance Code. At the same time, however, the review identified potential areas for optimization. The Supervisory Board took this opportunity to make some small adjustments to the existing Management Board remuneration system and, after detailed consideration by the Executive Committee and subsequent discussions in full Supervisory Board meetings, the following changes (which will be presented for approval at the Annual General Meeting in February 2023) were decided upon:

- › The framework for the variable component of the remuneration will be expanded, in line with the market, thus linking the remuneration of the Management Board even more closely with Infineon's success ("pay for performance").
- › There will be greater scope to increase the remuneration of Management Board members who have sat on the Infineon Management Board for more than four years by raising the maximum remuneration for these Board members from €4.2 million to €5.3 million and from €7.2 million to €9.2 million, respectively. These figures are in line with normal market rates.
- › The modifier used until now on target achievement in relation to the short-term variable remuneration (Short-Term Incentive, or STI) will be restricted to the adjustment options set out in the German Stock Corporation Act (AktG) and the German Corporate Governance Code. In the future, it will only be possible to reduce or increase the target achievement figure by a factor of 0.7 to 1.3 in exceptional circumstances, i.e., when there are exceptional unplanned or unforeseen developments. An adjustment based on specific modifier criteria determined by the Supervisory Board will no longer be made in every fiscal year. In the view of the Supervisory Board, when evaluating performance, the financial and non-financial performance criteria in the STI and in the long-term variable remuneration component (Long-Term Incentive, or LTI) are sufficient and appropriate.
- › Finally, the Supervisory Board shall be given the opportunity to increase the weighting of the ESG targets that form part of the LTI, from its current level of 20 percent to 30 percent, thus taking greater account of sustainability considerations.

Further information on Management Board remuneration – particularly the amounts paid to individual members in or for the 2022 fiscal year – is available in the detailed Remuneration Report. For the first time, this no longer forms part of the Management Report but, in accordance with the changes in legal requirements, is now a separate remuneration report drawn up in accordance with the provisions of the German Stock Corporation Act as set out in section 162 AktG. The Management Board and the Supervisory Board decided to ask the auditors to perform an additional review of the content of the Remuneration Report in addition to their formal audit of the report. KPMG issued an unqualified audit opinion on the Remuneration Report.

Litigation

The Supervisory Board was regularly provided during the 2022 fiscal year with in-depth information regarding major legal disputes, which it then discussed at length with the Management Board. These included, in particular, the legal dispute with the insolvency administrator of Qimonda AG pertaining to alleged residual liability claims, which has been ongoing for years. In terms of risk, there were no significant new developments in this case in the previous fiscal year.

Supervisory Board topics

Supervisory Board remuneration

The Supervisory Board commissioned the renowned firm of human resources consultants that reviewed the remuneration of the Management Board to also conduct a review of the appropriateness of the remuneration of the Supervisory Board. The conclusion of the consultants' report was that the Supervisory Board remuneration was overall in line with normal market rates and appropriate and that there was currently no action required.

Basic and ongoing training

Supervisory Board members are responsible for undertaking any basic or ongoing training considered necessary to perform their duties, and they receive appropriate support from Infineon to do so. In-house information events are held to provide targeted training as the need arises. As part of the onboarding process for new Supervisory Board members, Infineon offers a series of information sessions covering a

broad range of topics, including its individual operating segments, the principles and key elements of its corporate strategy, the target operating model and investment planning, as well as its manufacturing strategy and life cycle management. In addition, Supervisory Board members are regularly provided with information on the regulatory environment relevant to their work and on any other legal developments that might affect them.

Committee work

The Supervisory Board's various committees are responsible for drawing up resolutions and preparing other major topics that need to be dealt with by the full Supervisory Board. Moreover, the Supervisory Board has delegated certain decision-making powers to its committees to the extent permitted by German law. The chairpersons of each committee are required to report on committee meetings at the next full Supervisory Board meeting.

Mediation Committee

The Mediation Committee did not need to convene during the reporting year.

Nomination Committee

The Nomination Committee held five meetings in total during the 2022 fiscal year.

Prior to the 2022 Annual General Meeting, the committee dealt with the proposal regarding the re-election to the Supervisory Board of Géraldine Picaud. Subsequently, Géraldine Picaud was re-elected by a large majority. Then, at its May meeting, the full Supervisory Board decided to increase the size of the Nomination Committee to five members by including Géraldine Picaud and Dr. Friedrich Eichiner and to elect Dr. Friedrich Eichiner as Chairman of the Nomination Committee. This was not least due to succession considerations with regard to Supervisory Board positions becoming available over the short to medium term and to succession options for the bank of shareholders. The Nomination Committee also dealt in detail with the qualifications matrix for the Supervisory Board that is required to be published by the new version of the German Corporate Governance Code and, in this context, with the skills and expertise profile and list of objectives regarding the composition of the Supervisory Board.

Executive Committee

The Executive Committee again faced a number of challenging tasks during the reporting year, especially in relation to the formation of the new Management Board team, and most recently, the adjustments to the Management Board's remuneration system. Against this backdrop, the Supervisory Board decided to increase the size of the Executive Committee to six members on a permanent basis. Annette Engelfried and Margret Suckale were confirmed as the additional members of the committee. The Executive Committee held two ordinary and nine extraordinary meetings during the reporting year.

At the ordinary meetings, the Executive Committee focused primarily on preparing the Supervisory Board's resolution to determine the level of variable remuneration to be paid to Management Board members. This included, firstly, determining the Short-Term Incentive (STI) target achievement levels for the 2021 fiscal year and setting new target values for the 2022 fiscal year and, secondly, determining the STI modifier criteria, confirming the ESG targets for limiting carbon emissions and increasing diversity, which are relevant for the Long-Term Incentive (LTI), and confirming the composition of the TSR (Total Shareholder Return) peer group. The topics discussed at the extraordinary meetings were the succession issues relating to the Management Board and the issues regarding Management Board remuneration referred to above.

Investment, Finance and Audit Committee

The Investment, Finance and Audit Committee held five ordinary meetings and one extraordinary meeting in the 2022 fiscal year.

Its activities centered on monitoring the financial reporting process, reviewing the half-year and quarterly financial statements, conducting the preliminary audit of the Separate Financial Statements, Consolidated Financial Statements and Combined Management Report for Infineon Technologies AG and the Infineon Group, and discussing the audit reports with the auditor. The Committee also conducted an assessment of the quality of the audit. In addition, the Committee examined Infineon's financial and investment budget. It also received regular reports on the internal control, internal audit, risk management and compliance management systems and deliberated on their appropriateness and effectiveness. The Committee was also provided with continuous updates on additional risks and significant legal disputes.

The Committee's recommendation to the full Supervisory Board to propose to shareholders at the Annual General Meeting that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (KPMG) be elected as Company and Group auditor was based on a Declaration of Independence obtained from KPMG as well as an analysis of the non-audit services provided by KPMG. There were no indications of conflicts of interest, grounds for exclusion or other lack of independence on the part of the auditor. The recommendation was also based on the Committee's confirmation that it is free from undue influence by third parties and that it has not been subject to any restriction regarding the selection of auditors within the meaning of section 16, paragraph 6 of the EU Statutory Audit Regulation. The Committee also considered the fee arrangements, issued contracts for the relevant audit engagements and defined supplementary areas for audit emphasis.

Representatives of the auditor attended the ordinary meetings of the Investment, Finance and Audit Committee and reported in detail on the audit procedures performed. At each of the meetings, there was a closed session of the auditor and the members of the Investment, Finance and Audit Committee without the Management Board being present.

The Committee also devoted time to the Remuneration Report and the separate combined Non-Financial Report and, in this context, considered other sustainability issues, including the German Supply Chain Act (LkSG).

Considerable attention was paid by the Investment, Finance and Audit Committee in the reporting year to the tendering process for the statutory audit mandate for the 2024 fiscal year. Under its lead, a public tendering process was conducted for the selection of the auditor in accordance with section 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014. After a detailed evaluation of all written offers and oral presentations given by the shortlisted audit firms in front of the Investment, Finance and Audit Committee, the Committee recommended two audit firms to the full Supervisory Board, expressing a preference for one of the two, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich (Deloitte). After careful consideration, the Supervisory Board decided to accept the Committee's proposal and to propose to the 2024 Annual General Meeting that Deloitte be appointed as auditor for the 2024 fiscal year.

Strategy and Technology Committee

The Supervisory Board's Strategy and Technology Committee convened three times during the reporting year. The Management Board provided it with detailed reports on a number of topics, including key aspects of the macroeconomic market and competitive environment, focusing in particular on a review of Infineon's competitors and especially on the market environment and Infineon's positioning in the People's Republic of China and in the USA. In addition, the Management Board reported to the Committee on the progress of the Group's digital agenda, which will ensure clear target orientation of Infineon's digitalization activities and thus contribute towards profitable growth by creating value for the customer. Other areas discussed at committee meetings were strategic considerations with regard to the expansion of manufacturing capacity and the value contribution of software at Infineon.

Corporate Governance

Declaration of Compliance 2022

In the Declaration of Compliance dated November 2022, the Management Board and Supervisory Board jointly declared that, since the submission of the last Declaration of Compliance in November 2021, all the recommendations of the German Corporate Governance Code contained in the version dated 16 December 2019 have been complied with, and currently all the recommendations of the German Corporate Governance Code contained in the version dated 28 April 2022 have been complied with and will continue to be complied with in the future.

The actual wording of the Declaration of Compliance 2022 and all previous Declarations of Compliance are available on Infineon's website.

www.infineon.com/declaration-of-compliance

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses how effectively the full Supervisory Board and the Supervisory Board committees perform their duties. It conducted such a self-assessment in the 2022 fiscal year. The Supervisory Board was supported on this occasion by an external consultant with a wealth of experience in corporate governance. The consultant had detailed personal discussions with all the members of the Supervisory Board and of the Management Board, during which various topics were addressed, based on a pre-planned set of interview questions. The results of these discussions were then presented to the Supervisory Board and discussed in detail. No significant failings were identified. Specific areas for development will be incorporated into the Supervisory Board's future work.

Examination of potential conflicts of interest

The members of the Management Board and of the Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay.

In the 2022 fiscal year, one Supervisory Board member disclosed a conflict of interest in respect of a certain planned M&A project. Accordingly, this was taken into account when the Supervisory Board was addressing this topic.

Prior to members of the Management Board assuming sideline activities, particularly supervisory board mandates outside the Company, the German Corporate Governance Code requires that permission be granted by the Supervisory Board. No conflicts of interest were discernible in any of the sideline activities performed. In fact, they were all in Infineon's best interests and were therefore approved by the Supervisory Board and/or Executive Committee.

Further information on the topic of corporate governance is available in the Statement of Corporate Governance.

www.infineon.com/declaration-on-corporate-governance

Rules of procedure for the Supervisory Board and the Management Board

In the 2022 fiscal year, the rules of procedure for the full Supervisory Board and for the Investment, Finance and Audit Committee were amended. This was in order to take account of the provisions of the German Act to Strengthen Financial Market Integrity (FISG) and of the new version of the German Corporate Governance Code, as well as to reflect the changes to the composition of the Nomination Committee and the Executive Committee described above. In the case of the Investment, Finance and Audit Committee, it was primarily about the implementation of the new provisions relating to the Committee, especially its composition, and related to that the requirement for the committee's members to have financial skills. Small adjustments were again made in the list of responsibilities set out in the rules of procedure in relation to the topic of sustainability. These were made mainly to clarify the priority treatment that sustainability topics should receive in the relevant committees – sustainability reporting in the Investment, Finance and Audit Committee, remuneration-related ESG issues in the Executive Committee and other issues relating to Infineon's sustainability strategy in the Strategy and Technology Committee.

All the rules of procedure for the Supervisory Board and for the Management Board are available on the Infineon website.

www.infineon.com/cms/en/about-infineon/investor/corporate-governance/articles-of-association/

Related party transactions

Publicly listed companies such as Infineon require the approval of the Supervisory Board or one of its committees before entering into certain transactions with related parties. In order to identify related party transactions that require approval and to treat them in compliance with the law, Infineon has implemented a procedure based on guidelines that apply worldwide across the Group. The Supervisory Board has delegated responsibility in this area to the Investment, Finance and Audit Committee, particularly for resolutions requiring approval. As in the previous year, there were no related party transactions requiring approval in the 2022 fiscal year.

Separate and Consolidated Financial Statements

KPMG audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements as of 30 September 2022, as well as the Combined Management Report of Infineon Technologies AG and the Infineon Group, and issued unqualified opinions thereon.

The Half-Year Financial Report was also reviewed by KPMG. No issues were identified that might indicate that the condensed Interim Consolidated Financial Statements or the Interim Group Management Report were not prepared in accordance with the applicable provisions in all material respects.

KPMG has audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements of the Infineon Group and reviewed the Interim Consolidated Financial Statements since the 1999 fiscal year (short fiscal year from 1 April 1999 to 30 September 1999). Michael Pritzer, the auditor responsible for the engagement, signed the auditor's report for the first time for the 2017 fiscal year (1 October 2016 to 30 September 2017), and Martin Schmitt, as co-signatory, for the first time for the 2021 fiscal year (1 October 2020 to 30 September 2021).

At the meeting of the Investment, Finance and Audit Committee held on 14 November 2022 and continued in a conference call on 21 November 2022, thorough discussions were held with the auditor regarding the Separate Financial Statements, the Consolidated Financial Statements, the Combined Management Report, the appropriation of profit and the auditor's findings. The Committee deliberated at length on the key audit matters disclosed in the auditor's report as well as on the related audit procedures performed by the auditor. Based on the insights gained in the course of these deliberations, the Investment, Finance and Audit Committee resolved to suggest to the Supervisory Board that the financial statements drawn up and presented by the Management Board be approved and the proposed appropriation of profit agreed to.

The Separate Financial Statements, the Consolidated Financial Statements, the Combined Management Report, the Management Board's proposal for the appropriation of unappropriated profit (all prepared by the Management Board) and KPMG's long-form audit reports were all made available to the Supervisory Board at the meeting held on 25 November 2022. At this meeting, the Chairman of the Investment, Finance and Audit Committee reported in depth on the corresponding recommendations of the Committee. In addition, all material issues relevant to the financial statements and the audit, including the key audit matters, were exhaustively discussed with the auditor and closely examined by the Supervisory Board. The examination also covered the proposal to pay a dividend of €0.32 per share entitled to a dividend.

After detailed discussions, the Supervisory Board concluded that it had no objections to the financial statements and the audits performed by the auditor. In its opinion, the Combined Management Report complied with all legal requirements. The Supervisory Board also concurred with the assertions regarding Infineon's future development contained therein as well as with the results of the audit of the financial statements. It therefore approved the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements of the Infineon Group for the 2022 fiscal year. The Separate Financial Statements were accordingly adopted. The Supervisory Board also approved the Management Board's proposal for the appropriation of unappropriated profit.

Moreover, the Investment, Finance and Audit Committee and the full Supervisory Board deliberated on the combined separate Non-Financial Report for the year ended 30 September 2022 drawn up by the Management Board and the Remuneration Report prepared together with the Management Board. KPMG performed a reasonable

assurance engagement for the Remuneration Report and a limited assurance engagement for some parts of the combined separate Non-Financial Report and a reasonable assurance engagement for other parts of that report. In both cases, KPMG issued an unqualified opinion thereon. The documents were carefully examined by the Investment, Finance and Audit Committee at its meeting on 14 November 2022, which was continued in a conference call on 21 November 2022, and by the Supervisory Board at its meeting on 25 November 2022. The Supervisory Board approved the Remuneration Report and positively acknowledged the combined separate Non-Financial Report prepared by the Management Board.

The Supervisory Board wishes to thank all Infineon employees and the Management Board for their great commitment and for an excellent performance once again in a fiscal year which has been challenging in every respect.

Neubiberg, November 2022

On behalf of the
Supervisory Board



Dr. Wolfgang Eder
Chairman of the Supervisory Board