

Materiality Disclosure and Target Setting

2022

restricted

Materiality Analysis Procedure



Identify Topics through:

- Stakeholder engagement mapping
- Identification of relevant topics for assessing Infineon´s sustainability performance
- Mapping of risks, opportunities and Infineon´s strategy targets

Assessment by experts representing the value chain. Managers from the relevant departmens invited to this assesment:

- Compliance
- Investor Relations
- Environment, Health and Safety
- Human Resources
- R&D
- Procurement
- Sales
- Logistics
- Corporate Citizenship

Final ranking of relevant topics. Based on the assessment results, a new ranking is created to frame the most material topics at Infineon.

Definition of new targets and KPIs for the most relevant material topics at Infineon.

Reporting of final topics to be included in the Sustainability Report

- Reporting to the GRI organization
- Reporting to the Board about the material issues, targets and KPIs
- KPMG audit of materiality analysis

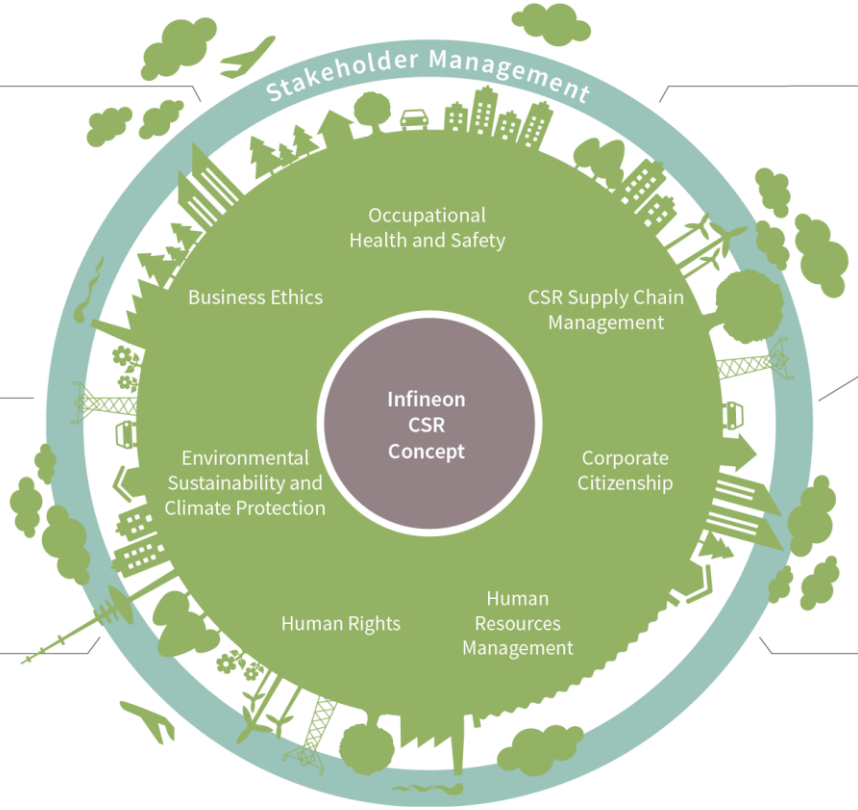
Note: The materiality study is conducted every year

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1 Identify Sustainability Topics

Stakeholder engagement mapping

– We define stakeholders as individuals or groups who affect, or are affected by Infineon activities.



Investors

- Annual General Meeting
- Roadshows and conferences
- Quarterly reporting
- Quarterly segments' presentation
- Annual Report
- Yearly financial statement communication
- Sustainability reporting

Customers

- Audits
- Services provided by experts
- Infineon Service Center 24/7
- Product requirement
- Roadshows
- Cooperation arrangements

Suppliers

- Suppliers' assessment
- Supplier Code of Conduct (formerly: Principles of Procurement)
- Compliance website
- Infineon Conflict Minerals Policy and Supplier Code of Conduct concerning the Responsible Sourcing of Conflict Minerals
- Combined Cobalt and Mica Declaration

Politics

- Political dialogs
- Cooperation with industry associations
- Workshops

Employees

- Surveys (e.g. engagement pulse check)
- Quarterly meetings with top management
- Daily internal news
- Compliance hotline 24/7
- Training
- Committees for CSR topics (e.g. Corporate Citizenship Panel)

Social stakeholders

- Participation in surveys and studies
- Corporate citizenship activities
- Conferences and workshops

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1 Identify Sustainability Topics

List of relevant topics for assessing Infineon’s sustainability performance

– Consideration was given to general as well as sector- and company-specific sustainability standards, legislation and investor ratings appropriate for determining the principal factors relevant for assessing Infineon’s sustainability performance.

List of risks, opportunities and Infineon´s strategy targets

– The main risks and opportunities and strategic targets identified in Infineon's Annual Report are listed.

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2 Discussion with Expert Departments

Discussion with Infineon expert departments

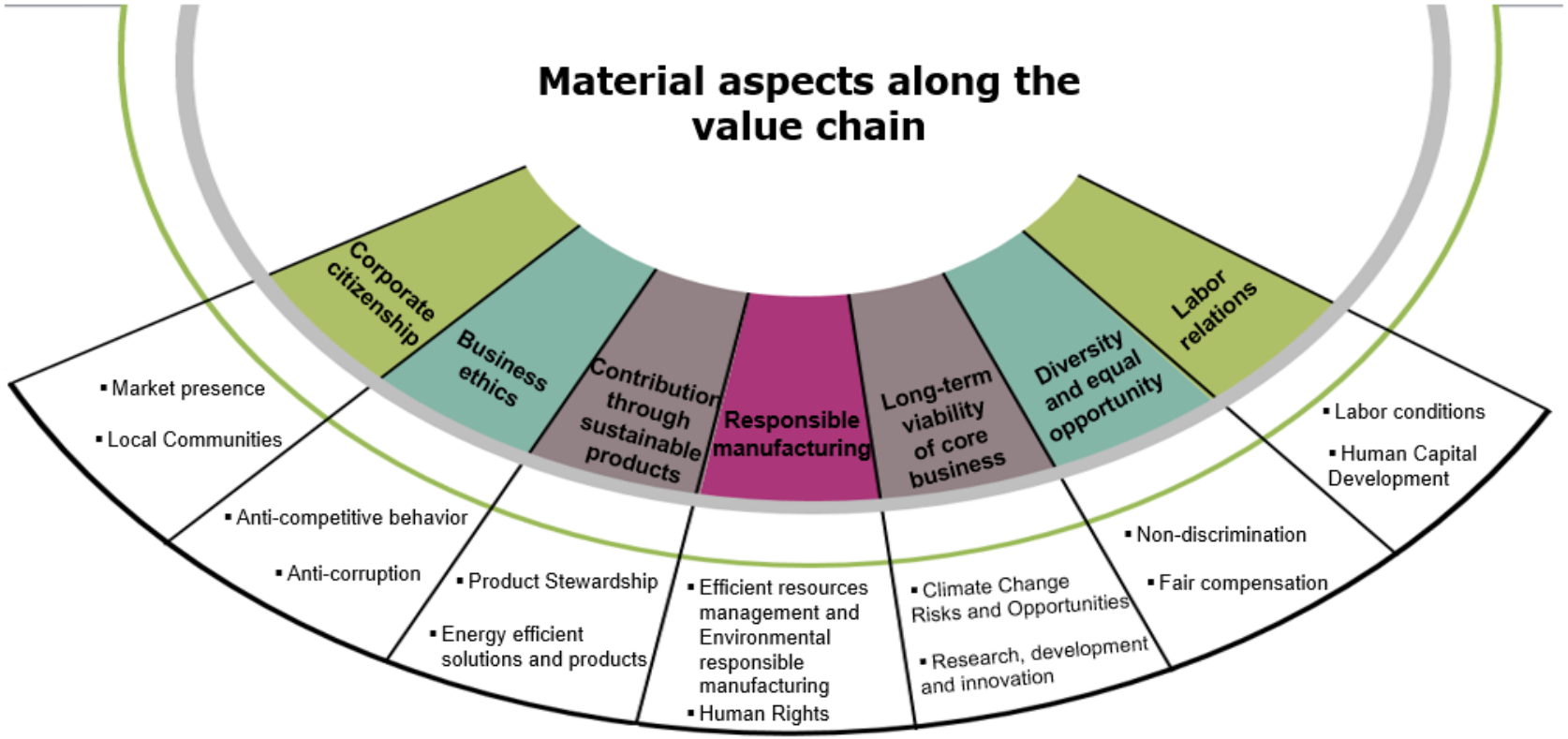
– The materiality topics are then assessed internally by our in-house experts representing the entire value chain. Each topic is rated on their potentially related risk or opportunity which could impact the long-term performance of our organization. The various Infineon divisions and departments use different communication channels and continuously engage in conferences, forums, industry association activities and surveys to ensure targeted communication with the corresponding stakeholder groups.

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3 Analyze the Assessment Results

Final ranking of relevant topics

– Based on the results the most material topics at Infineon are selected. The materiality matrix was determined with these results:



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4 Reporting the Material Topics

Definition of final topics for the Sustainability Report

– In accordance with the “GRI Standards” framework on sustainability reporting, the table below shows how Infineon has evaluated impact along the value chain.

Material topics	Reporting boundary[1]	Supply chain[2]	Infineon[3]	Customer[4]
Long-term viability of core business	internal/ external	medium	high	high
Contribution through sustainable products	internal/ external	medium	high	high
Responsible manufacturing	internal/ external	medium	high	low
Diversity and equal opportunity	internal	low	high	low
Corporate citizenship	internal/ external	low	high	low
Business ethics	internal/ external	medium	high	medium
Labor relations	internal	none	high	none

1 Reporting refers to activities within and/or outside the company.
2 Production materials, products and services.
3 Production processes.
4 Product application.

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4 Reporting the Material Issues

The Board approves the material issues, targets and KPIs.

– The results of the analysis and the material topics are then confirmed by the Infineon Management Board together with the targets and KPIs which are then published in the Sustainability at Infineon Report for each of the following fields:



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4 Reporting the Material Issues

The Board approves the material issues, targets and KPIs.

	Targets for the 2023 fiscal year
Overall goals	Set ambitious climate protection and diversity goals as part of the compensation system for the Management Board for the 2023 fiscal year.
	Incorporate the main sites formerly operated by Cypress into the integrated management system IMPRES by the end of the 2023 fiscal year by obtaining external certification of the sites.
Business ethics	Restructure the risk assessment process, linking it with the self-assessment process for Group companies and locations. This should ensure that all significant compliance risks are identified, evaluated and transferred into the annual compliance program.
Human rights	Introduce a declaration of principles on human rights as part of Infineon's CSR strategy.
	Gradually introduce training on human rights for our employees worldwide.
Human resources management	In the long-term, we want the proportion of women in management positions to reach 20 percent. With the development of division-specific targets and measures, which are regularly reviewed by the relevant management groups or by the Management Board, this target should be achieved. Another measure is to increase the visibility of talented women within the Group.
	The existing global target of 80 percent overall employee satisfaction remains unchanged for the time being. The measures we are adopting to achieve this target include continuing to develop leadership skills and ensuring balanced workloads.
	At least 90 percent of all our managers (from the Director level with five or more direct employees) will conduct a leadership dialog with their employees within two years. The leadership dialogs provide managers with structured feedback from their employees. This makes it possible for them to reflect on their own management behavior, recognize their strengths and identify potential improvements. This improves collaboration both with and within the team. The measures for achieving this target include regular monitoring of the completion of leadership dialogs and the training of internal or external moderators for the leadership dialogs.
Protection of our employees	Introduce a global digital software solution to report and process work-related accidents and commuting accidents at all the main production sites and at the corporate headquarters Campeon (Germany).

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4 Reporting the Material Issues

	Targets for the 2023 fiscal year	
	Environmental sustainability and climate protection	**Carbon neutrality**
		Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year in terms of scope 1 and scope 2 emissions defined by the GHG Protocol. By the end of the 2025 fiscal year, emissions should already have been reduced by 70 percent compared with the 2019[1] calendar year.
		Energy management
		Implement projects and measures in the 2023 fiscal year to increase energy efficiency, giving total potential annual energy savings of 20 gigawatt hours. One of the ways this target will be achieved is by adopting site-specific measures for infrastructure and manufacturing.
		Greenhouse gas emissions
		Implement measures that will generate total emission savings of 50,000 tons of CO_2 equivalents by the end of the 2024 fiscal year.[2]
		Water management
		Due to the increasing complexity of our products, the use of water in manufacturing increases too. Regardless of this growing product complexity, our aim is to keep our specific water consumption below 8.5 liters per square centimeter manufactured wafer.
		Identify and evaluate the main water-saving measures of the last five fiscal years in order to continue to improve our water management and to derive quantified reduction targets.
		Waste management
		Regardless of growing product complexity, which typically requires an increase in the use of raw materials and supplies, our aim is to keep specific waste generation below 27.5 grams per square centimeter manufactured wafer. This is a long-term goal that is in accordance with our sustainability strategy.
		Identify and evaluate the main waste-saving measures of the last five fiscal years in order to continue to improve our waste management and to derive quantified reduction targets.

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4 Reporting the Material Issues

	Targets for the 2023 fiscal year
Contribution through sustainable products	Update the calculation of the Infineon carbon footprint, considering all the segments.
EU Taxonomy	Analyze the options for automated evaluation and interpretation of the information required by the EU Taxonomy.
Our responsibility along the supply chain	Maintain a DRC conflict-free supply chain and conduct another evaluation of the use of conflict minerals for 100 percent of the relevant suppliers.
	Conduct a due diligence assessment for 100 percent of suppliers of products containing cobalt or mica to create transparency in the supply chain regarding the origin of cobalt and mica and publish the results in the form of a combined Cobalt and Mica Declaration.
	Implement an enhanced risk management system for human rights and environmental protection in the supply chain.
	Introduce training in the procurement organization to raise awareness of risks in the areas of environmental protection and human rights.
	Analyze the CO_2 reduction targets and measures of all our major suppliers.[1]
Corporate citizenship	Implement best practice sharing sessions and training with the corporate citizenship representatives to follow a proposal for the distribution of donations by focus areas as part of our corporate citizenship strategy in the 2023 fiscal year.

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Infineon