Materiality Disclosure and Target Setting
2019
Materiality Analysis Procedure

1. Identify Sustainability Topics
   - 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

2. Discussion with Expert Departments
   - Assessment by experts representing the value chain. Managers from the relevant departments invited to this assessment:
     • Compliance
     • Investor Relations
     • Environment, Health and Safety
     • Quality
     • Human Resources
     • R&D
     • Purchasing
     • Sales
     • Logistics
     • Corporate Citizenship

3. Analyze the Assessment Results
   - 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.

4. Reporting the Material Topics
   - 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
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 & conferences
  - Quarterly Reports
  - Quarterly segments presentation
  - Annual Report
  - Yearly Financial Statements
  - Sustainability reporting
  - Non-financial reporting

- Politics
  - Political dialogs
  - Employees involved in industry associations
  - Workshops
  - Non-financial reporting

- Customers
  - Audits
  - Services provided by experts
  - Infineon Service Center 24/7
  - Product requirements
  - Roadshows

- Employees
  - “Great Place to Work” Survey
  - Quarterly “All-Hands Meetings”
  - Daily internal news
  - Compliance hotline 24/7
  - Training
  - Committees for CSR topics, e.g., “Corporate citizenship Panel”

- Suppliers
  - Suppliers’ assessment
  - Principles of Purchasing
  - Compliance website
  - Awareness-raising campaign about water-stressed areas

- Social Stakeholders
  - Participation in surveys and studies
  - Citizenship activities
  - Conferences & workshops

1) Corporate Social Responsibility
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 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.
Discussion with Infineon expert departments

- The materiality topics are then assessed internally by our in-house sustainability 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.
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:
Reporting the Material Topics

Definition of final topics for the CSR Report

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

<table>
<thead>
<tr>
<th>Material aspects</th>
<th>Reporting boundary</th>
<th>Supply chain (Production materials, products, services)</th>
<th>Infineon internal (Production processes)</th>
<th>Customer (Product application)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term viability of core business</td>
<td>Internal/external</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Contribution through sustainable products</td>
<td>Internal/external</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Responsible manufacturing</td>
<td>Internal/external</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td>Internal</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate citizenship</td>
<td>Internal/external</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Business ethics</td>
<td>Internal/external</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Labor relations</td>
<td>Internal</td>
<td>None</td>
<td>High</td>
<td>None</td>
</tr>
</tbody>
</table>

1 Reporting refers to activities within and/or outside the company.
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:

- Business Ethics
- Human Rights
- Human Resources Management
- Protection of our employees
- Environmental Sustainability
- Contribution Through Sustainable Products
- Our responsibility along the supply chain
- Corporate Citizenship
### Reporting the Material Issues

The Board approves the material issues, targets and KPIs.

### Our sustainability targets

<table>
<thead>
<tr>
<th>TARGETS FOR THE 2019 FISCAL YEAR</th>
<th>STATUS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business ethics</strong></td>
<td></td>
<td>The web-based training for Business Conduct Guidelines was revised in the 2019 fiscal year.</td>
</tr>
<tr>
<td>On-schedule revision of the web-based training on the Business Conduct Guidelines in the 2019 fiscal year. All employees worldwide are required to complete the training. The participation of our employees will be ensured by means of an automated reminder system and escalation process to the manager.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Human rights</strong></td>
<td></td>
<td>The various approaches for supplier evaluation were reviewed based on sustainability criteria. The United Nations “Universal Declaration of Human Rights” was the basis for assessing the topic of human rights. The focus topics of the Charter are processed by the software solutions in varying degrees of detail. The Infineon supplier evaluation covers the focus topics of the Charter.</td>
</tr>
<tr>
<td>Review of the supply chain assessment method in terms of sustainability as part of continuous improvement. Therefore, standardized software solutions available on the market will be evaluated in the 2019 fiscal year based on sustainability criteria. The evaluation criteria will contain among other things internationally valid human rights as a focus area.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Reporting the Material Issues

### Targets for the 2019 Fiscal Year

<table>
<thead>
<tr>
<th>Human resources management</th>
<th>Status</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Increasing the share of women in management positions to 15 percent by the 2020 fiscal year. Our long-term goal is a 20 percent share of women in management positions. This target is to be achieved by developing division-specific targets and measures, which will be inspected on a regular basis by the responsible management groups and by the Management Board. Another measure is increasing the internal visibility of talented females.</td>
<td></td>
<td>We were able to increase the share of women in middle and senior management levels from 14.8 percent in the previous fiscal year to 15.5 percent in the 2019 fiscal year. This means we have achieved the defined target.</td>
</tr>
<tr>
<td>The currently existing global target of 80 percent overall employee satisfaction will remain unchanged for the time being. The measures for achieving this goal include in particular the further development of leadership skills as well as ensuring balanced workloads.</td>
<td></td>
<td>With an agreement ratio of 81 percent to the statement “All in all, Infineon is a very good employer” in the survey from the 2018 fiscal year, we have achieved our target.</td>
</tr>
<tr>
<td>At least 90 percent of all our managers (Senior Manager level with five or more direct employees and higher) 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, to strengthen it 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 the leadership dialog and the training of internal or external moderators for the leadership dialog.</td>
<td></td>
<td>The leadership dialogs provide managers with structured feedback from their employees. This makes it possible for them to reflect on their own management behavior, to strengthen it and identify potential improvements. This improves collaboration both with and within the team. At present a share of approximately 81.8 percent (previous year: 81 percent) of managers has conducted their leadership dialogs within the last two years. Compared to the last fiscal year we were able to increase this share by 0.8 percentage points.</td>
</tr>
</tbody>
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## Reporting the Material Issues

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<tr>
<td><strong>Protection of our employees</strong></td>
<td></td>
<td>Information material on the “Golden Rules of Safety” was developed in the 2019 fiscal year. The information material was provided to the sites for communication and training purposes and implemented at all manufacturing sites included in IMPRES, as well as at the corporate headquarters Campeon (Germany).</td>
</tr>
<tr>
<td><strong>Environmental sustainability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the increasing complexity of our products, the use of water in manufacturing increases too. Regardless of this growing product complexity, our water consumption will nevertheless remain under 8.5 liters per square centimeter manufactured wafer. The measures for achieving this target include regularly occurring exchange between the sites for identification and realization of potential improvements.</td>
<td></td>
<td></td>
</tr>
</tbody>
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### Reporting the Material Issues

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<tbody>
<tr>
<td>Waste management</td>
<td></td>
<td>Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.</td>
</tr>
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</table>

Regardless of growing product complexity, our aim is to keep the specific waste generation below 27.5 grams per square centimeter manufactured wafer. The typically increasing complexity of our products requires an increase in the use of raw materials and supplies. This also means an increase in the amount of waste generated. Therefore, this target is a challenge and a practical reference unit for the effectiveness of our measures aimed at waste reduction. This target is to be achieved in particular through regularly occurring exchange between the sites for identification and implementation of potential improvements.

Implementation of measures at the frontend sites in order to save 300 tons of the solvent propylene glycol methyl ether acetate (PGMEA) by the end of the 2020 fiscal year. This target is to be achieved primarily through the distillation of waste containing PGMEA by external recycling contractors and through the reuse of the recovered PGMEA in manufacturing.

- In the 2019 fiscal year 344.64 tons of the solvent PGMEA were recovered by distillation of waste containing PGMEA and were reused in manufacturing. This corresponds to a 114.9 percent target achievement.
### Reporting the Material Issues

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<tr>
<td><strong>Efficient energy management</strong></td>
<td></td>
<td>In the 2019 fiscal year we completed measures which saved 23.1 gigawatt hours of energy. Over the last two fiscal years, total savings of 46.5 gigawatt hours were achieved.</td>
</tr>
<tr>
<td>Implementation of projects and measures by the end of the 2020 fiscal year for increasing energy efficiency, totaling annual potential energy savings of 25 gigawatt hours. The realization of site-specific measures in the area of infrastructure and manufacturing will support the achievement of this target.</td>
<td></td>
<td>In the 2019 fiscal year an energy assessment was conducted in order to derive suitable and reasonable measures for further increasing energy efficiency.</td>
</tr>
<tr>
<td>Completion of an energy assessment of the data centers at all manufacturing sites included in IMPRES and of the corporate headquarters Campeon (Germany) in order to identify additional possible energy efficiency potential by the end of the 2019 fiscal year. The analysis developed will be conducted at the sites included in IMPRES.</td>
<td></td>
<td></td>
</tr>
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### Reporting the Material Issues

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<td><strong>Greenhouse gas emissions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the 2019 fiscal year, the PFC-relevant emissions of the frontend sites will remain below the World Semiconductor Council target value of 2.2 tons of CO₂ equivalents per square meter manufactured wafer surface. The challenge here is the constantly increasing complexity of our products and thus the associated increase in the number of process steps requiring the use of climate-relevant gases. Measures for achieving this target include smart abatement concepts as well as the use of alternative gases with higher utilization rates and lower greenhouse potential, where technically possible and economically feasible.</td>
<td></td>
<td>Our PFC-relevant emissions were below 2.2 tons CO₂ equivalents per square meter manufactured wafer surface.</td>
</tr>
<tr>
<td>Performance of a comprehensive efficiency analysis (ABC analysis) of our PFC abatement concept at all frontend sites by the end of the 2019 fiscal year in order to identify additional possible optimization potential.</td>
<td></td>
<td>The comprehensive efficiency analysis (ABC analysis) of our PFC abatement concept was performed in the 2019 fiscal year at all frontend sites. In accordance with this analysis, all relevant PFC emission flows at the Infineon sites are directed to thermal treatment wherever economically and ecologically reasonable.</td>
</tr>
</tbody>
</table>
# Reporting the Material Issues

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<tbody>
<tr>
<td><strong>Contribution through sustainable products</strong></td>
<td></td>
<td>The CO₂ footprint was updated. The proportion of CO₂ savings by our products during their use-phase was by the factor 40 higher than the corresponding emissions in manufacturing those products.</td>
</tr>
<tr>
<td><strong>Our responsibility along the supply chain</strong></td>
<td></td>
<td>A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The various approaches for supplier evaluation were reviewed based on sustainability criteria. The focus was on the topic areas of Environmental, Social and Governance. Software solutions address these topic areas to different degrees of detail. The Infineon supplier evaluation covers all essential topics.</td>
</tr>
<tr>
<td><strong>Corporate citizenship</strong></td>
<td></td>
<td>The methodology was applied. Based on the results a regular exchange of experience was established involving the relevant sites. This exchange is ongoing.</td>
</tr>
</tbody>
</table>

1. DRC: Democratic Republic of the Congo

Review of the supply chain assessment method in terms of sustainability as part of continuous improvement. Therefore, standardized software solutions available on the market will be evaluated in the 2019 fiscal year based on sustainability criteria.