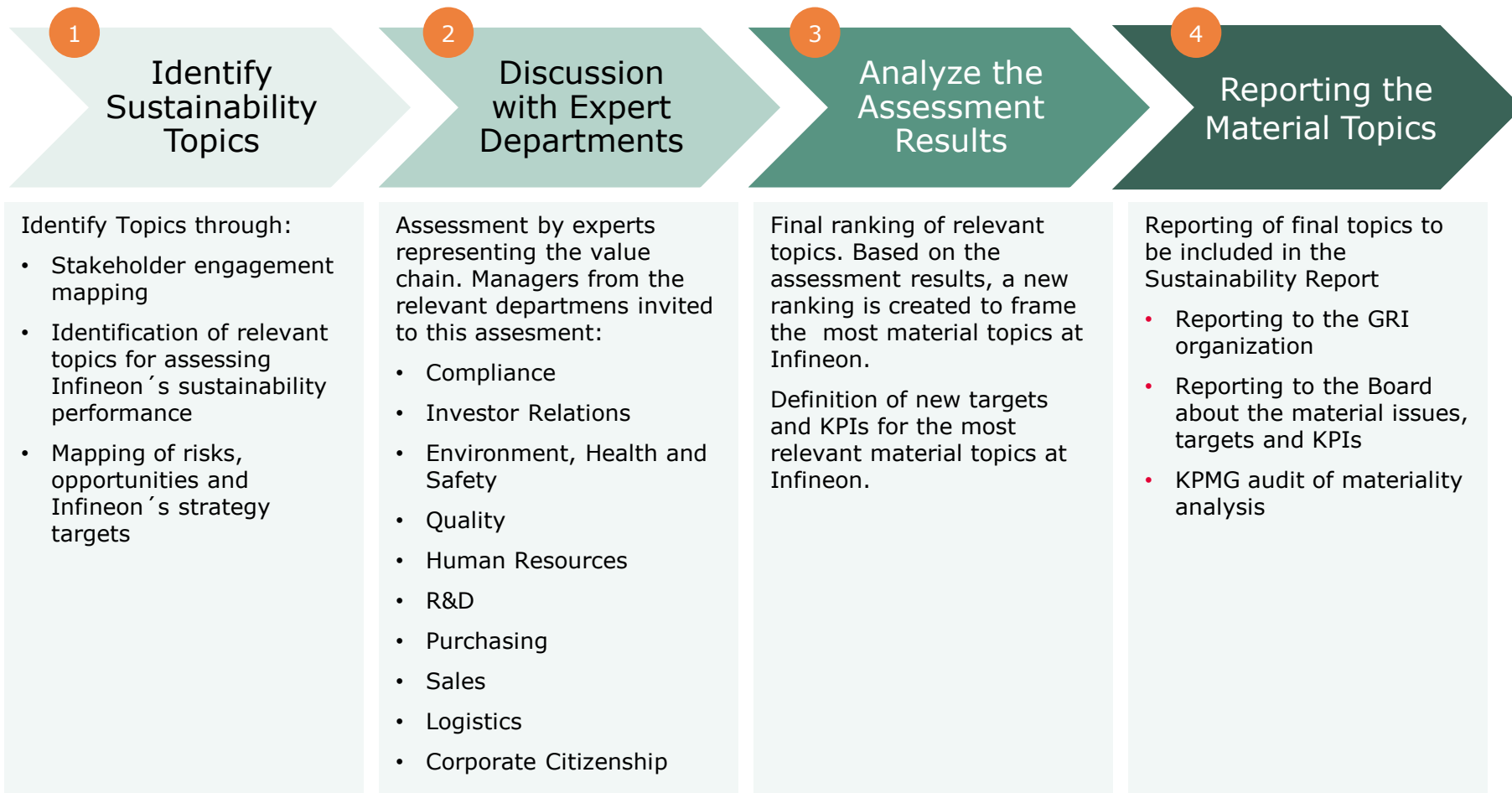


Materiality Disclosure and Target Setting

2018



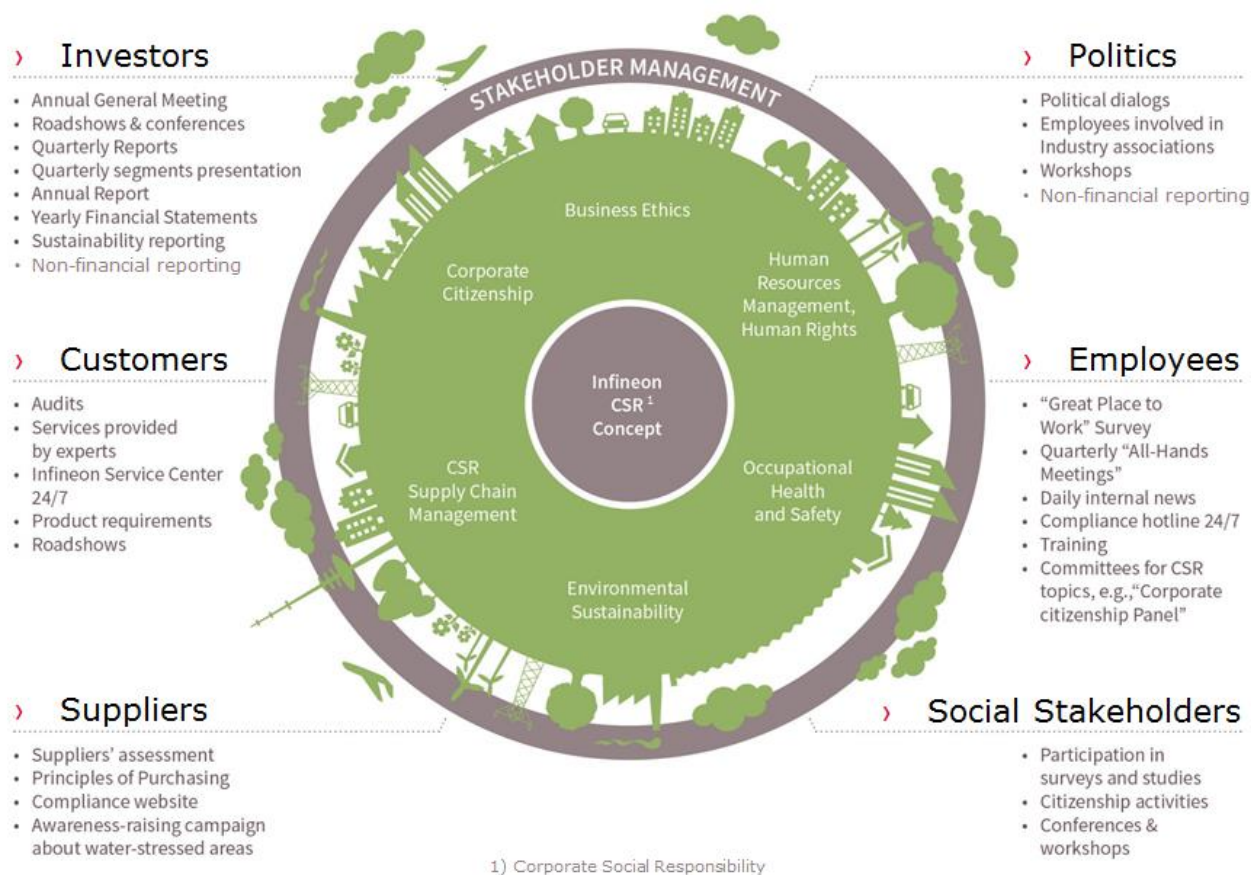
Materiality Analysis Procedure



1 Identify Sustainability Topics

Stakeholder engagement mapping

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



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 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.

2 Discussion with Expert Departments

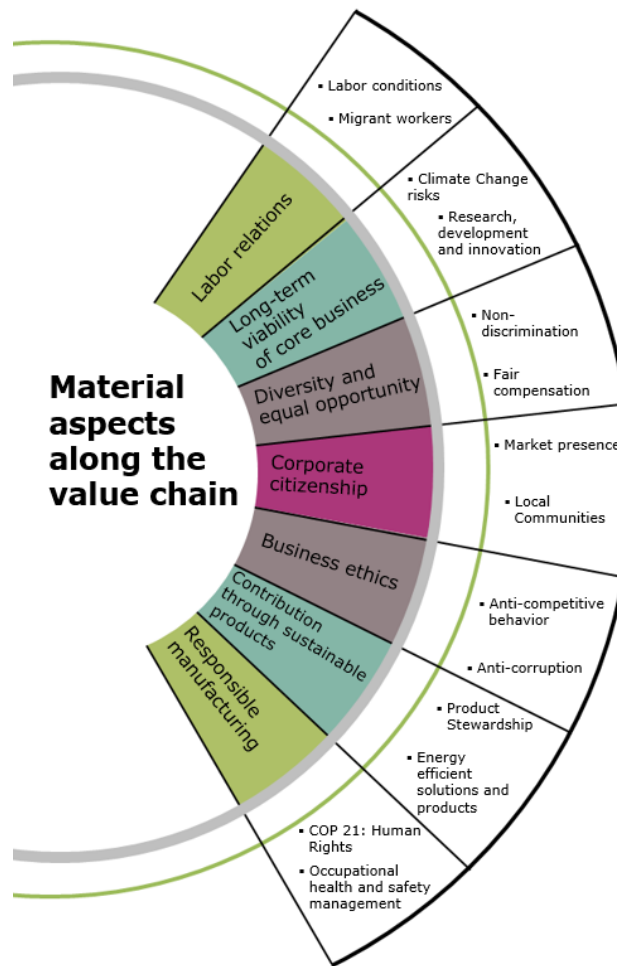
Discussion with Infineon expert departments

- › 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.

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:



4 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.

Material aspects and impact along the value chain

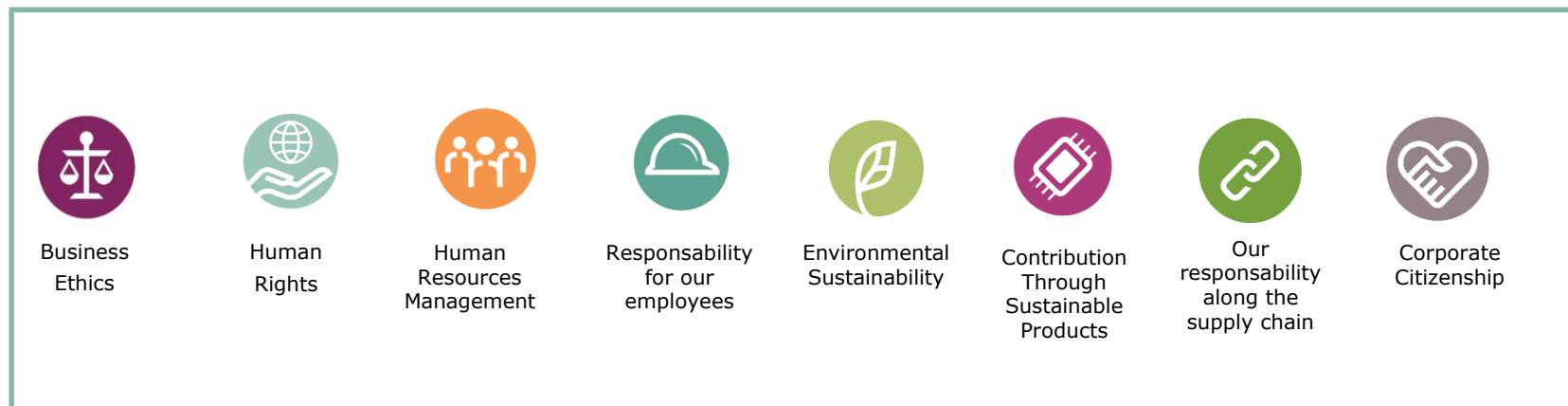
Material aspects	Reporting boundary ¹	Supply chain (Production materials, products, services)	Infineon internal (Production processes)	Customer (Product application)
Long-term viability of core business	Internal/external	Medium	High	High
Contribution through sustainable products	Internal/external	Medium	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.

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:









4 Reporting the Material Issues

The Board approves the material issues, targets and KPIs.


Our sustainability targets

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 Business ethics Scheduled revision of the web-based antitrust law training and registration of all employees with potential contact to competitors. The training program is mandatory for employees in sales, marketing and procurement areas as well as for all managers at the Senior Manager level or higher. We expect approximately 4,800 employees to participate.		The web-based antitrust law training was completely revised on schedule in the 2018 fiscal year and was made available to 5,000 employees during the last quarter of the fiscal year.
 Human rights Evaluation of possible risks in the area of human rights in the top five countries in our supply chain, based on publically available information, by the end of the 2018 fiscal year.		An evaluation of the top five countries in our supply chain with regard to possible risks of human rights violations was carried out based on publically available indices. Among others, the following indices were applied: "Democracy Index", "Human Development Index" and "Corruption Perceptions Index". In accordance with these indices, overall the top five countries showed no substantial risks in the area of human rights.

Reporting the Material Issues

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 Human resources management		
<p>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.</p>		<p>We were able to increase the share of women in middle and upper management levels from 13.9 percent in the 2017 fiscal year to 14.8 percent in the 2018 fiscal year.</p>
<p>Starting in the 2018 fiscal year, more than 80 percent of our employees will indicate in the “Great Place to Work” survey that “All in all, Infineon is a very good employer”.</p>		<p>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 improved by 3 percent since the last survey in the 2016 fiscal year.</p>
<p>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.</p>		<p>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 percent (previous year: 77.3 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 3.7 percentage points. The efforts initiated in order to increase this share will be continued in the coming fiscal year and will be supported with additional measures at global and local levels.</p>
 Protection of our employees		
<p>Implementation of a behavior-based safety program by the end of the 2020 fiscal year at all manufacturing sites included in IMPRES and at the corporate headquarters Campeon (Germany), in addition to measures already in existence.</p>		<p>The “Golden Rules of Safety” were developed in the 2018 fiscal year. These rules describe the seven most important behavioral rules of conduct for Infineon in the area of occupational safety.</p>




Reporting the Material Issues

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 Environmental sustainability		
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 water consumption will nevertheless remain under 8.5 liters per square centimeter manufactured wafer.	●	Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.
Implementation of a “Best Practice Sharing Program” for the water management activities of all manufacturing sites included in IMPRES and of the corporate headquarters Campeon (Germany) in the 2018 fiscal year.	●	A “Best Practice Sharing Program” was conducted for water management activities.
Identification and assessment of major suppliers located in areas subject to water shortages in the 2018 fiscal year.	●	All major suppliers located in areas subject to water shortages were identified and evaluated.
Waste management 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.	●	Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.
Implementation of measures at the frontend sites in order to save 300 tons of the solvent Propylenglycolmonomethyletheracetate (PGMEA) by the end of the 2020 fiscal year.	①	In the 2018 fiscal year 259.45 tons of the solvent PGMEA were recovered by distillation of waste containing PGMEA and were reused in manufacturing. This corresponds to 86.5 percent target achievement.

Reporting the Material Issues

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
Efficient energy management		
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.	●	In the 2018 fiscal year we completed measures which saved 23.4 gigawatt hours of energy.
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.	●	In the 2018 fiscal year the evaluation criteria were defined and the analysis was started. This evaluation has already been conducted for corporate headquarters Campeon (Germany).
Greenhouse gas emissions		
In the 2018 fiscal year, the PFC-relevant emissions of the frontend sites will remain below the World Semiconductor Council target value of 2.2 tons of CO ₂ 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.	●	Our PFC-relevant emissions were below 2.2 tons CO ₂ equivalents per square meter manufactured wafer surface.
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.	●	A draft analysis model was created in the 2018 fiscal year. In the next steps this model will be evaluated on a cross-site basis and harmonized with the existing procedures.

Reporting the Material Issues

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 <p>Contribution through sustainable products</p> <p>Revision of the concept for calculation of the Infineon CO₂ footprint taking new standards into account, for example, WBCSD "Addressing the Avoided Emissions Challenge".</p>	●	The concept of the calculation method for the Infineon CO ₂ balance was reviewed in the context of the "Greenhouse Gas Protocol", the "GRI Standard" 305 and other CO ₂ balance standards. The highest possible degree of comparability with the results of previous years was ensured.
<p>Updating of the Infineon CO₂ footprint as well as achievement of a ratio of CO₂ savings through our products in the use-phase compared to the emissions generated in manufacturing our products of approximately 40 to 1.</p>	●	The CO ₂ footprint was updated. The proportion of CO ₂ savings by our products during their use-phase was by the factor 38 higher than the corresponding emissions in manufacturing those products.
 <p>Our responsibility along the supply chain</p> <p>Maintaining a DRC¹ conflict-free supply chain and conducting a renewed evaluation with regard to the use of conflict minerals for 100 percent of the relevant suppliers. Here the dynamic development of the product portfolio and the resulting modification in the supplier topology as well as the increase of customer-specific requirements present a substantial challenge.</p>	●	A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.
 <p>Corporate citizenship</p> <p>Definition of a worldwide methodology for the evaluation of the impact of our corporate citizenship activities by the end of the 2018 fiscal year.</p>	●	A worldwide methodology for evaluating the impact of our corporate citizenship activities was defined. In the process three analysis criteria were identified: focus, form of the involvement and region. The focus area "Education for Future Generations" was considered in detail.



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