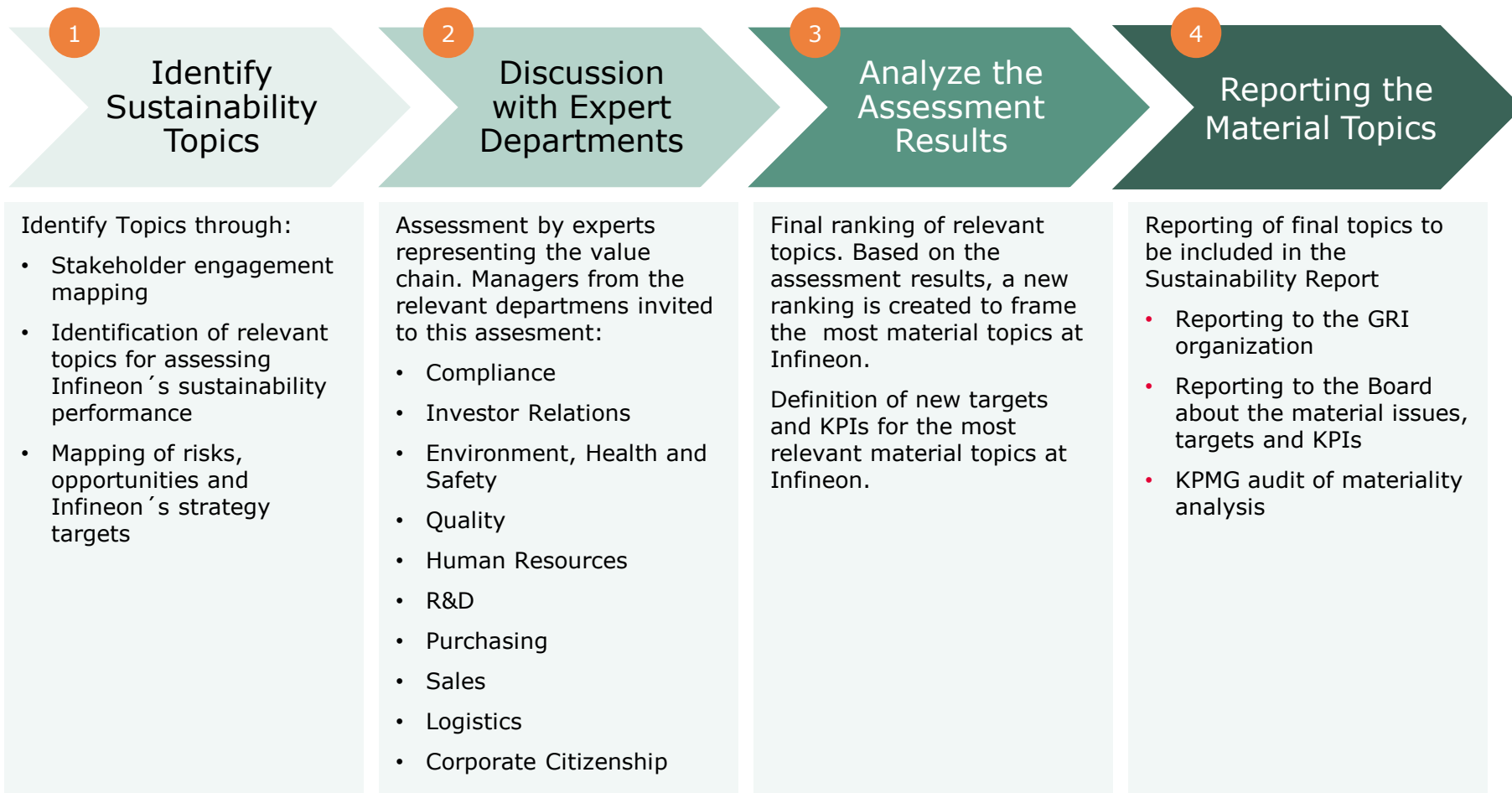


Materiality Disclosure and Target Setting

2017



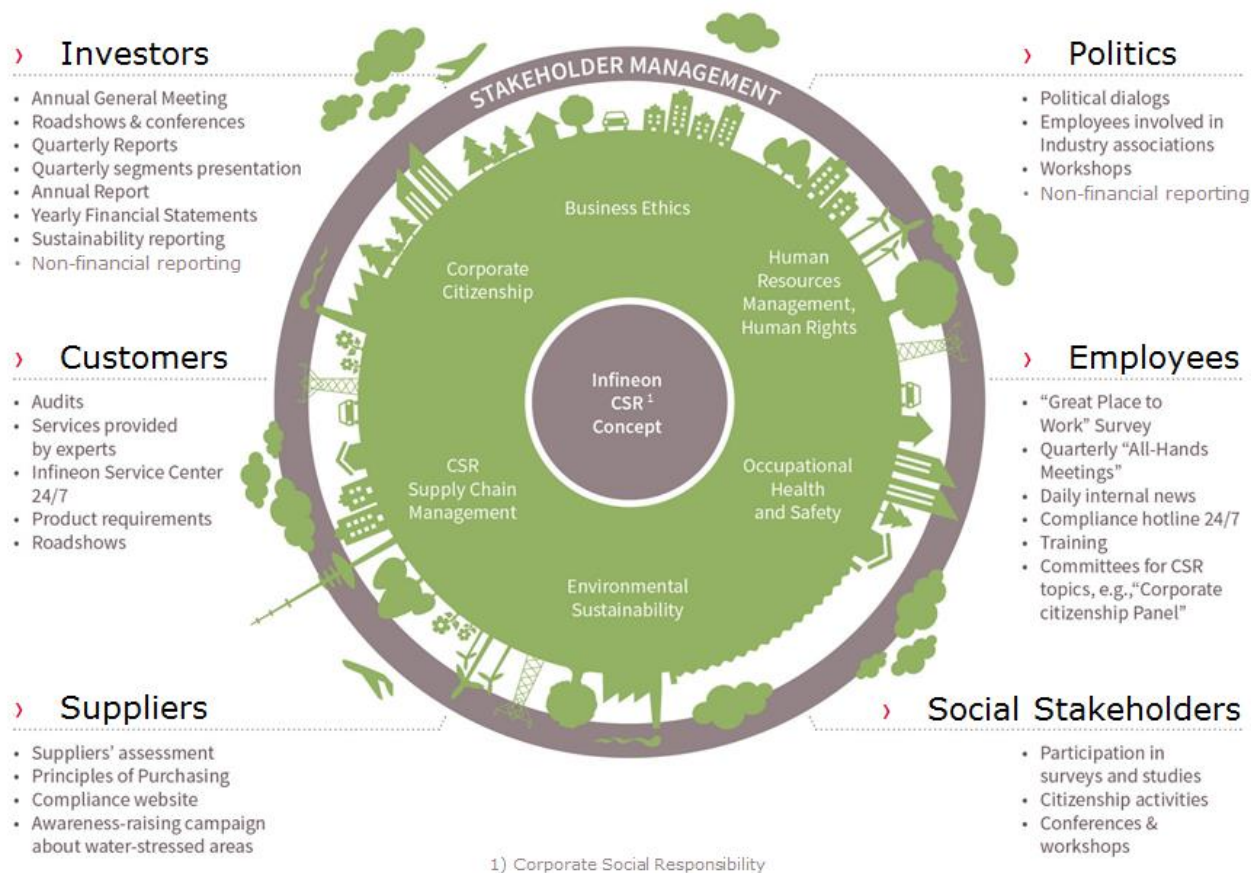
Materiality Analysis Procedure



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

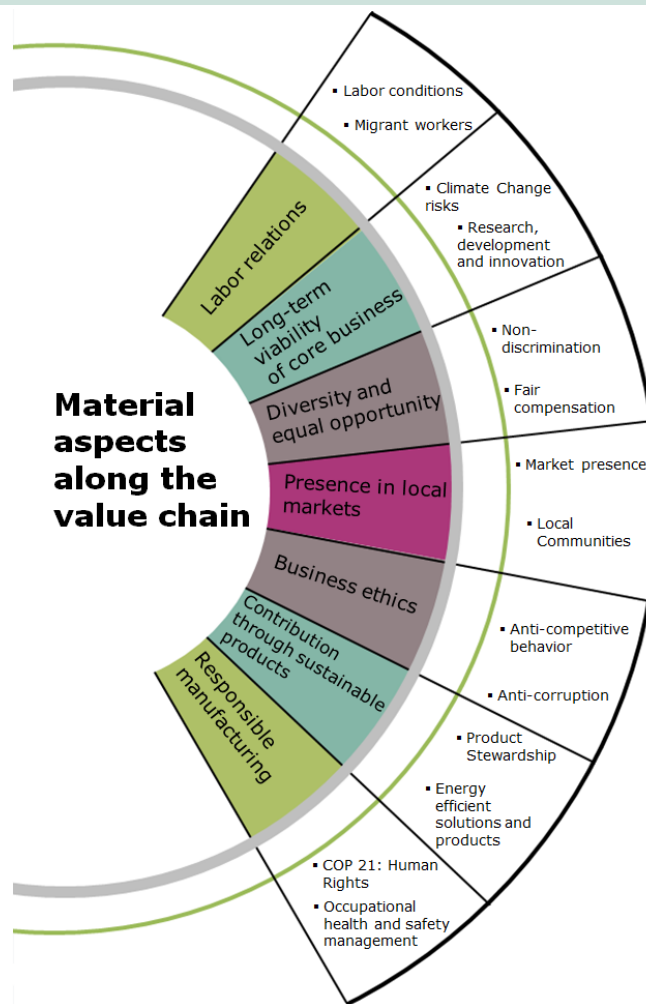
Discussion with Infineon expert departments

- › 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

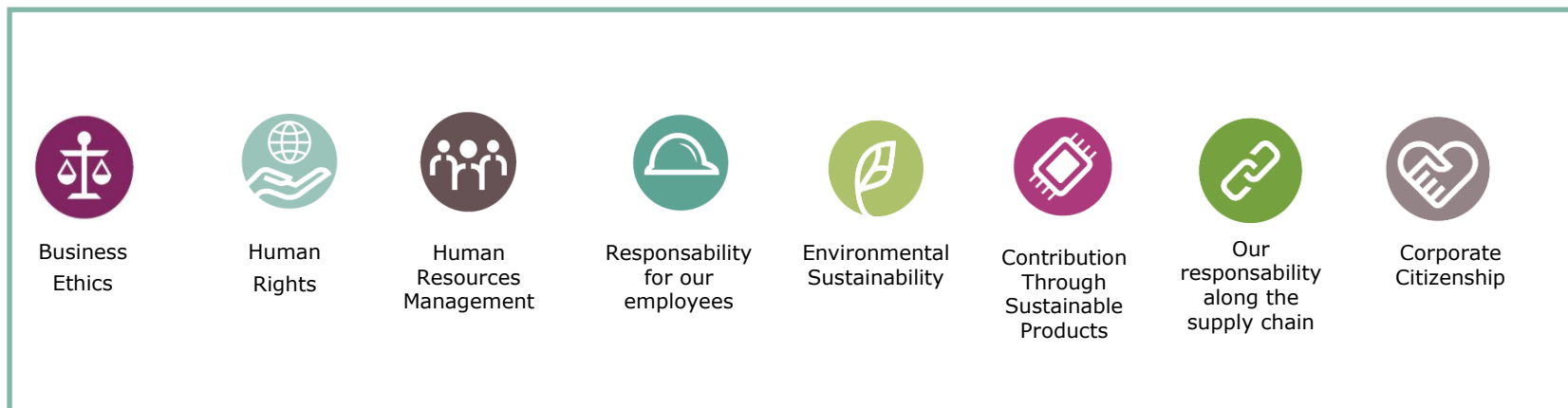
- › In accordance with the GRI G4 sustainability reporting guidelines, the table below shows the areas of the value chain that Infineon regards as key fields of activity.

	Supply chain	Infineon internal	Product use
Long-term viability of core business	●	●	●
Responsible manufacturing	●	●	
Diversity and equal opportunity	●	●	●
Presence in local markets	●	●	●
Contribution through sustainable products		●	●
Business ethics	●	●	●
Labor relations		●	

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 2017 FISCAL YEAR	STATUS	DESCRIPTION
 Business ethics Ensuring sustainable compliance structures at all sites.	●	Sustainable compliance structures oriented towards IDW PS 980 standard are ensured via regularly occurring internal audits performed at the sites by the audit department. In addition, the responsible Compliance employees assess the state of local Compliance Management Systems, for example, during the annual risk assessments.
 Human rights Introduction of a new modern whistleblower platform: In the past Infineon and former International Rectifier have been using two different platforms.	●	The Infineon Integrity Line, a uniform new whistleblower hotline, has been in operation since December 2016. Both employees and external parties can submit reports in their native languages anywhere in the world. The menu interface is available in all the essential languages of the Infineon Group. Reports can be made either in written form or by telephone, of course anonymously, when desired.




Reporting the Material Issues

TARGETS FOR THE 2017 FISCAL YEAR	STATUS	DESCRIPTION
<p>Human resources management</p>		
<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>●</p>	<p>We were able to increase the share of women in middle and upper management levels from 13.4 percent to 13.9 percent in 2017. All divisions, central functions and regions support this goal of 15 percent with individual measures and performance indicators. We remain dedicated to achieving our long-term objective of 20 percent.</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>●</p>	<p>With an agreement ratio of 78 percent in the survey of 2016, we have improved by 3 percent since the last survey in 2013. The next survey will take place in the 2018 fiscal year.</p>
<p>At least 90 percent of all our managers (Senior Manager level with five or more direct employees and higher¹) will conduct a leadership dialog with their employees within two years.</p>	<p>○</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 77.3 percent (previous year: 74.2 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 3.1 percent. 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>
<p>Responsibility for our employees</p>		
<p>We will implement the standard OHSAS 18001 at two former International Rectifier sites and will include these sites in our multi-site certification.</p>	<p>●</p>	<p>The OHSAS 18001 standard was implemented at our sites in Temecula (USA) and Tijuana (Mexico). Thus both sites have been included in the Infineon multi-site certificate.</p>

Reporting the Material Issues

TARGETS FOR THE 2017 FISCAL YEAR	STATUS	DESCRIPTION
 Environmental sustainability		
Water management <p>Regardless of growing product complexity, our aim is that our specific water consumption does not exceed 8.5 liters per square centimeter manufactured wafer. The typically increasing complexity of our products requires an increase in the use of water in production. Therefore, this target is a challenge and a practical reference unit for the effectiveness of our measures aimed at the sustainable use of water.</p>	●	Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.
Waste management <p>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 the waste reduction.</p>	●	Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.
Efficient energy management <p>Completion of projects and measures at our worldwide manufacturing sites which will save a total of 35 gigawatt hours of energy by the end of the 2017 fiscal year.</p>	●	In the 2017 fiscal year we completed measures which saved an annual volume of 24.65 gigawatt hours of energy; considering the last three fiscal years, we achieved 59.31 gigawatt hours.
Greenhouse gas emissions <p>PFC-relevant emissions will remain below the World Semiconductor Council target value of 2.2 tons of CO₂ equivalents per square meter of 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.</p>	●	Our PFC-relevant emissions were below 2.2 tons CO ₂ equivalents per square meter manufactured wafer surface.

Reporting the Material Issues

TARGETS FOR THE 2017 FISCAL YEAR	STATUS	DESCRIPTION
 <p>Contribution through sustainable products</p> <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 30 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 41 higher than the corresponding emissions in manufacturing those products.
 <p>Our responsibility along the supply chain</p> <p>Integration of the conflict mineral activities in the Supplier Management Portal.</p>	●	The Supplier Management Portal requests declarations on conflict minerals in the form of "Conflict Minerals Reporting Templates" (CMRT).
<p>Maintaining a DRC conflict-free supply chain and conducting a complete renewed supplier evaluation with regard to the use of conflict minerals. Here the challenge is the dynamic development of the product portfolio and the resulting modified supplier topology.</p>	●	A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.
 <p>Corporate citizenship</p> <p>Introduction of an annual "Best Practice Sharing Workshop" with the local citizenship representatives.</p>	●	Two corporate citizenship "Best Practice Sharing Workshops" were held in July 2017 with the participation of a total of over 50 people. Here the Infineon concepts and expectations in the area of corporate citizenship as well as planned process improvements were presented and discussed.



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