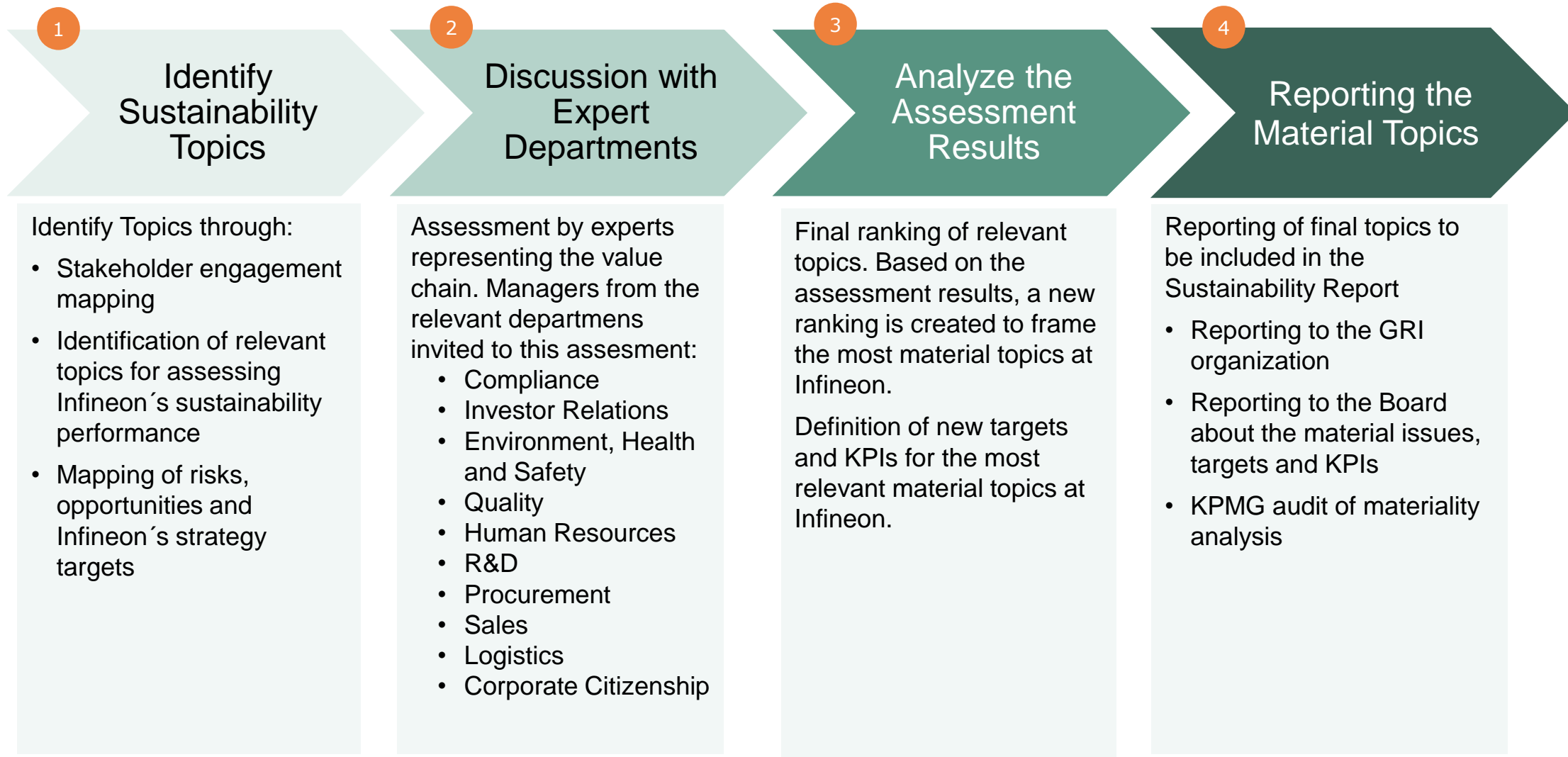


Materiality Disclosure and Target Setting

2021



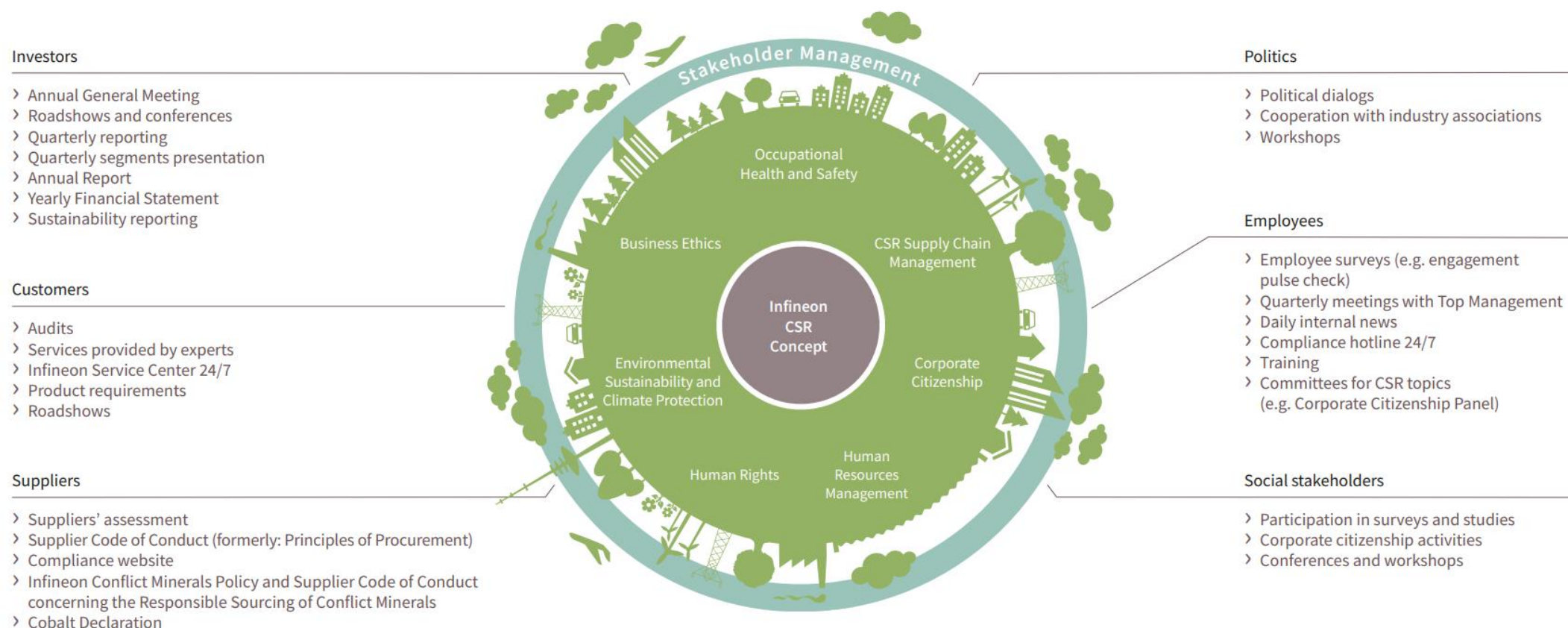
Materiality Analysis Procedure



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, 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.

2 Discussion with Expert Departments

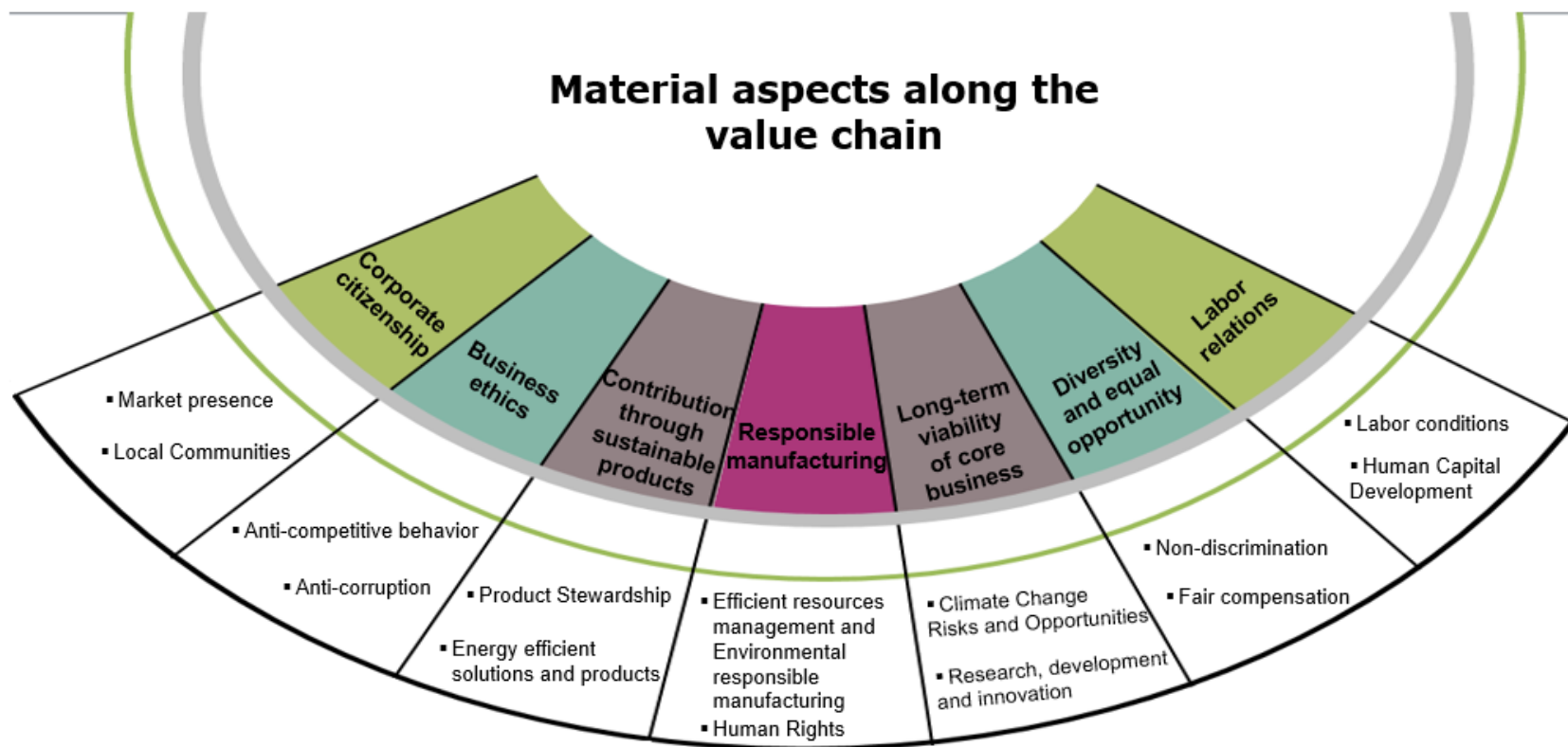
Discussion with Infineon expert departments

- › 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.

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 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 (Production materials, products, services)	Infineon (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:



Business
Ethics



Human
Rights



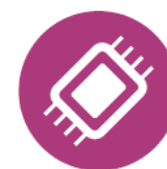
Human
Resources
Management



Protection of
our
employees



Environmental
Sustainability and
Climate
Protection



Contribution
Through
Sustainable
Products



Our
responsability
along the supply
chain



Corporate
Citizenship

Reporting the Material Issues

The Board approves the material issues, targets and KPIs.

Targets for the 2022 fiscal year

	Overall goals	<p>Set ambitious climate protection and diversity goals as part of the compensation system for the Management Board for the 2022 fiscal year.</p> <p>Incorporate the main sites formerly operated by Cypress into the integrated management system IMPRES by the end of the 2024 fiscal year by conducting internal systems audits at the main sites in the 2022 calendar year and obtaining external certification of the sites in the 2023 calendar year.</p>
	Business ethics	Adapt and continue to optimize the Compliance Management System, especially by recording, evaluating and implementing regulatory requirements such as those set out in current and proposed legislation (for instance, the EU Whistleblowing Directive).
	Human rights	Continue to develop a risk-based approach in the area of sustainability in supply chain management, by setting up a supply chain project spanning the various functions.
	Human resources management	<p>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.</p> <p>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.</p> <p>At least 90 percent of all our managers (from 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.</p>
	Protection of our employees	Integrate the three main locations formerly operated by Cypress into the behavior-based safety program by introducing the seven Golden Rules of Safety and implement this program at regular occupational safety training sessions at these locations.

Reporting the Material Issues

Targets for the 2022 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 be reduced by 70 percent compared with the 2019¹ calendar year.

Energy management

Implement projects and measures in the 2022 fiscal year to increase energy efficiency, giving total annual potential energy savings of 20 gigawatt hours. The implementation of site-specific measures in the area of infrastructure and manufacturing will support the achievement of this target.

Greenhouse gas emissions

Implement measures that will generate total emission savings of 50,000 tons of CO₂ equivalents by the end of the 2024 fiscal year.

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. This is a long-term goal that is in accordance with our sustainability strategy. One of the measures for achieving this target is regular communication between the main sites so that potential improvements can be identified and implemented.

Waste management

Regardless of growing product complexity, 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. 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 waste reduction measures. This target should be reached in particular through regular communication between the sites so that potential improvements can be identified and implemented.

Reporting the Material Issues

Targets for the 2022 fiscal year

	Contribution through sustainable products	Update the calculation of the Infineon carbon footprint, considering all the segments.
	Our responsibility along the supply chain	<p>Maintain a DRC conflict-free supply chain and conduct another evaluation of 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 in customer-specific requirements, present a significant challenge.</p> <p>Conduct a due diligence assessment for 100 percent of suppliers of products containing cobalt to create transparency in the supply chain regarding the origin of cobalt and publish the results in the form of a Cobalt Declaration.</p>
	Corporate citizenship	Evaluate our current reporting and management platform to make it more user-friendly and to improve the efficiency of the process by assessing internal requirements and possible external solutions.



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