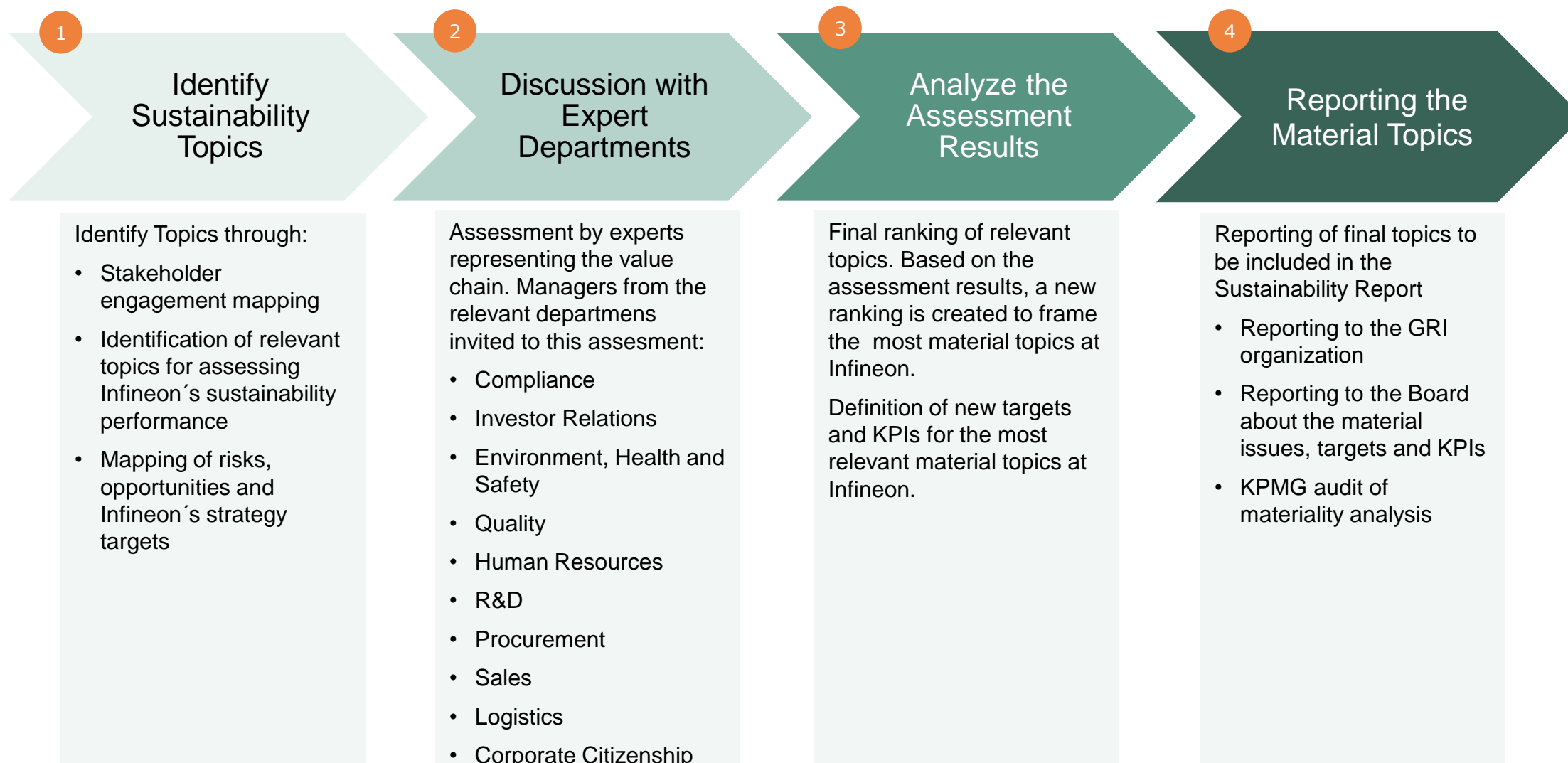


# Materiality Disclosure and Target Setting

2020



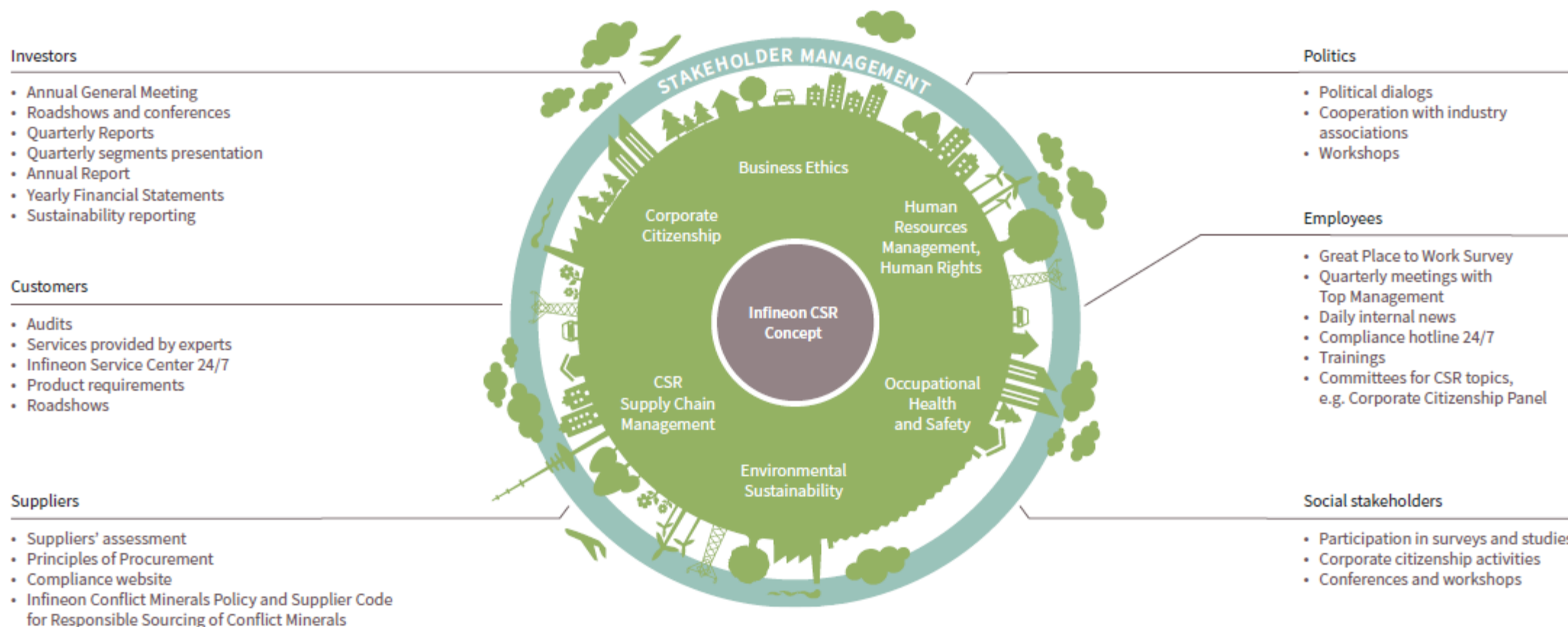
# Materiality Analysis Procedure



# 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.

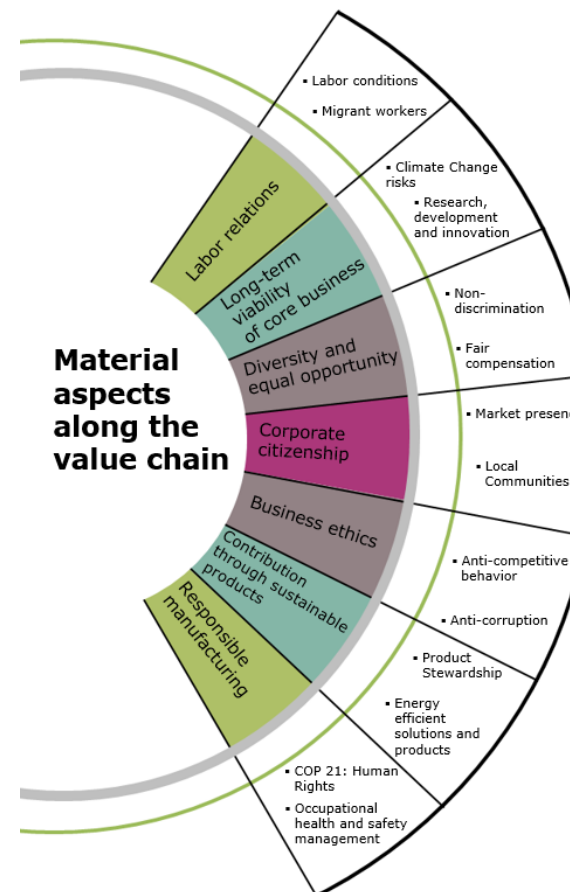
### Discussion with Infineon expert departments

- › 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:



# 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

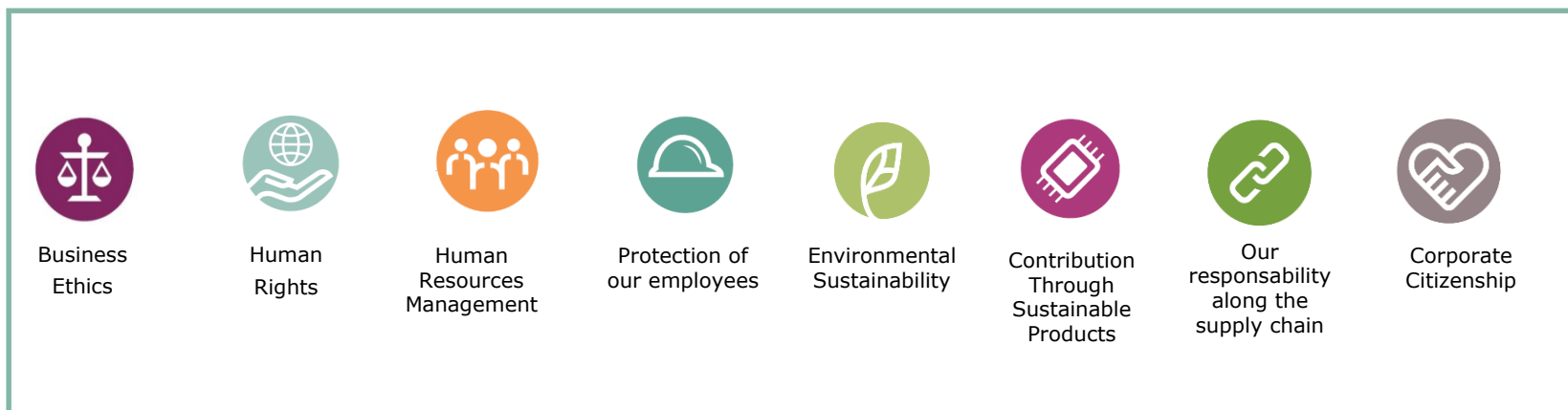
Material aspects	Reporting boundary <sup>1</sup>	Supply chain (Production materials, products, services)	Infineon internal (Production processes)	Customer (Product application)
Long-term viability of core business	Internal/external	Medium	High	High
Contribution through sustainable products	Internal/external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

<sup>1</sup> 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:











## 4 Reporting the Material Issues

The Board approves the material issues, targets and KPIs.


### Our sustainability targets

Targets for the 2020 fiscal year		Status	Description
	<b>Business ethics</b>		
	In the 2020 fiscal year all employees will be trained on the updated version of the Business Conduct Guidelines. The training is obligatory for all employees worldwide. The participation of our employees will be ensured by an automated reminder system and escalation process to the manager.		In the 2020 fiscal year, all employees who had not completed the Business Conduct Guidelines training in the past three years were enrolled in a relevant training course. We will now ensure our employees take part using an automated reminder system and escalation process to the manager.
	<b>Human rights</b>		
	Evaluation of the possible impact on supplier management at Infineon from the German National Action Plan (NAP) for Business and Human Rights.		The evaluation was carried out in the reporting year. As a result, we were able to expand our supplier evaluation with regard to human rights by including detailed questions in our CSR supplier questionnaire.


## 4 Reporting the Material Issues

Targets for the 2020 fiscal year	Status	Description
 <b>Human resources management</b>		
<p>The target of maintaining a share of women in management positions of at least 15 percent by the end of the 2020 fiscal year remains in place. 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.</p>	●	<p>We were able to increase the proportion of women at middle and senior management levels from 15.5 percent in the previous fiscal year to 16 percent in the 2020 fiscal year. This means that we achieved the target we set.</p>
<p>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.</p>	●	<p>In the 2020 fiscal year, we achieved the global target we had set ourselves, with 84 percent of employees agreeing with the statements "I would recommend Infineon as a great place to work" and "How happy are you working at Infineon?" in our last employee survey.</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. 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 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 the leadership dialog and the training of internal or external moderators for the leadership dialog.</p>	①	<p>In the course of the leadership dialogs, managers receive structured feedback from their employees. This makes it possible for them to reflect on their own management behavior, to recognize their strengths and identify potential improvements, thereby improving collaboration with and within the team. As a result of the exceptional situation which has arisen around the world due to the coronavirus pandemic, some dialogs were conducted virtually, while others were postponed. Currently, around 72 percent of managers (previous year: 81.8 percent) have conducted their leadership dialogs within the last two years.</p>
 <b>Protection of our employees</b>		
<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>	①	<p>Implementation of the detailed additional measures was not fully completed due to the coronavirus pandemic. We will continue to apply our behavior-based safety program as part of our preventive management system.</p>
<p>Transition of our occupational health and safety management system from OHSAS 18001 to ISO 45001 and certification of all manufacturing sites covered by IMPRES and of the corporate headquarters Campeon (Germany).</p>	●	<p>The internal transition of our management system has already taken place. By the end of the 2020 calendar year, Infineon will be in the certification process for ISO 45001:2018.</p>



## 4 Reporting the Material Issues

Targets for the 2020 fiscal year	Status	Description
 <b>Environmental sustainability and climate protection</b>		
<b>Efficient energy management</b>		
<p>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.</p>	●	<p>In the 2020 fiscal year, we completed measures which saved 11.98 gigawatt hours of energy. Over the past three fiscal years, total savings of 58.48 gigawatt hours were achieved.</p>
<p>Transition of the energy management system according to ISO 50001 at the European manufacturing sites which are certified under IMPRES and at our corporate headquarters Campeon (Germany) to the new standard ISO 50001:2018.</p>	●	<p>The internal transition of our management system has already taken place. By the end of the 2020 calendar year, Infineon will be in the certification process for ISO 50001:2018.</p>
<b>Greenhouse gas emissions</b>		
<p>In the 2020 fiscal year, our aim is to keep the PFC-relevant emissions of the frontend sites below the World Semiconductor Council target value of 2.2 tons of CO<sub>2</sub> 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.</p>	●	<p>Our PFC-relevant emissions were below 2.2 tons of CO<sub>2</sub> equivalents per square meter manufactured wafer surface.</p>
<b>Water management</b>		
<p>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 water consumption 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.</p>	●	<p>Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.</p>

## 4 Reporting the Material Issues

Targets for the 2020 fiscal year	Status	Description
<b>Waste management</b> <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 waste reduction. This target is to be achieved in particular through regularly occurring exchange between the sites for identification and implementation of potential improvements.</p> <p>Implementation of measures at the frontend sites in order to save 300 tons of the solvent 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.</p>	<p>●</p> <p>●</p>	<p>Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.</p> <p>In the 2020 fiscal year, 399.01 tons of the solvent PGMEA was recovered by distillation of waste containing PGMEA and was reused in manufacturing. This corresponds to a 133 percent achievement of the target.</p>
 <b>Contribution through sustainable products</b> <p>Updating of the Infineon CO<sub>2</sub> footprint as well as achievement of a ratio of CO<sub>2</sub> savings through our products in the use-phase compared to the emissions generated in manufacturing our products of at least 30 to 1.</p>	<p>●</p>	<p>The Infineon carbon footprint was updated. The ratio of CO<sub>2</sub> savings through our products in their use-phase to the emissions generated by manufacture was around 35 to 1.</p>

## 4 Reporting the Material Issues

Targets for the 2020 fiscal year	Status	Description
 <b>Our responsibility along the supply chain</b> Maintaining a DRC conflict-free supply chain and conducting a renewed 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 of customer-specific requirements present a significant challenge.	●	A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.
 <b>Corporate citizenship</b> A proposal for an internal communication strategy for CSR and sustainability topics will be formulated in the 2020 fiscal year.	●	An internal communication strategy was formulated and communication measures on the topics of climate strategy and corporate citizenship were implemented. The communication will be expanded if required to include additional CSR key activities.





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