

Dr. Reinhard Ploss
Chief Executive Officer
Infineon
Am Campeon 9
D-85579 Neubiberg
Germany

cc: Alexander Foltin
Head of Investor Relations

Paris, 25th June 2020

re: Infineon 's energy transition policy

Dear Sir,

BDL Capital Management is an asset management company founded in 2005 and which manages European equity funds invested over long-term horizons on the basis of companies' fundamentals. BDL Capital Management is currently a shareholder of Infineon.

Climate change is leading to ever-stricter regulations and new consumption patterns. These developments present opportunities but also risks to European companies' business models. Tougher financing conditions and asset impairment due to loss of market share as a result of an inadequate environmental policy, are just some of the factors that can negatively influence an enterprise's intrinsic value. We therefore pay particularly close attention to the ESG policies of the companies in which we invest, and especially their energy transition strategy.

As these issues are now central to the analysis and monitoring of our investments, we would like Infineon's energy transition policy to be part of our future discussions.

Like Infineon, we use the not-for-profit charity CDP (www.cdp.net), which is known around the world for administering the global disclosure system for companies', cities', states' and regions' management of their environmental footprint.

Looking at the data that Infineon has given to CDP, we see that the grade awarded for the Climate Change 2019 survey is B.

Closer analysis of your Climate Change 2019 response leads us to suggest a few recommendations for future improvements. Firstly, we noticed that your response is "non-public" and we encourage you to

Société par actions simplifiée
24 rue du Rocher
75008 Paris
Tel: +33 (0)1 56 90 50 90
RCS 481 094 480 Paris

make it “public”. Infineon has already taken interesting steps regarding climate change, and there is nothing to hide, consequently making your response “public” would lend more credibility to your climate strategy.

Secondly, we notice room for improvement in the way you set your targets for CO2 emission reductions. The official target that we see is based on Scope 1 emissions which, as you mention, represent only 10% of group emissions. As a result, we would encourage you to at least set targets on scope 1+2 and ideally on scope 1+2+3. We also notice that this target is an intensity target and not an absolute target. While having an intensity target is better than nothing, we think it is no longer enough and we would like you to set absolute target emission reductions. In the future, companies that will thrive will be the ones that can grow while reducing absolute GHG emissions.

Thirdly, you are rightly saying that your target is not a scientific based target and that you don’t anticipate setting one in the coming 2 years. We would like you to reconsider your position on this topic. More and more leading companies are committing to setting up scientific based targets in the next two years. For shareholders, it’s a great way to ensure that targets that are set are credible and will contribute to meet the objectives of the 2015 Paris agreements. As a clear industrial leader, Infineon should lead the way by putting positive pressure on industry competitors and set scientific based targets. This will also help Infineon achieve an A rating with CDP, the ultimate goal and evidence that your climate strategy is best in class.

Finally, we would like you to clarify how climate change is taken into account in the variable compensation of your top management. While it seems that some kind of ESG performance is included, we would like to have more details about the criteria and especially about the KPI’s on climate change. We would also like to understand the % contribution in the variable remuneration of these climate change KPI’s.

To conclude, we have faith in Infineon’s strategy and competitive positioning. We want Infineon to emerge as a leader in the transition towards a carbon neutral world, as this would make the group more sustainable.

Yours faithfully,

Hughes BEUZELIN
CIO & Founder

Vincent MAULAY
Technology Senior Analyst

Laurent CHAUDEURGE
Head of ESG Policy