Sustainability at Infineon[1]

In addition to the statutory audit of the Combined Management Report, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, has provided independent assurance ("limited assurance") regarding the sustainability performance information provided in this chapter in accordance with the International Standard for Assurance Engagements 3000 and the International Standard on Assurance Engagements 3410, the pertinent standards for assuring sustainability information. Further information, including the independent assurance report issued, can be found in the Corporate Social Responsibility section of the Infineon website.

@ www.infineon.com/csr_reporting

G 36
Infineon CSR Concept

Investors
- Annual General Meeting
- Roadshows & conferences
- Quarterly Reports
- Quarterly segments presentation
- Annual Report
- Yearly Financial Statements

Politics
- Political dialogs
- Employees involved in Industry Associations
- Workshops

Customers
- Audits
- Services provided by experts
- Infineon Service Center 24/7
- Product requirements
- Roadshows

Employees
- Great Place to Work Survey
- Quarterly "All-Hands Meetings"
- Daily internal news
- Compliance Hotline 24/7
- Trainings
- Committees for CSR topics e.g. "Corporate Citizenship Panel"

Suppliers
- Suppliers-Assessment
- Principles of Purchasing
- Compliance website
- Awareness-raising campaign about water-stressed areas

Social stakeholders
- Participation in surveys and studies
- Social and NGOs
- Citizenship activities
- Conferences & workshops

GRI G4 – 24, G4 – 25, G4 – 26, G4 – 27

We understand Corporate Social Responsibility (CSR) as our voluntary responsibility towards both international and local societies. Our commitment is based on compliance with current legal requirements, the ten Principles of the UN Global Compact and the principle of sustainability as the symbiosis of economy, ecology and social engagement. Based on these tenets,

1 Any data in this chapter relating to International Rectifier are explicitly identified in the various sections.

we have identified six fields of activity: Business Ethics, Occupational Health and Safety, Environmental Sustainability, CSR Supply Chain Management, Corporate Citizenship, as well as Human Resources Management and Human Rights.

GRI G4 – 25, G4 – 26, G4 – 27

As part of the continuous development and enhancement of our CSR concept, in addition to the materiality analysis (see the chapter “About this report”) we view a sustained dialog with stakeholders as key to understanding their expectations. We have identified the most important stakeholders for Infineon, taking into account the scope of the “Stakeholder Engagement Manual” drawn up by the organization “AccountAbility” (see the chapter “About this report”).

P see page 3 f.
P see page 4 ff.

In our materiality analysis we evaluate the expectations and requirements of our internal and external stakeholders in the field of sustainability in various topics in accordance with the sustainability reporting guidelines set out by the Global Reporting Initiative GRI 4. The results of our continuous dialog with our stakeholders have been integrated into the design of the analysis.

The numerous areas and departments of Infineon utilize various channels of communication, engaging continually in conferences, forums, associations and surveys with the aim of fostering targeted communication with the respective stakeholder groups (see “Cooperation with universities” in the chapter “Our employees”).

P see page 111 f.

In 2015, Infineon again qualified for listings in key sustainability indices, which assess companies according to environmental, social and governance criteria.

P see the chapter “Awards” on page 122 f.

Infineon is listed in the “Dow Jones Sustainability™ Europe Index” and, for the first time, was the only European semiconductor manufacturer to be listed in the Dow Jones Sustainability™ World Index in 2015. Infineon is also represented in other important indices, such as the “STOXX® Global ESG Leaders Indices” or the “FTSE4Good Index”.

Furthermore, in the 2015 fiscal year Infineon qualified for inclusion in the Sustainability Yearbook for the fifth consecutive time. Moreover, “Oekom Research” has given Infineon the “Prime” rating.

Since 2014, Infineon has published information on opportunities and risks for the company derived from climate change via the Carbon Disclosure Project (CDP). In this year’s CDP climate change report, Infineon has achieved a placing among the best companies in the “Information Technology” sector and the status of sector leader in the so-called DACH region (Germany, Austria and Switzerland).

Business ethics

The Infineon Business Conduct Guidelines are an important yardstick in our daily working lives. They are valid for all of our employees worldwide, in all of their dealings, whether among one another or with our customers, shareholders, business partners and the general public.

In the 2015 fiscal year we began revising our Business Conduct Guidelines as our Code of Conduct for the entire Group. We intend to update both the content and the layout, with the aim of providing greater clarity for all readers. In preparation, we conducted a study on the best possible way to draw up a Code of Conduct in cooperation with a university and involving 1,800 employees worldwide. We plan to publish the new Business Conduct Guidelines during the first six months of the 2016 fiscal year (see the chapter “Corporate Governance”).

P see page 174 ff.

Business Ethics

Target achievement and summary of results in the 2015 fiscal year

Targets achieved:

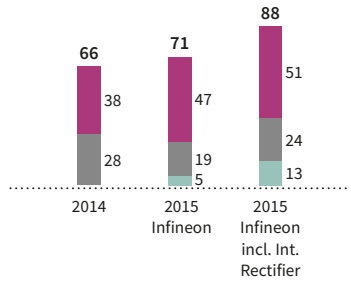
- Apart from beginning to update our Business Conduct Guidelines, during the fiscal year we drew up a new worldwide rule on the Handling of Gifts and Invitations, and implemented it throughout the Company.
- The number of participants of the obligatory compliance training remained high at approximately 16,700. As expected, the figure was lower than in the previous reporting period, as in the 2015 fiscal year we concentrated primarily on rolling out the web-based training on corruption prevention and antitrust law. The focus had previously been on Business Conduct Guidelines training. All employees were required to take part in this training.

Targets for the 2016 fiscal year

- Implementation of the revised Business Conduct Guidelines worldwide and the corresponding training, which addresses all Infineon employees.
- To complete the integration of the former International Rectifier sites in the existing Compliance Management System: Infineon compliance training and compliance processes will be successively applied to all International Rectifier employees. The revised Business Conduct Guidelines will also apply directly to International Rectifier employees upon publishing.

G 37

Reports of possible compliance breaches



- Thereof confirmed as compliance breach (after investigation)
- Thereof confirmed as non-breach (after investigation)
- Thereof still under investigation

Infineon Technologies AG and selected major subsidiaries commissioned an independent audit firm to confirm the appropriateness, implementation and effectiveness of their Compliance Management System in accordance with the IDW PS 980 standard. This audit (which focused on corruption prevention and antitrust law) was completed in the course of the 2014 fiscal year. Afterwards the standard was transferred to the remaining Group companies during the 2015 fiscal year and completed by the end of that same year, with the exception of International Rectifier companies. Adherence to the Compliance Management System within the Group's various subsidiaries will be monitored in regular internal audits.

As a UN Global Compact participant, Infineon has made a commitment to abide by the stated principles and reports below in an exemplary manner in its Communication on Progress on the measures implemented:

UN Global Compact	Measures implemented
Human Rights	
Principle 1: Support for human rights Principle 2: Non-complicity in human rights abuses	› Training for all employees on Business Conduct Guidelines, which reflect our self-commitment to respect and uphold international human rights. The training is supplemented with video sequences showing case studies from day-to-day working situations that are descriptive and easy to grasp for employees at every level. The training is repeated at regular intervals and new hires to the company are automatically enrolled for training. › Firmly defined rules in our CSR Policy as well as the Principles of Purchasing, which require our suppliers and service providers to fulfill the obligations described therein. Infineon purchases its components and materials from companies that respect human rights. P see "Infineon products without DRC-conflict minerals", page 105 f. and "Human Resources Management, Human Rights", page 95
Labor	
Principle 3: Uphold freedom of association Principle 4: Elimination of all forms of forced labor Principle 5: Abolition of child labor Principle 6: Elimination of discrimination	› As described in our Business Conduct Guidelines, we do not tolerate discrimination and reject every form of forced labor. In addition to the usual in-house methods of reporting breaches – such as to Management, the Human Resources department or Compliance – employees and business partners can also contact an anonymous whistleblower hotline or an external ombudsman. Access and information are available on the Infineon website. During the 2015 fiscal year we recorded an increase in the number of incoming reports regarding possible breaches, which can be explained by the higher number of employees since completing the acquisition of International Rectifier (see chart 37). › 74.5 percent of our employees (including International Rectifier) work at sites that have entered into collective agreements and where independent employee representatives are in place. › More than 90 percent of our employees work at production sites where committees are in place that also offer employers, employees and/or employee representatives the opportunity to discuss and receive advice on topics relating to environmental protection, occupational safety and health. › Persons under 15 years of age are not allowed to work for Infineon. Exceptions apply for certain developing countries covered by International Labour Organization (ILO) convention 138 (minimum age lowered to 14 years), or for job training and vocational training programs that are authorized by the governments of the countries involved and who demonstrably promote those participating.

UN Global Compact	Measures implemented
Environment	
Principle 7: Precautionary approach to environmental protection Principle 8: Support initiatives for greater awareness of environmental responsibility Principle 9: Development and diffusion of environmentally friendly technologies	› Our IMPRES (Infineon Integrated Management Program for Environment, Energy, Safety and Health) is globally certified in accordance with ISO 14001 and OHSAS 18001 standards. IMPRES underscores our commitment to the efficient management of resources, environmental protection and ecological innovation. › Effective energy management is important for increasing energy efficiency and reducing greenhouse gas emission levels. All of our EU frontend sites as well as Campeon, our corporate headquarters, are additionally certified in accordance with the ISO 50001 standard. › Efficient use of energy, mobility and security in a connected world – we address some of the most critical challenges that our society faces while taking a conscientious approach to the use of natural resources. We make life easier, safer and greener – with technology that achieves more, consumes less and is accessible to everyone. Microelectronics from Infineon is the key to a better future. P see "Product sustainable value ", page 103 f.
Anti-corruption	
Principle 10: Action against corruption	› Completion of a specific web-based training on anti-corruption, in which more than 7,000 selected employees worldwide have participated. The training is mandatory for selected employees and for Management. › Initiation of a campaign to raise awareness on the topic of compliance, including posters displayed at all of our Asian sites. › Implementation of an Integrity Pact program with local suppliers in China, aimed at preventing corruption. Here we utilized a concept previously developed in Malaysia in cooperation with the organization "Transparency International". › Formalized risk assessment as part of the Compliance Management System and the definition of required measures.

Human resources management, human rights

Compliance with internationally proclaimed human rights and labor standards is self-evident.

The Infineon Business Conduct Guidelines reflect this self-commitment and define our standards as well as their implementation in this area for all employees worldwide. Our standards are in compliance with the International Bill of Human Rights and the Fundamental Principles of the International Labour Organization (ILO).

Our employees receive regular training on the Business Contact Guidelines. In addition, we have implemented external hotlines which our employees, suppliers, customers and business partners can contact, even anonymously. All reported cases are investigated by our Compliance experts (see "Business Ethics" in this chapter).

P see page 93

Even for its suppliers, Infineon requires compliance with all applicable laws, including those pertaining to human rights and fair business practices (see "Our responsibility along the supply chain" in this chapter).

P see page 105 f.

Additional information is included in the chapters "Corporate Governance" and "Our Employees".

P see page 174 ff.
P see page 108 ff.

Responsibility for our employees

One of our primary objectives is to create a safe working environment. Our approach in the fields of occupational safety and health protection is based on the principle of prevention.

Our occupational safety and health management system has been certified in accordance with OHSAS 18001 at all of our main manufacturing sites as well as our corporate headquarters. The workplace-related risk assessment is designed to ensure that the required measures are taken to minimize any risks at their workplace that could endanger our employees. Workplace-related risk assessment is a key preventive instrument in the fields of occupational safety and health and is subject to continual improvement.

Workplace-related risk assessments enable us to define measures that improve the working environment at Infineon. The implementation of these measures is supported by experts in this field. One example is the measures which have already been implemented at a number of Infineon sites to reduce noise levels.

Programs designed to improve ergonomics have also been implemented, including special training for preventing back injuries, the optimization of computer workstations and tips on the correct lifting and carrying of loads.

Occupational safety

Target achievement and summary of results in the 2015 fiscal year

› Our Injury Rate in the 2015 fiscal year was 0.46. Almost half of the accidents resulted in 5 or less lost days

Target for the 2016 fiscal year

› Our target for the next fiscal year is to achieve an Injury Rate of 0.4 or lower.

The measures taken are then monitored for effectiveness to ensure they achieve the desired result.

Our experts in the fields of occupational safety, health and fire prevention invested approximately 56,972 hours in further training and educational measures worldwide during the 2015 fiscal year.

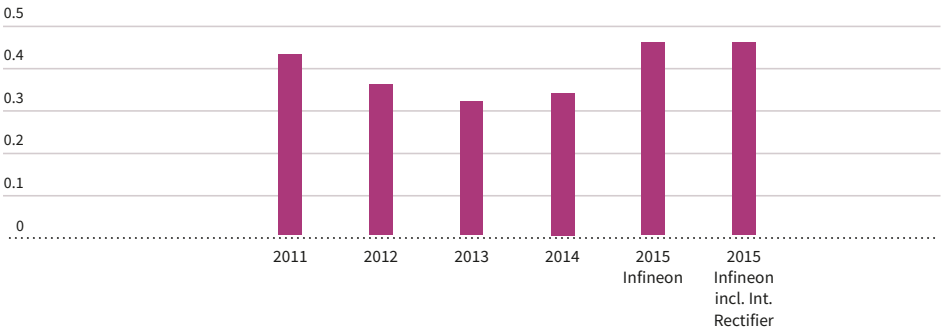
Apart from a range of accident prevention measures, we carry out fire prevention training and evacuation exercises at all of our main production sites as well as the Campeon corporate headquarters on an annual basis.

The recording and evaluation of work-related accident figures in the course of our data collection process is performed in accordance with GRI requirements on the basis of the standardized Injury Rate (IR) and the Lost Day Rate (LDR). All work-related accidents that have led to more than one lost day have been taken into account. The figures presented in this section include data from International Rectifier sites.

There were no fatal work-related accidents at Infineon in the 2015 fiscal year. Our Injury Rate of 0.46 in the 2015 fiscal year is presented in graph 38. Almost half of the accidents resulted in 5 or less lost days. The Lost Day Rate of 5.65 is illustrated in graph 39 and can be explained by few accidents with long absence.

G 38

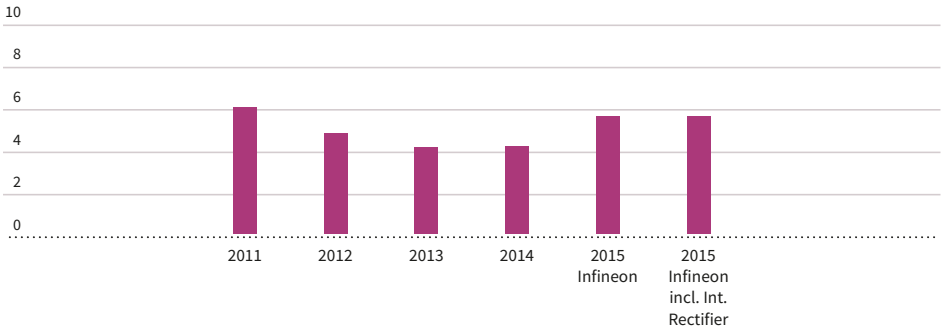
Injury Rate (IR) [1]



1 The Injury Rate is calculated as follows: total number of injuries/total hours worked x 200,000. Holidays and public holidays are included in the working hours.

G 39

Lost Day Rate (LDR) [1]



1 The Lost Day Rate is calculated as follows: total number of lost days/total hours worked x 200,000. Holidays and public holidays are included in the working hours.

Environmental sustainability

Our global management system IMPRES integrates targets and processes relating to ecological sustainability (including energy management) as well as occupational safety and health protection. IMPRES is certified in accordance with ISO 14001 and OHSAS 18001 worldwide. Additionally it has been certified in accordance with ISO 50001 energy management standard at our main European manufacturing sites as well as our Campeon corporate headquarters. We are currently in the process of integrating sites that have become part of Infineon through the acquisition of International Rectifier in our multi-site certification and have begun to implement the integrated management system. The figures given in the sections “Water management”, “Waste management” and “Efficient energy management” include International Rectifier data.

P see pages 97 f. and 99 f.
@ www.infineon.com/csr_reporting

Sustainable use of resources at our manufacturing sites

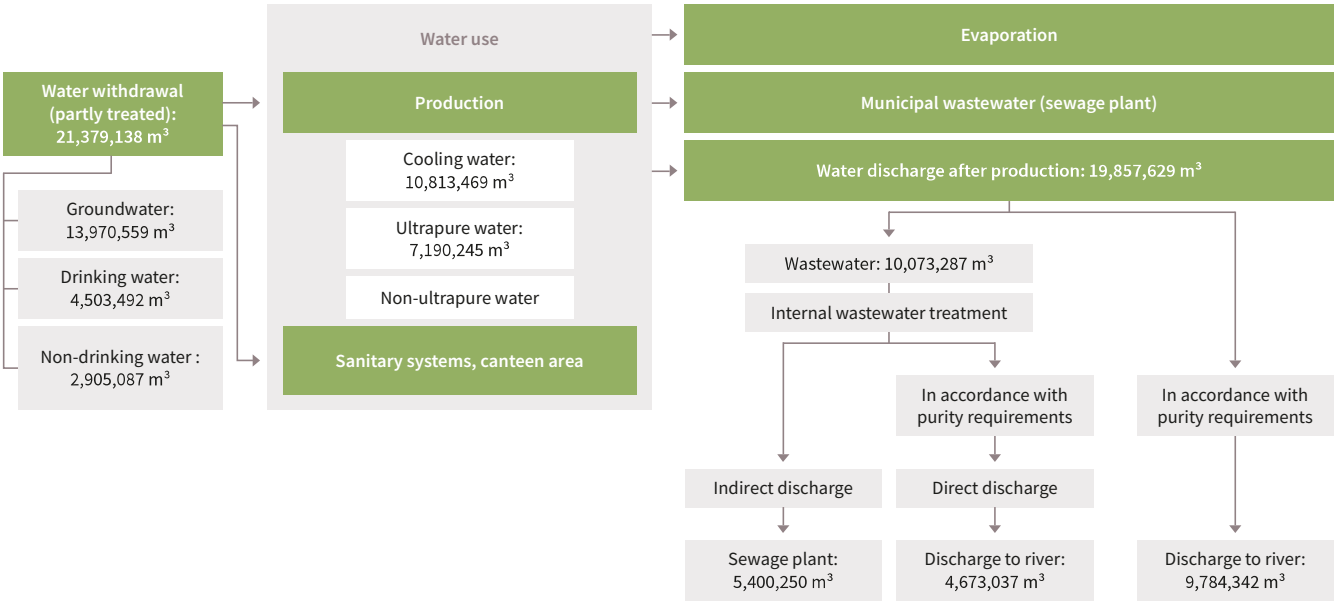
The growing scarcity of natural resources is one of today’s greatest global challenges. Optimizing efficiency in the use of resources offers both ecological and economic benefits and is a key component in our sustainability strategy worldwide.

Water management

Efficient water management is an integral part of our environmental management and should guarantee the sustainable use of water. The schematic diagram for water management at Infineon in the 2015 fiscal year is shown in chart 40.

G 40

Water balance



Water management

Target achievement and summary of results in the 2015 fiscal year

Targets achieved:

- Infineon consumed approximately 21 percent less water than the WSC global average to manufacture one square centimeter of wafer.
- Infineon has published its Communication on Progress to the UN's "CEO Water Mandate" on its website at: www.infineon.com/csr_reporting

9.77 percent of ultrapure water is either recycled or reused in other processes.

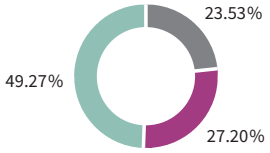
"Water Efficient Building" certificate received for a further building at the Singapore site.

Targets for the 2016 fiscal year

- Regardless of growing product complexity, our aim is that our specific water consumption does not exceed 8.5 liters per square centimeter of wafer.
- The preparation and approval of Business Continuity Plans for the International Rectifier sites of Temecula (USA) and Tijuana (Mexico). Business Continuity Plans serve to safeguard business activities in case of serious unforeseeable events, such as natural disasters or fires, and to minimize consequential damage for Infineon and its customers. Water shortages and climate change are part of this assessment.

G 42

Water discharges 2015



- Wastewater – direct discharge
- Wastewater – indirect discharge
- Other water discharges (excluding wastewater)

G 43

Standardized water consumption

per square centimeter manufactured wafer

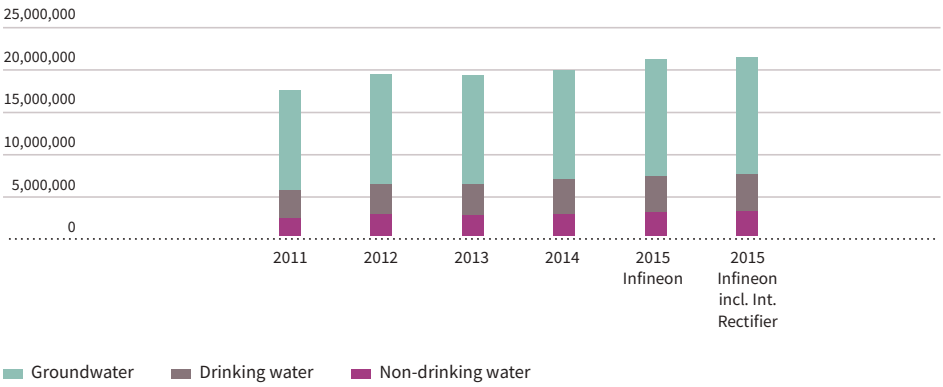
1 Frontend sites worldwide

During the year under report, Infineon withdrew 21,379,138 cubic meters (m^3) of water. Infineon sources water either from its own groundwater wells or from local providers, who supply both drinking and non-drinking water. Our water sources are shown in graph 41.

G 41

Water consumption

in cubic meters



Groundwater Drinking water Non-drinking water

If water fails to meet our purity standards, then it is treated and afterwards used in our manufacturing processes, either for cooling purposes, or to produce ultrapure production water.

Some of this water can be re-used several times. During the reporting period, 702,489 cubic meters (9.77 percent) of ultrapure water for production purposes and 1,106,540 cubic meters (10.98 percent) of production wastewater were re-used.

After water has exited the manufacturing area, it is either directly or indirectly discharged, depending on its level of purity, the technical conditions and official permissions. The percentages of water discharged are shown in chart 42.

The World Semiconductor Council (WSC) has defined water consumption in liters per square centimeter of wafer manufactured to measure the efficiency of water consumption. In the 2014 calendar year, Infineon frontend sites worldwide consumed around 21 percent less water to manufacture a square centimeter of wafer than the WSC global average.

According to the definition of the World Business Council for Sustainable Development (WBCSD), a water shortage exists when the total volume of renewable water resources available in a given area per capita is lower than 1,700 cubic meters per year. We performed a risk analysis at country level using the WBCSD's "Global Water Tools" 2015. As a result, Singapore is the only Infineon manufacturing site located in an area impacted by water shortages. The Singapore site accommodates mainly office and testing areas with low levels of water demand and utilized only 0.59 percent of the entire volume of water consumed by Infineon during the 2015 fiscal year. Nevertheless, water efficiency measures have been undertaken at the site, such as the installation of water-saving sanitary systems. For this reason, a further building at the Singapore site was awarded the "Water Efficient Building" certificate by the local water authority "PUB" during the 2015 fiscal year.

The high priority given to sustainable water consumption at Infineon is documented by its participation in the United Nations' "CEO Water Mandate". Our Communication on Progress regarding this initiative of the UN General Secretary is available on our website, @ www.infineon.com/csr_reporting. We report on our handling of water and the associated opportunities and risks in the "Carbon Disclosure Project (CDP) Water Disclosure".

Waste management

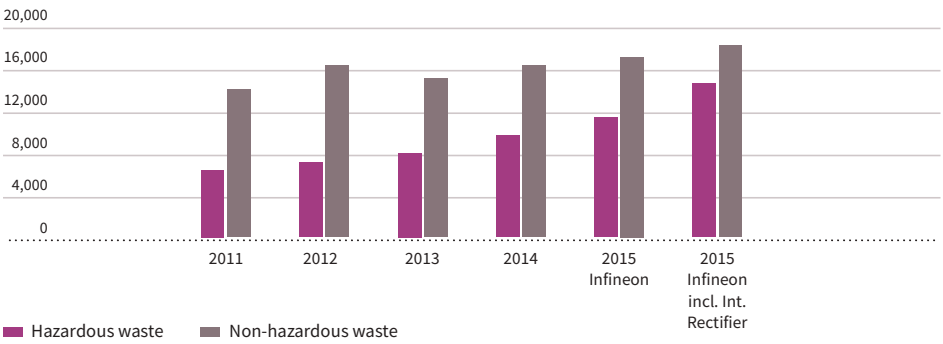
Our sustainable waste management is based on waste separation by type. Secure disposal methods including recycling are applied depending on the type of waste. All our manufacturing sites work with certified waste management companies. Apart from statutory requirements, fluctuating production and construction projects have the greatest impact on the amounts of waste generated.

In the 2015 fiscal year, waste totaled 32,940 tons, comprising 18,273 tons of non-hazardous waste and 14,667 tons of hazardous waste. Increases in production played a significant role in the increase in waste volumes compared to the previous year.

G 44

Waste generation

in tons



In the 2015 fiscal year, 67.30 percent of non-hazardous waste and 63.27 percent of hazardous waste were recycled. The percentages of the various waste management methods are illustrated in chart 45.

The WSC has defined the total volume of waste in grams per square centimeter of wafer manufactured to measure the efficiency of waste generation. In the 2014 calendar year, Infineon frontend sites worldwide generated around 50 percent less waste per square centimeter of wafer manufactured than the WSC global average.

During the 2015 fiscal year, a new waste collection center went into operation at the Villach (Austria) site with the aim of improving waste logistics. The center covers a total area of 1,600 square meters. Furthermore, from the beginning of the new fiscal year, the Villach site plans to discontinue recycling its dimethylformamide (DMF) solvent itself and have the work performed by an external specialist with further technical capabilities. The change will on the one hand improve the quality of the recycled DMF and on the other hand significantly increase the recycling rate.

Energy efficiency and climate protection

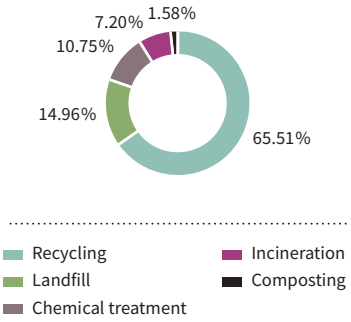
Efficient energy management

At Infineon, energy is used mainly in the form of electricity in all stages of semiconductor manufacturing. Primary energy sources such as oil and gas play only a minor part.

Within its manufacturing chain, Infineon consumes the majority of its energy in its frontend manufacturing sites, where the facilities require highly sophisticated physical conditions, such as particularly demanding stable conditions in the cleanrooms, which means additional energy consumption. Due to their nature, backend processes require less energy than frontend processes, followed by the development and office sites, which consume the lowest percentage.

G 45

Waste management methods in the 2015 fiscal year



G 46

Standardized waste generation

per square centimeter manufactured wafer

1 Frontend sites worldwide

Waste management

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

› Compared with the WSC global average, Infineon sites generated approximately 50 percent less waste to manufacture one square centimeter of wafer.

Approximately 65.51 percent of waste generated at Infineon sites was recycled.

Target for the 2016 fiscal year

› Regardless of growing product complexity, our aim is to keep the specific waste generation below 27.5 grams per square centimeter of wafer manufactured.

G see glossary, page 291

In the 2015 fiscal year, Infineon consumed worldwide roughly 1,467 gigawatt hours (GWh) of energy. Furthermore, Infineon gave off approximately 1.54 gigawatt hours to external consumers.

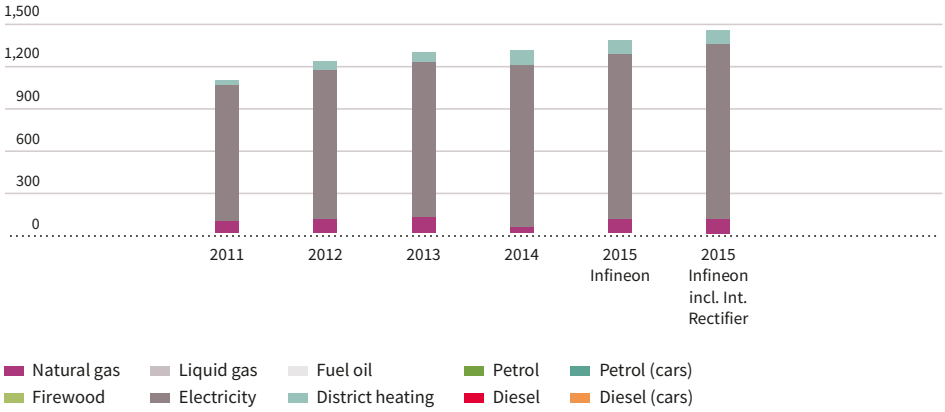
Consumption by energy source is shown in graph 47 and in the adjoining table.

	GWh
Direct energy (Scope 1) renewable	**0.50**
Firewood	0.50
Direct energy (Scope 1) non-renewable	**110.27**
Natural gas	98.73
Liquid gas	0.63
Petrol	0.06
Petrol (cars)	3.65
Diesel	0.68
Diesel (cars)	6.24
Fuel oil	0.28
Indirect energy (Scope 2) non-renewable	**1,354.13**
Electricity	1,253.07
District heating	101.06

G 47

Energy consumption

in gigawatt hours



G 48

Standardized electricity consumption

per square centimeter manufactured wafer

1 Frontend sites worldwide

At our main manufacturing sites and in line with local requirements, we have implemented the systematics of the energy management standard ISO 50001 and continually analyze options to further improve energy efficiency. Improving energy efficiency means reducing specific energy consumption, which in turn means a reduction in the amount of energy required per manufactured unit.

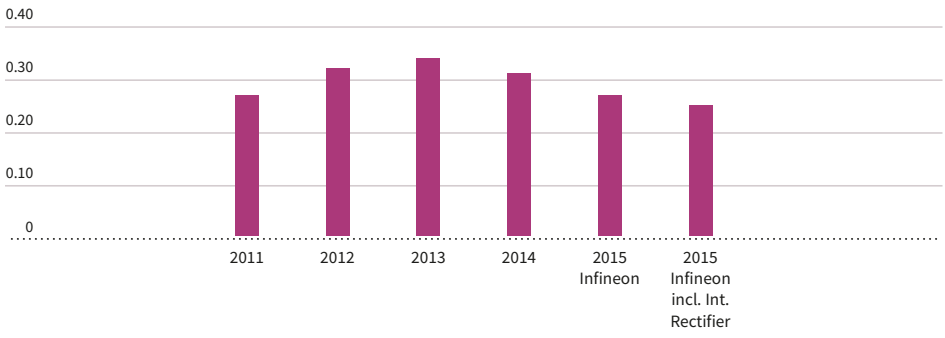
In the semiconductor industry, the WSC defines specific energy consumption as electricity consumed per square centimeter of wafer manufactured. Based on this definition, the WSC provides companies every year with an international value, which serves as a benchmark. Accordingly, in the 2014 calendar year, Infineon frontend manufacturing sites consumed approximately 40 percent less electricity per square centimeter of wafer manufactured than the worldwide average for the semiconductor industry in accordance with WSC.

In the 2015 fiscal year, the energy consumption per revenue was 0.25 kilowatt hours per euro. Figures from previous years are also shown in graph 49 as a comparison.

G 49

Energy consumption per revenue

in kilowatt hours per €



Energy efficiency

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

› This year we implemented measures that saved an annual volume of 14.31 gigawatt hours (GWh) of electricity and district heating. We have also integrated our backend manufacturing sites in the energy savings analysis.

Target for the 2016 fiscal year

› To implement projects and measures at our manufacturing sites worldwide which are capable of saving a total of 35 GWh of energy by the end of the 2017 fiscal year.

35 GWh

Greenhouse gas emissions

At an early stage, Infineon started developing strategies to reduce the amount of material used to the technically necessary minimum, thereby minimizing CO_2 emissions.

The classification of direct and indirect emissions is carried out as set out in the "Greenhouse Gas Protocol" in Scope 1, 2 and 3. The new Scope 2 guidelines now require companies to calculate and disclose two values for their Scope 2 emissions: "market-based accounting", which is based on provider-specific emission factors, and "location-based accounting", based on the average for the regional or national grid.

The calculation of CO_2 emissions is based on the ISO 14000 standard, which is concretized by the PAS (Public Available Specification) 2050 guideline issued by the BSI (British Standards Institution) for determining the ecological impact of various products, as well as by the principles of the Greenhouse Gas Protocol for determining carbon footprints (relevance, completeness, consistency, transparency, and accuracy).

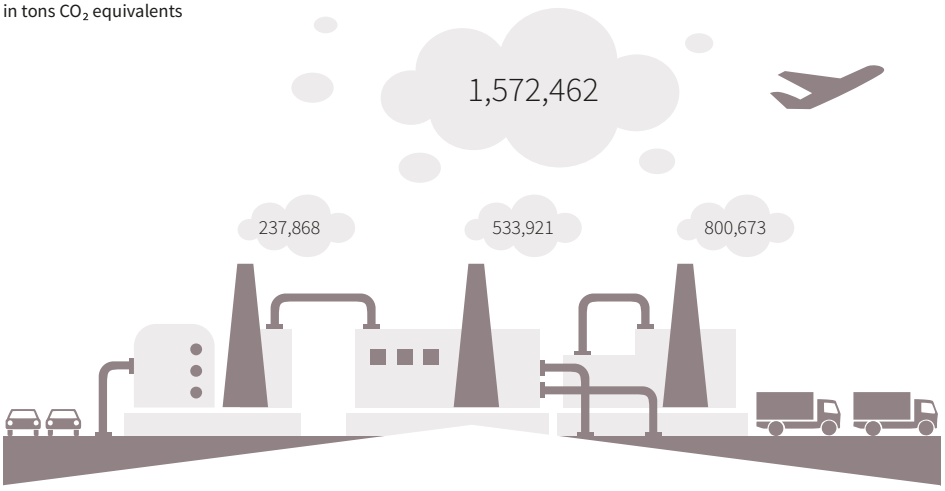
In calculating the Infineon carbon footprint, we have considered in accordance with PAS 2050 the entire manufacturing process, including all of the utilities (raw materials and supplies) as well as internal and external logistics including final distribution to customers.

The following emissions and immission have been included in the calculation of the carbon footprint:

G 50

Calculation of the CO_2 burden

in tons CO_2 equivalents



Scope 1 – Direct	Scope 2 – Indirect	Scope 3 – Indirect [1]
PFCs	Electricity	Fuel and energy supply
Gas	District heating	Water consumption
Diesel		Wastewater
Fueloil		Waste
Petrol		Materials
Firewood		Raw materials and supplies
Infineon function cars		Flights
		Transport

1 Further emissions along the value chain

Altogether, the Infineon carbon footprint totaled 1.57 million tons of CO_2 equivalents in the 2015 fiscal year.

The following chart 51 illustrates the emissions by origin. The input streams show emissions that were generated in the course of supplying the materials. The output streams show emissions that were directly generated during production and through internal and external transportation.

G 51

Allocation of emissions by origin

in tons CO_2 equivalents (tCO_2e)

Input		Output	
Raw materials 460,421 tCO_2e	Process gases 74,744 tCO_2e	Internal and external transportation 107,572 tCO_2e	Waste 1,763 tCO_2e
Process chemicals 13,170 tCO_2e	Electricity 660,362 tCO_2e	Wastewater 3,099 tCO_2e	Air emissions 217,668 tCO_2e
Other energy 32,159 tCO_2e	Drinking water 1,503 tCO_2e		

Infineon production sites

Scope 1 emissions

The semiconductor industry uses various greenhouse gases in wafer-etching processes as well as for the cleaning of production equipment. The Perfluorinated Compounds (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) used cannot be substituted by another class of substances. These gases mean around 92 percent of Scope 1 emissions.

We minimize the use of these gases firstly by continually optimizing our processes by increasingly efficient manufacturing methods and intelligent abatement concepts and secondly through the use of alternative gases within the PFC group with higher utilization rates and lower greenhouse gas potential.

However, the growing complexity of our products is leading to an increasing need for greenhouse gases.

We have decided to change our PFC reporting from the use of absolute values to the Normalized Emission Rate (NER). The emissions from Infineon and International Rectifier will be standardized to reflect volumes per square centimeter of wafer manufactured. We have selected the target of the World Semiconductor Council (WSC) as a reference. Based on the WSC NER value from 2010, the WSC aims to reduce its value by 30 percent to a NER of 2.2 by the year 2020. Our target is to remain below the maximum value of 2.2. With a NER of 1.62 we achieved our target for the 2015 fiscal year.

Normalized Emission Rate

Target achievement and summary of results in the 2015 fiscal year

› Due to better available data, we have changed our method of reporting and the resulting target. From now on we will orient our reporting on the WSC NER target value of 2.2 for 2020.

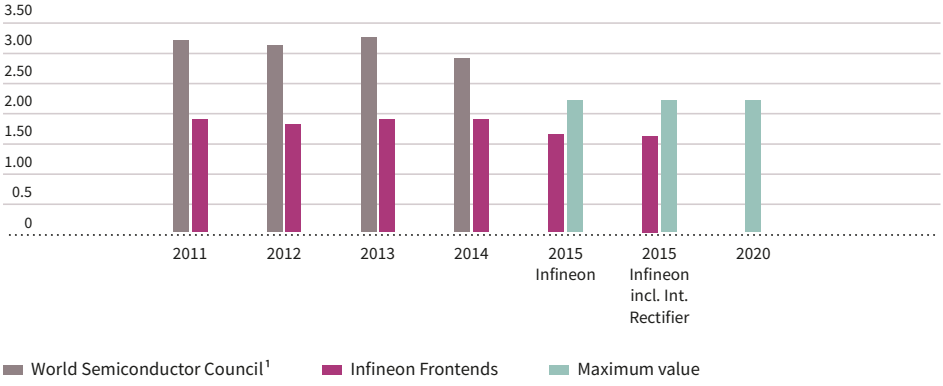
Target for the 2016 fiscal year

› To maintain the Infineon NER below 2.2 in the 2016 fiscal year. The typically growing complexity of our products is leading to an increasing need for greenhouse gases. Therefore the target is a challenging and reasonable reference value for the efficiency of our emissions' reduction measures.

G 52

Normalized Emission Rate

in tons CO_2 per square meter



1 In creating the Annual Report 2015 the WSC figures were not available.

In addition to PFC reporting, we calculate emissions for other relevant substances used at Infineon and International Rectifier main manufacturing sites on an annual basis. In the 2015 fiscal year 144,887 kilograms of sulfur oxides (SOx), 293,425 kilograms of nitrogen oxides (NOx), 331,160 kilograms of volatile organic compounds (VOCs), and 122,812 kilograms of particulate matter (PM) were emitted.

Scope 2 emissions

Taking into account provider-specific emission factors of the energy sources used, Scope 2 emissions totaled 533,921 tons of CO_2 in the fiscal year under report.

This approach was selected in order to illustrate the implementations achieved so far in terms of regenerative energy supply, such as connecting the Infineon Campeon corporate headquarters to the district heating network of the geothermal plant in nearby Unterhaching (Germany).

Scope 3 emissions

Scope 3 emissions refer to those generated for the provision and disposal of all raw materials and supplies as well as other utilities, goods transportation, travel and energy supply activities (transmission losses). Scope 3 emissions totaled 800,673 tons of CO_2.

Product sustainable value

Our products and innovations are the key to manufacturing energy-efficient end products and applications, and thereby make an important contribution towards improving our carbon footprint.

The products manufactured by Infineon are used in a broad range of applications and contribute towards improving the ecological efficiency of end products and applications during their use-phase. Our high-performance products make it possible to operate large-scale wind farms and photovoltaic facilities and therefore the production of regenerative energy. They are also used in industrial applications such as drive systems and engine control units and make it possible, for instance, to reduce power losses. Other Infineon products, in turn, enable the development of new, more efficient technologies such as LED lighting or induction cookers.

Together with their products in the fields of drivers and digital control, Infineon delivers energy-efficient system solutions for servers, data and telecommunications applications. This is illustrated by the two following examples. The 600-volt series CoolMOS™ C7 Superjunction (SJ) MOSFETs reduce turn-off losses by 50 percent compared with similar technologies and have therefore achieved ultra-low switching losses. High-power applications in switch-mode power supplies with stringent requirements regarding efficiency and operating costs such as state-of-the-art servers in data centers and base stations for telecommunications benefit in particular.

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The OptiMOS™ 5 25-volt and 30-volt product family also shows improved performance based on the consistent reduction of switching losses by 50 percent when compared to the previous technology. These systems can be operated at higher switching frequencies, resulting in significantly lower energy consumption and overall system costs. For example, implementing the new OptiMOS 25-volt would mean annual savings of 1.3 gigawatt hours (GWh) for an average of 50,000 computers working in a server farm.

The Infineon carbon footprint

Complex processes and a multitude of influencing factors need to be considered when drawing up an entity's carbon footprint. By nature, carbon footprint calculations are subject to a certain degree of imprecision. However, in order to further minimize the resulting imprecision, Infineon has continued to refine its approach.

During their use-phase, Infineon products in the fields of automotive electronics, industrial drives, servers, lighting, photovoltaics and wind energy as well as induction cooking alone enable savings of roughly 36.5 million tons of CO_2 equivalents, 2.5 times higher than the previous year's figure. The increase is attributable to a number of factors. Improvements were made in the field of LEDs, where sales volumes have risen significantly. The sharpest increase,

Ecological net benefit

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

- The CO_2 saved by Infineon products included in end products over their use-phase was about 23 times higher than the CO_2 emissions generated when manufacturing the products.

We have continued to improve the methodology for calculating our carbon footprint and induction cookers have now also been included in production savings.

Target for the 2016 fiscal year

- To integrate International Rectifier data in the carbon footprint calculation.

however, is in the field of controls for industrial drives. Here, the estimated average improvement in efficiency has been adjusted in line with standard market values. The further increases in installed capacities for photovoltaics and wind power in 2014 compared with 2013 and the inclusion of the new “induction cookers” product group were responsible for this improvement.

Therefore, with its products and innovations and coupled with an efficient production, Infineon achieved a positive net benefit of approximately 35 million tons of CO_2.

G 53
Carbon footprint

CO_2 burden[1]
Around **1.6** million tons CO_2 equivalents

Ratio around 1 : 23

CO_2 savings[2]
Around **36.5** million tons CO_2 equivalents

Net ecological benefit: CO_2 emissions reduction of around 35 million tons

1 This figure considers manufacturing, transportation, function cars, flights, materials, chemicals, water/wastewater, direct emissions, energy consumption, waste, etc. and is based on internally collected data and externally available conversion factors. All data relate to the 2015 fiscal year.

2 This figure is based on internally established criteria, which are explained in the explanatory notes. The figure relates to the calendar year 2014 and considers the following fields of application: automotive, LED, PC power supply, renewable energy (wind, photovoltaic), drives as well as induction cookers. CO_2 savings are calculated on the basis of potential savings of technologies in which semiconductors are used. The CO_2 savings are allocated on the basis of Infineon market share, semiconductor content and lifetime of the technologies concerned, based on internal and external experts’ estimations. Despite the fact that CO_2 footprint calculations are subject to imprecision due to the complex issues involved, the results are nevertheless clear.

Compliance with legal and customer-specific requirements

The processes involved in manufacturing semiconductors are complex and require a wide variety of special chemicals and materials. At Infineon we responsibly manage the handling of hazardous substances to safeguard human health and the environment. The products manufactured by Infineon meet all of the requirements set out in the REACH EU chemicals policy (Regulation EC 1907/2006).

Two important EU directives regulate the use of certain hazardous substances in end products as defined by EU legislators.

These are on the one hand the 2000/53/EC End-of-Life Vehicles Directive (ELV) and on the other hand the 2011/65/EU RoHS Directive that restricts the use of certain hazardous substances in electrical and electronic equipment.

None of the Infineon products are in the scope of these directives. However, our customers expect Infineon products to meet legal requirements in their applications. The Infineon products comply with these requirements and conform to the substances restrictions in all applicable legal regulations, including those applicable in countries outside Europe.

Furthermore, we provide our customers with information on the chemical composition of the materials contained in our products.

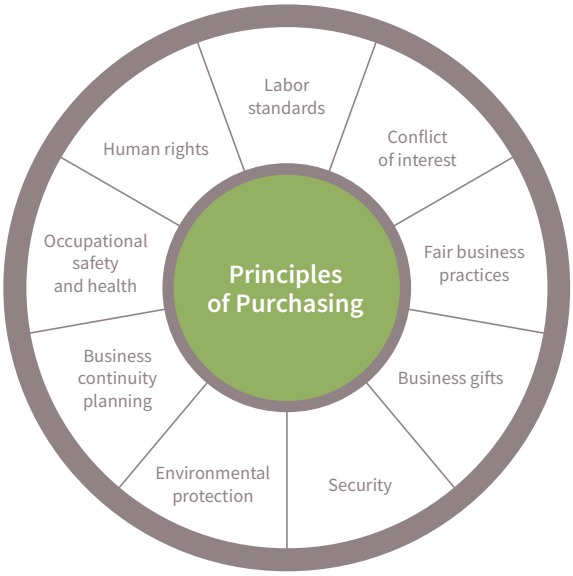
Infineon works constantly on developing alternatives for certain materials, such as lead, with the aim to use them as replacements, beyond the extent required by law.

Our responsibility along the supply chain

Long-term partnership between Infineon and its suppliers is a core element of our corporate philosophy.

Compliance with our environmental, occupational safety and CSR requirements is an important criterion in selecting future suppliers and assessing our current ones. Our Principles of Purchasing are based on internationally recognized guidelines, such as the principles of the UN Global Compact and the fundamental principles of the International Labour Organization (ILO) as well as our Business Conduct Guidelines. The requirements described therein cover the topics shown in diagram 54.

G 54
Principles of Purchasing



Furthermore, our suppliers are contractually obliged to comply with our CSR requirements.

In the 2015 fiscal year we introduced a supplier management portal to provide our suppliers with a centralized platform for registering and updating relevant CSR parameters. This enables fast evaluations by the various specialists and the determination of further steps in cooperation with the suppliers, if necessary (see supply chain information in the chapter “Operations”).

Only suppliers who have committed to following our principles can enter into a business relationship with Infineon.

Infineon products without DRC conflict minerals

In July 2010, the USA’s Dodd-Frank Act (Dodd-Frank Wall Street Reform and Consumer Protection Act) was adopted. It contains disclosure and reporting obligations for companies listed in the USA concerning the utilization of so-called “conflict minerals” that originate from the Democratic Republic of Congo (DRC) or its adjoining countries. The term applies to tantalum, tin, gold and tungsten, inasmuch as their extraction and/or trade has directly or indirectly financed or benefited armed groups in the DRC or its adjoining countries.

Respect for human rights is a matter of course for Infineon. The avoidance of conflict minerals throughout the supply chain is a firm contribution towards the prevention of human rights abuses.

CSR in the supply chain

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

› We installed CSR evaluation for suppliers in the new supplier management tool and carried out evaluations.

Target for the 2016 fiscal year

› To harmonize the supplier evaluation methodology and reporting with International Rectifier in the field of CSR.

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Conflict minerals

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

› The establishing of a query, registration and supplier evaluation system in accordance with the OECD guidance on implementing and maintaining a DRC conflict-free supply chain.

Targets for the 2016 fiscal year

› To maintain the DRC conflict-free supply chain.
› To integrate International Rectifier products in the Infineon conflict minerals declaration.

We have determined a Group-wide approach to this topic with the aim of guaranteeing the necessary transparency within our own supply chain.

Infineon uses the above-mentioned materials in the manufacture of its products and their functionality is crucial. Infineon is not listed on US stock exchanges and therefore not legally required to publish a report on conflict minerals. Nevertheless, as a member of the Conflict-Free Sourcing Initiative (CFSI), we are aware of our voluntary commitment and duty of due diligence in the supply chain. At the same time, we assist those of our customers who are required to perform due diligence within their supply chains in meeting their reporting duties in accordance with the requirements of the United States Securities and Exchange Commission (SEC).

Since Infineon does not purchase these metals directly from mines or smelters, we identify their origin in close cooperation with our direct suppliers. For this purpose we have introduced a standardized process throughout the organization, based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

In the 2015 fiscal year, Infineon identified 100 percent of its potential suppliers of conflict minerals and evaluated them with regard to their use. Based on the thorough response of our suppliers and in accordance with the requirements of the OECD guidance, we can duly state that Infineon products are fully DRC conflict-free. Moreover, we request our suppliers to continue purchasing only raw materials from smelters that meet the CFSI requirements or those of an equivalent auditing program.

We have set out our requirements in the Infineon “Conflict Minerals Policy” and the “Supplier Code for a Responsible Sourcing of Conflict Minerals”, which have been published on our website.

@ www.infineon.com/csr_reporting

Corporate Citizenship

Corporate Citizenship

Target achievement and summary of results in the 2015 fiscal year

Target achieved:

› Employee participation in this field has increased. Our employees donated €24,000 for earthquake victims in Nepal, in addition to the sum donated by Infineon.

Moreover, Infineon has set up an account for employees to donate money for refugees. For each euro donated, Infineon donates an additional euro.

Target for the 2016 fiscal year

› To integrate International Rectifier Corporate Citizenship activities consistent with our guidelines.

We understand Corporate Citizenship as our voluntary social commitment for the communities in which we operate. In the field of Corporate Citizenship, Infineon has defined four areas of activity: “Environmental Sustainability”, “Local Social Needs”, “Education for Future Generations” and help in case of “Natural and Humanitarian Disasters”. In addition to monetary and material donations, the commitment of our employees can be expressed in voluntary activities.

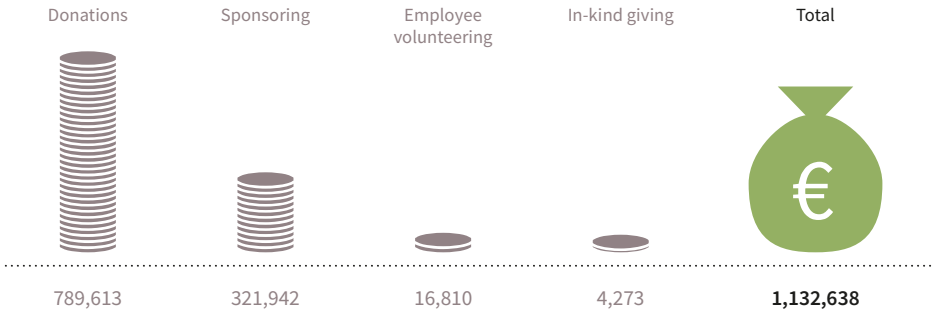
The above-mentioned areas of activity and engagement possibilities are contained in our Corporate Citizenship Guidelines. These guidelines ensure that our Corporate Citizenship activities are performed transparently and in line with our ethical principles. In addition, we have appointed a Citizenship representative at every Infineon site who is the person to contact in all matters relating to this topic.

In the 2015 fiscal year, Infineon supported 324 activities worldwide. 30 percent of the donations were local communities’ investments in the communities we interact with, and 70 percent were donations to charitable activities.

G 55

Corporate Citizenship expenditure

in €



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Examples of the Corporate Citizenship activities of Infineon in the 2015 fiscal year

Education for Future Generations	› Haus der Zukunft: Initiative of the Federal Ministry of Education and Research › Cooperation with the association of "Industrial Engineers" of the University of Technology in Graz, Austria. › Chips@school: Pupils and teachers develop new ideas for the use of semiconductors › LittleTech: Early support in technologies in kindergardens and primary schools
Local Social Needs	› "Learn for Life" project in China › Foundation "Global Compact Network Germany" › "Home for single mothers" project in Kulim, Malaysia › "SOS Kinderdorf" in Moosburg, Germany
Natural and Humanitarian Disasters	› Help for the survivors of the earthquake in Nepal › Earmarked emergency aid for the medical supply of refugees
Environmental Sustainability	› Mangroves planting to protect the sea ecosystems in Batam, Indonesia › Support of the "EcoCap Movement" in Japan › Support of the Regensburg environmental center in Germany

Local investments and services

It is our aim to engage with local communities and invest in those. In cooperation with the company Kelag, Infineon has again clearly signalized its firm commitment to environment- and resource-friendly mobility by installing a state-of-the-art vehicle charging station at its Villach (Austria) site. The e-charging station is located on the Infineon parking lot and consists of a photovoltaic power plant with an output of 3.8 kilowatts peak (kWp). Charging points for e-scooters and e-cars are located under its roof. Battery charging equipment for e-bicycles has been installed in the adjacent bicycle parking area. With this project we are contributing towards providing the necessary mobility in the most environment- and resource-friendly way possible for our employees and the inhabitants in Villach.

During the 2015 fiscal year, Infineon enlarged the kindergarten within its Campeon headquarters in Neubiberg (Germany). The extension building now makes it possible for 220 children from 34 different countries between the ages of eight months and six years to play together in various groups. €4.6 million were invested in enlarging the kindergarten. The Federal State of Bavaria contributed roughly one third of the sum. In parallel to the extension and apart from other measures, a compensation area was planted. The City of Munich and the local councils of Neubiberg, Unterhaching and Ottobrunn were all involved in this inter-communal project.

The "Sonnenstrahl" association, together with Infineon Technologies Austria AG as cooperation partner, opened an international childcare facility focusing on science and technology at the Villach (Austria) site. The International Day Care Center has created new, publicly accessible childcare facilities and helps employees to combine professional and family life. The public facility is based on an innovative concept with an international focus.