Sustainability at Infineon

Supplementing the Annual Report 2017

Content

Introduction

Neubiberg, November 2017

Sustainability as a matter of conviction

Climate change, population growth, consumption of resources and energy are already relevant issues today, but they are of crucial importance to future generations. We need solutions that significantly reduce the emission of carbon dioxide and other pollutants and that enable the efficient use of natural resources.

In the long term, the ecological footprint of the population of our planet cannot be supported in its present scope without negative consequences on the quality of life of the world's inhabitants. In order to sustainably meet worldwide requirements, today we would already need the resources of 1.6 earths. This is why it is of such importance that we achieve the climate objectives of the United Nations' Paris Agreement as quickly as possible.

Products from Infineon help do just that. They enable the users of smartphones, automobiles and industrial facilities to significantly reduce CO_2 emissions. During their use-phase our products help reduce CO_2 emissions by approximately 58 million tons. After deducting the emissions related to the manufacture of these products, the result is a net benefit of more than 56 million tons.

Microelectronics from Infineon make sure that technology achieves more, consumes less and is accessible to anyone, with efficient use of energy, innovative mobility concepts and security for a connected world. Making more out of less is the fundamental idea we want to use to help make a good life sustainably affordable for everyone.

Sustainability means continuous engagement.

As early as 2004 Infineon was one of the first semiconductor companies to join the UN Global Compact and has voluntarily committed to comply with its Ten Principles.

Infineon is the only European semiconductor company to be listed both in the Dow Jones Sustainability™ Europe Index and the Dow Jones Sustainability™ World Index. This means we are among the top 10 percent of the most sustainable companies in the world. The Sustainability Yearbook listed Infineon for the seventh time in a row in 2017, this year even in the "Silver Class".

Our dedicated employees, more than 37,000 women and men from over 100 different nations, act as a matter of conviction: We make life easier, safer and greener. For us, being successful includes entrepreneurial action, accepting responsibility and sustainable profitable growth.

Dr. Reinhard Ploss
Chief Executive Officer

About this report

GRI G4 – 18, G4 – 23

This report documents Infineon's environmental and social performance during the 2017 fiscal year. We would like to illustrate how sustainability contributes to Infineon's business success and how our activities in this area create value for all our stakeholders.

@ www.infineon.com/annualreport

Information on Infineon's financial status and performance in the 2017 fiscal year has been published in the Annual Report 2017.

The reporting period covers the 2017 fiscal year, from 1 October 2016 to 30 September 2017. We publish this report annually. The previous report was published in November 2016 supplementing the Annual Report 2016.

Unless otherwise specified, the statements and key figures included in this report refer to the 2017 fiscal year.

In order to help readers identify and interpret the trends relating to quantitative disclosures, the report includes data for at least the 2016 and 2017 fiscal years.

GRI G4 – 18, G4 – 23

Reporting

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") G4 Guidelines "Core" option. These reporting criteria are complemented with corporate rules.

The information contained in this report also serves as "Communication on Progress" for the United Nations Global Compact initiative (see the chapter "Business ethics").

P see page 11 f.

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (Germany), has provided independent "limited assurance" regarding the specified sustainability performance information provided in this report 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.[1]

@ www.infineon.com/csr_reporting

The Infineon website contains the explanatory notes on the main data and other information pertaining to this report. The Independent Practitioner's Limited Assurance Report by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (Germany), has been published on our website and is also included at the end of this report.

P see page 45 ff.

GRI G4 – 25, G4 – 26, G4 – 27

Determining the content of the report

Infineon engages in continuous dialog with all its stakeholders. In our materiality analysis we evaluate the expectations and requirements of our internal and external stakeholders with regard to sustainability in various topics in accordance with the sustainability reporting guidelines GRI G4.

First, we identified Infineon's most important stakeholders, taking into account the dimensions "Responsibility", "Influence", "Proximity", "Dependency" and "Representation" in the "Stakeholder Engagement Manual" drawn up by the organization "AccountAbility".

In a second step, consideration was given to general as well as sector and company-specific sustainability standards appropriate for determining the material aspects for assessing Infineon's sustainability performance. Afterwards, relevant topics were pre-selected on our corporate strategy and stakeholder expectations.

1 Selected information and key data in the chapter "Human resources management" are also part of the Combined Management Report (as of 30 September 2017) of Infineon Technologies AG.

GRI G4 – 23, G4 – 25, G4 – 26, G4 – 27

In a fourth step, we assembled our in-house experts to discuss the topics chosen and any potentially related risks or opportunities which could impact the long-term performance of the 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.

The results of this analysis and the material topics were then confirmed by the Infineon Management Board. The present report describes these topics.

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.

GRI G4 – 19, G4 – 20, G4 – 21

Material aspects along the value chain

	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		●	

Effective risk and opportunity management is a key element of our business activities. It supports the achievement of our strategic goals, namely sustainable profitable growth and preservation of financial resources through efficient use of capital. We have established a variety of coordinated risk management and control system elements oriented towards the realization of our risk strategy. These elements include in particular the systems “Risk and Opportunity Management System” and the “Internal Control System with respect to Financial Reporting Processes” as well as the associated planning, management and internal reporting processes and our Compliance Management System. Further information is available in the “Group strategy” and “Risk and opportunity report” chapters of the Annual Report 2017.

P see page 20 ff. and page 81 ff. of the Annual Report 2017

The progress during the 2017 fiscal year as well as the achievement of our targets and the associated key performance indicators are described in the following chapters of this report as well as in the chapter “Group strategy” of the Annual Report 2017.

TARGETS see page 34 ff.

P see page 20 ff. of the Annual Report 2017

Long-term viability of core business: Energy efficiency, mobility and security are important key fields of action for the global society that offer enormous growth potential. Infineon occupies leading positions in these sectors. We expect our innovative power and technological expertise to continue to drive sustainable and profitable growth going forward.

The steady progress of digitalization and networking is one of the most vital technological trends of our time, with the potential of radically changing how companies and consumers interact with one another and with the surrounding infrastructure. In the “Internet of Things” (IoT) the physical and virtual worlds converge in ways never seen before. More and more physical “objects” – ranging from people and places to cars and computers all the way to household appliances and industrial machines – are being equipped with electronic systems, software and sensors and connected to the internet.

This opens the door to a new dimension of connectivity and intelligence with far-reaching consequences for our society and our economy. As a worldwide leading provider of semiconductor solutions, Infineon supplies manufacturers in all market segments with key components for applications in the IoT. International Data Corporation (IDC) estimates that, at a growth rate of 17.5 percent, there will be 28.1 billion installed IoT devices and systems by the 2020 calendar year.

GRI G4 – 19, G4 – 20, G4 – 21

At that time the data volume generated annually is expected to reach 40 zettabytes (1 zettabyte = $1{,}000^7$ bytes). At the same time the world market for IoT solutions will grow by 20 percent annually, from US$1.9 trillion in the 2013 calendar year to US$7.1 trillion in the 2020 calendar year. Our sensors, processors, security controllers and actuators set the standards for highly-developed sensor technologies, cross-application control and optimized power management: They make the IoT intelligent, secure and energy-efficient. Additional information on this material topic can be found in the chapter “Contribution through sustainable products” as well as under “Success factors in strategy” in the chapter “Group strategy” of the Annual Report 2017.

P see page 26 ff. in this report and page 22 ff. of the Annual Report 2017

Responsible manufacturing: Respect for human rights is essential for Infineon. As a participant in the United Nations (UN) Global Compact, Infineon made a voluntary commitment to uphold the Ten Principles outlined there. Principles 1 and 2 relate to human rights. In our Business Conduct Guidelines we anchor our mandatory compliance with valid human rights. Additional information on this topic can be found in the chapters “Business ethics” and “Human rights”.

P see page 11 f. and page 13

We also demand that our supply chain upholds these principles. This is why we have defined a Group-wide approach aimed at ensuring the necessary transparency within the supply chain. We expect our suppliers to commit to the values outlined in our Principles of Purchasing. The chapter “Our responsibility along the supply chain” contains further information on this topic.

P see page 29 f.

Availability of natural resources is one of the greatest global challenges. Efficient resource management is therefore a central component of our Infineon Integrated Management Program for Environment, Energy, Safety and Health (IMPRES). The energy prices have been subject to fluctuations and increases in the past that were partly related to legal regulations. This economic benefit is another motivation for reducing our specific consumption, namely increasing our energy efficiency, and has been part of our sustainability strategy for years.

Manufacturing semiconductors requires a wide variety of chemicals. At Infineon we guarantee that we handle hazardous materials in a highly responsible way.

We are subject to many laws and regulations which apply, among others, to the areas of environmental and climate protection, as well as to the field of energy. Present or future environmental legislation and other government regulations, or amendments thereto, could require an adjustment to our operating activities and result in higher costs. Infineon keeps abreast of planned legislative changes and engages in these issues in various associations and organizations on an ongoing basis.

P see page 18, page 19 ff. and page 26 ff.

Additional information on these topics can be found under “Sustainable use of resources at our manufacturing sites” in the chapter “Environmental sustainability” as well as in the chapters “Responsibility for our employees“ and “Contribution through sustainable products”.

Diversity and equal opportunity: Diversity management provides a framework for a corporate culture that values the individuality of each staff member and promotes equal opportunities. International customer relationships demand great cultural competence. Qualified job applicants expect an open working environment. As an international company, staff diversity is particularly important to us. The promotion of women to leadership positions is a key aspect of Infineon’s diversity management. Changes within the organization that support the successful career development of female managers are prerequisites for meeting our targets.

Promoting an adequate work-life balance is also essential for the professional success of our employees and is part of our human resources work. As emphasized in our Business Conduct Guidelines, our employees are paid on the basis of work-related criteria such as job requirements and performance. Men and women are paid equally at Infineon. Additional information

GRI G4 – 19, G4 – 20, G4 – 21
P see page 11 f., page 13 and page 16

on this material topic can be found under “Encouraging diversity” in the chapter “Human resources management” as well as in the chapters “Business ethics” and “Human rights”.

P see page 49 ff. of the Annual Report 2017

Presence in local markets: We are present at locations around the world dedicated to sales, research and development as well as manufacturing. The global presence of our sites is illustrated on page 49 ff. of the Annual Report 2017.

We support local communities in line with our sustainable business strategy. With our presence in different regions we contribute in various ways – by creating jobs, with our innovative products and solutions and with the taxes we pay as well as our social commitment as part of our corporate citizenship activities.

This globalization can entail risks related to economic and geopolitical crises in regional markets. We have to consider country-specific laws and regulations that influence investment parameters and opportunities to practice free trade.

We have established coordinated risk management and risk control systems for the implementation of our risk and opportunity strategy. These systems help us comply with tax, legal and administrative rules.

P see page 20 ff. and page 38 ff. of the Annual Report 2017 and page 31 ff. in this report

The chapters “Group strategy” and “The segments” of the Annual Report 2017 as well as the chapter “Corporate citizenship” in this report contain additional information regarding this topic.

Contribution through sustainable products: Microelectronics made by Infineon is the key to attaining better living standards. Our invention power and commitment let us create value for customers, staff and investors. We understand how technical systems can be made increasingly efficient through the use of semiconductors, providing sustainable solutions for the world of today and the world of tomorrow. This makes our customers more successful and is an important contribution to society. We make life easier, safer and greener – with technology that achieves more, consumes less and is accessible to everyone.

The manufacture of sustainable products is an integral part of our business strategy. Two thirds of our annual research and development expenditures can be allocated to energy efficiency and climate protection.

According to the World Health Organization, in the 2050 calendar year the earth will have approximately 9.7 billion inhabitants, most of them living in cities. One consequence of this development will be a worldwide rise in the need for energy. Using energy more efficiently is one of the greatest challenges of the future, and semiconductors play a decisive role here.

The biggest lever in energy savings is increasing efficiency of use. The savings potential represented by today’s worldwide several hundred million industrial motors and billions of household appliances is gigantic.

As described in our IMPRES policy, potential environmental impacts are examined at the earliest possible stage and taken into account when developing products and processes. This applies to all our company activities, from procurement, development and manufacturing all the way to the sale of our products. All our actions are based on compliance with applicable legislation and regulations. For more information see the chapter “Contribution through sustainable products” and “Our responsibility along the supply chain”.

P see page 26 ff. and 29 f.

We want to make driving a car safer for everybody. A system should support drivers and significantly reduce the number of accidents: It will detect signs of driver fatigue (microsleep) or distraction. Infineon is also working in the area of “eCall” (Emergency Call), an emergency call system integrated in the car. In case of an accident “eCall” automatically transmits the location and other important data to the emergency services, drastically reducing the amount of time needed before reaching the driver.

GRI G4 – 19, G4 – 20, G4 – 21

Today, Infineon already has solutions that meet the high requirements of active and passive assistance systems. They enable, for example, piloted driving in traffic jams and automated parking. In the future car-to-car communication will improve safety and efficiency in road traffic. For example, it will be possible to warn drivers of road damage or accidents on their route.

P see page 27 in this report and page 38 ff. of the Annual Report 2017

Additional information on this material topic can be found under "The Infineon CO_2 footprint" in the chapter "Contribution through sustainable products" in this report as well as in the chapter "The segments" in the Annual Report 2017.

Business ethics: We need to be aware of risks both inside and outside the organization in order to meet our own high business ethics standards and simultaneously interact with our stakeholders as a sustainable and reliable partner. As part of the Compliance Management System, each year a formal assessment of our risks is made, especially in terms of corruption and antitrust law. The necessary measures derived from the assessment are summarized in the compliance program.

Employees and business partners can report any breaches to the usual internal bodies (Management, Human Resources and Compliance) or use an anonymous hotline and an external ombudsman.

The Infineon Business Conduct Guidelines define our basic principles for ethical and legal conduct. They are an important foundation for our everyday activities. They apply to all employees and members of corporate bodies around the world when dealing with one another and with our customers, shareholders, business partners and with the public.

P see page 12

P see page 43 f.

Infineon reports on the measures implemented in the context of the UN Global Compact's Principles in the "UN Global Compact Communication on Progress" in this report. In the chapter "Sustainable Development Goals" Infineon reports for the first time on the processes and steps implemented in support of the United Nations Sustainable Development Goals.

P see page 11 f. and page 13 in this report and page 99 of the Annual Report 2017

The chapters "Business ethics" and "Human rights" in this report, as well as the "Corporate Governance Report" in the Annual Report 2017 contain additional information on this material topic.

Labor relations: We are convinced that effective human resources and a secure working environment are prerequisites to our business success. Long-term high performance is only viable with satisfied and successful employees. In our daily activities we undertake to promote employees' performance and realize their potential in the best possible way based on the three pillars "Leadership excellence", "Promoting talent" and "Our workforce".

The integration of refugees in our society and in our labor market is one of the most important challenges of the upcoming years. Infineon participates in the education initiative of the "Stifterverband für die Deutsche Wissenschaft" (Donors' Association for the Promotion of Sciences and Humanities in Germany) for the integration of refugees, and thus helps manage this challenge.

Our commitment to comply with internationally applicable human rights and work-related standards, including the protection of individual personal dignity and privacy, is anchored in our Business Conduct Guidelines. The chapter "Business ethics" in this report contains additional information on this material topic.

P see page 11 f.

Our occupational safety and health management system has been certified in accordance with the OHSAS 18001 standard at all of our large manufacturing sites as well as at our corporate headquarters. The system is designed to ensure that the required measures are taken to minimize risks identified in the working environment that could endanger our employees.

P see page 13, page 14 ff. and page 18

The chapters "Human rights", "Human resources management" and "Responsibility for our employees" in this report contain additional information on this material topic.

Key figures

Worldwide leader in semiconductor solutions that make life **easier, safer** and **greener.**

Revenue of
€7,063 million

4 business segments

€776 million
research and development expenses

78 sites in
31 countries
and more than 100 nationalities in our teams

37,479
employees
of whom 17 percent work in research and development

€1,022 million
of investments in property, plant and equipment and intangible assets
including **€129** million
of capitalized development costs

Notable events 2017

October 2016

Infineon strengthens leading position in automated driving through acquisition of Innoluce B.V.

As the leading chip provider for driver assistance systems, Infineon continues its innovation path and acquires Innoluce B.V., a fabless semiconductor company headquartered in Nijmegen (Netherlands). Based on the know-how of Innoluce, Infineon will develop chip components for high-performance lidar systems ("light detection and ranging"). Lidar employs laser beams to measure the distance to objects adjacent to the car and helps detect small objects on the road. Lidar, radar and camera will be the key sensor technologies for semi-automated and fully automated cars.

Infineon once again in the "STOXX Global ESG Leaders Index"

A worldwide benchmark by the renowned analysis firm for sustainability topics confirms Infineon's leading role, resulting in its renewed addition to the "STOXX Global ESG Leaders Index". Accordingly, Infineon is considered one of the leading global companies in areas of environmental protection, social engagement and corporate governance.

January 2017

Infineon included in the "Sustainability Yearbook" for the seventh year in a row

In the 2017 fiscal year Infineon qualifies for inclusion in the "Sustainability Yearbook" for the seventh consecutive time – this year listed for the first time in the "Silver Class". Infineon is once again among the ten best semiconductor manufacturers in the world in terms of entrepreneurial sustainability.

Infineon joins CharIN to support global standards in electric mobility

Infineon is key for the automated and electric car. An appropriate charging infrastructure is critical to support the rapidly growing electric vehicles market worldwide. As the world's leading semiconductor supplier for driver assistance systems and electric mobility Infineon supports the global standardization of charging infrastructure for hybrid and electric vehicles. Therefore, Infineon has joined the global Charging Interface Initiative e.V. (CharIN).

March 2017

Infineon part of the "Ethibel Sustainability Index (ESI) Excellence Europe"

Infineon is once again confirmed in the "Ethibel Sustainability Index (ESI) Excellence Europe". The ESI indices universe lists companies which are included in the "Russell Global Index" and which show the best performance in the area of Corporate Social Responsibility.

April 2017

Toyota acknowledges Infineon for outstanding quality

The car manufacturer Toyota awards Infineon with its "Best Quality Award". This award is presented only to companies that have not delivered a single defective product for three years running. Infineon was acknowledged for delivering CAN transceivers of outstanding quality. Today, around 60 electronic control units (ECUs) communicate with each other in vehicles via the Controller Area Network (CAN). Transmitting and receiving data, CAN transceivers are key contributors for the communication within a car. They connect the respective ECUs in automotive powertrain, body and safety applications.

May 2017

Infineon once again listed in the "Euronext Vigeo Eurozone 120 Index"

This index lists the 120 best companies in the area of Corporate Responsibility in the eurozone.

"Kedah Industry Excellence Award 2017" for Infineon Kulim (Malaysia)

The Infineon frontend site is awarded the Malaysian "Industry Excellence Award 2017". The award recognizes Infineon's contributions to Malaysia's growth, particularly towards the state of Kedah's economy and its goal of becoming a high-tech economic center for the northern region of the country.

May 2017

Infineon unveils 1,200 Volts silicon carbide MOSFET technology for unprecedented efficiency in power conversion designs

Infineon develops silicon carbide (SiC) solutions to meet rising demands with regard to energy efficiency, compactness, system integration and reliability. Thanks to the very much higher switching speed of SiC MOSFETs as compared to conventional silicon MOSFETs, electric power can be converted much more efficiently and in significantly smaller packages, meaning less cooling is required. The result is increased performance, higher reliability and reduced system costs.

Research project “eRamp” strengthens Germany and Europe in power electronics

One of the most important European research projects for energy efficiency, “eRamp”, comes to a close: Over the past three years, 26 partners from business and science have explored innovative electronics components for using energy even more efficiently. Infineon, the world market leader in power semiconductors, led the research, which was conducted in six European countries.

Microelectronics for connected production: Infineon launches “Productive4.0” research project in Dresden (Germany)

“Productive4.0”, the largest European research initiative to date in the field of Industry 4.0, is launched at Infineon in Dresden (Germany). Coordinated by Infineon, more than 100 partners from 19 European countries work on digitizing and networking industry. The aim is to create a user platform across value chains and industries that especially promotes the digital networking of manufacturing companies, production machines and products. The platform can be used in the three interlocked process pillars for managing supply chains, the product life cycle and digital production.

June 2017

Infineon receives award from DENSO

The Japanese automotive system supplier DENSO honors Infineon with a “Supplier of the Year Award”. DENSO acknowledged the cooperation of its subsidiaries in North America with Infineon. The award is given to the supplier who demonstrates commitment to exceptional quality and logistics performance. The assessment criteria also include collaboration in advancing automotive technologies and consistent customer orientation.

July 2017

Infineon receives Bosch “Global Supplier Award”

Recognized among thousands of suppliers, Infineon receives the award form the world’s largest automotive component supplier, Robert Bosch GmbH, for the sixth time. With the award, the Bosch Group honors outstanding performance in the manufacture and supply of products or services – notably in the areas of quality, innovation and logistics.

Infineon launches Silicon Valley Innovation Center

The world is changing fast and Silicon Valley has long been a major hub for innovation. Through the new Silicon Valley Innovation Center (SVIC) Infineon develops new technologies that make our lives easier, safer and greener. Now, the SVIC located in Milpitas (USA) helps accelerate our customers’ innovations to grow existing markets and create new ones.

September 2017

Infineon listed in the “Dow Jones Sustainability™ World Index”

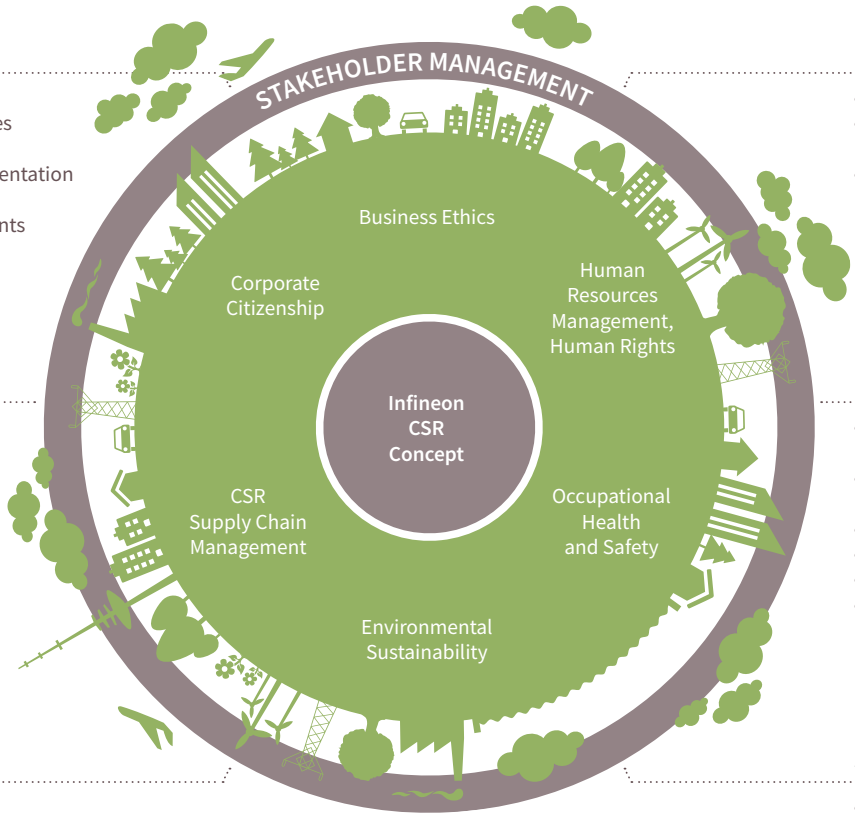
For the eighth time in a row, Infineon is listed in the “Dow Jones Sustainability™ Europe Index” and for the third time in the “Dow Jones Sustainability™ World Index” – as the only European semiconductor company listed in both indexes.

Sustainability strategy

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 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.

Infineon CSR Concept

GRI G4 – 24, G4 – 26, G4 – 27



Investors

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

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
- Training
- 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
- Citizenship activities
- Conferences & workshops

Business ethics

MATERIAL TOPICS
- Business ethics
- Diversity and equal opportunity
- Responsible manufacturing
- Labor relations

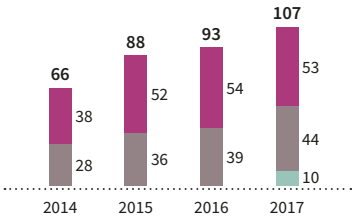
ALL EMPLOYEES WERE TRAINED ON THE REVISED INFINEON BUSINESS CONDUCT GUIDELINES.

TARGETS see page 34 ff.

In the last years Infineon has structured its Compliance Management System according to the IDW PS 980 standard. Infineon Technologies AG and selected major subsidiaries subjected their Compliance Management System to confirmation of appropriateness, implementation and effectiveness by an external independent auditing firm. After the completion of such evaluation, which was focused on antitrust law and prevention of corruption during the 2014 fiscal year, the standard was extended to all other Group companies including the former International Rectifier companies during the past fiscal years. Since then compliance is monitored by regular internal audits of the Compliance Management System in the various subsidiaries.

The Compliance Management System includes an annual formalized risk assessment, in particular with regard to corruption and antitrust law. This evaluation then serves as the basis for the definition of the necessary measures which are ultimately summarized in the compliance program. The Corporate Compliance Officer, heading a worldwide team, is responsible for coordinating the Compliance Management System and reports directly to the member of the Infineon Technologies AG Management Board responsible for Finance. In addition to the development of the Infineon compliance program, the officer helps create guidelines, advises employees, receives complaints and information on relevant issues and heads investigations of compliance cases.

Reports of possible compliance breaches



Employees and business partners took advantage of the available internal and external possibilities (Management, Human Resources department, Compliance, anonymous whistleblower hotline and ombudsman) to report actual or suspected violations during the 2017 fiscal year. The number of reports and the number of subsequent investigations in the last fiscal year were slightly above the level of previous years. We fundamentally attribute this to the raised levels of awareness within the organization regarding compliance issues and the increased familiarity with the reporting options. The absolute number of noteworthy reported violations, in particular related to financial damages, did not increase. However, a rise was evident in connection with the topics of behavior and individual work-related grievances.

The Infineon Business Conduct Guidelines form the central element of our Compliance Management System. As a code of conduct, the Guidelines are an essential basis for our daily actions and apply to all employees and corporate bodies worldwide when dealing with one another, with our customers, shareholders, business partners or with the public. The Business Conduct Guidelines were revised during the 2016 fiscal year and published in 14 different languages. Subsequently, all Infineon employees received web-based or face-to-face training on the content during the 2017 fiscal year. Here each employee has also formally confirmed that he or she is familiar with and will comply with the new version of the Business Conduct Guidelines. The clear objective is not only increasing awareness but also the ability to deal with the related challenges.

As a UN Global Compact participant, Infineon is committed to abide by the stated Principles and reports below on the measures implemented in an exemplary manner in its “Communication on Progress”:

UN Global Compact	Measures implemented
Human Rights	
Principle 1: Support for human rights Principle 2: Non-complicity in human rights abuses	› Our Business Conduct Guidelines define our responsibility towards our customers, employees, suppliers, community and societies as well as to our shareholders around the world, including respect for and protection of human rights. Our CSR policy describes our strategic CSR focus areas and our voluntary commitment to fulfill the corresponding obligations. Both our strategic objectives and our daily actions must always be based on high ethical and legal standards. › Training for all employees on Business Conduct Guidelines which reflect our commitment to respect and uphold international human rights. › We conducted various evaluations in the area of human rights at our manufacturing sites around the world. On the basis of these evaluations we concluded that our activities are in compliance with the International Bill of Human Rights and with the conventions and principles of the International Labour Organization (Fundamental ILO Conventions). › We require our suppliers and service providers to comply with permanently defined regulations in our Principles of Purchasing. Infineon purchases components and materials only from companies that respect human rights.
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	› Our Business Conduct Guidelines prohibit discrimination and any form of forced labor. › There are various options available for reporting compliance violations, ranging from a report to the supervisor to a report to the Corporate Compliance Officer, the respective responsible regional Compliance Officer or the external ombudsman. Cases can also be submitted, either openly or anonymously, via the whistleblower hotline. The Compliance Officer investigates any cases received and decides on the initiation of internal investigations. During the 2017 fiscal year the “Infineon Integrity Line” was introduced; an improved whistleblower hotline that uses the highest data protection standards while providing the reporting party with new functions such as the possibility for dialog with the Compliance Officer while remaining anonymous. › We react rigorously to demonstrated violations with balanced and suitable measures within the limits of company and legal regulations. Here we follow the principle of proportionality. We therefore decide on an individual case basis which consequences are appropriate, necessary and suitable. › Around 77 percent of our employees 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. › We uphold and promote the fundamental principles defined in the conventions of the International Labour Organization (ILO), such as protection from discrimination in the selection, hiring, employment and promotion of employees, the right to form workers’ councils, as well as the rejection of child labor and all forms of forced labor. Persons under the age of 15 are not allowed to work at Infineon. Exceptions apply for countries subject to ILO Convention 138 (minimum age reduced to 14 years) or for job training or training programs which are authorized by the respective government and which demonstrably promote those participating.
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. Relevant EU frontend sites and our corporate headquarters are additionally certified under ISO 50001. › Our IMPRES policy is an essential part of our management system which contains binding internal strategies, processes, goals and requirements in the areas of environmental protection, energy, occupational safety and health. › The responsible member of the Infineon Management Board defines the framework for the objectives in this area within the Infineon Group. As part of these definitions, the responsible management sets appropriate targets at site level and makes sure that all goals are realized. › Internal environmental, energy, occupational safety and health audits and external certification audits take place at the sites in the context of our multi-site certification.
Anti-corruption	
Principle 10: Action against corruption	› In order to further raise awareness regarding prevention of corruption within the Company, the corresponding web-based training was revised and rolled out globally to approximately 8,000 employees in particular target groups during the second half of the 2017 fiscal year. › The topic of reporting compliance violations is generally described in the Infineon Business Conduct Guidelines. Details of the reporting and notification process in case of violations of laws, the Business Conduct Guidelines and other internal regulations are also part of the worldwide rule “Management of Compliance Cases”. › Implementation of the rules and compliance processes applicable to Infineon (for example, covering gifts and invitations) at the former International Rectifier sites. › Formalized risk assessment as a part of the Compliance Management System and derivation of the necessary measures.

Human rights

MATERIAL TOPICS

- Labor relations
- Diversity and equal opportunity
- Business ethics
- Responsible manufacturing

INFINEON COMPLIES WITH THE FUNDAMENTAL PRINCIPLES OF THE INTERNATIONAL LABOUR ORGANIZATION (ILO).

TARGETS see page 34 ff.

Compliance with internationally proclaimed human rights and labor standards is a matter of course for us.

The Infineon Business Conduct Guidelines embody our commitment and define our standards as well as their implementation in this area for all employees worldwide. Those 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 Conduct Guidelines. In addition, we have implemented external hotlines which our employees, suppliers, customers and business partners can contact, openly or anonymously. All cases reported are investigated by our Compliance experts (see chapter “Business ethics”).

P see page 11 f.

We do not tolerate any form of forced labor, bonded or involuntary prison labor. All work is performed without coercion of any kind and can be terminated by each employee by means of appropriate resignation.

We do not tolerate child labor. The term “child” refers to persons under the age of 15. Exceptions apply for certain countries subject to ILO Convention 138 (minimum age reduced to 14 years) or for job training or training programs which are authorized by the respective government and which demonstrably promote those participating.

Our employees are compensated in accordance with applicable wage legislation and in compliance with the respective applicable minimum wage, regulations on overtime hours and legally prescribed additional benefits.

Infineon requires its suppliers to comply with all valid laws including those dealing with human rights as well as fair business practices (see chapter “Our responsibility along the supply chain”).

P see page 29 f.

The “Corporate Governance Report” in the Annual Report 2017 contains additional detailed information.

P see page 99 of the Annual Report 2017

Human resources management

MATERIAL TOPICS
› Labor relations
› Diversity and equal opportunity

IN THE 2017 FISCAL YEAR INFINEON INVESTED €12.2 MILLION IN THE FURTHER TRAINING OF ITS STAFF.

Our engagement in human resources is an essential factor in our efforts towards sustainability. Only contented and successful employees will ensure high performance in the long run. And this conviction characterizes all our employee development measures as well as measures for attracting new employees.

TARGETS see page 34 ff.

The regularly occurring “Great Place to Work (GPtW)” survey is our barometer for measuring our progress in terms of employee satisfaction.

Values such as openness, diversity and work-life balance play a central role in creating attractive workplaces for our employees; thus the promotion of the role of women in leadership positions is a focal point in our diversity management activities.

A strong culture of promoting and developing our talented employees and managers runs throughout our entire range of human resources management activities. During the “leadership dialog” managers receive clearly structured feedback from their staff.

Number of employees

Infineon is active on a worldwide basis. Almost half of the 37,479 employees (previous year: 36,299) worked in Asia-Pacific (17,810 employees). 42 percent of all employees were employed in Europe (15,644); the majority of these were employed in Germany (10,324).

Employees by geographical region	2017			2016		
	Total	Female	Male	Total	Female	Male
Europe	15,644	3,873	11,771	15,176	3,742	11,434
Therein: Germany	10,324	2,696	7,628	9,855	2,572	7,283
Asia-Pacific	17,810	8,456	9,354	17,256	8,303	8,953
Therein: China	1,961	976	985	2,004	1,006	998
Japan	186	36	150	176	36	140
Americas	3,839	1,625	2,214	3,691	1,535	2,156
Therein: USA	2,081	677	1,404	2,047	677	1,370
Total	**37,479**	**13,990**	**23,489**	**36,299**	**13,616**	**22,683**

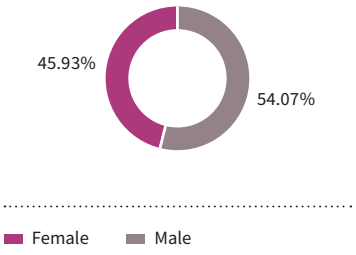
In the workforce as a whole, as of 30 September 2017, 2,074 female employees and 1,875 male employees had fixed-term contracts and 11,916 female employees and 21,614 male employees had permanent contracts. A total of 1,629 employees were working part-time as of that date.

		2017			2016		
		Total	Full-time	Part-time	Total	Full-time	Part-time
Employees on permanent contracts	Male	21,614	20,978	636	20,855	20,327	528
	Female	11,916	10,942	974	11,385	10,477	908
Employees on fixed-term contracts	Male	1,875	1,867	8	1,828	1,824	4
	Female	2,074	2,063	11	2,231	2,219	12
Total		**37,479**	**35,850**	**1,629**	**36,299**	**34,847**	**1,452**

Employees who were, for example, on parental leave or in the non-working phase of early retirement part-time working arrangements, are not active employees and therefore not included in the tables above.

Furthermore, as of 30 September 2017 Infineon employed a total of 309 apprentices and dual students, 122 interns as well as 1,013 working students. 103 new apprentices and dual students were hired in the 2017 fiscal year. Temporary employees are also excluded from the data above. As of 30 September 2017, 2,649 temporary employees were working for Infineon worldwide, of whom 1,270 were female and 1,379 male. Approximately 77 percent of the external employees worked in production, giving Infineon flexibility in its manufacturing in the context of fluctuations in capacity utilization.

Female/male employees
(new entries worldwide 2017)



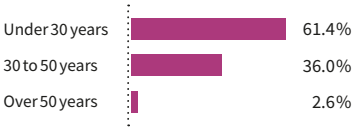
New hiring and fluctuation

Fluctuation rates and the number of new hires are important indicators for us in our efforts to satisfy our demand for high performance and to achieve excellence in management. In the 2017 fiscal year there were 5,088 new hires worldwide, of which 2,337 were female and 2,751 male. 3,124 employees were under the age of 30, 1,832 employees in the age group of 30 to 50 and 132 employees over the age of 50.

	Total	Europe	Therein: Germany	Asia-Pacific	Therein: China	Japan	Americas	Therein: USA
Newly hired employees	5,088	1,103	688	2,706	150	24	1,255	237
Rate of newly hired employees[1]	13.6	7.1	6.7	15.2	7.6	12.9	32.7	11.4
Staff departures	3,682	521	290	2,018	193	11	1,132	204
Rate of staff departures[2]	10.0	3.4	2.9	11.6	9.8	6.1	30.2	9.9

1 Figures expressed in percent based on the workforce as of 30 September 2017, in the respective region.
2 Figures in percent, calculated on the basis of the monthly workforce in the 2017 fiscal year.

Age structure
(new entries worldwide 2017)



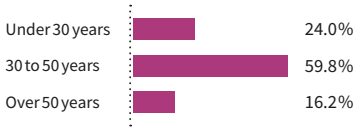
Worldwide there were 3,682 staff departures from Infineon in the 2017 fiscal year. Of these, the majority (2,018 employees) were in the Asia-Pacific region, where the majority of new recruitments also occurred (2,706 employees). Employee fluctuation in the Americas region decreased from 30.8 percent in the previous year to 30.2 percent in the 2017 fiscal year. The high fluctuation rate in that region derives mainly from the unchanged high fluctuation rate at our manufacturing site in Tijuana (Mexico). Relatively high employee fluctuation rates are common at companies of comparable size in Mexico. At Infineon we take this issue very seriously and are continuously working on lowering the fluctuation rate. Successful realization of the corresponding measures will however take some time. Thus, we are continuously working together with local management on these topics with the clear objective of reducing fluctuation rates.

Of the departures, 1,871 were women and 1,811 men. 1,924 employees were in the “under 30” age group, 1,374 in the middle age group (30 to 50 years) and 384 in the “over 50” age group. The worldwide employee fluctuation rate during the 2017 fiscal year was 10.0 percent, which represents a slight decrease of 0.5 percent (previous year: 10.5 percent).

Age structure and length of service

Demographic change is one of the megatrends of the 21st century and also impacts the age structure at Infineon.

Age structure
(Infineon worldwide 2017)



The average age among employees worldwide is 38.6 years; in the 2017 fiscal year it is slightly higher than the previous year (2016 fiscal year: 38.5 years). The share of employees below 30 years of age slightly fell (2017 fiscal year: 24.0 percent, 2016 fiscal year: 24.1 percent). The share of employees in the middle age group has also decreased (2017 fiscal year: 59.8 percent, 2016 fiscal year: 60.1 percent). On the other hand, the share in the group of employees over the age of 50 has risen (2017 fiscal year: 16.2 percent, 2016 fiscal year: 15.8 percent).

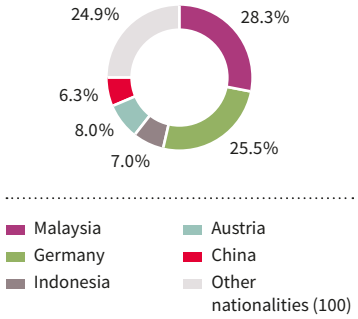
The average length of service of Infineon employees worldwide remains in the 2017 fiscal year by 9.9 years.

TARGETS see page 34 ff.

Encouraging diversity

As an international company, the diversity of our staff is particularly important to us. We live out a culture that appreciates the individuality of each and every person and that promotes equal opportunity regardless of age, disability, ethnic-cultural origin, gender, religion, ideology or sexual identity. Our global diversity management program with diversity managers at all major sites guarantees that we support the needs of our employees on site and continue to develop our culture of diversity.

Nationalities
(Infineon worldwide 2017)



Infineon employs a total of 37,479 persons of different nationalities. The five most prevalent nationalities represent a total of 75.1 percent of the workforce, with Malaysian nationals accounting for 28.3 percent and German nationals for 25.5 percent.

	Employees total	Under 30 years [1]	30 to 50 years [1]	Over 50 years [1]
Middle and senior level management [2,3]	6,268	0.1	66.2	33.7
Entry level management [2]	6,978	3.9	81.9	14.2
Non-management staff	24,233	36.0	51.7	12.3
Total	**37,479**	**24.0**	**59.8**	**16.2**

1 Figures expressed in percent based on the workforce as of 30 September 2017, in the respective comparison group.
2 At Infineon, the management function includes not only the leadership of employees but also leadership through specialist expertise as well as project management functions as defined in the internal job evaluation system.
3 Including the Management Board.

Distribution of gender and age structure: Out of 13,990 female employees 32.9 percent are under 30 years old, 55.3 percent are in the middle age group and 11.8 percent are over 50 years old. Out of 23,489 male employees 18.7 percent are under 30 years of age, 62.4 percent are in the middle age group and 18.9 percent are over 50 years old.

	Employees total	Female [1]	Male [1]
Middle and senior level management [2,3]	6,268	13.9	86.1
Entry level management [2]	6,978	26.5	73.5
Non-management staff	24,233	46.5	53.5
Total	**37,479**	**37.3**	**62.7**

1 Figures expressed in percent based on the workforce as of 30 September 2017, in the respective comparison group.
2 At Infineon, the management function includes not only the leadership of employees but also leadership through specialist expertise as well as project management functions as defined in the internal job evaluation system.
3 Including the Management Board.

Qualifications and training

We regard ourselves as forerunners for outstanding performance. Accordingly, the continuing education of our staff is very important to us. We do all we can to support them in optimally developing their respective individual abilities and apply these abilities towards the success of Infineon.

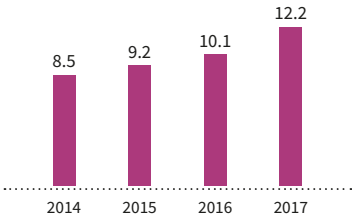
In the 2017 fiscal year, our staff participated in a total of 1,067,178 hours of training. 40.6 percent of training hours were given to female employees and 59.4 percent to male employees. Production training hours accounted for the majority of the hours utilized, at 76.4 percent.

Training hours	Per employee[1]	Female[1]	Male[1]
Middle and senior level management[2,3]	22.78	27.05	22.09
Entry level management[2]	30.30	31.99	29.69
Non-management staff	29.42	31.10	27.96
Total	**28.47**	**30.97**	**26.99**

1 Calculated on the basis of the monthly workforce in the 2017 fiscal year.
2 At Infineon, the management function includes not only the leadership of employees but also leadership through specialist expertise as well as project management functions as defined in the internal job evaluation system.
3 Including the Management Board.

Training expenses[1]

€ in millions



1 Starting from the 2016 fiscal year the data from the former International Rectifier sites are included.

Training hours	Per employee[1]
Production	30.08
Research and development	27.57
Sales and Marketing	18.09
Administrative	20.41
Total	**28.47**

1 Calculated on the basis of the monthly workforce in the 2017 fiscal year.

Fringe benefits

Fringe benefits are a longstanding tradition at Infineon and are also offered in various forms. All benefits form an integral part of the overall remuneration concept and reflect Infineon's responsibility to its staff. The scale and nature of the benefits are determined in accordance with the relevant regional statutory and standard market requirements. No distinction is made in this respect between full-time and part-time staff.

In Germany and the Asia-Pacific region (including Japan), for example, in addition to employer and employee-financed pension plans, benefits granted include the items listed below (the exact arrangements are specific to each location):

Industrial accident insurance	Company car for work or as additional benefit
Paid sick leave beyond the statutory minimum	Private car leasing from gross deferred compensation
Continued wage payment to surviving dependants in the event of death	Long-service awards
Sabbatical	Preventive health program
Flexible transition to retirement pension	Family-friendly services, such as, for example, in-house kindergartens or working together with local organizations offering day care facilities for children, vacation activities for children

In the Asia-Pacific region (including Japan), in addition to these benefits, site-specific life insurance as well as hospital group insurance policies are also offered, which extend beyond the statutory provisions. One noteworthy example for the USA is the attractive Company pension plan.

Infineon also encourages various work-time models aimed, for example, at keeping working hours flexible, depending on individual employees' circumstances – such as in the form of trust-based working hours, part-time work or teleworking arrangements. In the Asia-Pacific region (including Japan), for example, 90 percent of all sites already offer flexible working time and 70 percent of all sites offer teleworking options.

Compensation

Infineon wants to attract the best available talent and for that reason attractive, market-oriented remuneration and appropriate participation in the Company's success are a matter of course.

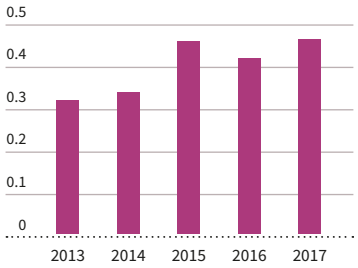
We pay our staff on the basis of work-related criteria, such as job requirements and performance, and in accordance with the respective local market requirements. Men and women are paid equally at Infineon. Each employee receives appropriate, transparent remuneration for their work, in compliance with all legal standards.

Responsibility for our employees

MATERIAL TOPICS
› Labor relations
› Responsible manufacturing

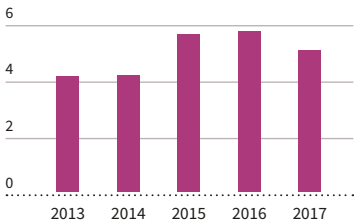
IN THE 2017 FISCAL YEAR WE INVESTED APPROXIMATELY 42,392 HOURS IN TRAINING AND CONTINUING EDUCATION FOR OUR SPECIALIZED EXPERTS WORLDWIDE IN THE AREAS OF OCCUPATIONAL SAFETY AND HEALTH AS WELL AS IN FIRE PREVENTION.

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.

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.

TARGETS see page 34 ff.

Ensuring a safe working environment is a very high priority at Infineon. Here we take a preventive approach. Our occupational health and safety management system, certified according to OHSAS 18001, has been implemented at all major manufacturing sites as well as at corporate headquarters. Through workplace-related risk assessments which are carried out worldwide we want to ensure that workplace-related risks which may result in a danger to employees are identified and required protective measures are taken to minimize risks. This preventive approach is examined and revised on a regular ongoing basis.

Qualified safety experts supervise the implementation of the protective measures. Creating safe and ergonomic workplaces is a matter of course for us. In addition to work areas in production and other technical areas, office workplaces are also analyzed in terms of improvements. One example of realization in everyday practice is the information brochure for our corporate headquarters Campeon (Germany) which includes tips and advice on topics such as indoor climate and office acoustics. As another element in our preventive approach, we carry out fire prevention training and evacuation exercises at all our main production sites as well as at the corporate headquarters on a regular basis.

The recording and evaluation of work-related accident figures in the course of our general data collection process is performed in accordance with GRI G4 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. Our Injury Rate of 0.46 in the 2017 fiscal year is presented on the margin in the graphic above. The Lost Day Rate of 5.10 in the 2017 fiscal year is illustrated on the margin in the graphic below.

In July 2017 there was a fatal accident at one of our manufacturing sites resulting from a behavior-related work accident. Infineon deeply regrets this tragic accident and provided the family of the casualty with immediate assistance and financial support. With its certified occupational safety program the Company has already achieved a very high level of occupational safety. However, in response to this incident we will also implement a behavior-based safety program in addition to the existing certified processes and measures in order to minimize even more effectively the risk of work-related accidents.

Environmental sustainability

MATERIAL TOPIC
› Responsible manufacturing

59 PERCENT OF THE WASTE GENERATED IS RECYCLED.

Our global management system IMPRES integrates targets and processes relating to environmental sustainability as well as occupational safety and health. 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 largest European manufacturing sites as well as at our corporate headquarters.

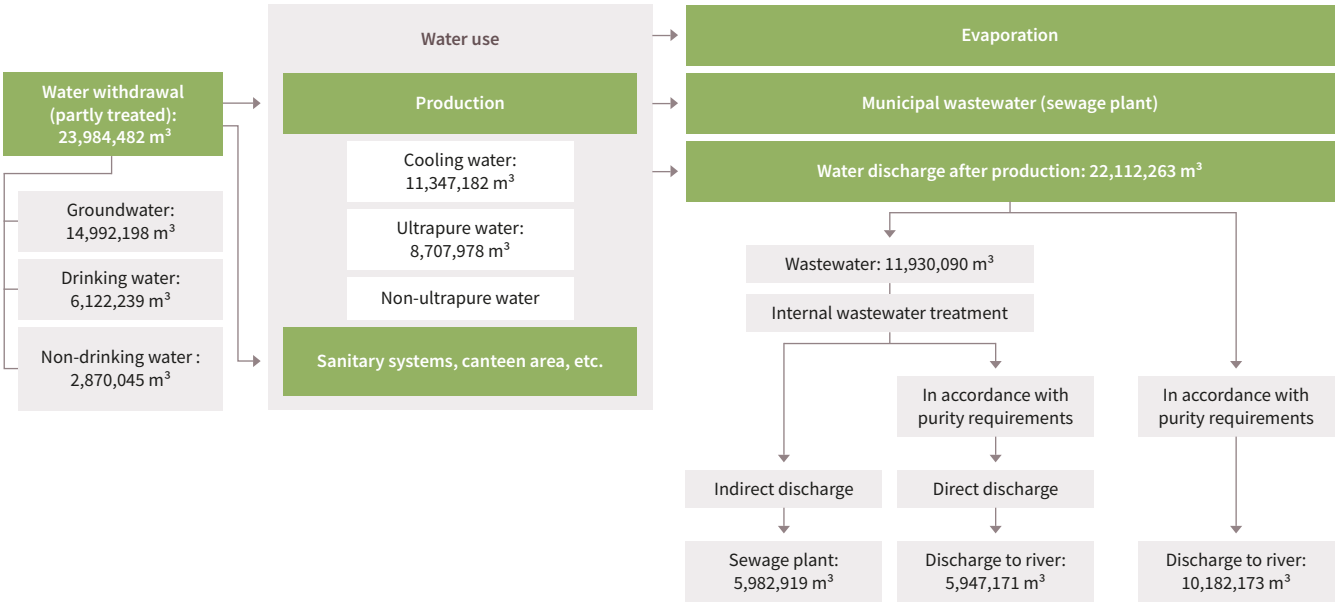
Sustainable use of resources at our manufacturing sites

The limited availability of natural resources is one of the greatest global challenges. Increasing resource efficiency enables both environmental and economic potential and is an essential pillar in our sustainability strategy.

Water management

Infineon's water balance for the 2017 fiscal year is shown in schematic form in the following chart.

Water balance
in cubic meters (m^3)



Water is used at our manufacturing sites, for example, for cooling equipment or for generation of ultrapure water. If the water that we withdraw does not meet the applicable purity standards, it is subject to further treatments.

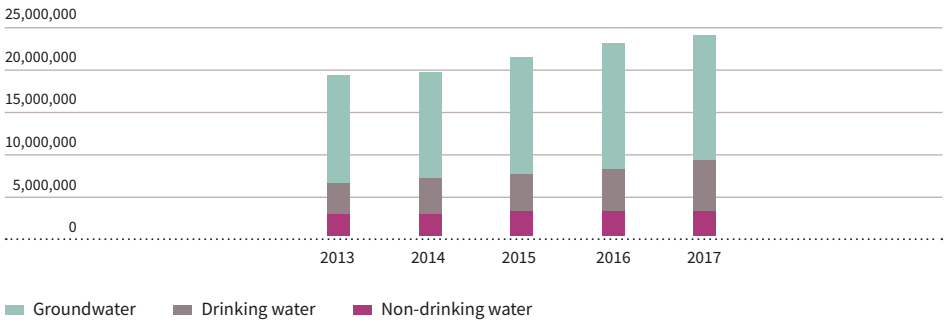
TARGETS see page 35 ff.

Part of the withdrawn water can be re-used after its initial use. During the reporting period, 1,543,965 cubic meters (17.73 percent) of ultrapure water and 1,277,547 cubic meters (10.71 percent) of production wastewater were re-used.

Infineon withdrew 23,984,482 cubic meters of water during the year under report. Infineon sources water either from its own groundwater wells or from local providers, who supply both drinking and non-drinking water of lesser quality than drinking water. Our water sources are shown in the following graph.

Water consumption

in cubic meters (m^3)



Standardized water consumption

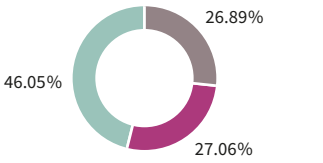
per square centimeter manufactured wafer

1 Frontend sites worldwide.

The World Semiconductor Council (WSC) has defined “water consumption in liters per square centimeter of manufactured wafer” as the unit for measuring the efficiency of water use. The Infineon frontend sites consumed approximately 28 percent less water to manufacture a square centimeter wafer in the 2016 calendar year than the global average of the WSC.

According to the definition of the World Business Council for Sustainable Development (WBCSD), water stress begins with an available total amount of renewable water resources of less than 1,700 cubic meters per person in the population per year. We used the “Global Water Tool Version 2015” of the WBCSD to perform a risk analysis at country level. The results show that only our manufacturing site in Singapore (Singapore) is located in a water stress area. This site consists primarily of office and test operations with a comparatively low level of water consumption. Although during the 2017 fiscal year only 0.57 percent of our total water volume was consumed there, we implemented measures to ensure efficient water use at the site as well. Two buildings at the site have been awarded the “Water Efficient Building” certificate by the local water authority “PUB”. Since March 2016, a technical innovation has made it possible to make more efficient use of the water in the cooling towers, reducing the annual water demand by more than 4,500 cubic meters.

Water discharges 2017



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

The high priority given to sustainable water consumption is demonstrated through our participation in the United Nations CEO Water Mandate. On our website we publish the Infineon “Communication on Progress” for this initiative of the UN Secretary-General. By participating in the Carbon Disclosure Project (CDP) Water Disclosure we also inform our stakeholders about how we handle water and the associated opportunities and risks.

@ www.infineon.com/csr_reporting

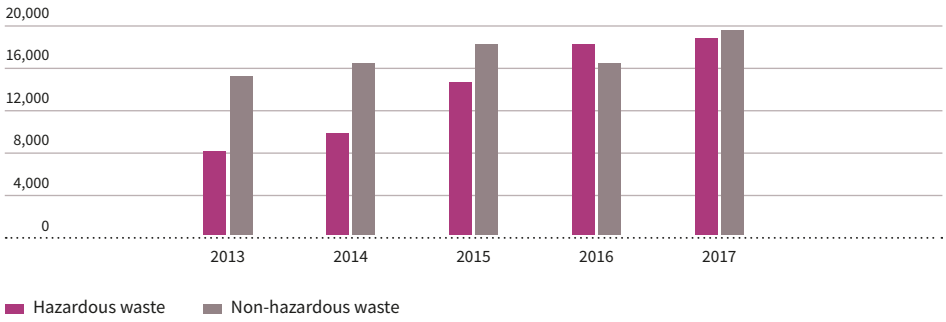
TARGETS see page 35 ff.

Waste management

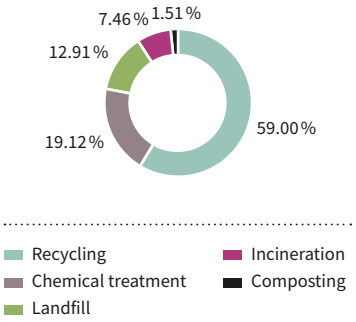
Our sustainable waste management is based on classification and separation of waste and the use of safe disposal methods. All manufacturing sites use certified waste management companies. In the 2017 fiscal year the total amount of waste generated was 38,289 tons, with 19,500 tons classified as non-hazardous and 18,789 tons classified as hazardous. Besides statutory requirements, fluctuating production has the greatest impact on the amounts of waste generated.

Waste generation

in tons



Waste management methods in the 2017 fiscal year



Standardized waste generation

per square centimeter manufactured wafer

1 Frontend sites worldwide.

In the 2017 fiscal year, 69.93 percent of the non-hazardous waste and 47.66 percent of the hazardous waste were sent to recycling. The percentages of the various waste management methods are illustrated in the adjoining chart.

The WSC has defined the “waste generated in grams per square centimeter manufactured wafer” as the unit for measuring the efficiency of waste management. Compared to the WSC global average, in the 2016 calendar year our worldwide frontend sites generated approximately 53 percent less waste per square centimeter manufactured wafer.

At our site in Villach (Austria) reusable packing is replacing the existing cardboard packing in the transport of sawn wafers, in particular for deliveries to our sites in Warstein (Germany) and Cegléd (Hungary). Reusable packing consists of transport boxes made of plastic which can be used multiple times. This makes it possible to save up to 55,000 boxes and up to 110,000 pieces of foam plastic per year. Reusable packing not only means reductions in the amount of waste generated, it is also possible to transport significantly more boxes than before. Reusable packing was developed on a cross-site basis by Infineon employees working together with suppliers.

Our site in Villach (Austria) uses redestillation to successfully externally recycle the solvents propyleneglycolmonomethyletheracetate (PGMEA), cyclopentanone, N-methyl-pyrrolidone (NMP) as well as dimethyl formamide (DMF). The most effective recycling applies to DMF, with a recycling rate of 80 percent.

Energy efficiency and climate protection

Efficient energy management

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

Within our manufacturing sites, the frontend sites consume the majority of the energy, since the physical conditions for production are particularly demanding there. Thus, for example, an additional amount of energy is needed to establish the highly stable climatic conditions in the cleanrooms. In comparison, the backend sites have lower energy consumption due to the nature of their processes. Research and development sites and the offices have the lowest energy demand.

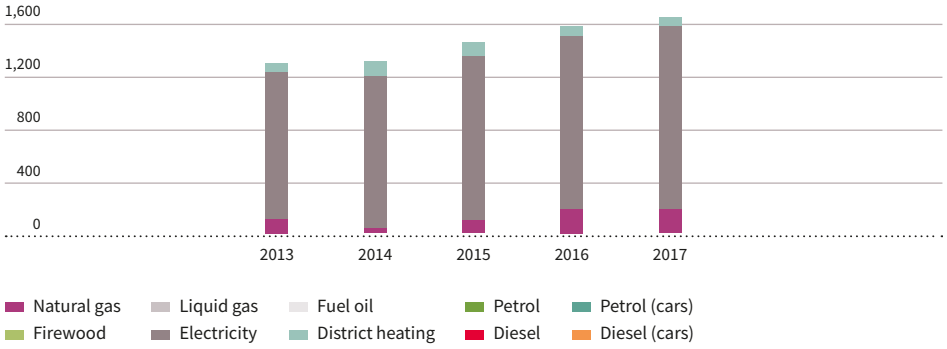
In the 2017 fiscal year Infineon consumed approximately 1,667 gigawatt hours (GWh) of energy worldwide. Furthermore, Infineon gave approximately 1.43 gigawatt hours to external consumers.

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

	GWh
Direct energy (Scope 1) renewable	**1.12**
Firewood	1.12
Direct energy (Scope 1) non-renewable	**196.79**
Natural gas	182.71
Liquid gas	0.98
Petrol	0.05
Petrol (cars)	0.33
Diesel	0.55
Diesel (cars)	11.79
Fuel oil	0.38
Indirect energy (Scope 2) non-renewable	**1,469.21**
Electricity	1,396.00
District heating	73.21

TARGETS see page 35 ff.

Energy consumption
in gigawatt hours



At our main manufacturing sites we have implemented the systematic of the energy management standard ISO 50001 according to local requirements, and continually analyze options to further improve energy efficiency.

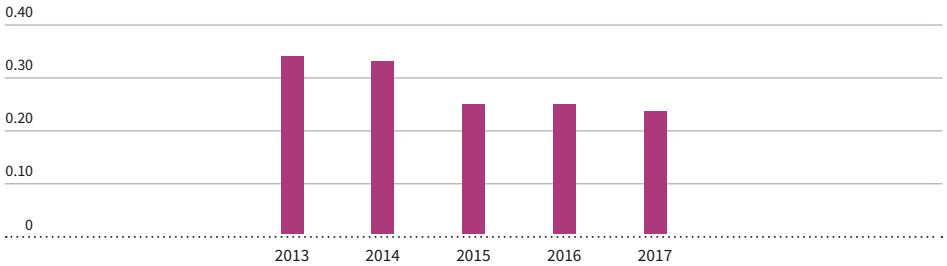
Standardized electricity consumption
per square centimeter manufactured wafer

1 Frontend sites worldwide.

The WSC has defined “electricity consumed per square centimeter manufactured wafer” as the unit for measuring the energy efficiency of frontend sites. Compared to the global average value of the WSC, our frontend sites worldwide used approximately 47 percent less electricity to manufacture one square centimeter wafer in the 2016 calendar year.

In the 2017 fiscal year, the energy consumption per revenue was 0.24 kilowatt hours per euro. Figures from previous years are also shown in the following graph as a comparison.

Energy consumption per revenue
in kilowatt hours per €



Greenhouse gas emissions

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

Since 2014, Infineon has been publishing information on opportunities and risks for the Company due to climate change through the "Carbon Disclosure Project" (CDP). Infineon has earned a spot among the three best companies in the "Information Technology" sector in the DACH region (Germany, Austria and Switzerland) for this year's CDP climate change reporting.

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

Scope 1 emissions

The semiconductor industry uses various greenhouse gases in wafer-etching processes for structuring wafers as well as for cleaning production equipment. This includes perfluorinated compounds (PFCs), namely perfluorinated and polyfluorinated carbon compounds, sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). These greenhouse gases cannot be replaced by another class of substances and account for around 86 percent of Scope 1 emissions.

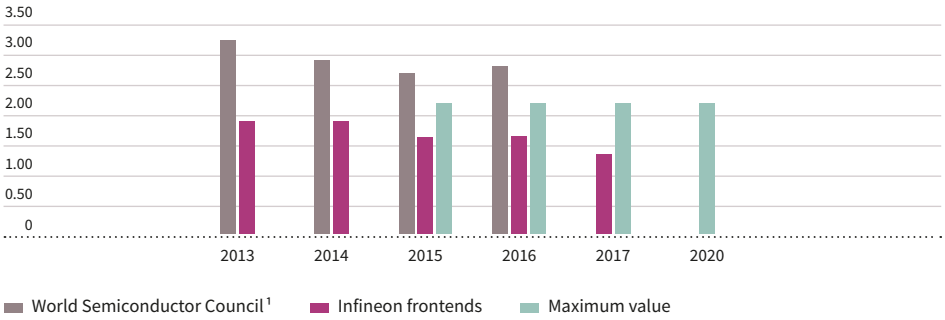
TARGETS see page 35 ff.

The increasing level of product complexity results in the tendency towards increased demands for these gases. We are reacting to this trend with continuous optimization of our processes through more efficient manufacturing methods and intelligent abatement concepts. The use of alternative gases with higher utilization rates and lower greenhouse gas potential helps minimize the increase in emissions wherever possible.

Since the 2015 fiscal year we have changed our PFC reporting from absolute values to the Normalized Emission Rate (NER) by normalizing the emissions per manufactured wafer surface. The WSC has set the objective to achieve an average normalized emission rate of 2.2 by the year 2020. This corresponds to a reduction of 30 percent compared to 2010. Our target is to remain below the maximum value of 2.2 as early as today. With a NER of 1.35 we have achieved our target.

Normalized Emission Rate

in tons of CO_2 per square meter



1 When preparing this report the WSC 2017 figure was not available.

In addition to the PFC reporting, we calculate emissions for other relevant substances used at our main manufacturing sites on an annual basis. In the 2017 fiscal year, 6,176 kilograms of sulfur oxides (SO_X), 35,512 kilograms of nitrogen oxides (NO_X), 12,722 kilograms of carbon monoxide (CO), 398,369 kilograms of volatile organic compounds (VOCs), and 16,916 kilograms of particulate matter (PM) were emitted.

The total Scope 1 emissions in the 2017 fiscal year are equivalent to 259,078 tons of CO_2.

Scope 2 emissions

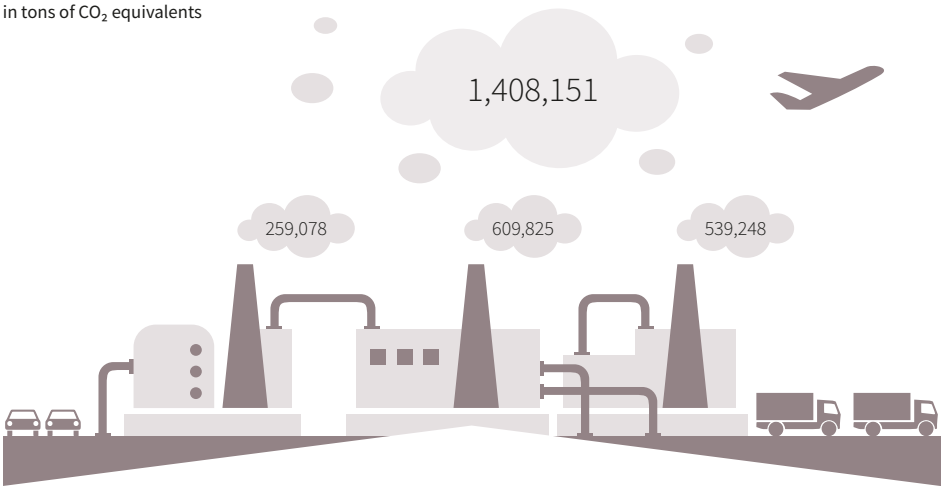
Considering provider-specific emission factors of the energy sources used, our Scope 2 emissions totaled 609,825 tons of CO_2 equivalents in the reporting period. This approach was selected in order to illustrate the implementations achieved so far in terms of regenerative energy supply. One example is the use of district heating at the corporate headquarters.

Scope 3 emissions

Scope 3 emissions refer to emissions generated for the provision and disposal of all raw materials and supplies as well as other utilities, operational materials and other process media, goods transportation, travel and energy supply activities (transmission losses). Scope 3 emissions totaled 539,248 tons of CO_2 equivalents.

The following emissions and immissions have been included in the calculation of the Infineon CO_2 footprint:

Calculation of the CO_2 burden
in tons of CO_2 equivalents



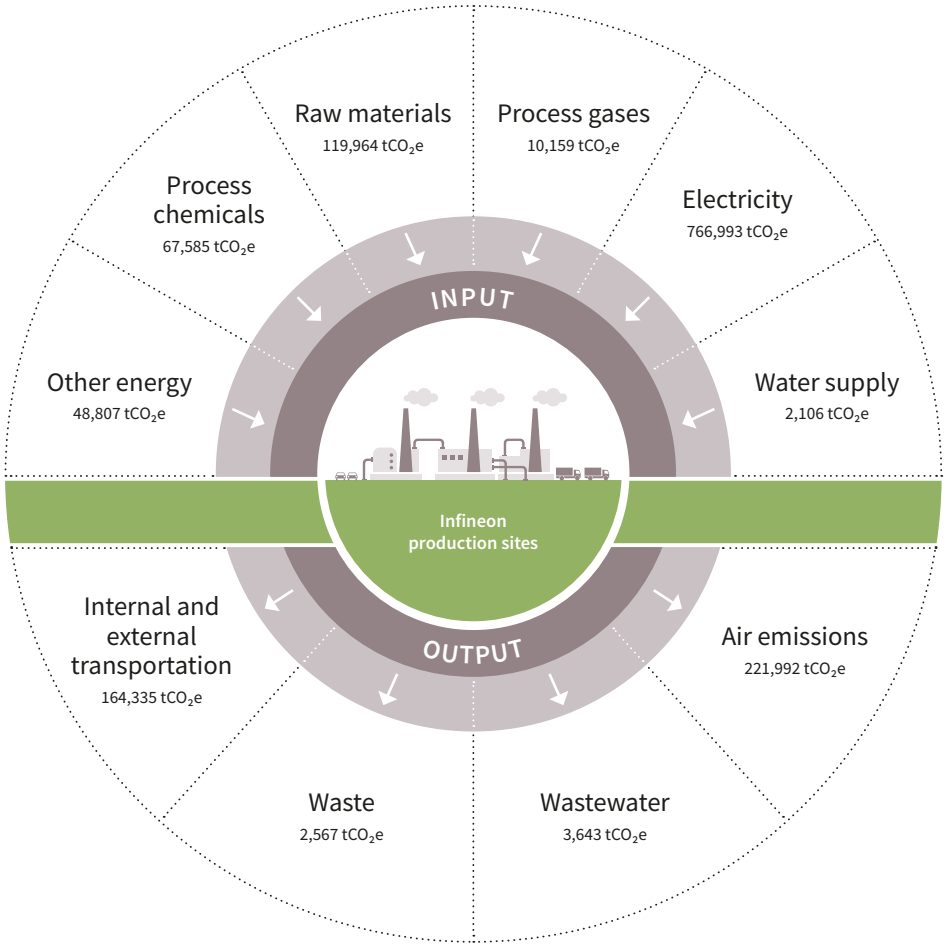
Scope 1 – Direct	Scope 2 – Indirect	Scope 3 – Indirect[1]
PFCs	Electricity	Fuel and energy supply
Gas	District heating	Water supply
Diesel		Wastewater
Fueloil		Waste
Petrol		Materials
Firewood		Raw materials and supplies
Infineon function cars		Flights
		Transportation

1 Further emissions along the value chain.

Altogether, the Infineon environmental carbon footprint totaled 1.41 million tons of CO_2 equivalents in the 2017 fiscal year.

The following chart illustrates the emissions by origin. The input streams show emissions 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.

Allocation input and output of emissions by origin
in tons of CO_2 equivalents (tCO_2e)



Contribution through sustainable products

MATERIAL TOPICS

- Responsible manufacturing
- Contribution through sustainable products
- Long-term viability of core business

DURING THEIR USE-PHASE, INFINEON PRODUCTS ENABLE CO_2 EMISSIONS SAVINGS OF ROUGHLY 58 MILLION TONS OF CO_2 EQUIVALENTS.

Semiconductors from Infineon help generate electricity from renewable energy sources. They also offer increased efficiency in all value added stages of the energy sector: in generation, transmission and in particular in the use of electricity. They form a basis for the intelligent and efficient use of energy: in industrial applications, power supplies for computers and entertainment electronics as well as in motor vehicles. Semiconductors and solutions from Infineon make end-products more energy-efficient during their lifetimes and thus make an essential contribution to the improvement of the environmental footprint.

For example, in industrial applications such as drives or motor control units, products from Infineon reduce power loss and thus improve efficiency. Products from Infineon are also used in technology fields such as LED lamps and induction cookers. The production of energy from renewable sources with large wind power turbines and photovoltaic parks is also enabled by our high-performance products.

The power switches PROFET™+2 and High Current PROFET™ from Infineon promote energy efficiency and miniaturization in automotive electronics. These products are manufactured using the new SMART7 thin-wafer technology, resulting in reduced power loss and less chip surface. The PROFET™+2 power switches are up to 40 percent smaller and their power consumption 50 percent lower than that of the preceding generation. High Current PROFET™ power switches can efficiently control very high electric loads. This reduces power loss in control devices by up to 60 percent. The chapter “The segments” of the 2017 Annual Report contains further examples of energy-efficient products.

P see page 44 ff. of the Annual Report 2017

The Infineon CO_2 footprint

When calculating a CO_2 footprint a variety of complex processes and a multitude of influencing factors need to be considered. Therefore, carbon footprint calculations are subject to certain estimates. We have further optimized our approach in order to further improve the accuracy of such estimates.

TARGETS see page 35 ff.

The calculation of CO_2 emissions is based on the ISO 14000 standard series, which is further specified by the PAS (Public Available Specification) 2050 guideline issued by the BSI (British Standards Institution) for determining product-specific environmental impacts, 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 CO_2 footprint, we have considered the entire manufacturing process in accordance with PAS 2050, including all of the utilities (raw materials and supplies) as well as internal and external logistics including final distribution to customers.

During their use-phase, Infineon products in the fields of automotive electronics, industrial drives, servers, lighting, photovoltaics, wind energy, mobile phone chargers and induction cookers alone, enable CO_2 emission savings amounting to approximately 58 million tons of CO_2 equivalents, representing an increase of around 11 percent compared to the previous year's value. This increase is due to several factors. The most significant increase is to be seen in automotive electronics. It was also possible to increase the installed performance of photovoltaics.

Thus, with its products and innovations in combination with efficient production, Infineon achieved an environmental net benefit of more than 56 million tons of CO_2 equivalents.

Carbon footprint

CO_2 burden[1]
Around **1.4** million tons of CO_2 equivalents

Ratio around 1 : 41

CO_2 savings[2]
Around **58.2** million tons of CO_2 equivalents

Net ecological benefit: CO_2 emissions reduction of more than 56 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 2017 fiscal year.

2 This figure is based on internally established criteria, which are explained in the explanatory notes. The figure relates to the 2016 calendar year and considers the following fields of application: automotive, LED, induction cookers, PC power supply, renewable energy (wind, photovoltaic), mobile phone chargers as well as drives. 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 European chemicals policy REACH (Regulation EC 1907/2006 “Registration, Evaluation, Authorisation and Restriction of Chemicals”).

Two important European directives regulate the use of certain substances defined by the European legislature as hazardous in end-products, the directive 2000/53/EC (ELV directive: “End-of-Life Vehicles”) and the directive 2011/65/EU (RoHS directive: “Restriction of the use of certain hazardous substances in electrical and electronic equipment”).

No Infineon product is in the scope of these directives. However, our customers expect Infineon products to meet legal requirements in their applications. Infineon products comply with these requirements and are conform with the substances restrictions in the aforementioned legal regulations and thus meet customer requirements.

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

Infineon constantly works to develop and implement alternatives for certain materials, such as lead. Thus, for example, we participate in the DA5 (DA: Die Attach) partnership working to find lead-free alternatives for high temperature solders which are necessary for specific applications because of their properties.

Our responsibility along the supply chain

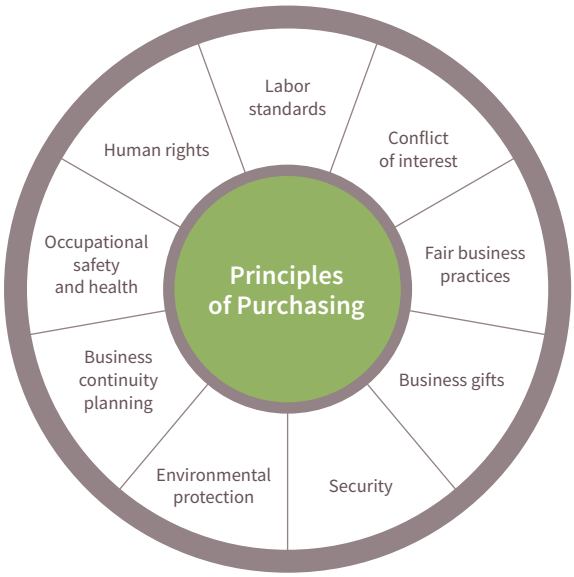
MATERIAL TOPICS
› Responsible manufacturing
› Contribution through sustainable products

ALL INFINEON PRODUCTS ARE DRC CONFLICT-FREE.

TARGETS see page 35 ff.

A long-term partnership between Infineon and its suppliers is a core element of our corporate philosophy. In the course of this partnership all our suppliers are managed centrally in a supplier management portal where data is updated as necessary. This system is also used for supplier evaluation. The compliance with our requirements in the areas of environmental protection, occupational safety and health as well as CSR are highly relevant when selecting new suppliers, evaluating existing suppliers, and also for future supplier development.

Principles of Purchasing



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 the diagram “Principles of Purchasing” above.

Furthermore, our new main suppliers are contractually obliged to uphold our environmental, occupational safety and health as well as CSR commitments. Only suppliers that have committed to our basic principles can enter into a business relationship with us.

In the 2016 fiscal year, the supplier management portal was expanded, providing our suppliers with a centralized platform for registering and updating relevant parameters. Additionally, this portal allows suppliers to submit updated certifications.

More than 100 new suppliers and new subsidiaries of existing suppliers are thus categorized every quarter according to their products and services. Depending on this categorization the supplier receives up to twelve questionnaires on various topics in the supplier management portal. The responses received are evaluated by the respective Infineon specialist departments. The supplier is not approved unless it gets a successful evaluation. When necessary, improvement measures are jointly agreed with the supplier. This procedure supports a fast and up-to-date assessment.

Infineon products without DRC conflict minerals

TARGETS see page 35 ff.

The US Dodd-Frank Act (Dodd-Frank Wall Street Reform and Consumer Protection Act) was adopted in July 2010. It contains disclosure and reporting obligations for companies listed on stock exchanges 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 “DRC conflict minerals” applies to tantalum, tin, gold and tungsten, inasmuch as their extraction and/or trade does directly or indirectly finance or benefit armed groups in the DRC or neighboring countries.

The use of the materials mentioned is absolutely necessary for the functionality of our products.

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. 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 uphold our voluntary commitment towards our responsibility within the supply chain. At the same time, our comprehensive declaration on the use of conflict materials supports 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 order to create the necessary transparency within our supply chain.

@ www.infineon.com/csr_reporting

Our targets and requirements towards our supply chain are set forth in the Infineon “Conflict Minerals Policy” and the “Supplier Code for a Responsible Sourcing of Conflict Minerals”, which are published on our website.

In the 2017 fiscal year, Infineon identified 100 percent of its potential suppliers of conflict minerals and evaluated them with regard to their use of conflict minerals. Based on the thorough response of our suppliers and in accordance with the requirements of the OECD guidance, we can duly state that all Infineon products are 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.

Corporate citizenship

MATERIAL TOPIC
› Presence in local markets

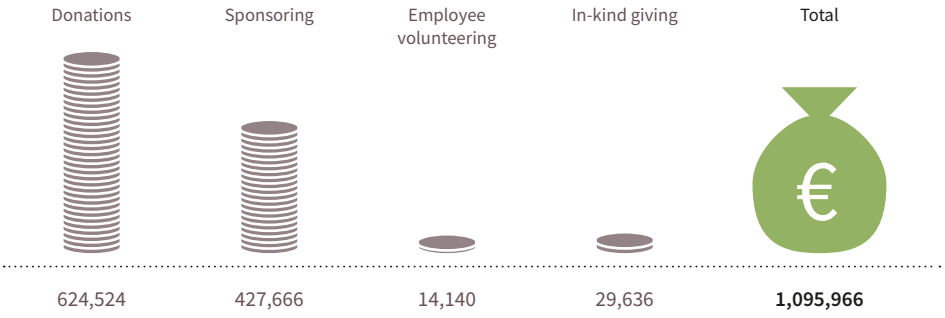
INFINEON IS CURRENTLY ENGAGED IN CORPORATE CITIZENSHIP ACTIVITIES IN 17 COUNTRIES.

TARGETS see page 35 ff.

We understand corporate citizenship as our voluntary social contribution to the communities in which we operate. Infineon has defined four areas of activity in the field of corporate citizenship: “Environmental Sustainability”, “Local Social Needs”, “Education for Future Generations” and help in case of “Natural and Humanitarian Disasters”. These focus areas of engagement are contained in our corporate citizenship rule. This rule ensures that our corporate citizenship activities are performed transparently and in line with our ethical principles. We have also appointed a citizenship representative for this topic at all our major sites.

Infineon supported 237 activities worldwide in the 2017 fiscal year. 37 percent of the donations were local investments in the communities we interact with, and 63 percent were donations to charitable activities.

Corporate citizenship expenditure 2017
in €



Donations	Sponsoring	Employee volunteering	In-kind giving	Total
624,524	427,666	14,140	29,636	**1,095,966**

Examples of the corporate citizenship activities of Infineon in the 2017 fiscal year

Natural and Humanitarian Disasters	› Support for various initiatives for the integration of refugees (Germany) › Donation to the German Red Cross: Famine relief in Africa › Donation to UNICEF Sweden for vaccination packages against measles and polio
Local Social Needs	› Support for the “Deutsches Global Compact Netzwerk” foundation › Support for the “International School Carinthia” in Villach (Austria) › Support for the organization “Charity Meets Challenge e.V.” in Oberschleißheim (Germany) › Support for campaigns against hunger by the aid organizations “Meals on Wheels” and “Food Forward” in El Segundo (USA)
Education for Future Generations	› Support of the Endowed Chair for Power Electronics of the Technical University of Munich (Germany) › Support of the German-Chinese university education program on microcontrollers and embedded systems at Tongji University (China) › Support for the “Students League” of the Electronics Faculty at the Politehnica University in Bucharest (Romania) › Support for the Soong Ching Ling foundation to provide education to children in mountainous regions (China)
Environmental Sustainability	› Sponsor of the “Ren De” foundation, focusing on environmental protection (China) › Annual volunteer tree-planting campaign by Infineon employees in collaboration with BADEPAL Environmental Ministry in Batam (Indonesia) › Support for the Alpen-Adria-University in Klagenfurt and its department of Production, Energy and Environmental Management (Austria) › Support for environmental protection projects in Acadia National Park (USA)

Local investments and services

It is important for us to engage with local communities and to invest in them.

The Infineon investment in Warstein (Germany) for the expansion of module development and manufacturing in the area of power semiconductors for electro-mobility has a major impact on the marketing of the city itself. In future, Warstein intends to develop the ecological image of the city besides the strong brand of the Warsteiner brewery also with the subject electro-mobility, in connection with Infineon as a strong partner. Here Infineon is supporting the city of Warstein in joint activities. For example, Infineon, the city of Warstein and the regional Chamber of Commerce and Industry hold together the first South Westphalian Electro-mobility Day (“Südwestfälischer Elektromobilitätstag”) on the Infineon premises.

Infineon Austria is one of the nine collaboration partners in the industry and tourism initiative “Industrie & Tourismus”. Industry needs skilled employees. To these employees, not only an attractive employer counts, but more and more they choose a working environment based on what the site and their future home base can offer their families in terms of quality of life. Industry and tourism providers have joined together in a cooperative partnership to better position Carinthia and in particular Villach (Austria) as an attractive business location offering high quality of life. The “Industrie & Tourismus” initiative regards itself as a marketplace for leveraging synergies between the two sectors and thus increasing regional value creation.

Memberships and partnerships

Infineon is involved in numerous industry associations and standardization organizations including but not limited to:

Industry associations

- World Semiconductor Council (WSC; organization of regional semiconductor associations)
- Global Semiconductor Alliance (GSA)
- Industrial Internet Consortium (IIC)
- Alliance for the Internet of Things Innovation (AIOTI)
- European Semiconductor Industry Association (ESIA)
- Association representing the Smart Security Industry (EUROSMART)
- China Semiconductor Industry Association (CSIA)
- US Semiconductor Industry Association (SIA)
- Federal Association for Information Technology, Telecommunications and New Media (BITKOM)
- German Electrical and Electronic Manufacturers' Association (ZVEI)
- German Association of the Automotive Industry (VDA)
- 5G Automotive Association (5GAA)

Standardization organizations

- International Electrotechnical Commission (IEC)
- International Organization for Standardization (ISO)
- Global Standards for the Microelectronics Industry (JEDEC)
- Universal Serial Bus Implementers Forum (USB-IF)
- TCG-Trusted Computing Group (Computer Security Standards)
- European Telecommunications Standards Institute (ETSI)
- Automotive Open System Architecture (AUTOSAR)
- German Institute for Standardization (DIN)
- German Commission for Electrical, Electronic & Information Technologies of DIN and VDE (DKE)

Others

- United Nations Global Compact
- Platform "Industry 4.0"

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.
Human resources management		
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.	◐	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.
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”.	◐	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.
At least 90 percent of all our managers (Senior Manager level with five or more direct employees and higher[1]) 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 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.
Responsibility for our employees		
We will implement the standard OHSAS 18001 at two former International Rectifier sites and will include these sites in our multi-site certification.	●	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.

1 Due to the current integration activities, the Americas region has been exempted from the goal until the end of the 2017 fiscal year.

● Target achieved ◐ In progress ○ Target not yet achieved

TARGETS FOR THE 2017 FISCAL YEAR	STATUS	DESCRIPTION
Environmental sustainability		
Water management		
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.	●	Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.
Waste management		
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.	●	Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.
Efficient energy management		
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.	●	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		
PFC-relevant emissions will remain below the World Semiconductor Council target value of 2.2 tons of CO_2 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.	●	Our PFC-relevant emissions were below 2.2 tons CO_2 equivalents per square meter manufactured wafer surface.
Contribution through sustainable products		
Updating of the Infineon CO_2 footprint as well as achievement of a ratio of CO_2 savings through our products in the use-phase compared to the emissions generated in manufacturing our products of approximately 30 to 1.	●	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.
Our responsibility along the supply chain		
Integration of the conflict mineral activities in the Supplier Management Portal.	●	The Supplier Management Portal requests declarations on conflict minerals in the form of “Conflict Minerals Reporting Templates” (CMRT).
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.	●	A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.
Corporate citizenship		
Introduction of an annual “Best Practice Sharing Workshop” with the local citizenship representatives.	●	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.

● Target achieved ◐ In progress ○ Target not yet achieved

TARGETS FOR THE 2018 FISCAL YEAR

Business ethics

Scheduled revision of the web-based antitrust law training and registration of all employees with potential contact to competitors. The training program is mandatory for employees in sales, marketing and procurement areas as well as for all managers at the Senior Manager level or higher. We expect approximately 4,800 employees to particpate.

Human rights

Evaluation of possible risks in the area of human rights in the top five countries in our supply chain, based on publically available information, by the end of the 2018 fiscal year.

Human resources management

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.

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”.

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 strengthen it and identify potential improvements. This improves collaboration both with and within the team.

Responsibility for our employees

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.

Environmental sustainability

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 water consumption will nevertheless remain under 8.5 liters per square centimeter manufactured wafer.

Implementation of a “Best Practice Sharing Program” for the water management activities of all manufacturing sites included in IMPRES and of the corporate headquarters Campeon (Germany) in the 2018 fiscal year.

Identification and assessment of major suppliers located in areas subject to water shortages in the 2018 fiscal year.

TARGETS FOR THE 2018 FISCAL YEAR

Environmental sustainability

Waste management

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.

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.

Efficient energy management

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.

Completion of an energy assessment of the data centers at all manufacturing sites included in IMPRES and of the corporate headquarters Campeon (Germany) in order to identify additional possible energy efficiency potential by the end of the 2019 fiscal year.

Greenhouse gas emissions

In the 2018 fiscal year the PFC-relevant emissions of the frontend sites will remain below the World Semiconductor Council target value of 2.2 tons of CO_2 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.

Performance of a comprehensive efficiency analysis (ABC analysis) of our PFC abatement concept at all frontend sites by the end of the 2019 fiscal year in order to identify additional possible optimization potential.

Contribution through sustainable products

Revision of the concept for calculation of the Infineon CO_2 footprint taking new standards into account, for example, WBCSD “Addressing the Avoided Emissions Challenge”.

Updating of the Infineon CO_2 footprint as well as achievement of a ratio of CO_2 savings through our products in the use-phase compared to the emissions generated in manufacturing our products of approximately 40 to 1.

Our responsibility along the supply chain

Maintaining a DRC conflict-free supply chain and conducting a renewed evaluation with regard to 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 substantial challenge.

Corporate citizenship

Definition of a worldwide methodology for the evaluation of the impact of our corporate citizenship activities by the end of the 2018 fiscal year.

GRI G4 Content Index

General Standard Disclosures

	Issue	Page Report "Sustainability at Infineon 2017"	Page Annual Report 2017	Remarks	External audit
STRATEGY AND ANALYSIS					
G4 – 1	Statement from the Management Board	1	2 – 5		●
ORGANIZATIONAL PROFILE					
G4 – 3	Name of the organization	Cover page	Cover page		● ●
G4 – 4	Primary brands, products, and/or services		"Infineon at a glance"		●
G4 – 5	Organization's headquarters		49		●
G4 – 6	Countries where the organization operates		49 – 52		●
G4 – 7	Nature of ownership and legal form		66 – 67		●
G4 – 8	Markets served		40 – 48		●
G4 – 9	Scale of the organization	7	"Infineon key data"		●
G4 – 10	Employee structure	14 – 16			
G4 – 11	Percentage of total employees covered by collective bargaining agreements	12			●
G4 – 12	Organization's supply chain	29 – 30			●
G4 – 13	Significant changes during the year under report	8 – 9			●
G4 – 14	Consideration of precautionary approach		18 – 19, 68 – 71		●
G4 – 15	Externally developed charters, principles and initiatives	2, 12, 43 – 44			●
G4 – 16	Memberships	33			●
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4 – 17	Structure of the organization		49 – 52, 173 – 175		●
G4 – 18	Report's boundaries and limitations on its scope	2			●
G4 – 19	Material aspects	3 – 6			●
G4 – 20	Description of material aspects within the organization	3 – 6			●
G4 – 21	Description of material aspects outside the organization	3 – 6			●
G4 – 22	Effect of any restatements of information		68 – 71	Explanatory Notes (www.infineon.com/csr_reporting)	● ●
G4 – 23	Significant changes in the scope of the Report	2 – 3	68 – 71	Explanatory Notes (www.infineon.com/csr_reporting)	● ●

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	Issue	Page Report "Sustainability at Infineon 2017"	Page Annual Report 2017	Remarks	External audit
STAKEHOLDER ENGAGEMENT					
G4 – 24	Overview of stakeholder groups	10		At Infineon stakeholders are involved continuously.	●
G4 – 25	Selection of stakeholders	2 – 3, 10			●
G4 – 26	Stakeholder engagement	2 – 3, 10		For the definition of our stakeholders we evaluated international sustainability guidelines and directives, such as the OECD Guidelines for Multinational Enterprises, and applied the EFQM (European Foundation for Quality Management) Model for Excellence and the UN Global Compact Blueprint. For those activities included in the chart on page 10, in which the frequency of engagement is not described, Infineon engagement is carried out regularly whenever required. The following topics require a special frequency of engagement: › "Great Place to Work" survey: carried out every two years. › Suppliers' evaluation: carried out for new suppliers. For specific supplier groups it is also carried out on an annual basis. › Principles of Purchasing: part of contractual negotiations. › Annual Report, sustainability reporting, and yearly financial statements: on a yearly basis.	●
G4 – 27	Consideration of key concerns raised through stakeholders	2 – 3, 10			●
REPORT PROFILE					
G4 – 28	Reporting period	2			●
G4 – 29	Date of most recent previous report	2			●
G4 – 30	Reporting cycle	2			●
G4 – 31	Contact point	49			
G4 – 32	GRI Content Index	38 – 42			
G4 – 33	External verification	45 – 47	178 – 183		● ●
GOVERNANCE					
G4 – 34	Governance structure of the organization		99 (Corporate Governance Report)		●
ETHICS AND INTEGRITY					
G4 – 56	Principles, standards and norms of behavior	2, 11 – 12			●

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Specific Standard Disclosures

	Issue	Page Report "Sustainability at Infineon 2017"	Page Annual Report 2017	Remarks	External audit
PRESENCE IN LOCAL MARKETS					
Management approach		5			●
G4 – EC4	Financial assistance received from governments		131	Splitting of "received benefits" by country is not relevant. Governments do not participate in Infineon.	● ●
G4 – EC7	Development of significant infrastructure investments and services supported	32			●
G4 – EC8	Significant identified positive and negative indirect economic impacts	26 – 28	20 – 26	Through the use of products in which our semiconductors are used, Infineon has indirect economic impacts, for example, in efficiency improvements. The significance of those impacts was – due to external parameters – not determined in each individual case.	● ●
G4 – EN8	Total water withdrawn by source	19 – 20		Indicator applicable due to the production site placed in a water-stressed area and the associated specific local requirements.	●
G4 – SO1	Operations related to local community engagement	10, 31 – 33			●
G4 – SO2	Operations with significant actual and potential negative impacts on local communities	GRI G4 Content Index		During the 2017 fiscal year our worldwide citizenship representatives did not find any adverse effects.	●
LONG-TERM VIABILITY OF CORE BUSINESS					
Management approach		3 – 4			●
G4 – EC1	Direct economic value generated and distributed	31	"Infineon key data", 59, 131 – 136	Retained economic value is not reported. Splitting direct economic value generated and distributed (EVG&D) by region or market is not relevant.	● ●
G4 – EC2	Risks and opportunities posed by climate change	4, 5			●
G4 – EC8	Significant positive and negative indirect economic impacts		20 – 26	Through the use of products in which our semiconductors are used, Infineon has indirect economic impacts, for example, in efficiency improvements. The significance of those impacts was – due to external parameters – not determined in each individual case.	● ●
G4 – PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products	GRI G4 Content Index		During the 2017 fiscal year, Infineon could not identify any incidents of non-compliance with regulations and voluntary codes related to the impacts of products and services on health and safety.	●
RESPONSIBLE MANUFACTURING					
Management approach		4			●
G4 – EN3	Energy consumed inside of the organization	22			●
G4 – EN4	Energy consumed outside of the organization	22, 25		The description of the Scope 3 emissions is based on the Infineon CO_2 footprint, which includes the whole energy consumption of Infineon, and is reported in metric tons of CO_2 equivalents. The other steps, that is, the use-phase of the products by the customer as well as their disposal, cannot be automatically calculated due to the different potential applications and fields of use of Infineon products.	●
G4 – EN5	Energy intensity	22		Due to the confidentiality of specific information, Infineon reported the specific energy consumption in gigawatt hours per euro.	●

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	Issue	Page Report "Sustainability at Infineon 2017"	Page Annual Report 2017	Remarks	External audit
G4 – EN6	Reductions in energy consumption	35			●
G4 – EN7	Reductions in the energy requirements of sold products	26 – 27			●
G4 – EN8	Total volume of water withdrawn	19 – 20			●
G4 – EN10	Total volume of water recycled and reused	19 – 20			●
G4 – EN15	Direct (Scope 1) GHG emissions	23 – 25			●
G4 – EN16	Indirect (Scope 2) GHG emissions	24 – 25			●
G4 – EN17	Other indirect (Scope 3) GHG emissions	24 – 25			●
G4 – EN18	GHG emissions intensity	23		Reported by the NER (Normalized Emission Rate) calculation. Herewith only PFC emissions were taken into account, since these are the most significant source of CO_2 emissions.	●
G4 – EN19	GHG emissions reductions achieved	35, 37 GRI G4 Content Index		The avoided CO_2 emissions were reported in the form of energy under the indicator EN6. These are equivalent to 8,788.3 tons CO_2 equivalents.	●
G4 – EN21	Other significant air emissions	24			●
G4 – EN22	Volume of water discharges	19 – 20			●
G4 – EN23	Total weight of hazardous and non-hazardous waste, by disposal method	21			●
G4 – EN27	Activities to minimize the environmental impacts of products and services	26 – 28			●
G4 – HR6	Measures taken intended to contribute to the elimination of all forms of forced or compulsory labor in the supply chain	29 – 30			●
CONTRIBUTION THROUGH SUSTAINABLE PRODUCTS					
Management approach		5 – 6			●
G4 – EN7	Reductions in the energy requirements of sold products	26 – 27			●
G4 – EN30	Significant environmental impacts of transporting products and other goods and materials	24 – 25, 27			●
G4 – PR1	Significant product and service categories for which health and safety impacts are assessed for improvement	28			●
G4 – PR3	Legally required information about product and services labeling	28			●
DIVERSITY AND EQUAL OPPORTUNITY					
Management approach		4 – 5			●
G4 – LA12	Governance bodies by diversity categories	14 – 16			
G4 – LA13	Wage differences by gender	17			
G4 – HR3	Incidents of discrimination and measures taken	11, 12, 13			●

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	Issue	Page Report "Sustainability at Infineon 2017"	Page Annual Report 2017	Remarks	External audit
BUSINESS ETHICS					
Management approach		6			●
G4 – SO4	Percentage of employees trained in anti-corruption	12, 36, GRI G4 Content Index		Compliance training is carried out in particular at management level and Board level. Splitting training participation by individual regions or employees category is not an indicator relevant to the management process for Infineon.	●
G4 – SO7	Legal actions for anti-competitive behavior		154 – 156		●
G4 – HR2	Employee training on human rights	12, GRI G4 Content Index		Infineon carried out 38,000 hours of training on the Code of Conduct (Business Conduct Guidelines). It included information related to human rights. After publication of the updated Business Conduct Guidelines in the 2016 fiscal year, a refresher training started for all employees, which was completed at all sites during the 2017 fiscal year.	●
G4 – HR3	Incidents of discrimination and measures taken	11, 12, 13			●
LABOR RELATIONS					
Management approach		6			●
G4 – EC3	Coverage of benefit plans		144 – 148		● ●
G4 – EC7	Infrastructure investments and services provided	32			●
G4 – LA1	Employee turnover	15			
G4 – LA2	Benefits provided to full-time employees	17			
G4 – LA5	Committees are in place that also offer employers, employees and/or employee representatives the opportunity to discuss on topics relating to environmental protection, and occupational safety and health	12			●
G4 – LA6	Work-related accidents	18		In addition to the general accident data, in the 2017 fiscal year we have sorted the information by gender. The female employees had an IR of 0.54 and LDR of 5.96 and the male employees had an IR of 0.41 and LDR of 4.54. Reporting of the accident rate and lost days rate by region is not a global steering-relevant figure. Infineon has currently no globally harmonized information for the reporting of occupational diseases. The absenteeism rate is not a global steering-relevant figure.	●

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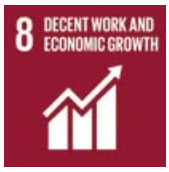
Sustainable Development Goals

The Agenda 2030 for sustainable development is an expression of the conviction of the international community of states that the global challenges we face can only be mastered together. The Agenda creates a foundation for shaping worldwide economic progress in harmony with social justice and within the ecological boundaries of the earth. The heart of the Agenda is an ambitious catalog with 17 Sustainable Development Goals. Subsequently, Infineon reports on which measures have been or will be implemented for relevant goals and where our business model can contribute to realizing the goals of the Agenda 2030.

GOAL	IMPLEMENTATION AT INFINEON
Ensure healthy lives and promote well-being for all at all ages	Training and continuing education in the area of environmental protection, occupational safety and health are available to employees including specialized experts. In 2017 fiscal year our worldwide specialized experts in the areas of occupational safety and health as well as in fire prevention invested approximately 42,392 hours in training and continuing education measures. Infineon also offers projects in the area of ergonomics and health measures.
Ensure inclusive and equitable quality education	We are committed to high-quality education as a part of the focus area “Education for Future Generations” of our corporate citizenship program. 55 percent of Infineon’s donations and sponsoring activities belong to this area.
Achieve gender equality	No one may be personally attacked, disadvantaged, harassed or excluded because of their gender, marital status, appearance or sexual identity or orientation. Our Business Conduct Guidelines reflect this value. We take decisive action against every form of discrimination, sexual harassment, physical violence, coercion or verbal abuse. Employment of women and their equal opportunity in accepting management roles is anchored in the Infineon diversity policy and programs.
Ensure availability and sustainable management of water and sanitation for all	We participate in the United Nations CEO Water Mandate and provide information on specific activities and programs on our Communication on Progress.
Ensure access to affordable, reliable, sustainable and modern energy for all	Semiconductors from Infineon enable a more efficient production of electricity from renewable energy sources. Furthermore, they offer increased efficiency in all value added stages of the energy industry: in generation, transmission and in particular in the use of electric energy. They form the basis for the intelligent and efficient use of electric energy – for example, in industrial applications, power supplies for computers and entertainment electronics as well as in vehicles.

GOAL		IMPLEMENTATION AT INFINEON
	*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*	We respect and promote the fundamental principles defined by the International Labour Organization (ILO) conventions in our daily actions. Infineon also supports special activities that promote decent work opportunities for everyone. These include programs for the integration of refugees and asylum seekers: career preparation for refugees and support for the "Stifterverband für die Deutsche Wissenschaft" (Donors' Association for the Promotion of Sciences and Humanities in Germany) in assisting refugees within the program "Integration through Education".
	*Promote inclusive and sustainable industrialization and foster innovation*	Our environmental management system enables more efficient use of resources and the use of clean and environmental friendly technologies and industrial processes. Infineon has defined specific processes for taking environmental aspects into account in the purchasing of manufacturing equipment and services.
	*Make cities and human settlements inclusive, safe, resilient and sustainable*	One of the key topics of the 21st century is sustainable and optimally connected mobility within urban metropolitan areas as well as mobility between cities. Today reliable and fast public transportation is more important than ever for the quality of life and competitiveness of many regions and cities around the world. Our components are used both in local public transportation trains, subway trains and trams as well as in high-speed trains. Hybrid and electric vehicles are taking on a key role in shaping sustainable mobility, since their energy-efficient drives offer a decisive advantage compared to conventional internal combustion engines: They make it possible to effectively reduce air pollutants, in particular in urban areas, such as the emission of carbon dioxide and nitrogen oxide (NO_X) otherwise caused by vehicle traffic. Our components are applied here as well.
	*Ensure sustainable consumption and production patterns*	The availability of natural resources is one of the largest global challenges. Efficient resources management is therefore a central component in IMPRES. The manufacture of semiconductors requires the use of chemicals which we handle with a great sense of responsibility. As part of IMPRES we commit to our responsibility in the supply chain by concentrating on the procurement of environmentally friendly materials for the manufacture of our products.
	*Protect, restore and promote sustainable use of terrestrial ecosystems*	In the context of the focus area "Environmental Sustainability" of our citizenship program we engage in special projects aimed at protecting ecosystems. Thus, for example, our employees in Kulim (Malaysia) and Batam (Indonesia) have partnered with their respective forest protection agencies in volunteer campaigns to plant more than 1,000 trees. In general, soil protection and biodiversity are a permanent part of IMPRES.
	*Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries*	The middle classes in India and China are growing annually by around ten million people each, a development which also drives rising demand for automobiles. In Africa the transition from the bicycle or moped to the car is also a sign of increasing prosperity. Infineon offers solutions for the continuing development of these countries through innovative solutions for safety functions and emissions' reduction in the automobile.

Limited Assurance Report

of the Independent Auditor Regarding Sustainability Information[1]

To the Management Board of Infineon Technologies AG, Neubiberg

We have performed an independent limited assurance engagement on the sustainability information published in "Sustainability at Infineon – Supplementing the Annual Report 2017" (further: Report), except for the chapter "Human Resources Management", but including the "Explanatory Notes" of Infineon Technologies AG (further "Infineon"), for the 2017 fiscal year, published in the Report as well as @ www.infineon.com/csr_reporting.

In addition, we have performed an independent limited assurance engagement on the information on the aspects "Financial assistance from governments", "Indirect economic impacts" and "Direct economic value generated and distributed", and "Coverage of benefit plans", published in the Annual Report 2017 of Infineon.

Management's Responsibility

The legal representatives of Infineon are responsible for the preparation of the reporting in accordance with the principles and standard disclosures of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative, in combination with internal guidelines, as well as internally developed criteria for the reporting and calculation of the indicator "CO_2 savings enabled through our products" (further: Reporting Criteria).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the assured information and the use of assumptions and estimates for individual sustainability disclosures which are reasonable under the given circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the information in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the Company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements. Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1), both in accordance with the International Standard on Quality Control, published by the International Auditing and Assurance Standards Board (IAASB).

1 Our engagement applied to the German version of the Report 2017. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed within a limited assurance engagement on the abovementioned information.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the abovementioned sustainability information including the "Explanatory Notes", published online @ www.infineon.com/csr_reporting, as well as in the Annual Report 2017 for the period from 1 October 2016 to 30 September 2017, has not been prepared, in all material respects with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each sustainability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- Interviewing employees at Group level in order to gain an understanding of the process for determining material sustainability topics and the respective boundaries of Infineon.
- A risk analysis, including a media search, to identify relevant sustainability aspects for Infineon in the reporting period.
- Reviewing the suitability of internally developed Reporting Criteria.
- Evaluating the design and implementation of systems and processes for the collection, processing and control of the sustainability performance information, including the consolidation of the data.
- Interviewing relevant staff at Group level responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information, including the Explanatory Notes.
- Evaluating internal and external documentation to determine whether the qualitative and quantitative information is supported by sufficient evidence.
- An analytical review of the data and trend explanations submitted by all sites for consolidation at Group level.
- Site visit to Warstein (Germany) and phone interview with Temecula (USA) to assess local data collection and reporting processes and the reliability of the reported data.
- Evaluation of the overall presentation of the quantitative claims and qualitative indicators on the sustainability performance included in the scope of the engagement.

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the sustainability information in the Report "Sustainability at Infineon - Supplementing the Annual Report 2017", except for the chapter "Human Resources Management", but including the "Explanatory Notes" published online @ www.infineon.com/csr_reporting, as well as the information on the aspects "Financial assistance from governments", "Indirect economic impacts", "Direct economic value generated and distributed", and "Coverage of benefit plans", published in the Annual Report 2017 of Infineon, is not prepared, in all material respects, in accordance with the Reporting Criteria.

Purpose of the assurance report

This assurance report is issued based on an assurance engagement agreed upon with Infineon. The assurance engagement is conducted on behalf of Infineon and the assurance report is solely for information purposes of Infineon on the results of the assurance engagement.

Limited liability

The assurance report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, 21 November 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Jens C. Laue
Wirtschaftsprüfer
(German Public Auditor)

ppa. Carmen Auer

Imprint

Published by:	Infineon Technologies AG, Neubiberg (Germany)
Editors:	Corporate Sustainability & Continuity Planning
Copy deadline:	21 November 2017
Fiscal year:	1 October to 30 September
Independent auditors:	KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (Germany)
Designed by:	HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg (Germany)

Notes:

The following were brand names of Infineon Technologies AG in the 2017 fiscal year: Infineon, the Infineon logo, PROFET™+2 and High Current PROFET™.
Specialized technical terms are explained in the Technology Glossary of the Annual Report 2017 on pages 184 ff.

Forward-looking statements:

This Report contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

INFINEON TECHNOLOGIES AG

Headquarters:	Am Campeon 1–12, D-85579 Neubiberg near Munich (Germany), Phone +49 89 234-0
Contact for Investors and Analysts:	investor.relations@infineon.com, Phone +49 89 234-26655, Fax +49 89 234-955 2987
Media Contact:	media.relations@infineon.com, Phone +49 89 234-28480, Fax +49 89 234-955 4521
Visit us on the web:	www.infineon.com/sustainability