



Sustainability at Infineon

Supplementing the Annual Report 2018



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The combined separate Non-Financial Report refers to the chapters highlighted in gray. All text sections, tables and graphics in the Sustainability Report which are allocated to the Non-Financial Report are identified by a gray page border. References to information within the Combined Management Report are a part of the Non-Financial Report. References outside of the Combined Management Report constitute supplementary information and are not part of the Non-Financial Report.



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Introduction

Neubiberg, November 2018

Responsible action, sustainable profitable growth

Infineon can look back on a successful 2018 fiscal year. Our company has strengthened its leading position in target markets for automotive, industrial, Internet of Things and security applications. We are our customers' reliable partner, providing them with solutions that make them successful. We want to continue growing profitably together. Balanced consideration of social, ecological and economic aspects is an essential prerequisite for our long-term corporate success. Infineon's sustainability management activities have therefore met high quality requirements for many years. In 2004, Infineon was one of the first semiconductor companies ever to commit to comply with the Ten Principles of the UN Global Compact.

Microelectronics is the key to sustainable global development. Demographic and social developments, climate change and scarcity of resources, urbanization and the digital transformation: Infineon supplies solutions for these global megatrends and the challenges they entail. We help develop intelligent mobility concepts, make renewable energy sources usable, make resource use more efficient and enable security in the connected world. During their use-phase our products and solutions help save approximately 56 million tons of CO₂ equivalents. After deducting the emissions related to the manufacturing of these products, the result is a net benefit of more than 54 million tons of CO₂ equivalents. We make life easier, safer and greener.

We want to objectively evaluate our achievements in the area of sustainability. This calls for external assessments and comparisons with other companies. In the 2018 fiscal year, Infineon was included in the "Dow Jones Sustainability™ Europe Index" for the ninth time in a row and in the "Dow Jones Sustainability™ World Index" for the fourth consecutive year. This attests to the fact that Infineon is continuously among the most sustainable companies in the semiconductor industry. Furthermore, the independent rating agency EcoVadis awarded Infineon "Gold" status for the third time in a row.

Responsible action is important to us and our employees, and is rewarding. We develop Infineon further by pursuing our sustainability strategy. In this report you can read about how this works in detail, what we are working on and what we have planned. This will allow you form your own view about our commitment.

Sincerely


Dr. Reinhard Ploss
Chief Executive Officer

Key figures

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

Revenue of **€7,599 million**

€836 million research and development expenses

72 sites in **27 countries** and more than **100 nationalities** in our teams

4 business segments

40,098 employees of whom **17.9 percent** work in research and development

€1,254 million of investments in property, plant and equipment and intangible assets including **€164 million** of capitalized development costs

Notable events 2018

October 2017



Infineon is once again awarded “Prime” status by oekom research

The rating agency oekom research AG evaluates companies’ sustainability performance. The evaluation takes over 100 criteria into consideration. As in previous years, in the 2018 fiscal year Infineon is once again awarded “Prime” status.

Infineon receives a “Gold” rating from EcoVadis in the area of sustainability

EcoVadis, an independent rating agency that monitors the sustainability of suppliers, analyzes Infineon with regard to ecological, social, ethical and financial influencing factors. The result: Infineon is awarded the status “Gold” for the third time in a row.

Infineon receives the CDP¹ scoring level “Management”

Since 2014 Infineon has been publishing information on the opportunities and risks for the company resulting from climate change in the CDP. The number of points derived is then compared with other companies in the information technology and semiconductor industry. The scoring level “Management” confirms that Infineon has defined medium and long-term objectives, has documented its progress with regard to these objectives and has implemented measures for reduction of emissions in order to achieve those.



Infineon Singapore site recognized for its efforts to prevent pollution of the Kallang river

The Singapore Public Hygiene Council awards the Infineon site in Singapore a certificate for Corporate Social Responsibility (CSR) efforts to prevent the pollution of Singapore’s longest river, the Kallang.

January 2018

Infineon included in the “Sustainability Yearbook” for the eighth year in a row

For the eighth consecutive year Infineon makes it into the “Sustainability Yearbook” and this year is awarded “Bronze Class”. Infineon is once again among the ten best semiconductor manufacturers in the world in terms of entrepreneurial sustainability.

February 2018

MSCI ESG Research rates Infineon with “A”

The “MSCI World ESG Index” focuses on environmental, social and governance aspects. The index works according to the best-in-class principle. Infineon improves its rating from “BBB” to “A”.



March 2018

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 CSR.

April 2018

Infineon’s Kulim (Malaysia) manufacturing site receives “Best Environmental Impact” award

The Infineon frontend site Kulim (Malaysia) is recognized for “Best Environmental Impact (Large Company)” by the non-profit organization EU-Malaysia Chamber of Commerce and Industry for its performance as part of a systematic program to increase energy efficiency.

1 CDP: Previously referred to as the “Carbon Disclosure Project”.

May 2018

Infineon prepares for long-lasting growth and invests €1.6 billion in a new 300-millimeter chip factory in Austria

Infineon announces the establishment of a new factory for the manufacture of power semiconductors. Electric vehicles, connected and battery-powered devices, data centers and power generation from renewable sources require efficient and reliable power semiconductors. Plans foresee a fully automated chip factory for the manufacture of 300-millimeter thin-wafers at the Villach (Austria) site in addition to existing manufacturing. Approximately 400 new jobs will be created in the new, highly efficient factory, especially in highly qualified positions.

June 2018

Infineon is listed once again in the “Euronext Vigeo Eurozone 120 Index” and for the first time in the “Euronext Vigeo Europe 120 Index”

Infineon is still ranked in the “Euronext Vigeo Eurozone 120 Index”, which lists the 120 best companies in the Eurozone in the area of CSR. As of June 2018 Infineon is also listed for the first time in the “Euronext Vigeo Europe 120 Index” as one of the most successful companies in Europe. This index includes the 120 companies with the most successful performance in the area of environmental, social and governance criteria throughout Europe.

July 2018

Infineon 2018 is once again in the “FTSE4Good Index Series”

The “FTSE4Good Index Series” evaluates the performance of companies based on internationally recognized standards that include environmental, social and governance criteria.

September 2018

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

For the ninth time in a row, Infineon is listed in the “Dow Jones Sustainability™ Europe Index” and for the fourth time in the “Dow Jones Sustainability™ World Index”.

Infineon Technologies Austria wins EMAS¹ award for the fourth time

In the 2018 fiscal year Infineon Technologies Austria wins the EMAS award for its exemplary performance in the area of sustainability. The Infineon Technologies Austria environmental statement shows that the classical environmental topics and occupational safety both receive a high priority. The environmental program includes among other things additional energy savings, increased recycling rates for solvents as well as further improved emergency planning and additional safety training.

Infineon Technologies Austria wins VCÖ² Mobility Award Austria

The prize is awarded by VCÖ for the corporate mobility management project “Green Way” in the Working World and Education category. Infineon Technologies Austria’s objective with “Green Way” is for its employees to be “greener and smarter” as early as on the way to work. Various campaigns are launched to encourage employees to come to work more often by foot, bicycle, using public transportation or in carpools. This also entails the improvement of the bicycle parking facility to include its own service station, collective purchase of eBikes, expansion of charging infrastructure and the use of eBikes for business-related trips.



¹ EMAS: Abbreviation of Eco-Management and Audit Scheme.

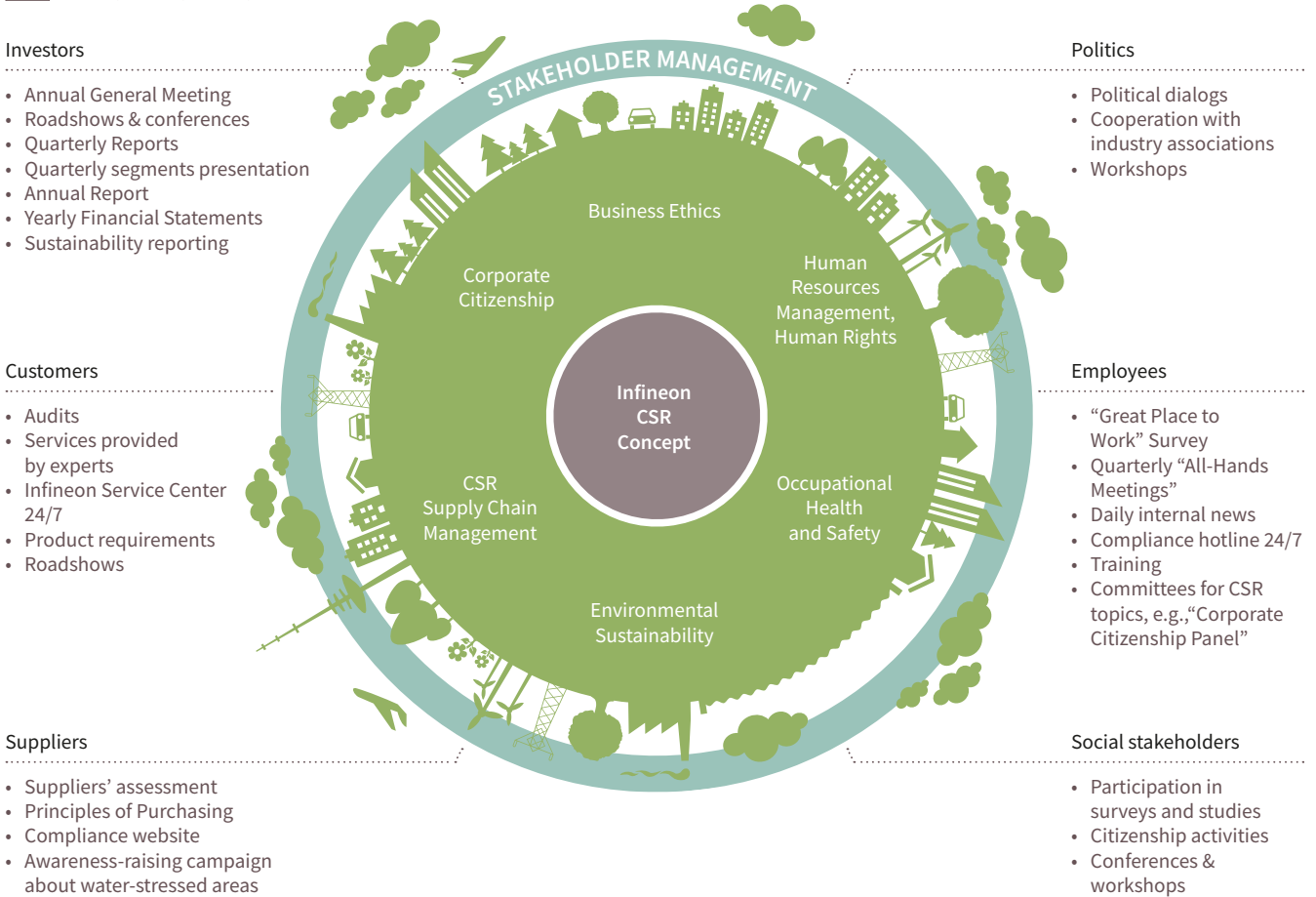
² VCÖ: Formerly known as Verkehrsclub Österreich (Austrian Motor Travel Club).

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 102-40; 102-42; 102-43; 102-44



About this report

GRI 102 – 46; 102 – 48; 102 – 49

This report documents Infineon's environmental and social performance during the 2018 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 2018 fiscal year has been published in the Annual Report 2018.

P see page 20 ff. of the Annual Report 2018 for information about the business model

For the first time, in the 2018 fiscal year the German CSR Directive Implementation Act requires Infineon to publish a Non-Financial Statement. This Non-Financial Statement is published as a combined separate Non-Financial Report within this Sustainability Report. The legally required information is contained in the chapters highlighted with a gray page border. References to information within the Combined Management Report are also a part of the Non-Financial Report.

The reporting period covers the 2018 fiscal year, from 1 October 2017 until 30 September 2018. We publish this report annually. The previous report was published in November 2017 as a supplement to the Annual Report 2017.

Unless otherwise specified, the statements and key figures in this report refer to the 2018 fiscal year.

In order to help readers identify and interpret the trends relating to quantitative disclosures, the present report includes at least the data from the 2017 and 2018 fiscal years.

Reporting

This report has been prepared in accordance with the "GRI Standards": "Core" option. These reporting criteria are complemented with corporate rules.

P see page 43

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

P see page 53 ff.

GRI 102 – 56

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 on Assurance Engagements 3000, the pertinent standard for assuring sustainability information.

@ www.infineon.com/csr_reporting

The Infineon website contains the explanatory notes on the main data and other information pertaining to this report. Two limited assurance reports of the independent auditor KPMG AG Wirtschaftsprüfungsgesellschaft are published at the end of this report.

GRI 102 – 42; 102 – 43; 102 – 44

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 framework for sustainability reporting, the "GRI Standards".

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

GRI 102 – 40; 102 – 42; 102 – 43; 102-44

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

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 legal definition of materiality was taken into account during the course of these four steps. The results of this analysis and the material topics were then confirmed by the Infineon Management Board. The present report describes these topics.

GRI 102 – 47; 103 – 1

In accordance with the “GRI Standards” framework on sustainability reporting, the table below shows how Infineon has evaluated impact along the value chain.

Material aspects and impact along the value chain

Material aspects	Reporting boundary ¹	Supply chain (Production materials, products, services)	Infineon internal (Production processes)	Customer (Product application)
Long-term viability of core business	Internal/external	Medium	High	High
Contribution through sustainable products	Internal/external	Medium	High	High
Responsible manufacturing	Internal/external	Medium	High	Low
Diversity and equal opportunity	Internal	Low	High	Low
Corporate citizenship	Internal/external	Low	High	Low
Business ethics	Internal/external	Medium	High	Medium
Labor relations	Internal	None	High	None

¹ Reporting refers to activities within and/or outside the company.

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 2018.

P see page 20 ff. and page 76 ff. of the Annual Report 2018

TARGETS see page 37 ff.

P see page 20 ff. of the Annual Report 2018

The progress during the 2018 fiscal year as well as the achievement of our targets and the associated key performance indicators are described in this report as well as in the chapter “Group strategy” of the Annual Report 2018.

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.

GRI 102 – 47; 103 – 1

The steady progress of digitization 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. At that time the data volume generated annually is expected to reach 40 zettabytes (1 zettabyte = 1,000⁷ 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 in the chapter “Group strategy” of the Annual Report 2018.

P see page 29 ff. in this report and page 20 ff. of the Annual Report 2018

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 German Foundation for World Population (DSW: Deutsche Stiftung Weltbevölkerung), in the 2100 calendar year the earth will have approximately 11.2 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.

In accordance with our environmental policies, possible environmental impacts are investigated at the earliest possible stage and are taken into account in the development of products and processes. Infineon has created an integrated management system for this purpose, IMPRES (Infineon Integrated Management Program for Environment, Energy, Safety and Health). 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 chapters “Contribution through sustainable products” and “Our responsibility along the supply chain”.

P see page 29 ff. and 32 f.

GRI 102 – 47; 103 – 1

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.

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.

Additional information on this material topic can be found under “The Infineon CO₂ footprint” in the chapter “Contribution through sustainable products” in this report as well as in the chapter “The segments” in the Annual Report 2018.

P see page 30 in this report and page 40 ff. of the Annual Report 2018

Responsible manufacturing: Respect for human rights is essential for Infineon. As a signatory of 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”, “Human rights” and “UN Global Compact Communication on Progress”.

P see page 12 f., page 14 and page 43

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 32 f.

The availability of natural resources is one of the greatest global challenges. Efficient resource management is therefore a central component of 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 21, page 22 ff. and page 29 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 “Protection of our employees” and “Contribution through sustainable products”.

Diversity and equal opportunity: Infineon’s diversity management provides a framework for a corporate culture that values the individuality of each employee 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.

GRI 102 – 47; 103 – 1

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.

P see page 12 f., page 14 and page 15 ff.

Men and women are paid equally at Infineon. Additional information 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 58

Corporate citizenship: 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 at the end of the report.

We support local communities at our sites in line with our sustainable business strategy. With our presence in different regions we benefit the communities 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 40 ff. of the Annual Report 2018 and page 34 ff. in this report

The chapters “Group strategy” and “The segments” of the Annual Report 2018 as well as the chapter “Corporate citizenship” in this report contain additional information regarding this topic.

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 43 and 51 f.

Infineon reports on the measures implemented in the context of the UN Global Compact’s Principles in the chapter “UN Global Compact Communication on Progress”. In the chapter “Sustainable Development Goals” Infineon reports for the second time on the processes and steps implemented in support of the United Nations Sustainable Development Goals.

P see page 12 f. and page 14 in this report and page 94 of the Annual Report 2018

The chapters “Business ethics” and “Human rights” in this report, as well as the “Corporate Governance Report” in the Annual Report 2018 contain additional information on this material topic.

GRI 102 – 47; 103 – 1

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.

P see page 12 f. and page 43

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 chapters "Business ethics" and "UN Global Compact Communication on Progress" in this report contain additional information on this material topic.

P see page 14, page 15 ff. and page 21

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.

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

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.

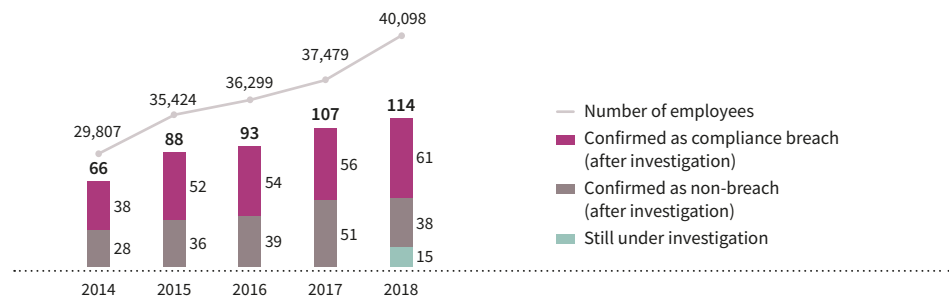
TARGETS  see page 37 ff.

In the last years, Infineon has structured its Compliance Management System according to the IDW¹ PS 980 standard. In the 2014 fiscal year, 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, 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. During the course of the 2018 fiscal year, Infineon decided to undergo another external review of the Compliance Management System by an external auditing firm in the coming fiscal year.

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 risk assessment entails both analyses at the Infineon Group level and structured interviews at the site and central function levels. The assessment essentially confirmed the known risk areas. The compliance program therefore focuses on detailed training and communication measures, additional processes and tools as well as the refinement of regulations.

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



¹ The corporate auditing association (Institut der Wirtschaftsprüfer IDW) publishes the principles of proper inspection of compliance management systems.

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 2018 fiscal year. The number of reports and the number of subsequent investigations in the last fiscal year again slightly increased compared to the previous year. We fundamentally attribute this to the increased number of employees and the increased familiarity with the reporting options. A rise was evident especially in connection with the topics of behavior and individual work-related grievances. The absolute number of noteworthy reported violations, in particular related to financial damages, on the other hand, even decreased.

The Infineon Business Conduct Guidelines¹ 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. 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.

Business partners have to contractually covenant compliance with the legal regulations. Suppliers acknowledge the Infineon “Principles of Purchasing” when signing the respective contract. When necessary, business partners are also directly familiarized with our rules for the prevention of corruption. For example, in the 2018 fiscal year distributors in China received training, while sales representatives were required to participate in our web-based training.

¹ The Business Conduct Guidelines have been published in 14 languages.

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 37 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”). The Compliance Management System ensures that violations of human rights and of applicable labor standards are reported to the Management Board.

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”).

The “Corporate Governance Report” in the Annual Report 2018 contains additional detailed explanations.

P see page 12 f.

P see page 32 f.

P see page 94 of the Annual Report 2018

Human resources management



MATERIAL TOPICS

- > Labor relations
- > Diversity and equal opportunity

IN THE 2018 FISCAL YEAR INFINEON INVESTED €15.8 MILLION IN THE FURTHER TRAINING OF ITS STAFF.

TARGETS  see page 37 ff.

Our engagement in human resources (HR) 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.

In addition to the HR department, the Chief Executive Officer of Infineon Technologies AG, in the role of Labor Director, is directly involved in human resources policy. On a regular basis, the strategic deployment of HR management is discussed with all members of the Management Board and the objectives for the following fiscal year are defined. Our Human Resources strategy is explained in greater detail in the Annual Report 2018.

P see page 39 ff. of the Annual Report 2018

The HR concepts based on this strategy are described in the following.

Development of employees and managers

An organization cannot progress without open and honest feedback. This basic premise is reflected in our values, which are collectively defined in our “High Performance Behavior Model”. These values are not purely theoretical: The “High Performance Behavior Model” shows how we aim to achieve Infineon’s targets and set priorities.

High Performance Behavior Model



These behavioral descriptions play a significant role, for example, in the annual dialogs with employees under the global STEPS process (abbreviation for “Steps To Employees’ Personal Success”). Feedback from managers to staff is just as important as feedback from teams to their managers. Therefore, in addition to the STEPS dialogs, we have also established the format of the “leadership dialog”, which is carried out every two years for all of our managers starting at the Senior Manager level with direct responsibility for five or more employees.

Good leadership is essential to Infineon’s success. We support our managers with numerous learning and development opportunities at the various leadership levels. We work on specific examples at face-to-face training events and in eLearning sessions (web-based trainings). Mentoring programs and learning-in-tandem also promote networking and achieve fast learning results which can quickly be put into practice. The “Infineon Leadership Excellence Program” provides a training framework to support managers as far as possible in their leadership role and management responsibility. In addition to this program we also offer training on a range of topics required for specific target groups, such as the “New Leader Orientation” program – an in-house workshop for new managers.

Promoting talent

At Infineon, depending on their individual knowledge and talents, development opportunities are available to employees in a variety of careers, based on Infineon’s needs. Four career paths have already been established: the professional career as an “Individual Contributor”, the “Technical Ladder” for technical experts, the “Project Management” career and the “Management” career path.

As an international company, we wish to offer our staff development prospects beyond organizational and national boundaries. The worldwide Development Conferences, during which managers discuss the specific development of our talents with the HR team, are an important instrument in this endeavor.

Health management

Our employees’ dedication and their ability to perform strongly contribute to our corporate success. To protect and promote these qualities we have established an occupational health management program with the stated objective of maintaining and improving the health of our employees. Our international management system IMPRES ensures the high quality of the opportunities and measures offered. Among other things, our health management program ranges from topics such as occupational medicine and social counseling, as well as a healthy cuisine for employees all the way to ergonomic workplaces.

Encouraging diversity

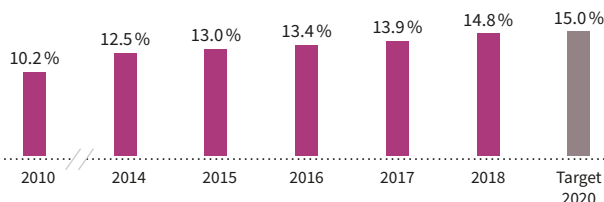
The diversity of our employees is particularly important to us. We live out a culture that appreciates the individuality of each and every person and that promotes equal opportunity regardless of age, disability, ethnic-cultural origin, gender, religion, ideology or sexual orientation. Our global diversity 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.

The promotion of women to management positions is one of the key focus areas of our diversity management policy. We have set ourselves the ambitious goal of increasing the percentage of female executives to 15 percent by the 2020 fiscal year. We succeeded in raising the proportion of women at middle and senior management levels from 13.9 percent in the 2017 fiscal year to 14.8 percent in the 2018 fiscal year. We remain committed to our long-term target of 20 percent women in management positions.

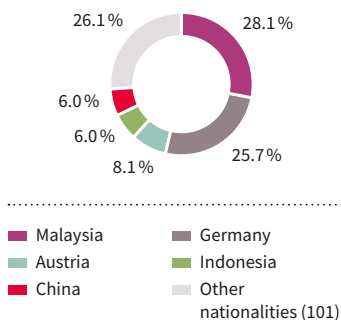
@ www.infineon.com/declaration-on-corporate-governance

In compliance with the “Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector”, relating to Infineon Technologies AG and Infineon Technologies Dresden Verwaltungs GmbH targets for the percentage of women in the first two leadership levels below the Management Board and respectively the Board of Directors have been set. These targets were defined in the 2017 fiscal year and are to be achieved by 30 June 2022. Details on the targets can be found in our Corporate Governance Statement on the Infineon website.

Women in management positions



Nationalities



Infineon employs a total of 40,098 persons of different nationalities. The five most prevalent nationalities represent a total of 73.9 percent of the workforce, with Malaysian nationals accounting for 28.1 percent and German nationals for 25.7 percent.

	Employees total	Under 30 years ¹	30 to 50 years ¹	Over 50 years ¹
Middle and senior level management ^{2,3}	6,514	0.1	63.5	36.4
Entry level management ²	7,493	4.0	81.6	14.4
Non-management staff	26,091	35.7	52.2	12.1
Total	40,098	24.0	59.5	16.5

1 Figures expressed in percent based on the workforce as of 30 September 2018, 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 14,833 female employees 31.5 percent are under 30 years old, 56.5 percent are in the middle age group and 12.0 percent are over 50 years old. Out of 25,265 male employees 19.6 percent are under 30 years of age, 61.2 percent are in the middle age group and 19.2 percent are over 50 years old.

	Employees total	Female ¹	Male ¹
Middle and senior level management ^{2,3}	6,514	14.8	85.2
Entry level management ²	7,493	27.2	72.8
Non-management staff	26,091	45.3	54.7
Total	40,098	37.0	63.0

1 Figures expressed in percent based on the workforce as of 30 September 2018, 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 2018 fiscal year, our staff participated in a total of 1,042,142 hours of training. 40.8 percent of training hours were given to female employees and 59.2 percent to male employees. Production training hours accounted for the majority of the hours utilized, at 77.5 percent.

Training hours ¹	Per employee	Female	Male
Middle and senior level management ^{2,3}	17.52	23.15	16.57
Entry level management ²	28.86	29.91	28.38
Non-management staff	28.59	29.90	27.48
Total	26.81	29.46	25.24

1 Calculated on the basis of the monthly workforce in the 2018 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.

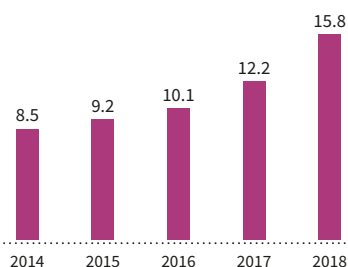
Training hours ¹	Per employee
Production	28.96
Research and development	23.10
Sales and Marketing	18.07
Administrative	19.12
Total	26.81

1 Calculated on the basis of the monthly workforce in the 2018 fiscal year.

Our range of functional training is made available primarily via the “Academy Connect” platform. A total of eleven globally active “Functional Academies” (operating in specific segments and fields) as well as other internal trainers work together and provide coordinated learning to build professional expertise. For example, there are academies in the fields purchasing, finance, manufacturing, quality management and supply chain.

Training expenses

€ in millions



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, Austria, Asia-Pacific, Greater China and 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 programs
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 addition to the benefits above, in Asia-Pacific, Greater China and Japan, site-specific group life insurance and group hospital insurance are also offered, extending beyond the statutory requirements. One noteworthy example is the attractive company pension plan in the USA.

Infineon also encourages various work-time models intended, for example, to keep working hours flexible, depending on individual employees' circumstances. These models include trust-based working hours, part-time work and teleworking arrangements. Thus, for example, in Asia-Pacific, Greater China and Japan 91 percent of all sites already offer flexible working time and 91 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.

Number of employees

Infineon is active on a worldwide basis. Almost half of the 40,098 employees (previous year: 37,479) worked in Asia-Pacific, Greater China and Japan (18,773 employees). 43 percent of all employees were employed in Europe (17,411); the majority of these were employed in Germany (11,328).

In the workforce as a whole, as of 30 September 2018, 1,906 female employees and 1,945 male employees had fixed-term contracts and 12,927 female employees and 23,320 male employees had permanent contracts. A total of 1,776 employees were working part-time as of that date.

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 following tables.

Employees by geographical region	2018			2017		
	Total	Female	Male	Total	Female	Male
Europe	17,411	4,480	12,931	15,644	3,873	11,771
Therein: Germany	11,328	3,037	8,291	10,324	2,696	7,628
Americas	3,914	1,652	2,262	3,839	1,625	2,214
Therein: USA	1,976	610	1,366	2,081	677	1,404
Asia-Pacific	16,494	7,636	8,858	15,698	7,435	8,263
Greater China	2,085	1,024	1,061	2,112	1,021	1,091
Japan	194	41	153	186	36	150
Total	40,098	14,833	25,265	37,479	13,990	23,489

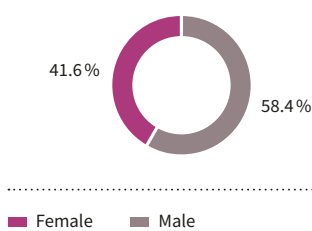
		2018			2017		
		Total	Full-time	Part-time	Total	Full-time	Part-time
Employees on permanent contracts	Male	23,320	22,622	698	21,614	20,978	636
	Female	12,927	11,876	1,051	11,916	10,942	974
Employees on fixed-term contracts	Male	1,945	1,931	14	1,875	1,867	8
	Female	1,906	1,893	13	2,074	2,063	11
Total		40,098	38,322	1,776	37,479	35,850	1,629

Furthermore, as of 30 September 2018 Infineon employed a total of 360 apprentices and dual students, 139 interns as well as 1,066 working students. 118 new apprentices and dual students were hired in the 2018 fiscal year. Temporary employees are also excluded from the data above. As of 30 September 2018, 2,623 temporary employees were working for Infineon worldwide, of whom 1,188 were female and 1,435 male. Approximately 77 percent of the temporary employees worked in production, giving Infineon flexibility in its manufacturing in the context of fluctuations in capacity utilization.

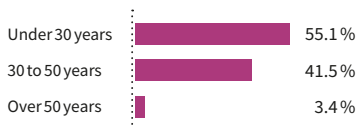
New hiring and fluctuation

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 2018 fiscal year there were 6,403 new hires worldwide, of which 2,662 were female and 3,741 male. 3,530 employees were under the age of 30, 2,656 employees in the age group of 30 to 50 and 217 employees over the age of 50.

Female/male employees new entries



Age structure (new entries)



	Total	Europe	Therein: Germany	Asia-Pacific	Greater China	Japan	Americas	Therein: USA
Newly hired employees	6,403	2,091	1,239	2,715	244	19	1,334	303
Rate of newly hired employees ¹	16.0	12.0	10.9	16.5	11.7	9.8	34.1	15.3
Staff departures	3,780	632	354	1,842	220	13	1,073	208
Rate of staff departures ²	9.7	3.8	3.2	11.4	10.6	6.8	27.5	10.2

1 Figures expressed in percent based on the workforce as of 30 September 2018, in the respective region.
2 Figures in percent, calculated on the basis of the monthly workforce in the 2018 fiscal year.

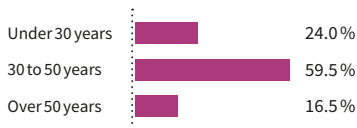
Worldwide there were 3,780 staff departures from Infineon in the 2018 fiscal year. Of these, the majority (1,842 employees) were in the Asia-Pacific region, where the majority of new recruitments also occurred (2,715 employees). Employee fluctuation in the Americas region decreased from 30.2 percent in the previous year to 27.5 percent in the 2018 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 comparable companies 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. Amongst others, competitive salaries and development of leadership competencies are part of the measures.

Of the departures, 1,796 were women and 1,984 men. 1,828 employees were in the under 30 age group, 1,507 in the middle age group (30 to 50 years) and 445 in the over 50 age group. The worldwide employee fluctuation rate during the 2018 fiscal year was 9.7 percent (previous year: 10.0 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



The average age among employees worldwide is 38.7 years; it is slightly higher in the 2018 fiscal year (previous year: 38.6 years). The share of employees below 30 years of age remained constant at 24.0 percent. The share of employees in the middle age group has decreased (2018 fiscal year: 59.5 percent, 2017 fiscal year: 59.8 percent). On the other hand, the share in the group of employees over the age of 50 has risen (2018 fiscal year: 16.5 percent, 2017 fiscal year: 16.2 percent).

The average length of service of Infineon employees worldwide in the 2018 fiscal year has slightly decreased to 9.7 years (previous year: 9.9 years).

Protection of our employees



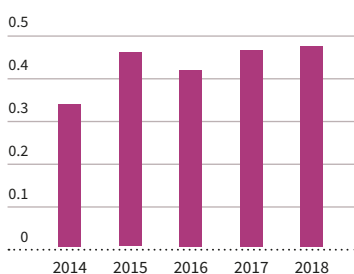
MATERIAL TOPICS

- > Labor relations
- > Responsible manufacturing

IN THE 2018 FISCAL YEAR WE INVESTED APPROXIMATELY 39,369 HOURS IN TRAINING AND CONTINUING EDUCATION FOR OUR SPECIALIZED EXPERTS WORLD-WIDE IN THE AREAS OF OCCUPATIONAL SAFETY AND HEALTH AS WELL AS IN FIRE PREVENTION.

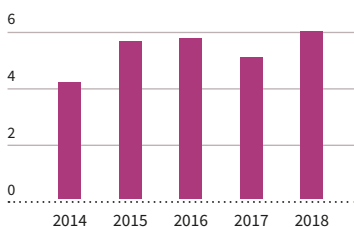
TARGETS  see page 37 ff.

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.

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. Workplace-related risk assessments carried out worldwide ensure that workplace-related risks that may result in a danger to employees are identified and required protective measures are taken to minimize risks. This preventive safety concept is reviewed and developed on a regular basis; the corresponding reporting goes to management, including the Management Board.

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 drills 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 Standards” 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.

There were no fatal work-related accidents at Infineon in the 2018 fiscal year. Our Injury Rate of 0.47 in the 2018 fiscal year is presented on the margin in the graphic above. The Lost Day Rate of 6.05 in the 2018 fiscal year is illustrated in the margin in the graphic below.

Environmental sustainability



MATERIAL TOPICS

> Responsible manufacturing

60 PERCENT OF THE WASTE GENERATED IS RECYCLED.

TARGETS  see page 37 ff.

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. Changes in legal requirements and potential performance improvements are continuously evaluated as a part of this integrated management system. The essential results of the evaluations are reported to management and the appropriate measures are decided on.

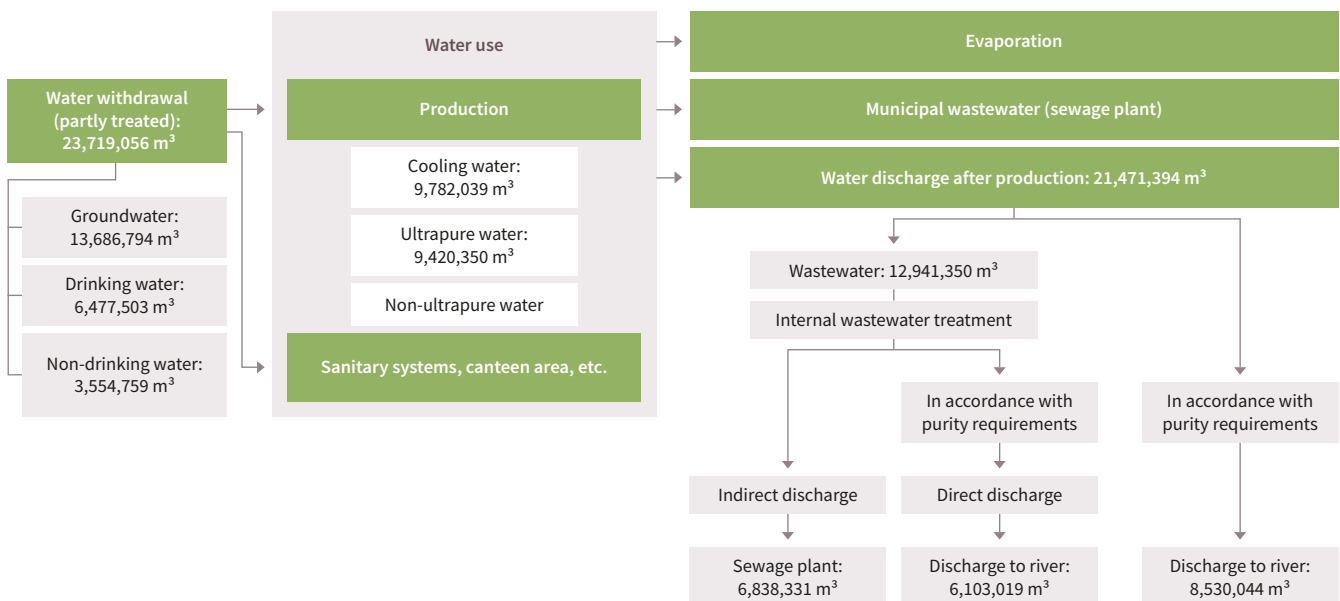
Sustainable use of resources at our manufacturing sites

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 2018 fiscal year is shown in schematic form in the following chart.

Water balance
in cubic meters (m³)

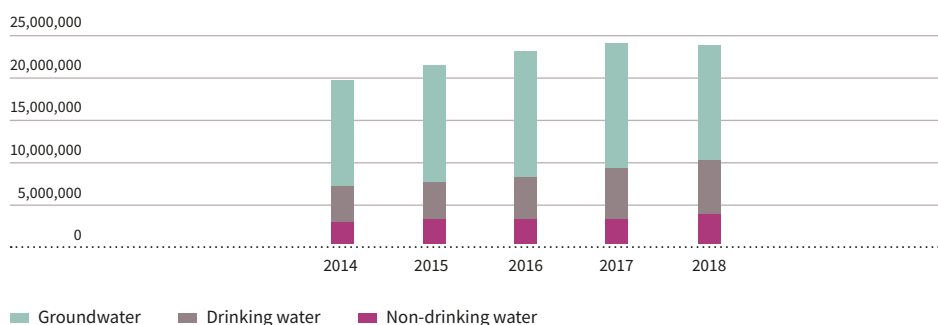


Water is used at our manufacturing sites, for example, for cooling equipment or for generation of ultrapure water. If the water that we withdraw does not meet the applicable purity standards, it is subject to further treatments.

Part of the withdrawn water can be re-used after its initial use. During the reporting period, 1,538,307 cubic meters (16.33 percent) of ultrapure water and 1,265,854 cubic meters (9.78 percent) of production wastewater were re-used.

Infineon withdrew 23,719,056 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 (m³)



Standardized water consumption
per square centimeter manufactured wafer

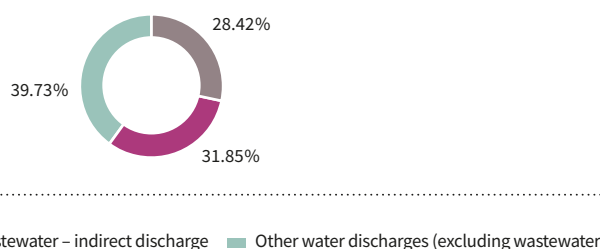


¹ Frontend sites worldwide.

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 29 percent less water to manufacture a square centimeter wafer in the 2017 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 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 2018 fiscal year only 0.63 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



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

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 “Water discharges”.

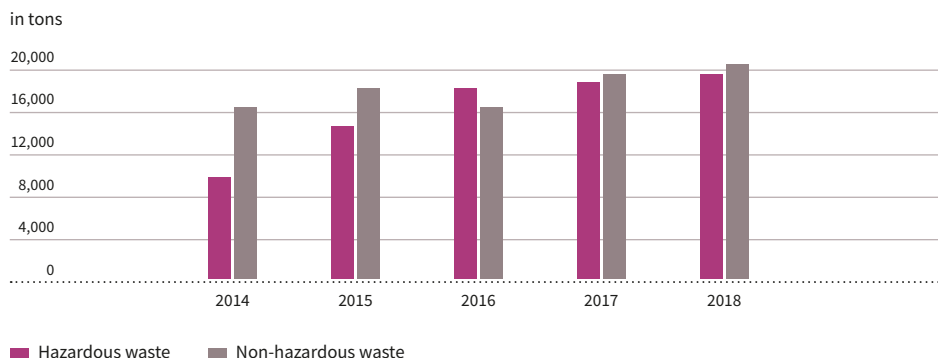
@ www.infineon.com/csr_reporting

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 CDP Water Disclosure we also inform our stakeholders about how we handle water and the associated opportunities and risks.

Waste management

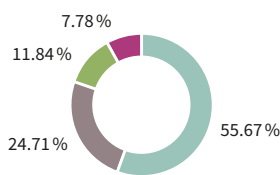
Our sustainable waste management is based on classification and separation of waste and the use of safe disposal methods. All manufacturing sites use certified waste management companies. In the 2018 fiscal year the total amount of waste generated was 39,941 tons, with 20,467 tons classified as non-hazardous and 19,474 tons classified as hazardous. Besides statutory requirements, fluctuating production has the greatest impact on the amounts of waste generated.

Waste generation

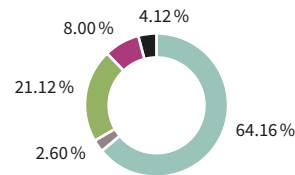


In the 2018 fiscal year, 64.16 percent of the non-hazardous waste and 55.67 percent of the hazardous waste were sent to recycling. The percentages of the various waste management methods are illustrated in the charts below.

Waste management methods for hazardous waste



Waste management methods for non-hazardous waste



Standardized waste generation per square centimeter manufactured wafer



¹ Frontend sites worldwide.

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 2017 calendar year our worldwide frontend sites generated approximately 56 percent less waste per square centimeter manufactured wafer.

Energy consumption (direct/indirect)
in gigawatt hours

Direct energy (Scope 1) renewable	1.04
Firewood	1.04
Direct energy (Scope 1) non-renewable	209.05
Natural gas	193.98
Liquid gas	1.06
Petrol	0.06
Petrol (cars)	0.51
Diesel	0.59
Diesel (cars)	12.55
Fuel oil	0.30
Indirect energy (Scope 2)	1,571.23
Electricity	1,510.70
District heating	60.53

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.

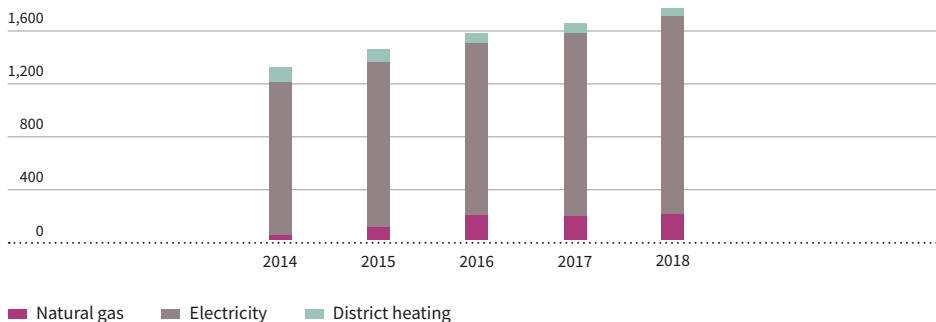
Within our manufacturing sites, the frontend sites consume the majority of the energy, since the physical conditions for production are particularly demanding there. Thus, for example, an additional amount of energy is needed to establish the highly stable climatic conditions in the cleanrooms. In comparison, 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 2018 fiscal year Infineon consumed approximately 1,781 gigawatt hours (GWh) of energy worldwide.

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

Energy consumption

in gigawatt hours



Standardized electricity consumption
per square centimeter manufactured wafer



¹ Frontend sites worldwide.

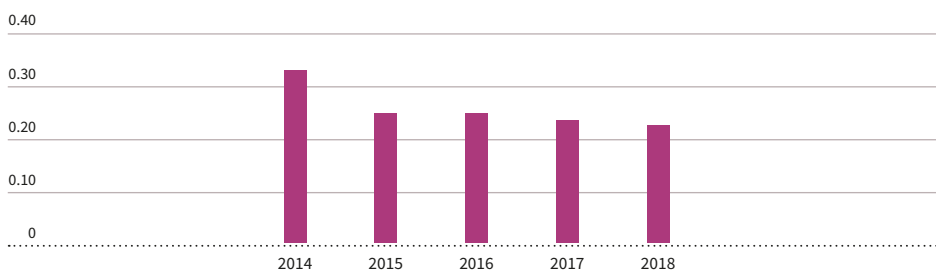
At our main manufacturing sites we have implemented the systematic of the energy management standard ISO 50001 according to local requirements, and continually analyze options to further improve energy efficiency.

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 2017 calendar year.

In the 2018 fiscal year, the energy consumption per revenue was 0.23 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 CO₂ emissions.

Since 2014, Infineon has been publishing information on opportunities and risks for the Company due to climate change through the CDP. Infineon has earned a spot among the three best companies in the “Information Technology” sector in the DACH region (Germany, Austria and Switzerland) in the CDP climate change reporting 2017.

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 network.

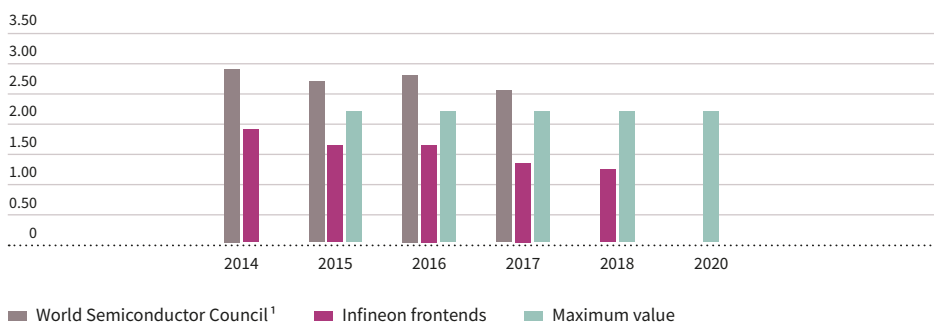
Scope 1 emissions

The semiconductor industry uses 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 (SF₆) and nitrogen trifluoride (NF₃). These greenhouse gases cannot be replaced by another class of substances and account for around 86 percent of Scope 1 emissions.

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 tons of CO₂ per square meter 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. With a NER of 1.24 we have achieved this target.

Normalized Emission Rate
in tons of CO₂ per square meter



¹ When preparing this report the WSC 2018 figure was not available.

In addition to the PFC reporting, we calculate emissions for other relevant substances used at our relevant manufacturing sites on an annual basis. In the 2018 fiscal year, 2.33 tons of sulfur oxides (SO_x), 49.77 tons of nitrogen oxides (NO_x), 12.78 tons of carbon monoxide (CO), 467.05 tons of volatile organic compounds (VOCs), and 9.13 tons of particulate matter were emitted.

The total Scope 1 emissions in the 2018 fiscal year are equivalent to 273,214 tons of CO₂.

Scope 2 emissions

Considering provider-specific emission factors of the energy sources used (“market-based accounting”), our Scope 2 emissions totaled 642,258 tons of CO₂ equivalents in the reporting period¹. 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 542,244 tons of CO₂ equivalents.

The following emissions have been included in the calculation of the Infineon CO₂ footprint:

Calculation of the CO₂ burden
in tons of CO₂ equivalents

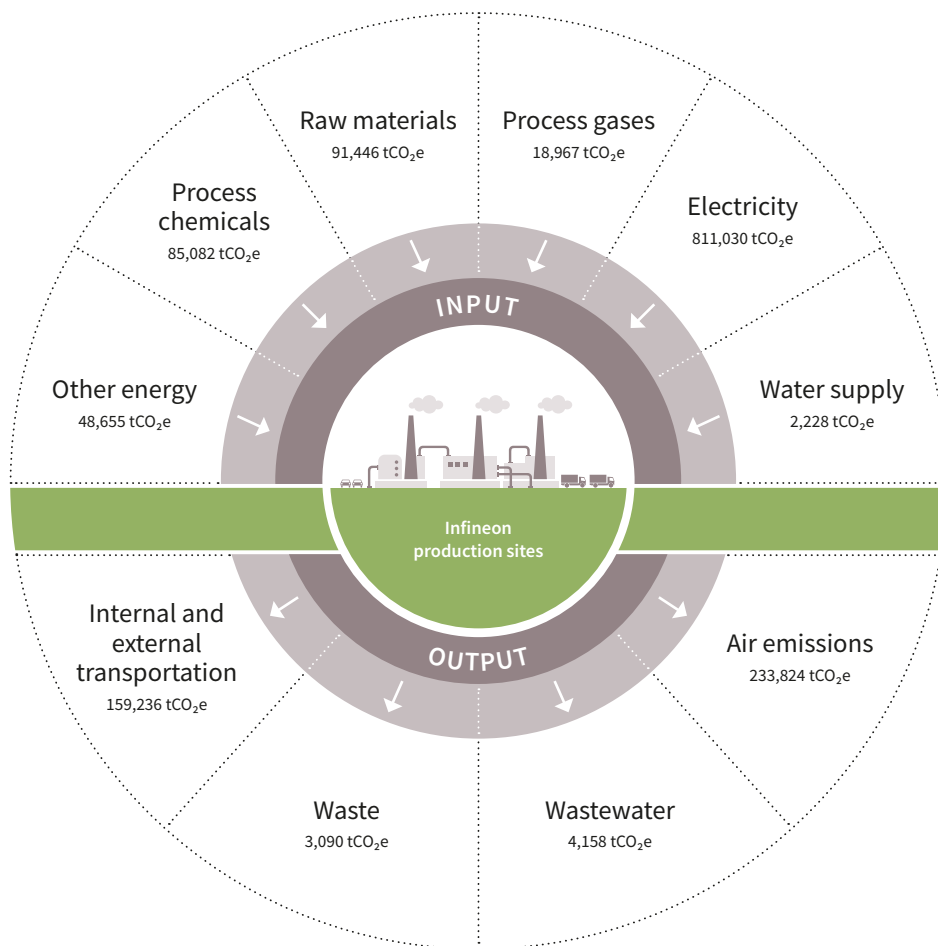


¹ Based on regional or national network averages (“location-based accounting”) Scope 2 emissions (i.e. electricity and district heating) amount to 731,921 tons of CO₂ equivalents.

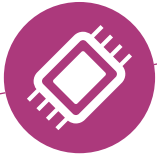
Altogether, the Infineon environmental carbon footprint totaled 1.46 million tons of CO₂ equivalents in the 2018 fiscal year.

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 CO₂ equivalents (tCO₂e)



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 CO₂ EMISSIONS SAVINGS OF ROUGHLY 56 MILLION TONS OF CO₂ EQUIVALENTS.

TARGETS



see page 37 ff.

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.

Infineon CoolSiC™ – Revolution to rely on

Infineon CoolSiC™ power semiconductor solutions enable the next essential step towards an energy-smart world. As the #1 maker of power semiconductors, we have extensive application know-how resulting in a comprehensive SiC product portfolio. This enables our customers to develop completely new differentiating product designs with best system cost performance ratio. Based on proven, high-quality volume manufacturing, Infineon CoolSiC™ solutions combine revolutionary technology with benchmark reliability making our customers successful today and tomorrow. Infineon CoolSiC™ can increase energy efficiency along the entire energy path. For example, in power generation, our CoolSiC™ MOSFETs can significantly reduce the system size and cost of solar inverters. In power conversion, SiC-based modules enable ultrafast charging of electric vehicles. Furthermore, the benefits of Infineon CoolSiC™ in terms of power consumption include extended ranges in electric vehicles with SiC MOSFETs in HybridPACK™ Drive modules and thus better energy efficiency.

The Infineon CO₂ footprint

When calculating a CO₂ 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.

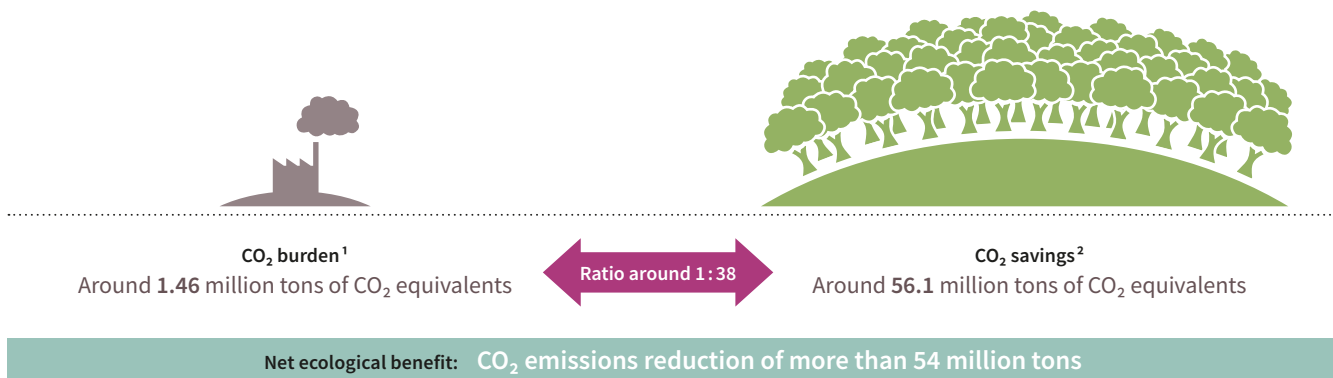
The calculation of CO₂ emissions is based on the ISO 14000 standard series, which is further specified by the PAS (Public Available Specification) 2050 guideline issued by the BSI (British Standards Institution) for determining product-specific environmental impacts, as well as by the principles of the “Greenhouse Gas Protocol” for determining carbon footprints (relevance, completeness, consistency, transparency and accuracy).

In calculating the Infineon CO₂ 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. The results of the Infineon CO₂ balance are reported to management on a regular basis.

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 enable CO₂ emission savings amounting to approximately 56 million tons of CO₂ equivalents.

Thus, with its products and innovations in combination with efficient production, Infineon achieved an environmental net benefit of more than 54 million tons of CO₂ equivalents.

Carbon footprint



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 2018 fiscal year.

2 This figure is based on internally established criteria, which are explained in the explanatory notes. The figure relates to the 2017 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. CO₂ savings are calculated on the basis of potential savings of technologies in which semiconductors are used. The CO₂ 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 CO₂ 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

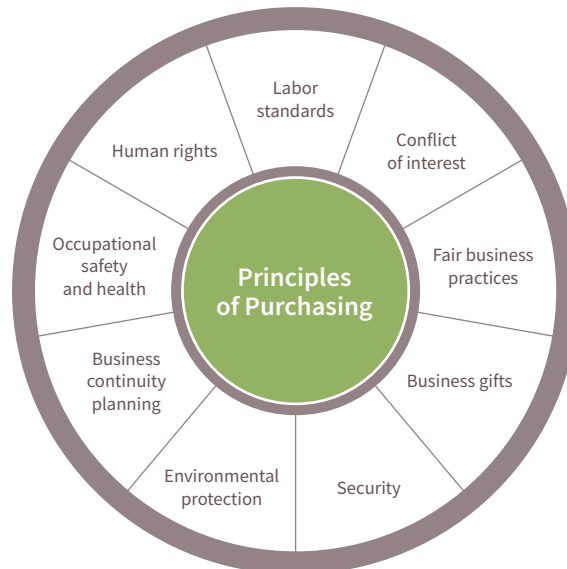
- > Responsible manufacturing
- > Contribution through sustainable products

ALL INFINEON PRODUCTS ARE DRC CONFLICT-FREE.

TARGETS  see page 37 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. By anchoring sustainability requirements and monitoring measures in the purchasing process we increase the effectiveness of our supplier management, reduce possible risks, create transparency along the supply chain and initiate improvement processes at suppliers.

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 eleven 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

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 “Responsible Minerals Initiative” (RMI), 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.

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 2018 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 “Responsible Minerals Assurance Process” (RMAP) requirements or those of an equivalent auditing program.

Corporate citizenship



MATERIAL TOPIC

> Corporate citizenship

INFINEON IS CURRENTLY ENGAGED IN CORPORATE CITIZENSHIP ACTIVITIES IN 19 COUNTRIES.

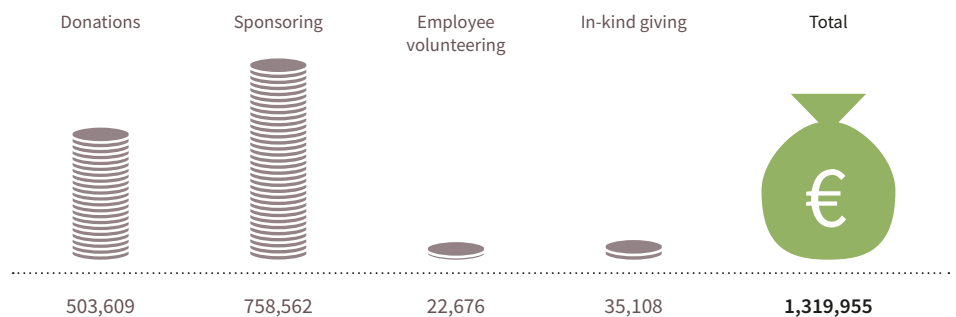
TARGETS  see page 37 ff.

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 “Responding to Natural and Humanitarian Disasters”. These focus areas of engagement are contained in our rule “Corporate Citizenship and Sponsoring”. 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.

The request and approval process in the area of corporate citizenship is also defined in the aforementioned rule “Corporate Citizenship and Sponsoring”, which is binding worldwide. This rule describes the possibilities for involvement and regulate the involvement of central functions and of the Management Board as part of the request and approval process.

Infineon supported 248 activities worldwide in the 2018 fiscal year. 28 percent of the donations were local investments in the communities we interact with, and 72 percent were donations to charitable activities.

Corporate citizenship expenditure 2018
in €



Examples of the corporate citizenship activities of Infineon 2018



Environmental Sustainability

- › Support for the “Friends of Acadia”, who carry out environmental protection projects in Acadia National Park (USA)
- › Support for “myTREEvolution”: Project for CO₂ footprint reductions (Malaysia)
- › Sponsor of the WAVE – World Advanced Vehicle Expedition: The objective is to increase the awareness among the public for environmental sustainability (Austria)
- › Sponsor of the “Ren De” foundation, focusing on environmental protection (China)

Education for Future Generations

- › Sponsoring for the summer school of the UK Electronics Skills Foundation to foster interest among secondary school students for university studies in Electronics and Electrical Engineering (UK)
- › Support for the Children’s University event series “Universität für Kinder” of the University of Regensburg (Germany)
- › Support for the school library “Omse e.V.” in Dresden: The objective is to promote enthusiasm for reading among children between the ages of 5 and 10 years (Germany)
- › Volunteer activities at the University of Central Florida for research in the field of solar energy (USA)
- › Support for the German Speaking Society Kuala Lumpur for educational projects and humanitarian aid for refugees (Malaysia)
- › Support for the Soong Ching Ling Foundation: Promoting access to education for secondary school students in remote mountainous regions (China)



Local Social Needs

- › Support for “Stiftung Ambulantes Kinderhospiz München”: The out-patient children’s hospice care foundation assists families with severely ill children (Germany)
- › Support for American Cancer Society: Support for research, prevention, discovery and treatment of all types of cancer (USA)
- › Support for “Asociatia daruieste viata”: Equipping public hospitals for treatment of cancer patients (Romania)
- › Support for “Caritas Kärnten”: Assistance for women in crisis situations (Austria)
- › Support for SOS Children’s Villages International: The goal is for children everywhere in the world to be able to lead a sheltered and secure life (Portugal)
- › Support for Singapore National Council of Social Service: The organization provides assistance to needy families (Singapore)



Responding to Natural and Humanitarian Disasters

- › Donation to the American Red Cross: Humanitarian aid for disaster areas affected by hurricane Irma (USA)
- › Donation to Mercy Malaysia: Assistance to flood victims in the affected northern regions (Malaysia)



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)
- › Near Field Communication Forum (NFC Forum)
- › Mobile Industry Processor Interface (MIPI) Alliance
- › 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 Industrial Internet
- › Responsible Minerals Initiative (RMI)

Our sustainability targets

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 <p>Business ethics</p> <p>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 participate.</p>	●	The web-based antitrust law training was completely revised on schedule in the 2018 fiscal year and was made available to 5,000 employees during the last quarter of the fiscal year.
 <p>Human rights</p> <p>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.</p>	●	An evaluation of the top five countries in our supply chain with regard to possible risks of human rights violations was carried out based on publically available indices. Among others, the following indices were applied: “Democracy Index”, “Human Development Index” and “Corruption Perceptions Index”. In accordance with these indices, overall the top five countries showed no substantial risks in the area of human rights.
 <p>Human resources management</p> <p>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.</p> <p>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”.</p> <p>At least 90 percent of all our managers (Senior Manager level with five or more direct employees and higher) will conduct a leadership dialog with their employees within two years.</p>	<p>○</p> <p>●</p> <p>○</p>	<p>We were able to increase the share of women in middle and upper management levels from 13.9 percent in the 2017 fiscal year to 14.8 percent in the 2018 fiscal year.</p> <p>With an agreement ratio of 81 percent to the statement “All in all, Infineon is a very good employer” in the survey from the 2018 fiscal year, we have improved by 3 percent since the last survey in the 2016 fiscal year.</p> <p>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 81 percent (previous year: 77.3 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 3.7 percentage points. 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.</p>
 <p>Protection of our employees</p> <p>Implementation of a behavior-based safety program by the end of the 2020 fiscal year at all manufacturing sites included in IMPRES and at the corporate headquarters Campeon (Germany), in addition to measures already in existence.</p>	●	The “Golden Rules of Safety” were developed in the 2018 fiscal year. These rules describe the seven most important behavioral rules of conduct for Infineon in the area of occupational safety.

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
<p>Environmental sustainability</p>		
<p>Water management</p>		
<p>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.</p>	●	Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.
<p>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.</p>	●	A “Best Practice Sharing Program” was conducted for water management activities.
<p>Identification and assessment of major suppliers located in areas subject to water shortages in the 2018 fiscal year.</p>	●	All major suppliers located in areas subject to water shortages were identified and evaluated.
<p>Waste management</p>		
<p>Regardless of growing product complexity, our aim is to keep the specific waste generation below 27.5 grams per square centimeter manufactured wafer. The typically increasing complexity of our products requires an increase in the use of raw materials and supplies. This also means an increase in the amount of waste generated. Therefore, this target is a challenge and a practical reference unit for the effectiveness of our measures aimed at waste reduction.</p>	●	Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.
<p>Implementation of measures at the frontend sites in order to save 300 tons of the solvent Propylenglycolmonomethyletheracetate (PGMEA) by the end of the 2020 fiscal year.</p>	○	In the 2018 fiscal year 259.45 tons of the solvent PGMEA were recovered by distillation of waste containing PGMEA and were reused in manufacturing. This corresponds to 86.5 percent target achievement.
<p>Efficient energy management</p>		
<p>Implementation of projects and measures by the end of the 2020 fiscal year for increasing energy efficiency, totaling annual potential energy savings of 25 gigawatt hours.</p>	○	In the 2018 fiscal year we completed measures which saved 23.4 gigawatt hours of energy.
<p>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.</p>	○	In the 2018 fiscal year the evaluation criteria were defined and the analysis was started. This evaluation has already been conducted for corporate headquarters Campeon (Germany).
<p>Greenhouse gas emissions</p>		
<p>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 CO₂ 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.</p>	●	Our PFC-relevant emissions were below 2.2 tons CO ₂ equivalents per square meter manufactured wafer surface.
<p>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.</p>	○	A draft analysis model was created in the 2018 fiscal year. In the next steps this model will be evaluated on a cross-site basis and harmonized with the existing procedures.

TARGETS FOR THE 2018 FISCAL YEAR	STATUS	DESCRIPTION
 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".	●	The concept of the calculation method for the Infineon CO ₂ balance was reviewed in the context of the "Greenhouse Gas Protocol", the "GRI Standard" 305 and other CO ₂ balance standards. The highest possible degree of comparability with the results of previous years was ensured.
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.	●	The CO ₂ footprint was updated. The proportion of CO ₂ savings by our products during their use-phase was by the factor 38 higher than the corresponding emissions in manufacturing those products.
 Our responsibility along the supply chain Maintaining a DRC ¹ 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.	●	A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.
 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.	●	A worldwide methodology for evaluating the impact of our corporate citizenship activities was defined. In the process three analysis criteria were identified: focus, form of the involvement and region. The focus area "Education for Future Generations" was considered in detail.

1 DRC: Democratic Republic of Congo.

TARGETS FOR THE 2019 FISCAL YEAR



Business ethics

On-schedule revision of the web-based training on the Business Conduct Guidelines in the 2019 fiscal year. All employees worldwide are required to complete the training. The participation of our employees will be ensured by means of an automated reminder system and escalation process to the manager.



Human rights

Review of the supply chain assessment method in terms of sustainability as part of continuous improvement. Therefore, standardized software solutions available on the market will be evaluated in the 2019 fiscal year based on sustainability criteria. The evaluation criteria will contain among other things internationally valid human rights as a focus area.



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. This target is to be achieved by developing division-specific targets and measures, which will be inspected on a regular basis by the responsible management groups and by the Management Board. Another measure is increasing the internal visibility of talented females.

The currently existing global target of 80 percent overall employee satisfaction will remain unchanged for the time being. The measures for achieving this goal include in particular the further development of leadership skills as well as ensuring balanced workloads.

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. The measures for achieving this target include regular monitoring of the completion of the leadership dialog and the training of internal or external moderators for the leadership dialog.



Protection of 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. Here we launched communication of the “Golden Rules of Safety” in the 2018 fiscal year. Additional supporting information materials will be developed in the 2019 fiscal year and made available to the sites.

TARGETS FOR THE 2019 FISCAL YEAR


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. The measures for achieving this target include regularly occurring exchange between the sites for identification and realization of potential improvements.

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. This target is to be achieved in particular through regularly occurring exchange between the sites for identification and implementation of potential improvements.

Implementation of measures at the frontend sites in order to save 300 tons of the solvent PGMEA by the end of the 2020 fiscal year. This target is to be achieved primarily through the distillation of waste containing PGMEA by external recycling contractors and through the reuse of the recovered PGMEA in manufacturing.

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. The realization of site-specific measures in the area of infrastructure and manufacturing will support the achievement of this target.

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. The analysis developed will be conducted at the sites included in IMPRES.

Greenhouse gas emissions

In the 2019 fiscal year, the PFC-relevant emissions of the frontend sites will remain below the World Semiconductor Council target value of 2.2 tons of CO₂ equivalents per square meter manufactured wafer surface. The challenge here is the constantly increasing complexity of our products and thus the associated increase in the number of process steps requiring the use of climate-relevant gases. Measures for achieving this target include smart abatement concepts as well as the use of alternative gases with higher utilization rates and lower greenhouse potential, where technically possible and economically feasible.

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.

TARGETS FOR THE 2019 FISCAL YEAR



Contribution through sustainable products

Updating of the Infineon CO₂ footprint as well as achievement of a ratio of CO₂ savings through our products in the use-phase compared to the emissions generated in manufacturing our products of at least 30 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 significant challenge.

Review of the supply chain assessment method in terms of sustainability as part of continuous improvement. Therefore, standardized software solutions available on the market will be evaluated in the 2019 fiscal year based on sustainability criteria.



Corporate citizenship

Application of the methodology defined in the 2018 fiscal year for evaluating the impact of our corporate citizenship activities by regularly occurring exchange among the sites. The evaluation for previous years will also be integrated in order to enable derivation of a trend.

UN Global Compact Communication on Progress

UN Global Compact	Measures implemented
Human rights	
<p>Principle 1: Support for human rights</p> <p>Principle 2: Non-complicity in human rights abuses</p>	<ul style="list-style-type: none"> 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. Every new employee is automatically signed up for a web-based training session or required to physically attend training. Every employee has to retake the training sessions on a regular basis. 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 expects its suppliers to comply with human rights. A violation would result in consequences for the business relationship with the affected supplier.
Labor	
<p>Principle 3: Uphold freedom of association</p> <p>Principle 4: Elimination of all forms of forced labor</p> <p>Principle 5: Abolition of child labor</p> <p>Principle 6: Elimination of discrimination</p>	<ul style="list-style-type: none"> 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. Since the 2017 fiscal year we have made an improved whistleblower hotline available, the “Infineon Integrity Line”. The hotline offers the reporting party new functions under the highest possible data protection standards, for example, the possibility of dialog with the Compliance Officer while remaining anonymous. In addition, Infineon also investigates reports from external persons received through our reporting channels. 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 82 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.
GRI 102 – 41	
Environment	
<p>Principle 7: Precautionary approach to environmental protection</p> <p>Principle 8: Support initiatives for greater awareness of environmental responsibility</p> <p>Principle 9: Development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> 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 ensures the achievement of the targets. 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	
<p>Principle 10: Action against corruption</p>	<ul style="list-style-type: none"> 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. All new employees belonging to this target group are automatically signed up for mandatory, web-based training sessions. 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”. In the 2018 fiscal year, our rule framework was expanded to include more precise regulations on handling so-called facilitation payments. We published these regulations in a separate global rule for better visibility. This global rule explicitly prohibits such payments.

GRI Content Index



Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
GRI 100: GENERAL DISCLOSURES			
GRI 101: Foundation 2016			
GRI 102: General Disclosures			
1. ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Cover	Cover
102-2	Activities, brands, products, and services		"Infineon at a glance"
102-3	Location of headquarters	58	
102-4	Location of operations	58	
102-5	Ownership and legal form		60 – 61
102-6	Markets served		40 – 49
102-7	Scale of the organization	2	"Infineon Key Data"
102-8	Information on employees and other workers	15 – 21	
102-9	Supply chain	32 – 33	
102-10	Significant changes to the organization and its supply chain	58	88 – 90
102-11	Precautionary Principle or approach		18 – 20, 62 – 72
102-12	External initiatives	43, 51 – 52	
102-13	Membership of associations	36	
2. STRATEGY			
102-14	Statement from senior decision-maker	1	2 – 5
102-15	Key impacts, risks, and opportunities	6 – 11	76 – 86
3. ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	12 – 13	
102-17	Mechanisms for advice and concerns about ethics	12 – 13	
4. GOVERNANCE STRUCTURE			
102-18	Governance structure		91 – 106
102-20	Executive-level responsibility for economic, environmental and social topics	12 – 34	
102-21	Consulting stakeholders on economic, environmental and social topics	5 – 11	
5. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	5, GRI Content Index	At Infineon stakeholders are involved continuously.
102-41	Collective bargaining agreements	43	
102-42	Identifying and selecting stakeholders	5 – 7	

Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
102-43 Approach to stakeholder engagement	5 – 7, GRI Content Index		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 5, 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: <ul style="list-style-type: none"> › "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.
102-44 Key topics and concerns raised	5 – 7, GRI Content Index		Key topics and concerns are respected within the scope of the dialog with the stakeholders (page 5). These key topics and concerns on the other hand are considered during the annual materiality analysis.

6. REPORTING PRACTICE

102-45 Entities included in the consolidated financial statements		167 – 169	
102-46 Defining report content and topic Boundaries	6		
102-47 List of material topics	7		
102-48 Restatements of information	GRI Content Index		The representation of information in the fiscal year 2018 has not significantly changed compared to the previous fiscal year.
102-49 Changes in reporting	GRI Content Index		The reporting of the fiscal year 2018 has not significantly changed compared to the previous fiscal year.
102-50 Reporting period	6		
102-51 Date of most recent report	6		
102-52 Reporting cycle	6		
102-53 Contact point for questions regarding the report	59		
102-54 Claims of reporting in accordance with the "GRI Standards"	44 – 50		
102-55 GRI content index	44 – 50		
102-56 External assurance	53 – 57	172 – 177	

GRI 200: ECONOMIC TOPICS

ECONOMIC PERFORMANCE

GRI 103: Management Approach disclosures 2016

103-1 Explanation of the material topic and its Boundary	6 – 11		
103-2 The management approach and its components	12 – 35		
103-3 Evaluation of the management approach	12 – 35		

GRI 201: Economic Performance 2016

201-1 Direct economic value generated and distributed	34, GRI Content Index	"Infineon Key Data", 57, 124 – 132	Retained economic value is not reported. Splitting direct economic value generated and distributed (EVG&D) by region or market is not relevant.
201-2 Financial implications and other risks and opportunities due to climate change	8 – 9		
201-3 Defined benefit plan obligations and other retirement plans		138 – 142	
201-4 Financial assistance received from government	GRI Content Index	125	Splitting of "received benefits" by country is not relevant. Governments do not participate in Infineon.

Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
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INDIRECT ECONOMIC IMPACTS

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	12 – 35	
103-3	Evaluation of the management approach	12 – 35	

GRI 203: Indirect Economic Impacts 2016

203-1	Infrastructure investments and services supported	34 – 35	
203-2	Significant indirect economic impacts	GRI Content Index	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.

ANTI-CORRUPTION

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	12 – 13	
103-3	Evaluation of the management approach	12 – 13	

GRI 205: Anti-corruption 2016

205-2	Communication and training about anti-corruption policies and procedures	12 – 13, 43, GRI Content Index	
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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.

ANTI-COMPETITIVE BEHAVIOR

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components		148 – 150
103-3	Evaluation of the management approach		148 – 150

GRI 206: Anti-competitive Behavior 2016

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		148 – 150
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GRI 300: ENVIRONMENTAL TOPICS

ENERGY

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	22 – 28	
103-3	Evaluation of the management approach	22 – 28	

GRI 302: Energy 2016

302-1	Energy consumption within the organization	25	
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	Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
302-2	Energy consumption outside of the organization	25, 28, GRI Content Index		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.
302-3	Energy intensity	25, GRI Content Index		Due to the confidentiality of specific information, Infineon reported the specific energy consumption in gigawatt hours per euro.
302-4	Reduction of energy consumption	38		
302-5	Reductions in energy requirements of products and services	29 – 31		

WATER

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11		
103-2	The management approach and its components	22 – 28		
103-3	Evaluation of the management approach	22 – 28		

GRI 303: Water and Effluents

303-1	Water withdrawal by source	22 – 23, GRI Content Index		Disclosure due to the production site placed in a water-stressed area and the associated specific local requirements.
303-3	Water recycled and reused	22 – 23		

EMISSIONS

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11		
103-2	The management approach and its components	22 – 28		
103-3	Evaluation of the management approach	22 – 28		

GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	26 – 28		
305-2	Energy indirect (Scope 2) GHG emissions	27 – 28		
305-3	Other indirect (Scope 3) GHG emissions	27 – 28		
305-4	GHG emissions intensity	26, GRI Content Index		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.
305-5	Reduction of GHG emissions	38, 41, GRI Content Index		The avoided CO ₂ emissions were reported in the form of energy under disclosure 302-4. These are corresponding to 6,480 tons CO ₂ equivalents.
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	27		

EFFLUENTS AND WASTE

GRI 103: Management Approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	6 – 11		
103-2	The management approach and its components	22 – 28		
103-3	Evaluation of the management approach	22 – 28		

GRI 306: Effluents and Waste 2016

306-1	Water discharge by quality and destination	22 – 23		
306-2	Waste by type and disposal method	24		

Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	32 – 33	
103-3	Evaluation of the management approach	32 – 33	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	32 – 33	
GRI 400: SOCIAL TOPICS			
EMPLOYMENT			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	15 – 20	
103-3	Evaluation of the management approach	15 – 20	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	20	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	18	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	21	
103-3	Evaluation of the management approach	21	
GRI 403: Occupational Health and Safety 2016			
403-1	Workers representation in formal joint management-worker health and safety committees	43	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	21, GRI Content Index	In addition to the general accident data, in the 2018 fiscal year we have sorted the information by gender. The female employees had an IR of 0.57 and LDR of 8.01 and the male employees had an IR of 0.40 and LDR of 4.82. 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.
TRAINING AND EDUCATION			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	15 – 20	
103-3	Evaluation of the management approach	15 – 20	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	18	

Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	15 – 20	
103-3	Evaluation of the management approach	15 – 20	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	16 – 18	
405-2	Ratio of basic salary and remuneration of women to men	19	
NON-DISCRIMINATION			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	12 – 14	
103-3	Evaluation of the management approach	12 – 14	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	12 – 14	
FORCED OR COMPULSORY LABOR			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	12, 32 – 33	
103-3	Evaluation of the management approach	12, 32 – 33	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	32 – 33	
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	
GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures	14, GRI Content Index	Infineon carried out 10,000 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 2018 fiscal year.

Issue	Page Report "Sustainability at Infineon 2018"	Page Annual Report 2018	Remarks
LOCAL COMMUNITIES			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	34 – 35	
103-3	Evaluation of the management approach	34 – 35	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments and development programs	5, 34 – 35	
413-2	Operations with significant actual and potential negative impacts on local communities	GRI Content Index	During the 2018 fiscal year our worldwide citizenship actual and potential negative representatives did not find any adverse effects.
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	14, 32 – 33	
103-3	Evaluation of the management approach	14, 32 – 33	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	32 – 33	
CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	29 – 31	
103-3	Evaluation of the management approach	29 – 31	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	31	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Content Index	During the 2018 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.
MARKETING AND LABELING			
GRI 103: Management Approach disclosures 2016			
103-1	Explanation of the material topic and its Boundary	6 – 11	
103-2	The management approach and its components	29 – 31	
103-3	Evaluation of the management approach	29 – 31	
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling	31	

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
 <p><i>Ensure healthy lives and promote well-being for all at all ages</i></p>	<p>Training and continuing education in the area of environmental protection, occupational safety and health are available to employees including specialized experts. In the 2018 fiscal year, our worldwide specialized experts in the areas of occupational safety and health as well as in fire prevention invested approximately 39,369 hours in training and continuing education measures. Infineon also offers projects in the area of ergonomics and health measures.</p>
 <p><i>Ensure inclusive and equitable quality education</i></p>	<p>We are committed to high-quality education as a part of the focus area “Education for Future Generations” of our corporate citizenship program. 63 percent of Infineon’s donations and sponsoring activities belong to this area.</p>
 <p><i>Achieve gender equality</i></p>	<p>No one may be personally attacked, disadvantaged, harassed or excluded because of their gender, ethnic origin, nationality, religion, ideology, age, disability or sexual 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 equal opportunity for women in taking on management roles is an integral part of Infineon's diversity policy and programs.</p>
 <p><i>Ensure availability and sustainable management of water and sanitation for all</i></p>	<p>We participate in the United Nations CEO Water Mandate and provide information on specific activities and programs on our Communication on Progress.</p>
 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>	<p>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.</p>

GOAL	IMPLEMENTATION AT INFINEON
 <p><i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i></p>	<p>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 as well as 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”.</p>
 <p><i>Promote inclusive and sustainable industrialization and foster innovation</i></p>	<p>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.</p>
 <p><i>Make cities and human settlements inclusive, safe, resilient and sustainable</i></p>	<p>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.</p>
 <p><i>Ensure sustainable consumption and production patterns</i></p>	<p>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.</p>
 <p><i>Protect, restore and promote sustainable use of terrestrial ecosystems</i></p>	<p>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, in Melaka (Malaysia) as a part of the integrated CSR project “MyTREEvolution” and in collaboration with the Malaysian Ministry of Higher Education we provided financial support for the planting of more than 20,000 trees. In general, soil protection and biodiversity are a permanent part of IMPRES.</p>
 <p><i>Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries</i></p>	<p>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.</p>

Limited Assurance Report

of the Independent Auditor regarding
Sustainability Information¹

To the Executive 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 2018” (hereinafter: “Report”) including the “Explanatory Notes” of Infineon Technologies AG (hereinafter: “Infineon”) for the fiscal year 2018, published in the Report as well as at @ www.infineon.com/csr_reporting.

Management’s Responsibility

The legal representatives of Infineon are responsible for the preparation of the Report in accordance with the principles and standard disclosures of the GRI Sustainability Reporting Standards of the Global Reporting Initiative, in combination with internal guidelines, as well as internally developed criteria for the reporting and calculation of the indicator “CO₂ savings enabled through our products” (hereinafter: 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 entity 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 national statutory 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).

¹ Our engagement applied to the German version of the Report 2018. 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 Report.

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 as to whether any matters have come to our attention that cause us to believe that aforementioned sustainability information including the "Explanatory Notes", published online at @ www.infineon.com/csr_reporting, as well as in the Annual Report 2018 for the period from 1 October 2017 to 30 September 2018, 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 the following procedures, among others:

- › 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
- › Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of disclosures relating to environmental, employee and social matters, respect for human rights and combating corruption and bribery, 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
- › Evaluation of selected internal and external documentation
- › An analytical review of the data and trend explanations submitted by all sites for consolidation at Group level
- › Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample at Villach (Austria) and Tijuana (Mexico)
- › Assessment of the overall presentation of the selected sustainability performance disclosures.

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 published in “Sustainability at Infineon – Supplementing the Annual Report 2018” including the “Explanatory Notes” is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use / Clause on General Engagement Terms

This assurance report is issued for the purposes of the Executive Board of Infineon Technologies AG, Neubiberg, only. We assume no responsibility with regard to any third parties.

Our assignment for the Executive Board of Infineon Technologies AG, Neubiberg, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated 1 January 2017 @ https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf. By reading and using the information contained in this assurance report, each recipient confirms having taken note of the provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, 19 November 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hell

ppa. Auer

Limited Assurance Report

of the Independent Auditor regarding the Combined Separate Non-Financial Report¹

To the Supervisory Board of Infineon Technologies AG, Neubiberg

We have performed an independent limited assurance engagement on the Combined Separate Non-Financial Report (hereinafter “Report”) of Infineon Technologies AG and the Group (hereinafter “Infineon”) as well as the section “Group Strategy” of the Combined Management Report, which has been qualified as part of the Report by reference according to Sections 315b and 315c in conjunction with 289b to 289e HGB (German Commercial Code) for the business year from 1 October 2017 to 30 September 2018.

Management’s Responsibility

The legal representatives of the entity are responsible for the preparation of the Report in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report 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 entity 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 national statutory 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).

Practitioner’s Responsibility

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

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 IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Report of the entity has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB. We do not, however, provide a separate conclusion for each 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.

¹ Our engagement applied to the German version of the Report 2018. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

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

- › 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
- › Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of disclosures relating to environmental, employee and social matters, respect for human rights and combating corruption and bribery, 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
- › Evaluation of selected internal and external documentation
- › An analytical review of the data and trend explanations submitted by all sites for consolidation at Group level
- › Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample at Villach (Austria) and Tijuana (Mexico)
- › Assessment of the overall presentation of the selected sustainability performance disclosures.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Report of Infineon, for the business year from 1 October 2017 to 30 September 2018, is not prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB.

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Munich, 19 November 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hell

ppa. Auer

Locations

Worldwide headquarters, frontend and backend manufacturing sites

GRI 102-45

EUROPE

GERMANY

- Neubiberg**
Corporate headquarters
- Dresden**
Frontend manufacturing
- Regensburg**
Frontend and backend manufacturing
- Warstein**
Backend manufacturing

AUSTRIA

- Villach**
Frontend manufacturing

HUNGARY

- Cegléd**
Backend manufacturing



ASIA-PACIFIC

SINGAPORE

- Regional headquarters
- Backend manufacturing (test)

INDONESIA

- Batam**
Backend manufacturing

MALAYSIA

- Kulim**
Frontend manufacturing
- Melaka**
Backend manufacturing

KOREA

- Cheonan**
Backend manufacturing

GREATER CHINA

- Shanghai**
Regional headquarters
- Beijing**
Backend manufacturing
- Wuxi**
Backend manufacturing

JAPAN

- Tokyo**
Regional headquarters



AMERICAS

USA

- El Segundo**
Regional headquarters
- Milpitas**
Regional headquarters
- Leominster**
Backend manufacturing
- Mesa**
Frontend manufacturing
- San José**
Backend manufacturing
- Temecula**
Frontend manufacturing

MEXICO

- Tijuana**
Backend manufacturing



Imprint

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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:

Contact for Investors and Analysts:

Media Contact:

Visit us on the web:

Am Campeon 1-15, D-85579 Neubiberg near Munich (Germany), Phone +49 89 234-0

investor.relations@infineon.com, Phone +49 89 234-26655, Fax +49 89 234-955 2987

media.relations@infineon.com, Phone +49 89 234-28480, Fax +49 89 234-955 4521

www.infineon.com/sustainability