

SUSTAINABILITY AT INFINEON

@ www.infineon.com/CSR_Reporting

In addition to the statutory audit of the Group Management report, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, has provided independent assurance (“limited assurance”) on the sustainability performance information in this chapter in accordance with the International Standard for Assurance Engagements (ISAE3000), the pertinent standard for assuring sustainability information. Further information, including the independent assurance report issued, can be found in the Corporate Social Responsibility section of Infineon website.

Corporate Social Responsibility (CSR) at Infineon is based on the principles of the UN Global Compact, which we signed up for in 2004. We understand sustainability as the symbiosis between economy, ecology and social engagement. The bases for our approach are current legal requirements and the 10 Principles of the UN Global Compact. Furthermore, internal rules and requirements, voluntary self-commitments, as well as our customers’ requirements, form an additional framework for our approach. This results in the following areas of activity:

G33

Corporate Social Responsibility



We are committed to continuously engage in all these areas of activity.

In 2013, Infineon was listed for the fourth time in succession in the Dow Jones Sustainability Index, which assesses the sustainability performance of companies worldwide against specific criteria. Furthermore, Infineon received the Sustainability Award in the “Runners-up” category from the international investment firm RobecoSAM. The award is presented to companies listed among the 15 percent most sustainable companies worldwide and which have, within this group, achieved the greatest improvements. For more information please see chapter “Awards”.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

ROBECOSAM
Sustainability Investing

P see page 110

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Listing in leading sustainability indices	Renewed inclusion in the Dow Jones Sustainability Index and FTSE4Good Index Series. Infineon received the RobecoSAM Sustainability Award in the "Runners-up" category.	Listing among the top 15 percent most sustainable semiconductor companies worldwide according to the Sustainability Yearbook.

Materiality analysis and inclusion of stakeholders

According to the definition of the Global Reporting Initiative (GRI), a "materiality analysis" means the gathering of the expectations that the various stakeholder groups have towards an entity's Corporate Social Responsibility approach. The necessary information can be ascertained either by direct interviews or via other methods.

This analysis helps the entity identifying the Corporate Social Responsibility topics which should be addressed. We conducted our first materiality analysis in 2012. For this purpose, we evaluated international sustainability guidelines and directives, such as the OECD Guidelines for Multinational Enterprises, and applied a number of methodological approaches, such as the EFQM (European Foundation for Quality Management) Model for Excellence and the UN Global Compact Blueprint. We supplemented these approaches by dialogues with our employees, customers, investors, non-governmental organizations (NGOs), sector organizations and political decision makers.

Key topics identified included our environmental protection and health & safety policy, energy efficiency, transparent reporting of non-financial performance indicators, sustainable supply chain management as well as natural resources management.

Graphic 34 shows Infineon's stakeholder groups and the channels used to engage with them:

G 34

Stakeholders



The following measures relating to our stakeholders were implemented in the 2013 fiscal year:

G35

Projects in the 2013 fiscal year

Focus	Highlights from projects in the 2013 fiscal year	Influence on
CSR strategy	<ul style="list-style-type: none"> – Implementation of a CSR policy – CSR chapter in Annual Report received independent limited assurance verification – New worldwide reporting platform implemented for non-financial performance information 	
CSR in the supply chain	<ul style="list-style-type: none"> – Principles of Purchasing were updated – Conflict minerals' supply chain analysis was updated 	
Corporate Citizenship	<ul style="list-style-type: none"> – Voluntary activities 	
Customer information	<ul style="list-style-type: none"> – Helpdesk for materials declarations – CSR inquires and questionnaires were answered 	
Management system and policy	<ul style="list-style-type: none"> – Implementation of a new energy management system and integration thereof into IMPRES (Infineon Integrated Management Program for Environment, Energy, Safety and Health) – All European frontend sites as well as our corporate headquarters were certified according to the ISO 50001 standard – Methodology for determining our carbon footprint was improved 	

The following pages contain further information on the various areas of activity with regard to sustainability.

Continued development of sustainability reporting

In order to comply with increasingly demanding sustainability reporting requirements, we have implemented a new sustainability reporting concept based on GRI 3.1.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Audit and verification of CSR-related information	Independent "limited assurance" audit by external audit firm.	Independent "limited assurance" audit by external audit firm and reporting based on the requirements of the GRI Guidelines.
Publication of CSR-related information	Worldwide implementation of a new, GRI-certified reporting platform for CSR-related information.	Review of the Infineon reporting protocols included in the CSR reporting tool in terms of applicability of GRI 4.0.

Responsibility for our employees

The safety and health of our employees is of highest priority. Through comprehensive preventive measures, we ensure a safe and healthy working environment which minimizes the number of work-related accidents.

The Occupational Safety and Health Management System is certified in accordance with the OHSAS 18001 standard at Infineon's largest production sites and corporate headquarters. Our experts implement concepts for workplace safety, which are designed to minimize risks to our employees in the work environment. Our employees are regularly informed about general or workplace-specific topics as well as topics based on operational circumstances. In the 2013 fiscal year, around 32,460 hours of occupational safety education and training of occupational safety and fire prevention experts were organized worldwide.

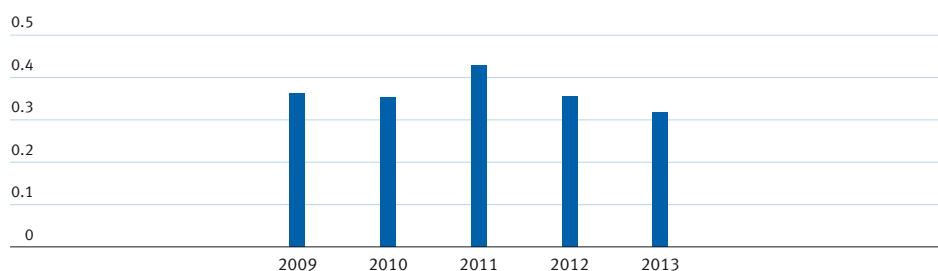
Since the 2013 fiscal year the collection and analysis of work-related accidents and injuries information as part of our general data collection have been changed to meet the new reporting approach as stated in the GRI requirements: the Injury Rate (IR) and the Lost Day Rate (LDR). All accidents and injuries during working hours which result in an employee being absent for at least one day are reported.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Occupational safety	We spent 32,460 hours in safety education and training of occupational safety and fire prevention experts. Full harmonization of reporting process.	Accident reporting of the Injury Rate in accordance with the Global Reporting Initiative definition.

Infineon endeavors to prevent accidents through a combination of occupational safety programs, training and other measures. The low Injury Rate of 0.32 in the 2013 fiscal year and the low Lost Day Rate of 4.25 are illustrated in graphics 36 and 37:

G 36

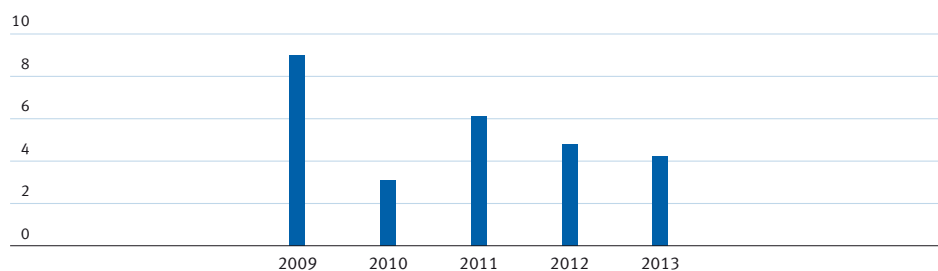
Injury Rate (IR)¹



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

G 37

Lost Day Rate (LDR)¹



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

Environmental sustainability in our manufacturing

Infineon has implemented IMPRES (Infineon Integrated Management Program for Environment, Energy, Safety, and Health) to control and monitor processes and activities in the fields of environment (including energy management) on the one hand and occupational safety and health on the other.

IMPRES is implemented at all significant production sites and since 2005 has been certified according to ISO 14001 and OHSAS 18001 standards. At the end of 2012, our largest European production sites, including the Campeon corporate headquarters, were certified according to the new energy management system standard ISO 50001.

Sustainable use of resources

Efficient use of natural resources is an increasingly important aspect of securing the future, and makes a valuable contribution to sustainability within a frame of ecological and economic targets. Optimizing the efficient use of resources has long been at the core of Infineon’s sustainability strategy.

Water management

Efficient water management is an important element in the sustainable use of resources. We have made considerable efforts to reduce water consumption at our production sites.

In accordance with the FAO definition (Food and Agriculture Organization of the United Nations), water shortage exists in areas with less than 1,700 cubic meters of water per year per capita. Infineon’s two Malaysian production plants are located in areas with such a water shortage.

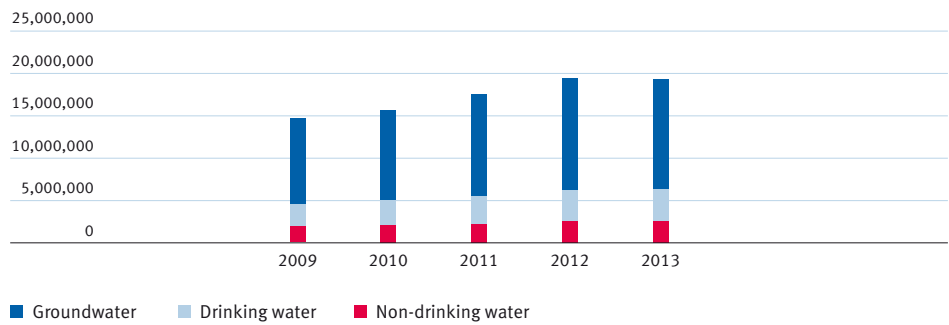
At both sites, water is obtained from local suppliers and, after use, discharged to municipal wastewater treatment plants. Infineon will continue implementing different measures to reduce water consumption at both sites.

In the 2013 fiscal year, total water consumption by our frontend and backend production sites, including our Campeon corporate headquarters, totaled 19,270,342.9 cubic meters (m³). Our water sources are diverse, as reflected in graphic 38:

G 38

Water consumption

in cubic meters



G 39

Standardized water consumption

per square centimeter manufactured wafer



¹ Frontend sites worldwide

Water consumption in liters per square centimeter manufactured wafer is an internationally recognized parameter for water management at our frontend sites. In 2012, Infineon’s frontend sites worldwide consumed approximately 33 percent less water to manufacture one square centimeter of wafer than the global average reported in a survey conducted by the World Semiconductor Council (WSC).

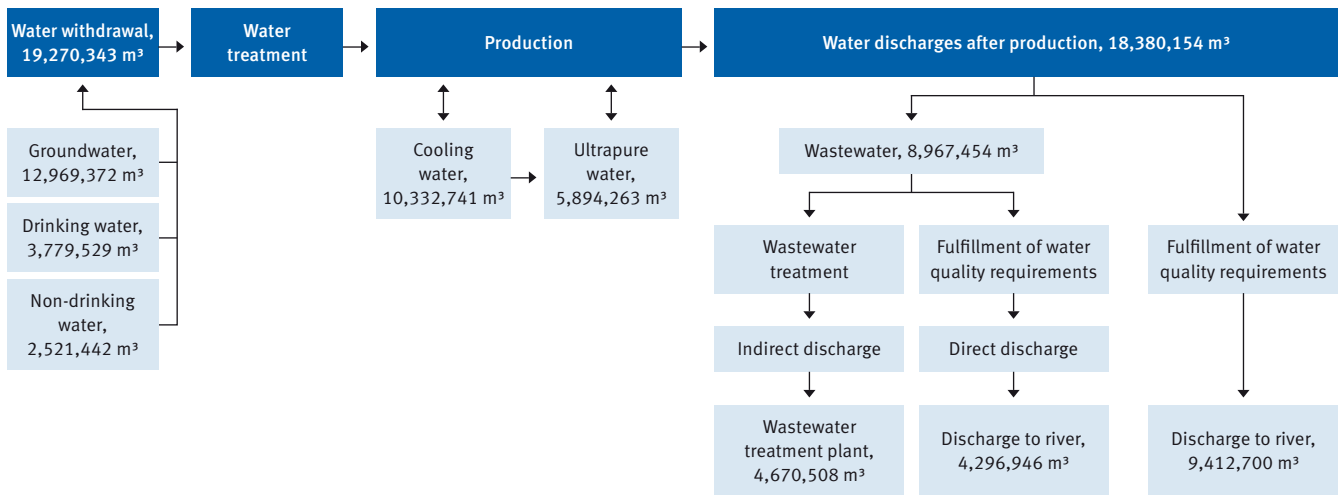
The following table shows a summary of results in the 2013 fiscal year and the targets for the forthcoming fiscal year.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Water consumption	<p>In 2012, according to the WSC, Infineon consumed 33 percent less water to manufacture one square centimeter wafer than the global average of semiconductor manufacturers.</p> <p>10 percent of ultrapure water used in production is recycled or reused in other processes.</p>	<p>Our aim is to keep our water consumption per square centimeter manufactured wafer far below the WSC average, irrespective of the increase in product complexity.</p>

The comparatively low specific water consumption is the result of our water management activities worldwide, as illustrated simplified in diagram 40.

G 40

Water management



Infineon sources water either from local suppliers as drinking or non-drinking or as ground-water through its own water supply facilities.

At the sites in Regensburg (Germany) and Villach (Austria), water is withdrawn from Infineon’s own wells and, after treatment, is used to cool production machinery. This approach also helps reduce energy consumption. Furthermore, part of the water, after being used as cooling water, is reused as ultrapure water for production.

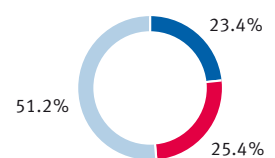
After ultra-pure water has been used in production, it becomes wastewater and can be discharged directly or indirectly, depending on its quality. Water that complies with the relevant stringent official regulations can be discharged directly into rivers. Wastewater is collected in substreams according to the level of contamination and then processed separately using suitable wastewater treatment methods. For example, at our site in Regensburg (Germany), the rinsing water fractions from its frontend activities are treated in a neutralization plant, whereas the more heavily contaminated wastewater from its backend electroplating activities is channeled to a water plant where heavy metals can be removed. After completion of the treatment process, the water can be discharged into the public sewage system.

Diagram 41 shows a breakdown of the water discharged.

Where technically feasible, part of the wastewater is redirected into our water reclaim system and can then be reused in production. During the 2013 fiscal year, 572,767 cubic meters (10 percent) of ultrapure water from production was reused.

G 41

Water discharges 2013



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

Energy, climate protection and carbon footprint

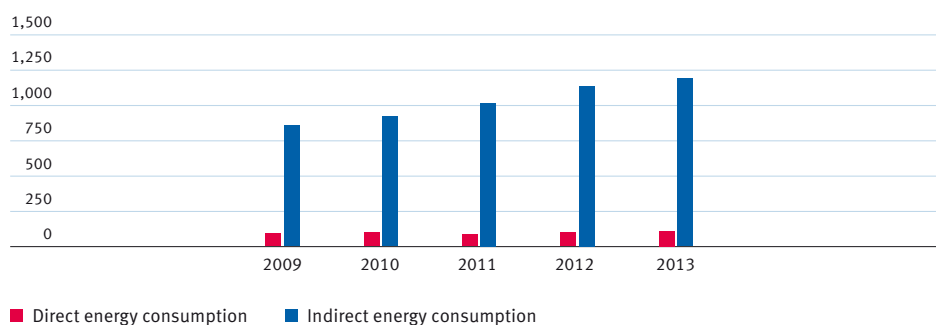
Energy efficiency at our production sites

Most of the energy used to produce semiconductors is electricity. This energy is required on the one hand to provide a stable production environment with defined ambient conditions in cleanrooms, and on the other hand to run the production sites. The main part of our energy consumption is therefore attributable to frontend processes. A small proportion of the energy is needed in our backend production sites and the smallest proportion is consumed by our offices and laboratories.

G 42

Energy consumption

in gigawatt hours



Direct Energy Sources	GWh
Natural gas	107.61
Other	1.46

Our main direct energy sources in the 2013 fiscal year are the one described in the table “Direct Energy Sources”.

Worldwide indirect energy consumption at Infineon’s production sites and the Campeon corporate headquarters amounted to approximately 1,188.8 gigawatt hours (GWh) in the 2013 fiscal year and consisted of electricity (94 percent) and heating (6 percent), our two primary indirect energy sources.

G 43

Standardized electricity consumption

per square centimeter manufactured wafer



1 Frontend sites worldwide

Improving energy efficiency means reducing electricity consumption per production unit. For frontends, according to an international comparison made by the semiconductor industry, the production unit is defined as the manufactured silicon wafers in square centimeters. This specific measure of energy consumption is more appropriate to assess energy efficiency than absolute consumption. Infineon has measured itself against this international comparison, within the framework of the World Semiconductor Council (WSC), for many years.

In the 2012 calendar year, Infineon used 42 percent less electricity to manufacture one square centimeter silicon wafer at its frontend sites than the worldwide average reported by WSC.

By integrating the requirements of ISO 50001, Infineon has established in its major production sites the necessary structures to enable systematical identification of optimization potentials and, where appropriate, their implementation.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Energy efficiency	<p>Implementation of an energy management system and integration into IMPRES.</p> <p>Certification of the European frontend sites including the Campeon corporate headquarters according to ISO 50001 standard.</p> <p>Infineon frontends used 42 percent less electricity to manufacture one square centimeter wafer than the world average reported by the WSC.</p>	Our aim is to expand the ISO 50001 certification to cover all European production sites and to create comparable conditions at our Asian production sites.

Climate protection – greenhouse gases

Certain greenhouse gases – the so-called “perfluorinated compounds” (PFC) – are required for technical reasons in the production of semiconductors.

These PFCs are used in the etching processes needed to structure wafers and to clean production equipment used in chemical vapor deposition processes.

As part of its integrated environmental and climate protection concept, Infineon has made an early start in reducing the use of these substances to a minimum.

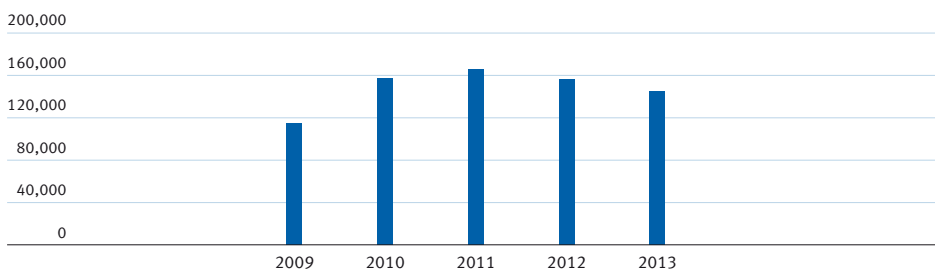
All voluntary targets have been achieved up to date. With the help of technologies which increase the conversion factor of gases already in use and through the use of new alternative gases with lower greenhouse gas potential, we have been able to reduce emissions. A further measure was the worldwide optimization of our waste air abatement concept. Individually tailored solutions were implemented at all relevant sites.

The measures described were part of our voluntary self-commitment under the Kyoto Protocol of 1998 to reduce the emission of PFC gases – calculated in CO₂ equivalents – by 2010 to 10 percent below their 1995 values. Infineon achieved the targets under this voluntary self-commitment by 2007.

G 44

PFC emissions

in tons CO₂ equivalents



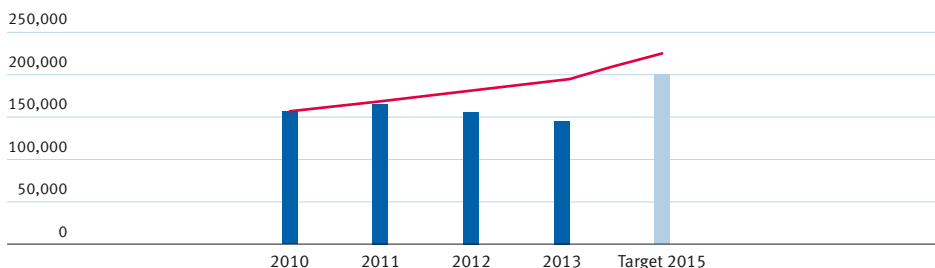
Infineon total PFC emissions in the 2013 fiscal year amounted to 145,260.3 tons of CO₂ equivalents.

We have set ourselves the goal that our PFC emissions by 2015 will not exceed 200,000 tons CO₂ equivalents. This is a challenging objective given the ever greater complexity of our products, which in principle calls for greater use of PFCs.

G 45

PFC emissions' target

in tons CO₂ equivalents



— Estimated emissions (annual volume growth of 7.5%)
 ■ Worldwide real PFC emissions
 ■ Target (maximal PFC emissions in 2015)

Infineon will continue to report its PFC emissions on a voluntary basis at both German and European levels.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
PFCs emissions	Our PFC emissions, calculated in CO ₂ equivalents, were 7 percent below the previous year's value.	Our target is to keep PFC emissions in the 2014 fiscal year to the level of the previous year, assuming comparable volumes of production.

Carbon footprint

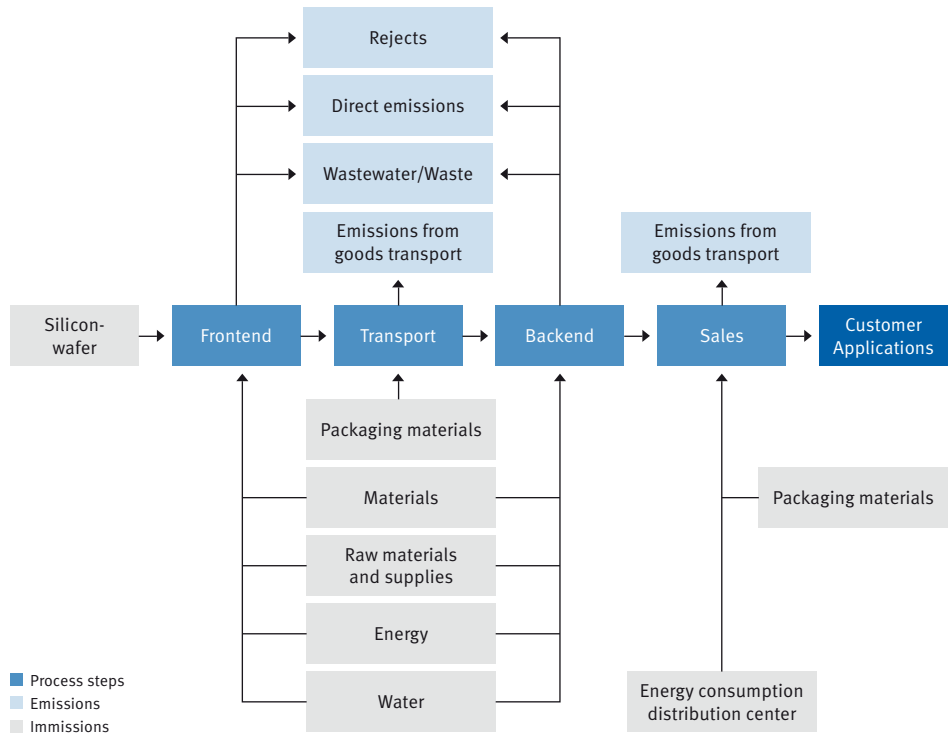
Complex processes and a large number of influencing factors have to be considered when drawing up an entity's carbon footprint (CO₂ balance). Infineon has developed its own approach for this purpose which was further refined during the 2013 fiscal year.

The calculation of CO₂ emissions is based on the ISO 14000 standard, which is aligned with the PAS (Publicly Available Specification) 2050 guideline issued by the BSI (British Standards Institution) for determining the product-specific ecological impact of different products. The first three of the five steps described in the PAS 2050 guideline are taken into account here. They embrace the provision of the raw materials and supplies, and the processing through to distribution to the customer. Further steps, namely the use phase of the products by customers and their disposal cannot be calculated automatically, due to the varying applications and fields of use Infineon products are subject to.

The following emissions and immissions are considered for the calculation:

G 46

Emissions and immissions considered in the calculation of the CO₂ footprint



We base the calculation of our carbon footprint on the classification of direct and indirect emissions set out in the “Greenhouse Gas Protocol”. Accordingly, “Scope 1” includes our PFC emissions and the emissions derived from our direct energy consumption, “Scope 2” emissions derive from our electricity consumption and heating and “Scope 3” includes the remaining emissions along the whole value-added chain.

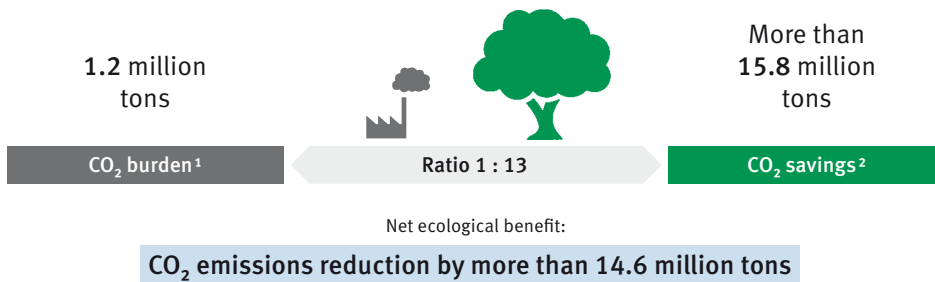
Including the impact of all significant sources of emission which are relevant from our perspective (including materials used and logistics) the carbon footprint of Infineon’s production sites amounted to approximately 1.2 million tons of CO₂ equivalents p.a. This figure comprises “Scope 1” emissions amounting to 187,211 tons of CO₂ equivalents, “Scope 2” emissions amounting to 552,675 tons of CO₂ equivalents and “Scope 3” emissions amounting to 497,889 tons of CO₂ equivalents.

Products manufactured by Infineon on the basis of this carbon footprint and which are supplied to our customers, raise the ecological efficiency of end-products and help generate savings in relevant applications, over their whole lifecycle, of approximately 15.8 million tons of CO₂ equivalents.

Even while accepting that life cycle assessments can be subject to imprecision due to the complex issues involved, Infineon, through its products and innovations in combination with efficient manufacturing, achieves a positive net balance of over 14.6 million tons of CO₂ equivalents over their lifecycle.

G 47

Carbon footprint



1 This figure considers manufacturing, transportation, materials, chemicals, water/waste water, direct emissions, energy consumption, waste, etc. and is based on internally collected data and externally available conversion factors. All data relates to the 2012 fiscal year.

2 This figure is based on internally established criteria, which are explained in the explanatory notes. The figure relates to the 2012 fiscal year and considers the following fields of application: automotive; lamp ballast control; PC power supply; renewable energy (wind, photovoltaic); and 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’s market share, semiconductor content and lifetime of the technologies concerned, based on internal and external experts’ estimations. Despite CO₂ footprint calculations are subject to imprecision due to the complex issues involved, the results are nevertheless clear.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Ecological net balance	The methodology used to measure our carbon footprint has been updated and refined, and the scope of products considered for these purposes widened.	The CO ₂ saving enabled through Infineon products over their lifecycle is at least ten times higher than the CO ₂ emissions arising during the manufacture of the products.

Waste management

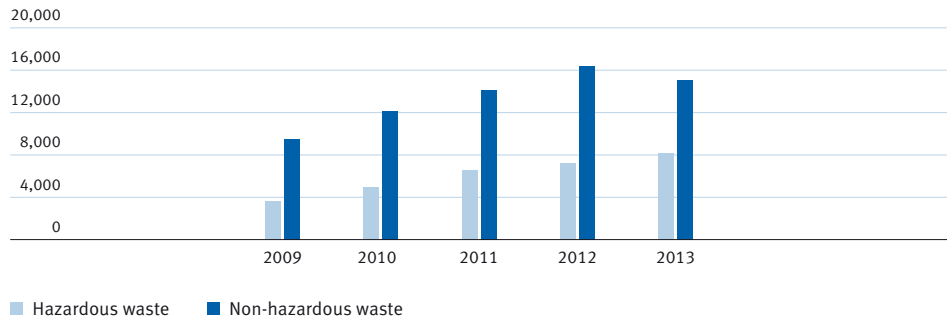
Infineon’s waste management system aims to reduce waste volumes to a minimum and to recycle waste which is unavoidable or to dispose it properly.

In the 2013 fiscal year, the total volume of waste was 23,201.4 tons. Of this, 15,070.8 tons were classified as non-hazardous and 8,130.6 tons as hazardous waste.

G 48

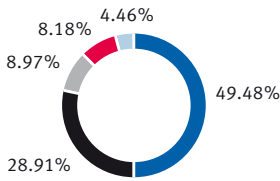
Waste generation

in tons



G 49

Waste by disposal method in the 2013 fiscal year



- Recycling
- Landfill
- Incineration
- Chemical treatment
- Composting

Based on the information provided by our waste management companies, our waste was disposed in the 2013 fiscal year as illustrated in graphic 49:

Where economically and technically feasible, certain materials can be recovered, either internally or externally, and can therefore be incorporated in the production cycle again. In the 2013 fiscal year, 47 percent of non-hazardous and 52 percent of hazardous waste were recycled.

Our waste management activities at our frontend production sites during 2012 enabled us to generate approximately 50 percent less waste to manufacture one square centimeter wafer, than the worldwide average reported by the WSC.

G 50

Standardized waste generation

per square centimeter manufactured wafer



¹ Frontend sites worldwide

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Waste management	Approximately 49 percent of the waste generated was recycled. Our frontend production sites generated approximately 50 percent less waste per square centimeter manufactured wafer than the worldwide average reported by the WSC.	Our aim in the future is to produce significantly less waste per square centimeter manufactured wafer than the worldwide average reported by the WSC.

Where waste is unavoidable, we try to implement recovery procedures with higher added value. For example, the electroplating sludge resulting from our production plant in Regensburg (Germany) is no longer deposited as landfill, but subject to a recovery procedure in which the precious metal palladium is extracted.

Chemical safety

A very wide variety of chemicals are used in a large number of different process steps in the manufacture of semiconductors. Infineon implements the highest standards when dealing with hazardous substances in order to protect people and the environment from potential exposure. Of course, Infineon complies with existing legal requirements.

The European chemicals legislation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals, Regulation (EC) No 1907/2006) provides a key regulatory framework for the procurement and use of chemicals. REACH replaces a large number of existing provisions and regulates the registration, evaluation, authorization and restriction of chemicals on the European market. To ensure that REACH requirements are fulfilled within our supply chain, Infineon has implemented them in its purchase specifications.


Further requirements concerning chemicals are contained in European Regulation (EC) No. 1272/2008. The so-called CLP Regulation deals with the classification, labeling and packaging (CLP) of substances and mixtures and replaces the previous classification and labeling system of the Directives 67/548/EEC and 1999/45/EC.

The CLP Regulation represents the European implementation of the model regulations of the United Nations' GHS (Globally Harmonized System of Classification, Labeling and Packaging of Chemicals). These model regulations, as an international classification system with standard texts and hazard pictograms, are designed to minimize the risks to human health and the environment from the manufacture, transport and use of hazardous chemicals worldwide.

For the implementation of the new CLP Regulation there are some transition periods in place up to 2015. Independently of the specific changeover plans of our suppliers, Infineon will employ both classification systems alongside each other up to the end of the transition periods. This approach is implemented on a worldwide basis.

Product-related environmental sustainability

Infineon products make a key contribution in terms of sustainability and CO₂ savings in applications and final products and, as already described, are subject to a lifecycle analysis to optimize their carbon footprint. Please see "Carbon footprint" in this chapter.

 see page 88

Under the REACH Regulation, there are no registration requirements for the so-called "articles". Since all Infineon products fall within the definition of articles, there are therefore no registration requirements for the substances contained in Infineon products. According to REACH, there are notification obligations for substances in articles if these substances (chemicals) appear on the so-called REACH candidate list (list of substances of very high concern that may be subject to authorization) and are present in the article in a concentration of 0.1 percent by weight or more. Infineon complies with the obligation to inform European recipients by including an appropriate passage in its dispatch notes and in the form of a REACH Statement.

European Directives 2000/53/EC on end-of-life vehicles (ELV Directive) and 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive) regulate the use of certain substances in final products. Although Infineon products do not fall directly within the scope of these regulations, they must meet the requirements in their applications. We are working continuously on the development of technologies and solutions which enable certain substances, such as lead, to be replaced. We also provide comprehensive information to our customers on the materials contained in our products in accordance with international standards.

Business ethics

Integrity guides our conduct in relation to our customers, shareholders, business partners, employees and the public and forms the basis of our Business Conduct Guidelines.

The table below provides a brief summary of the results in this field during the 2013 fiscal year and the objectives set for the 2014 fiscal year:

Indicator	Summary of results in the 2013 fiscal year	Targets for the 2014 fiscal year
Business ethics	24,200 employees worldwide received training on the Business Conduct Guidelines (code of conduct) and other compliance topics, such as anti-trust.	To maintain a similar level of training intensity. Worldwide introduction of specific training on the topic of “anti-corruption” for a defined group of employees, as the third pillar of corporate ethics training in the field (alongside code of conduct and anti-trust training).

P see page 168

For more information, please see chapter “Corporate Governance”.

As a UN Global Compact participant, Infineon has made a commitment to abide by the stated principles and reports the following exemplary activities in its progress made towards implementing its CSR concept:

Human rights		Implementation	Level of implementation	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Our Code of Conduct, the Infineon Business Conduct Guidelines, reflect our commitment to comply with internationally proclaimed human rights, including the protection of personal dignity and privacy of every individual. We shall not condone human rights abuses. The Business Conduct Guidelines shall apply to both internal cooperation and conduct towards external partners. We require our suppliers and service providers to comply with the requirements included in our Principles of Purchasing, and monitor their compliance with these principles. Infineon also requires suppliers and service providers to comply with all applicable laws, including those related to working practices and forced labor. Information concerning this issue is available on our corporate ethics website.	100%	The Business Conduct Guidelines are binding to all employees. Participation in training in this field is mandatory and is repeatedly carried out at regular intervals. Our Principles of Purchasing were revised in the 2013 fiscal year and have been published on the Internet.
Principle 2	Businesses should make sure they are not complicit in human rights abuses.			
Labor		Implementation	Level of implementation	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Our Business Conduct Guidelines acknowledge the right of employees to join associations and the right to collective bargaining to agree on working conditions. Infineon and the respective employee associations work together constructively and in good faith as well as with mutual respect.	80%	80 percent of our employees are working on sites at which collective agreements have been concluded and where independent employee representatives are in place. Even at sites where, due to local circumstances, there are no employee representatives, work is carried out on the basis of agreements with employee representatives from the region.

Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	Infineon Business Conduct Guidelines reflect Infineon's commitment to comply with international proclaimed human rights. We are therefore against any form of forced labor.	100%	All our employees are entitled to terminate contracts of employment unilaterally.
Principle 5	Businesses should uphold the effective abolition of child labor.	Infineon Business Conduct Guidelines also address one of the main tasks of the Global Compact: We do not permit work to be carried out by persons under the age of 15. Exceptions apply to employment relationships in developing countries under the International Labour Organization Convention 138 (minimum lowered to 14) or to governmentally authorized job training courses or apprenticeship programs that clearly benefit the persons participating.	100%	All our employees are over the age of 15.
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	As reflected in the Business Conduct Guidelines, discrimination shall not be tolerated. An Infineon employer or an external business partner shall not be discriminated against, harassed or offended on the basis of race, color, national origin, gender, religion, age, disability, union or political affiliation, sexual orientation, marital or family status. Any forms of sexual harassment, corporal punishment, physical coercion and verbal abuse are prohibited, as well as any intimidating hostile or offensive conduct.	100%	Every Infineon employee worldwide can, in compliance with the Business Conduct Guidelines, where appropriate ask questions, seek advice, report suspected infringements and raise concerns in relation to compliance with these Guidelines. Reports and complaints can be made openly or anonymously; each report will be processed. If necessary, Infineon will take the appropriate measures.
Environment				
		Implementation	Level of implementation	
Principle 7	Businesses should support a precautionary approach to environmental challenges.	Our IMPRES program, which is certified in accordance with ISO 14001 and OHSAS 18001, is a symbiosis between responsibility for humans and environment and economic success and includes our commitment to efficient resources management in the interests of environmental protection and ecological innovation.	100%	100 percent of all internal and external ISO 14001, OHSAS 18001 and ISO 50001 audits were successful.
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	Efficient energy management is particularly important in the world's attempts to save energy and reduce greenhouse gas emissions. At the end of 2012, we therefore integrated our energy management system in our matrix and obtained certification for the main production sites in Europe, including our Campeon corporate headquarters, according to ISO 50001.		100 percent of our EU frontend sites, including our corporate headquarters, are ISO 50001 matrix-certified since the end of 2012.
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Developing energy-efficient products is another key element of our desire to save energy and to contribute to climate protection.		
Anti-corruption				
		Implementation	Level of implementation	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	The Management Board and the Supervisory Board of Infineon Technologies AG view corporate governance as a comprehensive concept for responsible, transparent and value-added corporate management. They obtain regular reports from the "Compliance Officer" on measures to combat corruption and any infringements within the business. Infineon Business Conduct Guidelines define the requirements relating to treatment of business partners and third parties. This also includes compliance with fair business practices. Our "Compliance Officers" are responsible for checking this.	100%	Training on the Business Conduct Guidelines is mandatory for all employees and is repeatedly carried out at regular intervals. The topic "Anti-corruption" is part of this training.

Our responsibility along the supply chain

At Infineon, we are constantly working on anchoring our own CSR standards based on the 10 principles of the UN Global Compact in our supply chain. The basis for this was achieved by the creation of new Principles of Purchasing and the revision of the CSR contract clauses in the 2013 fiscal year.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
CSR supply chain management	New Principles of Purchasing have been published on our website. Revision of the CSR contractual clauses.	Review of the CSR information and evaluation of suppliers within a new Supplier Management Tool.

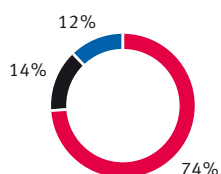
A concrete example in the field of supply chain management is the avoidance of conflict minerals.

Pursuant to section 1502 (“Conflict Minerals Provision”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entities which are required to report to the US Securities and Exchange Commission (SEC) must declare whether any of the so-called conflict materials or related derivatives (currently Gold, Tantalum, Tungsten and Tin) used to make the reporting entity’s products are of relevance and whether they originate from the Democratic Republic of Congo or an adjoining country. Infineon itself is not subject to this SEC reporting requirement.

Nevertheless, Infineon, as a voluntary commitment, started in 2009 a request to its suppliers to provide information about the use of the above-mentioned minerals, which was completed in 2010. This request for information was repeated in the past fiscal year. As a result of our assessment, a “Conflict Minerals” statement could be drawn up, listing the smelters identified in our supply chain. The analysis of these results by region shows that these smelters are located in Europe (12 percent), Asia (74 percent) and America (14 percent) (please see graph 51). Furthermore, none of the smelters are located in the Democratic Republic of Congo or an adjoining country.

G 51

Smelters by region



■ Asia ■ Americas ■ Europe

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Conflict minerals	Infineon carried out an analysis of its supply chain already in 2010. Our supply chain was again assessed in 2013 with regard to the non-use of conflict minerals.	Publication of the “Conflict Minerals” statement on the Infineon website and updating of the Internet information on this subject.

Corporate Citizenship

As a socially committed company, we consider as a voluntary approach to make an ongoing positive contribution to the development of the local communities in which we operate. Corporate Citizenship, understood as our voluntary commitment to these communities, is therefore a key component of our CSR concept.

Indicator	Summary of results in the 2013 fiscal year	Target for the 2014 fiscal year
Corporate Citizenship	Integration of citizenship and sponsoring information in our worldwide reporting tool.	Strengthening of the internal network for global exchange.

Our social commitment is expressed in donations in kind, monetary donations or in the form of voluntary activities by our staff (volunteering).

We have defined the following strategic focus areas in the field of Corporate Citizenship: “Activities in the field of ecological sustainability”, “Addressing local social needs” and “Education for future generations”. These focus areas are supplemented by our commitment in the field of emergency assistance in the event of natural and humanitarian disasters.

G 52


Examples of corporate citizenship activities at Infineon during the 2013 fiscal year


Activities in the field of ecological sustainability	Addressing local social needs
<p>Waste exchange: at our Dresden site employees can collect certain materials from Waste Management, such as packaging or drums, for their own use. This helps to reduce the amount of material which would otherwise be classified as waste and must be disposed of. The employees are requested to make a small charitable donation which is then given to organizations such as those that helped the victims of the floods in Germany in the summer of 2013.</p>	<p>Our plant in Regensburg (Germany) supported the tenth European workshop on “Phosphorus Chemistry” held by the Institute for Inorganic Chemistry at the University of Regensburg.</p> <p>Our Villach (Austria) plant donated around €25,000 to promote competitions and workshops dedicated to topics such as “Internationality and Integration” or “Innovation and Performance”.</p> <p>Our plant in Malacca (Malaysia) donated the equivalent of €3,000 to the “Charity Run” that raises funds for the “Melaka Cancer Society”. The organization supports cancer patients whose treatment is not covered by their general health insurance.</p>
Education for future generations	Emergency aid for the victims of natural and humanitarian disasters
<p>Infineon has been investing in the future of children for many years. Our aim is to provide socially deprived children with new prospects for the future and a better environment to live in.</p> <p>This year at our site in China, a project was organized through a voluntary activity of our employees, who held lessons for children at a primary school near Zhenglou. Many of the children attending this school live with their grandparents and without their parents, who need to work far away from home.</p>	<p>In the summer of 2013, a number of German towns and cities were hit by catastrophic flooding. Many of these places had to be evacuated. In total, Infineon donated more than €36,000 to support the people affected in these regions.</p> <p>The flooding in northern India caused widespread damage and many people lost everything they had, including their houses. Infineon donated €3,900 in emergency aid to the Indian Red Cross.</p>

Human resource management, human rights

Infineon respects internationally applicable human rights, labor standards and fair business practices and ensures their compliance. We do not tolerate any infringement of these standards as reflected in the Infineon Business Conduct Guidelines.

For more information, please see “Business Ethics” in the chapter “Sustainability at Infineon”, chapter “Corporate Governance” and chapter “Our Employees”.

 see page 92

 see page 168 and 96