



Explanatory notes to the information reported in the Sustainability Chapter of Infineon Technologies Annual Report 2014.

These explanatory notes refer to the information published in the Sustainability chapter of the Infineon Technologies AG Annual Report 2014. KPMG AG Wirtschaftsprüfungsgesellschaft has provided independent assurance on these information in accordance with the International Standards on Assurance Engagements 3000 and International Standard on Assurance Engagements 3410. The independent assurance report can be found here (www.infineon.com/CSR_reporting).

Reporting standards

Infineon Technologies (hereinafter called Infineon) applies the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative, supported by internal guidelines, as reporting criteria for the sustainability information published in the Infineon Annual Report 2014.

For the determination of the Infineon CO₂ footprint we have developed an own approach which became further refined during the 2014 fiscal year. This approach is generally oriented towards ISO 14000 and substantiated by PAS (Publicly Available Specification) 2050: 2008, a guideline for product carbon footprints, issued by the BSI (British Standards Institution). For external reporting we follow the "Greenhouse Gas Protocol" classification of Scope 1, Scope 2 and Scope 3 emissions. For the determination of the indicator "CO₂ savings enabled through products" we have used internal criteria.

Organizational boundaries

Our reporting includes all our own production sites and corporate headquarters, which are part of our certified IMPRES¹ management system, as well as our production site in Morgan Hill. To determine its organizational boundaries Infineon follows the operational control approach. Operational control of our organizational units is established when Infineon is entitled to more than 50 percent of the voting rights, whether indirectly or directly.

External companies operating at some of our sites, in which Infineon has no operational control, and which have no influence in Infineon's production, are not included in the reported KPIs data.

Determination of the Key Performance Indicators (KPIs)

We continually strive to improve the data quality of our KPIs.

a. Energy consumption:

The energy consumption of Infineon includes the above mentioned sites for the respective Infineon fiscal year:

- Direct energy consumption: natural gas, petrol, diesel fuel, light fuel oil, liquid gas and firewood.
- Indirect energy consumption: electricity consumption and remote heat.

The benchmark electricity consumption reported by the World Semiconductor Council (WSC) includes just the worldwide Frontend sites of Infineon, due to the normalization factor is cm² manufactured wafer.

b. Water consumption:

Included in the water consumption are the consumption of the above mentioned sites, taking into consideration the reporting of both; water sourced by Infineon and water provided by third-parties (e.g. municipal water) for the respective Infineon fiscal year. Water which is used as cooling water or process water is included, too.

¹ Infineon Integrated Management Program for Environment, Energy, Safety and Health

In the benchmark water consumption reported by the World Semiconductor Council (WSC) cooling water is not included. Due to the normalization factor is cm² manufactured wafer, this benchmark includes just the worldwide Frontend sites of Infineon.

Infineon water discharge includes waste water and other water discharges. Waste water is classified under:

- Direct discharge: effluent discharged by the site without the need of prior-external treatment.
- Indirect discharge: water which is not allowed to be directly discharged or which needs prior treatment.

Infineon water discharge does not include municipal wastewater or evaporated water.

c. PFCs²:

PFCs are essential for the production of semiconductors. They are used in etching processes for patterning of wafers and cleaning of production equipment for CVD processes (the so-called "chemical vapor deposition"). Therefore, PFCs are used at Infineon only in the front-end locations.

The conversion factors in CO₂ equivalents are based on a worldwide predetermined algorithm which must be used within the semiconductor industry. The algorithm is distributed annually by the relevant organizations and Infineon receives the methodology from the ESIA³.

The ESIA updates the calculation method based on the scientific assessments of the IPCC⁴, and the calculations for the GWP⁵.

The reported PFCs figures refer to the amounts consumed during the respective fiscal year by Infineon.

d. Waste:

Reported waste is classified in the categories hazardous/non-hazardous as defined by the local/national regulations in that context. The information reported in the Sustainability chapter is based on the officially communicated treatment methods by the waste management companies. Per our definition waste is reported independently whether it is compensated or not.

The benchmark waste generation reported by the World Semiconductor Council (WSC) includes just the worldwide Frontend sites of Infineon, due to the normalization factor is cm² manufactured wafer.

Included in the waste data are all above mentioned sites.

e. CO₂ footprint

We assessed the net ecological benefit on our CO₂ footprint considering both: Environmental Burden and Environmental Benefits.

Environmental Burden - CO₂ emissions:

This includes the direct emissions such as PFC, emissions occurring during the deployment process of raw materials, consumables and process, energy and water supply as well as waste and waste water treatment. Furthermore it considers the transport of the products to other sites and to distribution centers, as well as flights and Infineon-function cars. Direct and indirect emissions are based on source data from fiscal year 2014.

Not included here is the CO₂ emitted during the use-phase of the products and their disposal. Those CO₂ emissions are not determined due to the varying applications and fields of use Infineon products are subject to.

Environmental Benefit - CO₂ emissions:

² Perfluorinated compounds

³ European Semiconductor Industry Association

⁴ Intergovernmental Panel on Climate Change

⁵ Global Warming Potential – the GWP is based on 100 Years

Up to date, there is no established external framework or standard defining rules applicable for accounting and reporting of CO₂ savings enabled through products in the use phase. Therefore we have developed an own methodology to determine the indicator CO₂ savings enabled through our products. The calculation of the environmental benefit is based on the calendar year 2013, because the products sold in that year enable reductions just in the use-phase of the end product (after being sold), and are then relevant for the CO₂ footprint 2014.

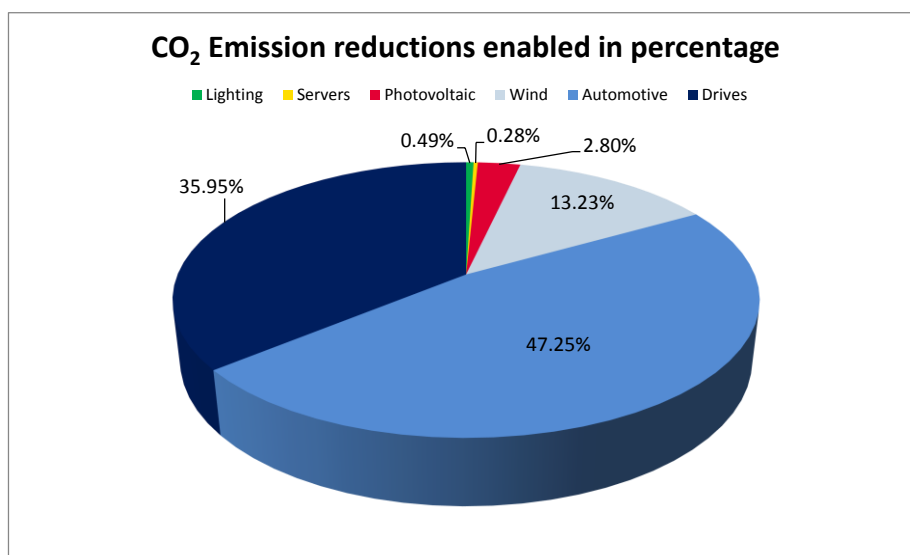
The methodology for the determination of the CO₂ emission reductions enabled is based on the framework conditions described here:

- Consideration of the following Infineon products: automotive, lighting, regenerative energy production (photovoltaic, wind), servers and drives. The calculation is based on the potential energy savings our semiconductors enable in the end technologies where they are installed.

- For the calculation, we consistently used the emission factors relevant for Germany in the calendar year 2013.

- For the calculation we considered the market share of Infineon as well as the percentage of semiconductors in the end-products and the lifetime of the technologies which was based on internal and external expert estimations.

Life cycle assessments can be subject to imprecision due to the complex issues involved. We continually strive to refine and improve our carbon footprint methodology.



f. Accidents:

The calculations of the Injury Rate (IR) and the Lost Day Rate (LDR) are based on the GRI 3.1 definitions in LA7.

Accidents are reported for the sites mentioned in the organizational boundaries. Only work-related accidents with at least one day work-absence are considered. The day of the accident is not counted. The base for the determination of lost days is "calendar days".

The working hours are the weekly hours as stipulated in employee contracts. This includes holidays and public holidays.

The end of period date for the calculations is the official end of the each fiscal year quarter.

Data Quality

We continually strive to improve the quality of our data via the implementation of policies, systems, procedures and internal controls at Group and Site level.

In case of business acquisitions/sales, the figures of those would be adjusted in conformity with the organizational boundaries mentioned above.

In case during the compilation of the quarterly data for the Annual Report some official information for any of the reporting periods were not available, those figures would be adequately estimated based on the previous months' values and any other meaningful comparable values.

In case a significant error in the fiscal year (meaning greater than 5 percent at a Group level) was found, it would be corrected. In case a significant error which does not indeed affect the reporting period but still affects the information of the previous years was found, it would be corrected.