

Human Beings and the Environment – Recognizing Responsibility, Taking Uncompromising Action

- > Our approach: sustainability.
- > Our IMPRES: unity of economy and ecology.
- > Our value chain: partnership and dialog.

As a globally operating company and member of the United Nations Global Compact Initiative, we are obliged to hold ourselves accountable to the multinational community. We take the task of protecting society and the environment very seriously, and it therefore forms an integral part of the company's strategic orientation. We see assuming responsibility as the expression of a proactive approach. We have put the necessary structures, processes and policies in place within our company, focusing on six important areas: personnel management and human rights, corporate citizenship, business and social ethics, occupational safety and health, environmental protection and responsibility along the value chain. The daily pursuit and realization of these requirements is for us more than just a duty.

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Infineon's commitment to Corporate Social Responsibility extends over many sectors and covers many business activities. This dedication to socially responsible behavior is self-evident for Infineon.

IMPRES – Our Integrated Approach

IMPRES, the name we have given to the Infineon Integrated Management Program for Environment, Safety and Health, formulates objectives, standards and policies for our entire company in the fields of occupational safety, environmental protection and health protection. IMPRES

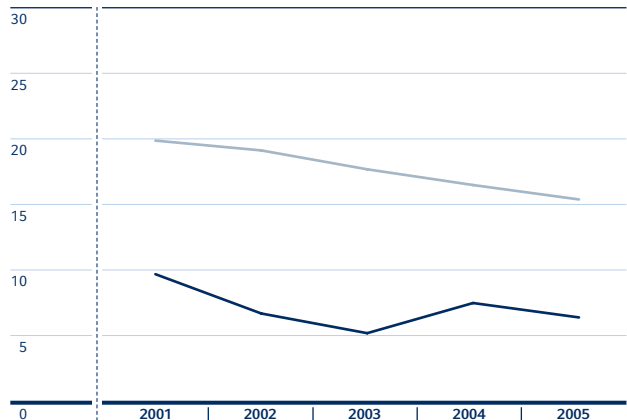
was implemented worldwide in 2005 and we received the matrix certification according to the international ISO 14001 and OHSAS 18001 standards the very same year. This short time span not only bears testament to the efficiency of our processes, but demonstrates how seriously we have taken these issues for years. The strict IMPRES guidelines are implemented in equal measure at our locations worldwide. We make no concessions to regional boundaries when it comes to questions of environmental and health protection or occupational safety.

Responsibility for Our Employees: Occupational Safety

Assuming responsibility for our employees primarily means prevention and avoiding potential risk. Systematic prevention necessitates a global evaluation of all workplaces – no matter whether in production or administration – according to uniform principles. Based on this evaluation, risk potential is identified and actions to minimize it are defined and taken.

The statistics on occupational accidents document the success we have achieved in occupational safety, demonstrating that our scheme is actively pursued.

STATISTICS ON OCCUPATIONAL ACCIDENTS PER 1,000 EMPLOYEES



— Infineon — German Work Inspection for Precision Mechanics and Electrical Engineering

The number of occupational accidents at Infineon worldwide is far below the average registered by the German Work Inspection for Precision Mechanics and Electrical Engineering (Berufsgenossenschaft für Feinmechanik und Elektrotechnik). A factor reinforcing the significance of this achievement is that we register all occupational accidents leading to at least one workday of absenteeism. In contrast, the comparative values of the German Work Inspection include only those occupational accidents involving at least three workdays of absenteeism. Even in a global environment we thus achieve even better values than the high German standards.

Yet this success does not make us complacent. Our locations report at regular intervals to our corporate department for Environmental Protection, Technical Safety and Occupational Safety, where the data are evaluated together with our company medical officers. Working together with our experts at the locations, improved schemes for protection are developed on an ongoing basis to maintain a healthy working environment for our employees.

Product-related Environmental Protection: a Crucial Aspect of IMPRES

Environmental awareness and safety are today key factors in the successful design and marketing of technology products, a development not only driven by statutory provisions. We have taken this on board with our IMPRES management system and have integrated product-related environmental protection into all our company's global processes as an essential part of our strategy. We attach importance to an integrated approach because at Infineon all standards are met and implemented globally – no matter where the product is manufactured or sold.

Our Environmental Key Accounting has proven successful in this context. It defines Infineon's strategy of identifying trends at an early stage and tapping potential for optimization. The basis for this is established by open communication with our partners – customers and suppliers alike. This year we held numerous talks with our customers at corporate level, thereby avoiding many customer audits at site level, saving costs for all involved and providing transparency. Worldwide.

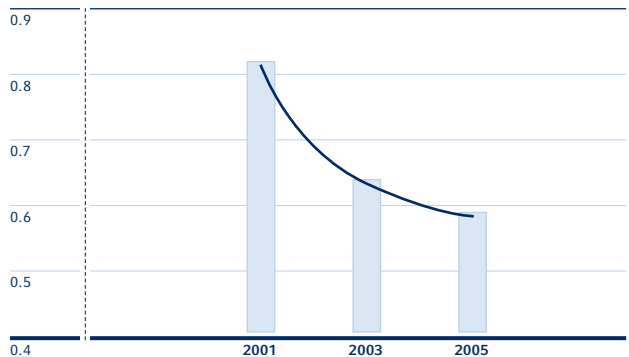
Product-related environmental protection also plays an important role in purchasing. In our technical delivery

conditions we have defined the standards of the materials we use in our products. All our suppliers must comply with these. The conditions specify statutory regulations and the supporting documents required to show that the statutory provisions and our more stringent standards are complied with. Our IMPRES management system comes into play as early on as in the product development phase: all materials and substances must first be released by our experts before being used in development and production.

Environmental Protection in Manufacturing: Resource Management

The manufacture of semiconductors is not possible without the input of resources and energy. The energy input is particularly high in the front-end production during wafer structuring. The reduction of energy consumption is therefore one of our prime environmental goals, which we pursue with sustainable, innovative concepts. In this way we have been able to achieve substantial savings in energy consumption at our European front-end sites, despite increasing process complexity.

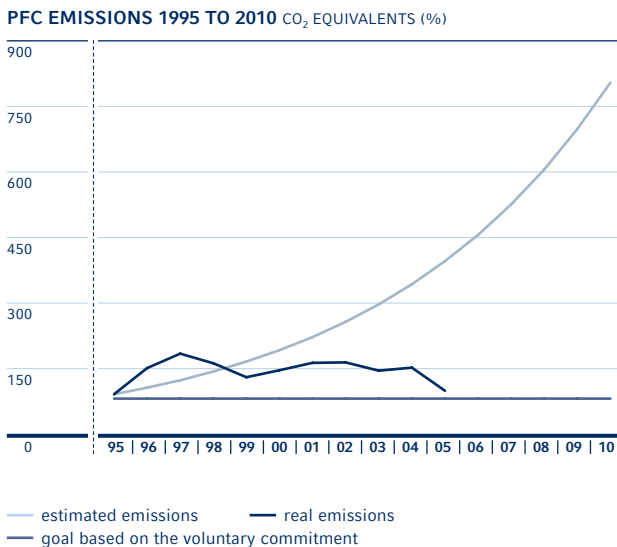
ENERGY CONSUMPTION OF THE MAJOR EUROPEAN FRONT-END SITES IN KWH/SQCM



In addition to our company-wide resource and energy management concepts, our individual sites also implement individual economy measures. As an example: semiconductors are manufactured in clean rooms with complex air-conditioning systems. Various heat and cold recovery systems are deployed to reduce the heating and cooling input. These systems use heat from a recirculating cooling system, for instance, to preheat the cold outdoor air in the winter. All the buildings for the front-end production in Regensburg, Germany, have been equipped with these

systems since 2002. In 2005, the energy recovered from the air-conditioning system was approximately 9,000 megawatt-hours, equivalent to around 902,000 cubic meters of natural gas or the heating energy needed for 300 average four-person households. This allowed carbon dioxide emissions to be reduced by 1,782 tons per annum.

Perfluorinated compounds (PFCs) are a technical necessity in the semiconductor industry. Because these compounds contribute to the greenhouse effect, however, we place high value on lowering our PFC emissions. The seriousness of our intentions is underscored in Europe, for example, by our voluntary efforts. By 2010, we want to have decreased our PFC emissions by 10 percent compared to the reference year 2005, calculated in CO₂ equivalents. The common unit "CO₂ equivalent" is used to compare the global warming potential of greenhouse gases. The exponentially rising curve of estimated emissions is shown by potential PFC emissions – if no reduction measures are taken, assuming an annual volume growth in the semiconductor industry of 15 percent. Compared to these values, our voluntary efforts would correspond to a decrease in PFC emissions of approximately 90 percent. Our current real PFC emission figures demonstrate the effectiveness with which we pursue our voluntary goal.



Another example from the front-end sites is the reduction in the consumption of photoresist – a highly complex composition of substances used to create our fine silicon structures. The utilization of synergies has allowed 20,000 liters of photoresist to be saved a year, also facilitating the transport, storage, handling and disposal of these substances. The synergy of economy and ecology is clear: reduced consumption of photoresist generated annual savings of over €4 million. This project won our internal ESH Award (ESH: Environment, Safety & Health). This prize is awarded annually in recognition of the best sustainable developments and innovative measures promoting our high internal ESH standards.

Responsibility along the Value Chain: Partnership and Dialog

Infineon starts holding itself accountable to society and the environment even as the development and production process begins. Service providers and suppliers are obliged to meet our standards in occupational safety, health and environmental protection and in working and social conditions. We verify whether our suppliers live up to our social and ethical standards, and how they do so, by putting a catalog of questions to them. An evaluation tool is used to assess the answers and grade the suppliers. To assist our suppliers and service providers in meeting the statutory and ethical standards, we have set up principles of purchasing. They are based on our universally valid Business Conduct Guidelines and are the basis for good cooperation with our suppliers. Successful implementation and realization of the defined standards and policies is fostered by stable partnerships and open communication.

We see environmental and health protection, occupational safety and social responsibility as opportunities, not risks. By engaging in open dialog with our employees, investors, customers and suppliers, we can jointly benefit from these opportunities.

More information on the subject of responsibility towards society and the environment is available from the company: environment@infineon.com