



# Sustainability at Infineon

Supplementing the Annual Report 2020



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# Introduction



**Dr. Reinhard Ploss**  
Chief Executive Officer

## Assuming responsibility in a connected world

Long-term thinking beyond our everyday business is essential if we are to meet our corporate responsibility. Nothing demonstrates that more clearly than the coronavirus pandemic, which has had such a significant impact in 2020. A concerted effort from each of us will be required to recover from the effects of the pandemic on our health-care system and economy and on the entire global community.

Numerous examples illustrate how changes in one area can have an impact on other areas. The coronavirus pandemic has made it crystal clear that we are living in a complex, dynamic and connected world. We can no longer imagine this world without digitalization, but without it the impact of the pandemic would have been much more dramatic.

The coronavirus pandemic has accelerated the digitalization of the economy, administration and society, which has helped us meet the challenges posed by the pandemic. New ways to collaborate have been developed in a very short period of time. Many people are now working from home, meeting virtually and replacing business travel with video conferences. Online training sessions have become a vital element in all educational settings. Cultural institutions and stationary retail have come under pressure, while streaming services and e-commerce are reaping the benefits. Cloud services of all kinds are in greater demand than ever. Communication networks are seeing new peaks in demand. Server and network capacity is being expanded to keep pace with the demand for digital services. During the pandemic, global supply chains have had to be constantly reconfigured.

Digitalization can help overcome the effects of the coronavirus pandemic and also contribute towards managing the other great issues of our time. In addition, it presents us, as social beings, with the challenge of interacting in new ways.

At Infineon, major societal challenges lie at the heart of our business activities: efficient energy use, intelligent mobility and security in a connected world. The IoT and big data will make a vital contribution here. Even in these difficult times, we



are therefore continuing to develop our business. With the successful acquisition of Cypress, we have taken a big step forward in implementing our strategy of connecting the real world with the digital world.

We see global challenges as the motivation to develop innovative products, systems and services that make life easier, safer and greener. Our solutions enable savings of around 56 million tons of CO<sub>2</sub> equivalents during their use-phase. When these savings are offset against the CO<sub>2</sub> emissions caused by the manufacture of products, there is a net benefit of 54 million tons of CO<sub>2</sub> equivalents.

We also aim to save carbon emissions in our own operations. So, at our Annual General Meeting in February 2020, we set ourselves the target of making Infineon a carbon-neutral company within ten years. By the end of the 2025 fiscal year, we want to reduce Infineon's CO<sub>2</sub> emissions by 70 percent compared with the 2019 calendar year. This means that we are making an active contribution to global CO<sub>2</sub> reduction and to the implementation of the targets set out in the Paris Climate Agreement.


For many years, we have voluntarily accepted responsibility, out of conviction. That is why we signed up to the UN Global Compact back in 2004. Now, as then, we adhere to its Ten Principles. Our long-standing commitment is reflected in our continued listing and positive evaluations by independent institutions. Examples include the following:

- › EcoVadis, an independent rating agency which rates suppliers on the basis of their ecological, social and financial performance, awarded Infineon "Gold" status for the fifth time in a row.
- › For the tenth time in a row, Infineon was included in the Sustainability Yearbook published by S&P Global in 2020.
- › Once again, Infineon received an AA rating (on a scale from AAA to CCC) in the "MSCI Environmental, Social and Governance (ESG) Ratings".

Our actions have an impact beyond our own business and are conducted in many countries in the world. They form an integral part of the local economy and local society and they help shape people's living standards. We therefore see it as our responsibility to become involved in the communities in which our company is active. In the 2020 fiscal year, we spent a total of around €1.2 million on ongoing activities which reflect our voluntary social contribution to the communities in which we operate. In addition, in the first four months after the outbreak of the coronavirus pandemic, Infineon and its regional entities in various countries launched or supported a further 26 projects totaling almost €600,000 to alleviate the impact of the pandemic and provide assistance to people in the local area. At Infineon's largest site, Melaka (Malaysia), for example, the company donated €212,000 to set up digital infrastructure in hospitals and to improve the working conditions of the nursing staff. As a result, doctors and nurses can care for patients without having to be physically present.

In this report, we would like to give you an overview of our sustainability strategy, both in terms of what we have already achieved and also our plans going forward, since we want to take a responsible approach to shaping the future.

Neubiberg, November 2020

*Sincerely*  


**Dr. Reinhard Ploss**  
Chief Executive Officer

# Key figures

including Cypress

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

Revenue of  
**€8,567 million**

**€1,113 million**

research and development expenses

**€1,099 million**

of investments in property, plant and equipment as well as intangible and other assets including **€158 million** of capitalized development costs

More than  
**80 sites**  
**28 countries**  
**105 nationalities** in our teams

**4** segments

**46,665**

employees

of whom **19.8 percent** work in research and development

# Notable events 2020

## October 2019

**Groundbreaking in Cegléd (Hungary): Infineon opens new manufacturing site for high-power semiconductor modules**

Manufacturing in Cegléd is boosted by a new factory producing high-power semiconductor modules for electro-mobility. To date, Infineon has produced power modules at this site in voltage classes up to 3,300 volts for applications in the field of green energy and industrial automation.

## November 2019

**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 Gold status for the fifth time in a row.

**Infineon is one of Germany's best trainers**

Infineon is a very successful participant in the study conducted in 2019 of Germany's best trainers by German business magazine "Capital" and talent platform Ausbildung.de. In both categories, Training and Work-Study Programs, Infineon is awarded four out of five stars and it is selected as one of the best training organizations.

**Infineon opens new regional headquarters for the Greater China region in Shanghai (People's Republic of China)**

The official opening of Infineon's new regional headquarters for the Greater China region takes place in Shanghai. This is an important milestone in the history of Infineon in this region and at the same time a new starting point for the future development of the entire company. The new location serves as a hub for the company's business in Greater China and will enable Infineon to provide deeper customer support.

## December 2019

**Infineon is named one of the best employers in Germany**

Glassdoor<sup>1</sup> announces the winners of its Best Employer 2020 award. For the second year in a row, Infineon is in second place. Glassdoor was presenting the Employee Satisfaction Award in Germany for the fifth time. Unlike other employer rankings, the Best Employer 2020 award is not based on companies' own self-assessment but on feedback from employees.

**Infineon site in Kulim (Malaysia) wins two human resources prizes**

Our site in Kulim wins two prizes at Malaysia's Human Resources Development Awards 2019. One of these is the most prestigious award of the evening, the Human Resources Minister Award – Large Employer Category (Manufacturing), given to large employers who have achieved the highest standard of human resources development at national level. The other is the Innovation and Creativity Award in recognition of Infineon's innovative human resources solutions.

## January 2020

**Infineon receives the CDP<sup>2</sup> scoring level Management for information in the area of climate change**

Since 2014, Infineon has been publishing information in the CDP on the opportunities and risks for the company resulting from climate change. The number of points derived is then compared with other companies in the information technology and semiconductor industry.



<sup>1</sup> Glassdoor: Job and recruitment website which includes individual evaluations of employers by former employees.

<sup>2</sup> CDP: Previously referred to as the Carbon Disclosure Project.

**Infineon is included in the Sustainability Yearbook for the tenth year in a row**  
For the tenth consecutive year, Infineon makes it into the Sustainability Yearbook by S&P<sup>1</sup> Global in cooperation with RobecoSAM. Infineon is once again among the ten best semiconductor manufacturers in the world in terms of entrepreneurial sustainability.

**Infineon site in Wuxi (People's Republic of China) is designated a Great Place to Work**

Our site in Wuxi beats 201 other companies to win the Best Employer Award from online platform Wuxi Daily Express and the New Century Human Resource Association. The evaluation is based, among other things, on the site's commitment in the area of compensation and fringe benefits, its training and professional development, and on its social responsibility.

## February 2020

**Infineon sets itself the target of becoming a carbon-neutral company**

Infineon sets itself the target of becoming carbon-neutral<sup>2</sup> by the end of the 2030 fiscal year. The company presented its plans at the Annual General Meeting in Munich (Germany). Infineon wants to make an active contribution to global CO<sub>2</sub> reduction and to the implementation of the targets set out in the Paris Climate Agreement. By the end of the 2025 fiscal year, 70 percent of its carbon emissions are aimed to be carbon-neutral compared with the 2019 calendar year.<sup>3</sup>

**MSCI<sup>4</sup> ESG<sup>5</sup> Research rates Infineon AA**

The MSCI World ESG Index focuses on Environmental, Social and Governance aspects. The index works on the best-in-class principle. For the second consecutive year, Infineon is rated AA.



## March 2020

**Infineon site in Kulim (Malaysia) wins National Occupational Safety and Health Award**

This award is given to organizations for exemplary practice in maintaining a safe and healthy working environment in the workplace. This is the second time our Kulim site has received this award.

**Infineon is the first non-Japanese chip manufacturer to win three Honor Quality Awards in a row from Toyota's Hirose Plant**

For the sixth year in a row, Infineon has achieved an impeccable quality record for its deliveries to Toyota's Hirose Plant. As a result, the car manufacturer has now recognized Infineon for the third consecutive time with the Honor Quality Award, the plant's highest award for quality. Infineon is the first non-Japanese chip company to achieve this feat.



## April 2020

**Infineon announces the approval of its acquisition of Cypress**

Infineon has received all the necessary regulatory approvals for its acquisition of Cypress. On completion of the acquisition on 16 April 2020, the company based in San José (USA) becomes part of Infineon. This acquisition makes Infineon one of the ten largest semiconductor manufacturers worldwide and the largest semiconductor supplier to the automotive industry in the world.



<sup>1</sup> S&P: Standard and Poor's.

<sup>2</sup> The target relates to Scope 1 and Scope 2 emissions.

<sup>3</sup> In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

<sup>4</sup> MSCI: Morgan Stanley Capital International.

<sup>5</sup> ESG: Environmental, Social and Governance.

## May 2020

### Infineon listed in ESI<sup>1</sup> Excellence Europe

Once again this fiscal year, Infineon is listed in the Ethibel Sustainability Index Excellence Europe. The ESI indices universe lists companies which are included in the Russell Global Index and display the best performance in the area of CSR<sup>2</sup>.

### Infineon receives €1 billion through successful share placement

Infineon places 55 million new shares, following an accelerated book-building process with institutional investors, under the exclusion of subscription rights. The shares are placed at €19.30 per share, resulting in gross proceeds of approximately €1.06 billion. The funds are used to repay part of the acquisition financing provided by banks for the purchase of Cypress.

## June 2020

### Infineon places €2.9 billion in bonds to refinance the acquisition of Cypress

Infineon places corporate bonds with a volume of €2.9 billion. The issue is many times oversubscribed and comprises four tranches with maturities of three, six, nine and twelve years. The proceeds are used to repay part of the bank loans incurred for the acquisition of Cypress.

### Sustainalytics ranks Infineon as Outperformer

Sustainalytics is a company that evaluates the sustainability of publicly traded companies based on their ESG performance. Infineon is considered an “Outperformer” in ESG issues within the semiconductor industry. This is based on above-average performance in the areas of Environmental, Social and Governance.



### Infineon is listed in the Euronext Vigeo Eurozone 120 Index and in the Euronext Vigeo Europe 120 Index

Infineon is ranked in the Euronext Vigeo Eurozone 120 Index, which lists the 120 best companies in the eurozone in the area of CSR. As one of the most successful companies in Europe, Infineon is listed in the Euronext Vigeo Europe 120 Index. This index includes the 120 companies with the most successful performance in the area of Environmental, Social and Governance criteria throughout Europe.

### Infineon is again awarded Prime Status in the ISS<sup>3</sup> ESG Corporate Rating

Prime Status is awarded to companies with an ESG performance above the sector-specific threshold, which means that they fulfill ambitious absolute performance requirements.

### Infineon again included in FTSE4Good<sup>4</sup> Index Series

The FTSE4Good Index Series evaluates the performance of companies based on internationally recognized standards relating to ecological, social and economic criteria.

## August 2020

### Infineon receives two awards from DENSO

Infineon is the first recipient of the Special Contribution Award. DENSO established this prize to recognize vendors showing excellent commitment to provide top-quality products that advance automotive innovation and meet the demands of the future of mobility while continuously providing premium service that transcends cultural differences. Furthermore, the Infineon Americas team received the North America Business Partner of the Year Award, which is presented to a vendor delivering exceptional quality, performance, design support and partnership activities in the region.

The results of the Dow Jones Sustainability™ World Index will be published in the 2021 fiscal year.

1 ESI: Ethibel Sustainability Index.

2 CSR: Corporate Social Responsibility.

3 ISS: Institutional Shareholder Services Inc.

4 FTSE: Financial Times Stock Exchange.



# Sustainability strategy

GRI 102-40, 102-42, 102-43, 102-44

We understand Corporate Social Responsibility (CSR) as our voluntary responsibility towards society, both international and local. Our commitment is based on compliance with current legal requirements, the Ten Principles of the United Nations (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 (including climate protection), CSR Supply Chain Management, Corporate Citizenship, and Human Resources (HR) Management and Human Rights. [CHART 01](#)

**CHART 01** Infineon CSR Concept



# About this report

GRI 102-42, 102-43, 102-44, 102-46, 102-48

This report documents Infineon's environmental and social performance during the 2020 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.

Information on Infineon's financial status and performance in the 2020 fiscal year has been published in the Annual Report 2020. [www.infineon.com/annualreport](http://www.infineon.com/annualreport)

In the 2020 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. [p. 45 ff. of the Annual Report 2020](#)

The reporting period covers the 2020 fiscal year, from 1 October 2019 until 30 September 2020. We publish this report annually. The previous report was published in November 2019 as a supplement to the Annual Report 2019. Unless otherwise specified, the statements and key figures in this report refer to the 2020 fiscal year. In order to help readers identify and interpret the trends relating to quantitative disclosures, the present report includes data from at least the 2019 and 2020 fiscal years.

## The acquisition of Cypress

Since the acquisition of Cypress, headquartered in San José (USA), in April 2020 the company is becoming a part of Infineon. In this report the non-financial data of Cypress have in fact not yet been consolidated. The aim is to fully complete the necessary harmonization and definition of processes in the course of consolidation in the 2021 fiscal year, so that the non-financial data from Cypress will be integrated in the sustainability report 2021. Content that already includes information of Cypress is explicitly declared in this report. In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

## Reporting

This report has been prepared in accordance with the GRI<sup>1</sup> Standards: Core option. These reporting criteria are complemented by corporate rules.

The information contained in this report also serves as our Communication on Progress for the United Nations Global Compact initiative (see chapter "UN Global Compact Communication on Progress", [p. 48 f.](#)).

In the "Sustainable Development Goals" chapter, Infineon also reports for the fourth time on the processes and steps implemented to support the Sustainable Development Goals of the United Nations. [p. 50 ff.](#)

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 (Revised)", the pertinent standard for assuring sustainability information.

The Infineon website contains explanatory notes on the main data and other information pertaining to this report. Two limited assurance reports by the independent auditor KPMG AG Wirtschaftsprüfungsgesellschaft are published at the end of this report. [p. 63 ff.](#) [www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting)

## 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 set out in the Stakeholder Engagement Manual drawn up by the organization AccountAbility: responsibility, influence, proximity, dependency and representation. Secondly, consideration was given to general as well as sector-specific and company-specific sustainability standards appropriate for determining

<sup>1</sup> GRI: Global Reporting Initiative.

GRI 102-42, 102-43, 102-44, 102-46, 102-47

the material topics for assessing Infineon's sustainability performance. Thirdly, relevant topics were preselected based on our corporate strategy and on stakeholder expectations. Finally, 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 in the course of these four steps. The results of this analysis and the material topics were then confirmed by the Infineon Management Board. This report describes these topics.

**CHART 02** Material topics and impact along the value chain

Material topics	Reporting boundary <sup>1</sup>	Supply chain (Production materials, products, services)	Infineon (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

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

In accordance with the GRI Standards framework on sustainability reporting,

**CHART 02** shows how Infineon evaluates impact along the value chain.

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 ensuring 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, not only the Risk and Opportunity Management System and the Internal Control System with Respect to Financial Reporting Processes, but also the associated planning, management and internal reporting processes and our Compliance Management System. Further information is available in the "Group strategy" chapter as well as under "Risk and opportunity report" in the "Report on outlook, risk and opportunity" chapter of the Annual Report 2020. [p. 33 ff. and p. 110 ff. of the Annual Report 2020](#)

Progress during the 2020 fiscal year, the achievement of our targets and the associated key performance indicators are described in this report as well as in the "Group strategy" chapter and under "Business model" in the "Business model and finance" chapter of the Annual Report 2020. [TARGETS p. 42 ff.](#) [p. 33 ff. and p. 46 f. of the Annual Report 2020](#)

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

The steady progress of digitalization and networking is one of the most vital technological trends of our time, with the potential to change radically how companies and consumers interact with one another and with the surrounding infrastructure. The IoT connects the physical and virtual worlds 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.

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This opens the door to a new dimension of connectivity and intelligence with far-reaching consequences for our society and our economy. As a world-leading provider of semiconductor solutions, Infineon supplies manufacturers in all market segments with key components for IoT applications. The International Data Corporation (IDC) estimates that the number of IoT devices and systems will have risen to 55.9 billion by the 2025 calendar year. By then, the data volume generated annually is expected to reach 79.4 zettabytes (1 zettabyte = 1,000<sup>7</sup> bytes). Although global expenditure on the IoT has been severely affected by the coronavirus pandemic, the IDC expects it to increase again over the coming years.

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 about this key topic can be found in the “Contribution through sustainable products” chapter of this report as well as in the “Group strategy” chapter and under “Strategic focus” in the “The segments” chapter of the Annual Report 2020. [□ p. 34 ff. in this report and p. 33 ff., p. 56 f., p. 61 f., p. 66 f. and p. 71 f. of the Annual Report 2020](#)

**Contribution through sustainable products:** Microelectronics made by Infineon is the key to attaining better living standards. Our inventiveness 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. A large proportion of our annual expenditure on research and development is devoted to energy efficiency and climate protection.

According to the United Nations Organization, the Earth will have approximately 10.9 billion inhabitants by the 2100 calendar year, most of them living in cities. One consequence of this population growth will be a global rise in demand 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. There are currently several hundred million industrial motors and billions of household appliances around the world, so the potential for energy savings is enormous.

In accordance with our environmental policy, possible environmental impacts are investigated at the earliest possible stage and are taken into account in the development of our 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.

Additional information is provided in the “Contribution through sustainable products”, “Our responsibility along the supply chain” and “Sustainable Development Goals” chapters. [□ p. 34 ff., p. 37 f. and p. 50 ff.](#)

We want to make driving a car safer for everybody. Our systems are designed to support drivers and significantly reduce the number of accidents. Infineon radar chips send and receive high-frequency signals and pass them on to the radar electronic control unit (ECU). The radar ECU then determines the distance between the car and other vehicles and their speed in order to warn the driver in good time and to initiate a braking maneuver in case of an emergency. Another system detects signs of driver fatigue (microsleep) or distraction. Infineon is also working in the area of eCall (Emergency Call), an emergency call system integrated into 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 to reach 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.

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Additional information on this material topic can be found under “The Infineon carbon footprint” in the “Contribution through sustainable products” chapter in this report as well as under “Strategic focus” in the “The segments” chapter in the Annual Report 2020. [p. 35 in this report and p. 56 f., p. 61 f., p. 66 f. and p. 71 f. of the Annual Report 2020](#)

**Responsible manufacturing:** Respect for human rights and the promotion of diversity and equal opportunity is essential for Infineon. As a signatory of the 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 “Business ethics”, “Human rights” and “UN Global Compact Communication on Progress” chapters. [p. 14 f., p. 16 and p. 48 f.](#)

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 Procurement. The chapter “Our responsibility along the supply chain” contains further information on this topic. [p. 37 f.](#)

The availability of natural resources is one of the greatest global challenges. Efficient resource management is therefore a central component of IMPRES. In the past, energy prices have been subject to fluctuations that were partly related to legal regulations. The economic benefit is another motivation for reducing our specific consumption by 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 ensure that we handle hazardous materials in a highly responsible way.

We are subject to many laws and regulations which apply to areas such as environmental and climate protection, as well as 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.

Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year with respect to Scope 1 and Scope 2 emissions. Even before the end of the 2025 fiscal year, Infineon aims to have achieved 70 percent of this target (compared with the 2019<sup>1</sup> calendar year). The Group presented its plans at the Annual General Meeting in the 2020 fiscal year in Munich (Germany). Infineon wants to make an active contribution to global CO<sub>2</sub> reduction and to the implementation of the targets set out in the Paris Climate Agreement.

Additional information on these topics can be found in the “Protection of our employees”, “Environmental sustainability and climate protection”, “Contribution through sustainable products” and “Sustainable Development Goals” chapters. [p. 24 f., p. 26 ff., p. 34 ff. and p. 50 ff.](#)

**Diversity and equal opportunity:** Our Diversity & Inclusion (D&I) Framework is designed to create a corporate culture that values the individuality of each employee and promotes equal opportunities. International customer relationships demand great intercultural 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 our Diversity & Inclusion (D&I) Framework. Changes within the organization that support the successful career development of female managers are prerequisites for meeting our targets.

Promoting a healthy 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, we want to create an environment which provides both personal and professional opportunities for our employees. When we make human resources decisions, such as selecting, hiring and promoting personnel, or organizing job changes, remuneration or staff training, we are guided by the principle of equal opportunities, relevant qualifications and performance.

<sup>1</sup> In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.



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Gender and ethnic differences have no impact on our human resources decisions. Additional information on this material topic can be found in the “Business ethics”, “Human rights” chapters and under the “Encouraging diversity” in the “Human resources management” chapter as well as in the “Sustainable Development Goals” chapter. [p. 14 f.](#), [p. 16](#), [p. 19 f.](#) and [p. 50 ff.](#)

**Corporate citizenship:** At our sites, we support local communities in line with our sustainable business strategy. 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 under “R&D sites” in the chapter “Research and development” as well as under “Manufacturing sites” in the chapter “Manufacturing” in the Annual Report 2020. [p. 83](#) and [p. 88 of the Annual Report 2020](#)

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 through our social commitment as part of our corporate citizenship activities.

Examples of Infineon’s engagement are set out in the “Corporate citizenship” and “Sustainable Development Goals” chapters. [p. 39 ff.](#) and [p. 50 ff.](#)

**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. Each year, as part of the Compliance Management System, a formal assessment of our risks is made, especially with regard to corruption and antitrust law. The necessary measures derived from the assessment are summarized in the compliance program.

Employees and business partners can report any possible breaches to the usual internal bodies (Management, Human resources and Compliance) or contact a hotline which also accepts anonymous reports.

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. Infineon reports on the measures implemented in the context of the UN Global Compact’s Principles in the “UN Global Compact Communication on Progress” chapter. [p. 48 f.](#)

Additional information on this material topic is given in the “Business ethics”, “Human rights” and “Sustainable Development Goals” chapters in this report, as well as under “Corporate Governance Report” in the “Corporate Governance” chapter in the Annual Report 2020. [p. 14 f.](#), [p. 16](#) and [p. 50 ff. in this report](#) and [p. 130 of the Annual Report 2020](#)

**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”.

In our Business Conduct Guidelines, we commit to upholding international human rights and labor standards, including protecting personal dignity and the privacy of every individual. Additional information is given in the “Business ethics”, “Human rights” and “UN Global Compact Communication on Progress” chapters. [p. 14 f.](#), [p. 16](#) and [p. 48 f.](#)

Our Occupational Safety and Health Management System has been certified in accordance with the OHSAS<sup>1</sup> 18001 standard at all 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. We will continue to adopt this preventive approach by implementing ISO<sup>2</sup> 45001.

Additional information on this material topic is given in the “Human resources management”, “Protection of our employees” and “Sustainable Development Goals” chapters. [p. 17 ff.](#), [p. 24 f.](#) and [p. 50 ff.](#)

1 OHSAS: Occupational Health and Safety Assessment Series.

2 ISO: International Organization for Standardization.



# Business ethics

**The online Business Conduct Guidelines training has been redesigned and over 29,000 employees completed this training in the fourth quarter of the 2020 fiscal year.**

## TARGETS

p. 42 ff.

### Material topics

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



Infineon is committed to comply not only with what is legally permissible, but also with what is ethically right. Infineon requires that its employees and business partners respect and observe all applicable laws, rules and regulations. Essential principles of ethical behavior are defined in the Infineon Business Conduct Guidelines and the CSR policy. These principles go in part beyond legal requirements. In order to implement these principles, Infineon has introduced a Compliance Management System for all Group companies.

The Compliance Management System includes an annual formalized risk assessment, dealing in particular with corruption and antitrust law. This evaluation then serves as the basis for the definition of the necessary measures that 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, processes and tools, as well as the revision 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. Following the successful Group-wide certification of the Compliance Management System in accordance with IDW<sup>1</sup> Standard PS 980 in the 2019 fiscal year, reviews of the Compliance Management System are conducted by Internal Audit. These reviews form a significant part of the audit planning.

Employees and business partners took advantage of the opportunities available, both internal (Management, Human resources, Compliance) and external (anonymous whistleblower hotline), to report actual or suspected violations during the 2020 fiscal year. The number of reports made and the number of subsequent investigations conducted fell in the 2020 fiscal year. We put this down mainly to measures such as working from home, short-time work and the reduction in business travel. Fewer employees were therefore present on site in the 2020 fiscal year and both employees and business partners were engaged in less personal interaction. [CHART 03](#)

The Business Conduct Guidelines<sup>2</sup> 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 the company's employees are trained on the content on a regular

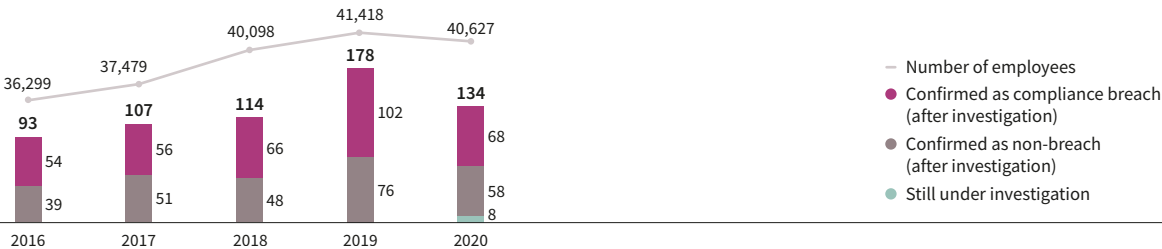
<sup>1</sup> IDW: The Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) publishes Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems.

<sup>2</sup> The Business Conduct Guidelines have been published in 17 languages.

basis in web-based sessions or face-to-face. The web-based online training was completely redesigned. In the 2020 fiscal year, all employees who had not completed the training in the past three years were enrolled in a relevant Business Conduct Guidelines training. At the end of the training, all employees confirm their awareness of and compliance with the Business Conduct Guidelines.

Business partners are contractually obliged to comply with the legal regulations. Suppliers acknowledge the Infineon Principles of Procurement when signing the contract. When necessary, we ensure our business partners are familiar with our rules for the prevention of corruption.

CHART 03 Reports of possible compliance breaches





# Human rights

**Compliance with human rights and the promotion of fair working conditions form the basis of our corporate culture.**

## TARGETS

p. 42 ff.

### Material topics

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



## Standards and principles

Compliance with internationally proclaimed human rights and labor standards is a matter of course for us. We support and respect international standards and principles, such as the International Bill of Human Rights and its Universal Declaration of Human Rights, the fundamental principles of the International Labour Organization (ILO), the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. We do not tolerate human rights abuses in any form, nor any form of forced labor, slavery, involuntary prison labor or 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. All work is performed without coercion of any kind and can be terminated by each employee by means of appropriate resignation. 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.

## Guidelines and publications

Our Business Conduct Guidelines reflect our ethical principles and are the main foundation for our everyday conduct. The Guidelines specify our requirements with regard to labor, ethics and integrity, child labor, the prohibition of forced labor, working hours and non-discrimination (see chapter “UN Global Compact Communication

on Progress”, [p. 48 f.](#)). All our employees around the world receive regular training on the Business Conduct Guidelines. In addition, we have implemented external hotlines which our employees, suppliers, customers and business partners can contact, openly or anonymously. All cases reported are investigated by our compliance experts (see chapter “Business ethics”, [p. 14 f.](#)). The Compliance Management System ensures that significant violations of human rights and of applicable labor standards are reported to the Management Board.

The Infineon CSR policy describes our focus areas in this field and our voluntary commitment to implement the measures required. The CSR policy is taken into consideration in our everyday business and applies to all our business relationships with our stakeholders.

The Infineon Technologies Slavery and Human Trafficking Statement, which was published in the context of the California Transparency in Supply Chains Act of 2010 and the United Kingdom Modern Slavery Act of 2015, underlines our complete rejection of any form of human trafficking or slavery.

Infineon requires its suppliers to comply with all applicable laws, including those dealing with human rights, as well as with fair business practices (see chapter “Our responsibility along the supply chain”, [p. 37 f.](#)). Under “Corporate Governance Report” in the “Corporate Governance” chapter in the Annual Report 2020 contains additional detailed explanations. [p. 130 of the Annual Report 2020](#)



# Human resources management

In the 2020 fiscal year, Infineon invested €7.7 million in employee training and development.

## TARGETS

p. 42 ff.

### Material topics

- › Diversity and equal opportunity
- › Labor relations



Our engagement in human resources (HR) is an essential factor in our efforts to achieve sustainability. Our conviction that only contented and successful employees will ensure high performance in the long run characterizes all our employee development measures as well as our measures for attracting new employees. We use regular employee surveys to monitor our progress with regard to employee satisfaction.

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 2020.

p. 43 f. of the Annual Report 2020

The HR concepts based on this strategy are described below.

### 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 to set its priorities. [CHART 04](#)

[CHART 04](#) High Performance Behavior Model





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

Good leadership is essential to Infineon's success. In the 2019 fiscal year, we defined what "excellent leadership" means at Infineon and the conduct expected of managers as a result. The Leadership Principles contain eight expectations on conduct and the corresponding operationalization. The Leadership Principles supplement the "High Performance Behavior Model" and provide guidance on management issues. [CHART 05](#)

**CHART 05** Infineon Leadership Principles



We support our managers in the successful implementation of the Principles and in their management tasks 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 with 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, development opportunities are available to employees, depending on their individual knowledge and talents, in a variety of careers, based on Infineon's needs. Four career paths have been established: Professional careers as Individual Contributor, Technical Ladder for technical experts, Project Management Career and Management Career path.

New training programs specific to the target groups were developed in the 2020 fiscal year for all four career paths. These promote the development of relevant leadership skills.

As an international company, we want to offer our staff professional development opportunities which go beyond organizational and national boundaries. The summits, at which managers discuss talent development with the HR team, are an important instrument in this endeavor.

### Health management

The commitment, performance and, fundamentally, the health of our employees make vital contributions to our success. The task of our health management is to work towards maintaining and improving the health of our employees. Our global management system IMPRES ensures the high quality of the services and measures we offer. In the course of the coronavirus pandemic, we were also able to devise measures to provide an appropriate response to specific situations on site.

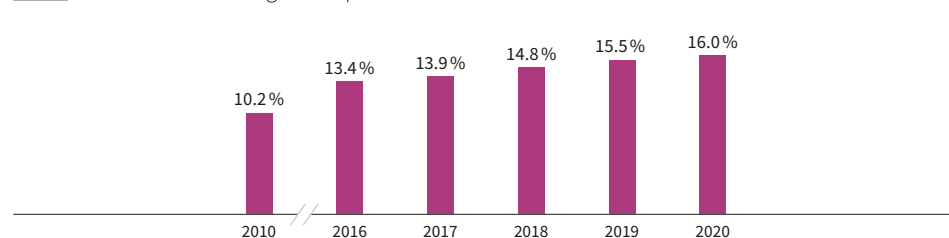
Health management works closely together with occupational health and the social counseling services at the respective sites and helps provide a healthy range of foods and an effective health program. One example in Germany is provided by training measures in the area of “Healthy Leadership”.

### Encouraging diversity

The diversity of our employees is particularly important to us. We live in a culture that appreciates the individuality of each and every person. Therefore, we are committed to providing a working environment in which everyone can make their contribution, free of prejudice and able to benefit from equal opportunities – irrespective of age, ethnic origin or nationality, gender, physical or mental ability, religion or ideology, or sexual orientation and identity.

Our global Diversity & Inclusion Framework is the basis for our activities, enabling our Diversity & Inclusion managers and local HR managers to support the needs of our employees effectively on the ground. Valuing the individual skills and qualities of all our employees and enhancing them through training is very much part of our corporate culture. The global starting points of our Diversity & Inclusion Framework are: Diversity & Inclusion awareness and competence, age diversity, gender diversity, cultural diversity and achieving a work-life balance.

CHART 06 Women in management positions



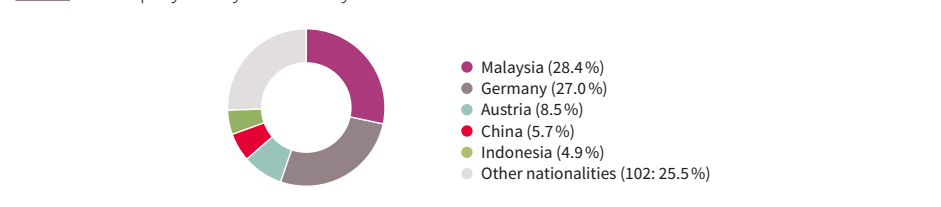
The promotion of women to management positions is one of the key focus areas of our Diversity & Inclusion activities. We had set ourselves the ambitious goal of increasing the percentage of female managers to 15 percent by the end of the 2020 fiscal year. We achieved this target, with 16 percent of female managers in middle and senior management positions by the end of the 2020 fiscal year. At the end of the 2019 fiscal year, the figure was 15.5 percent. [CHART 06](#) We continue to adhere to our long-term goal of increasing the percentage of women in management positions to 20 percent.

In compliance with the German Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, Infineon Technologies AG and Infineon Technologies Dresden Verwaltungs GmbH set themselves targets for the percentage of women in the first two leadership levels below the Management Board/Board of Directors. 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 Statement on Corporate Governance on the Infineon website.

[www.infineon.com/declaration-on-corporate-governance](http://www.infineon.com/declaration-on-corporate-governance)

Infineon employs 40,627 people of different nationalities. The five most prevalent nationalities represent a total of 74.5 percent of the workforce, with Malaysian nationals accounting for 28.4 percent and German nationals for 27.0 percent. [CHART 07](#)

CHART 07 Employees by nationality



## Employees by management classes and age structure

	Employees total	Under 30 years <sup>1</sup>	30 to 50 years <sup>1</sup>	Over 50 years <sup>1</sup>
Middle and senior level management <sup>2,3</sup>	7,249	0.1	58.6	41.3
Entry level management <sup>2</sup>	8,208	3.3	81.0	15.7
Non-management staff	25,170	30.5	55.8	13.7
<b>Total</b>	<b>40,627</b>	<b>19.6</b>	<b>61.4</b>	<b>19.0</b>

<sup>1</sup> Figures expressed in percent based on the workforce as of 30 September 2020, in the respective comparison group.

<sup>2</sup> 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.

<sup>3</sup> Including the Management Board.

Gender distribution and age structure: Out of 14,769 female employees, 25.7 percent are under 30 years old, 60.6 percent are in the middle age group and 13.7 percent are over 50 years old. Out of 25,858 male employees, 16.0 percent are under 30, 61.9 percent are in the middle age group and 22.1 percent are over 50.

## Employees by management classes and gender

	Employees total	Female <sup>1</sup>	Male <sup>1</sup>
Middle and senior level management <sup>2,3</sup>	7,249	16.0	84.0
Entry level management <sup>2</sup>	8,208	28.5	71.5
Non-management staff	25,170	44.8	55.2
<b>Total</b>	<b>40,627</b>	<b>36.4</b>	<b>63.6</b>

<sup>1</sup> Figures expressed in percent based on the workforce as of 30 September 2020, in the respective comparison group.

<sup>2</sup> 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.

<sup>3</sup> Including the Management Board.

## Qualifications and training

We see ourselves as enablers paving the way for outstanding performance. The continuing education of our staff is therefore important to us. We support our staff in developing their individual skills as much as possible and in applying those skills to the success of Infineon.

In the 2020 fiscal year, our staff participated in a total of 389,464 hours of training. 31.7 percent of training hours were provided to female employees and 68.3 percent to male employees. Production training hours accounted for most of the hours utilized, at 60.9 percent.

Training hours<sup>1</sup> per employee and functional area

	Per employee
Production	8.35
R&D	12.36
Sales and Marketing	13.82
General Administration	9.80
<b>Total</b>	<b>9.54</b>

<sup>1</sup> Calculated on the basis of the monthly workforce in the 2020 fiscal year.

Training hours<sup>1</sup> by management classes and gender

	Per employee	Female	Male
Middle and senior level management <sup>2,3</sup>	12.02	14.54	11.55
Entry level management <sup>2</sup>	13.86	14.29	13.68
Non-management staff	7.48	6.52	8.25
<b>Total</b>	<b>9.54</b>	<b>8.33</b>	<b>10.24</b>

<sup>1</sup> Calculated on the basis of the monthly workforce in the 2020 fiscal year.

<sup>2</sup> 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.

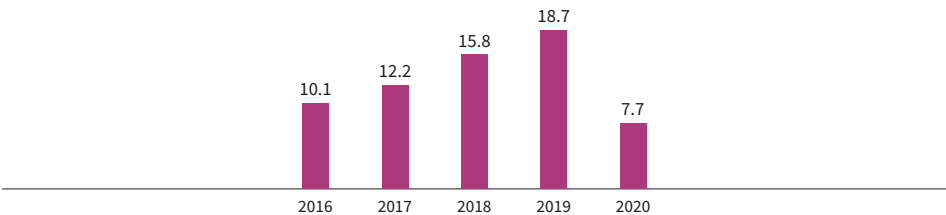
<sup>3</sup> Including the Management Board.

Our range of functional training is made available primarily via the global functional academies (operating in specific segments and fields). Together with other internal trainers, these academies work together to provide coordinated learning that builds professional expertise. For example, there are academies in the fields of procurement, finance, manufacturing, quality management and supply chain. With the introduction of the LinkedInLearning online training platform in the 2019 fiscal year, Infineon has begun tapping into another modern learning channel for its employees. In the 2020 fiscal year, 64 percent of the Infineon workforce with access to this system activated their LinkedInLearning license. In total, approximately 34,000 study hours were completed from a range of more than 15,000 teaching and learning videos.

As a result of the coronavirus pandemic and to protect its employees, Infineon decided that all classroom-based training until the end of the 2020 calendar year would be cancelled or postponed. Infineon is now offering even more virtual alternatives, such as virtual training and tutorials from the Infineon academies. Cancelling classroom-based training has led to a sharp reduction in training expenses for the 2020 fiscal year. [CHART 08](#)

CHART 08 Training expenses

€ in million



Fringe benefits

Fringe benefits are a longstanding tradition at Infineon and are offered in various forms. All benefits form an integral part of the overall remuneration system 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, 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 an additional benefit
Paid sick leave beyond the statutory minimum	Private car leasing from gross deferred compensation
Continued payment of wages to surviving dependants in the event of death	Long-service awards
Sabbaticals	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 and vacation care 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, 83 percent of sites already offer flexible working and teleworking.

## Compensation

Infineon wants to attract and retain 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 based on work-related criteria, such as job requirements and performance, and in line with local market requirements. Gender differences have no impact on our human resources decisions. 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 the 40,627 employees (previous year: 41,418) worked in Asia-Pacific, Greater China and Japan (18,517 employees). 45.9 percent of all employees were employed in Europe (18,664); the majority of these were employed in Germany (12,150).

Employees by region and gender

	2020			2019		
	Total	Female	Male	Total	Female	Male
Europe	18,664	4,850	13,814	18,622	4,813	13,809
Therein: Germany	12,150	3,260	8,890	12,087	3,257	8,830
Americas	3,446	1,385	2,061	3,863	1,563	2,300
Therein: USA	1,968	605	1,363	2,039	621	1,418
Asia-Pacific	16,322	7,514	8,808	16,674	7,616	9,058
Greater China	1,986	980	1,006	2,051	1,008	1,043
Japan	209	40	169	208	41	167
<b>Total</b>	<b>40,627</b>	<b>14,769</b>	<b>25,858</b>	<b>41,418</b>	<b>15,041</b>	<b>26,377</b>

In the workforce as a whole, as of 30 September 2020, 1,246 female employees and 1,351 male employees had fixed-term contracts and 13,523 female employees and 24,507 male employees had permanent contracts. A total of 2,057 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 tables on this page.

As of 30 September 2020, Infineon also employed a total of 435 apprentices and students on work-study programs and 150 interns, as well as 1,231 working students. 149 new apprentices and students on work-study programs were hired in the 2020 fiscal year.

Temporary employees are also excluded. As of 30 September 2020, 2,163 temporary employees were working for Infineon worldwide, of whom 949 were female and 1,214 male. Approximately 70.1 percent of the temporary employees worked in production, giving Infineon flexibility in its manufacturing in the context of fluctuations in capacity utilization.

Employees by contract type

		2020			2019		
		Total	Full-time	Part-time	Total	Full-time	Part-time
Employees on permanent contracts	Male	24,507	23,622	885	24,617	23,772	845
	Female	13,523	12,367	1,156	13,586	12,470	1,116
Employees on fixed-term contracts	Male	1,351	1,345	6	1,760	1,751	9
	Female	1,246	1,236	10	1,455	1,443	12
<b>Total</b>		<b>40,627</b>	<b>38,570</b>	<b>2,057</b>	<b>41,418</b>	<b>39,436</b>	<b>1,982</b>



## New hiring and fluctuation rates

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 2020 fiscal year, there were 2,160 new hires worldwide, of which 955 were female and 1,205 male [CHART 09](#). 1,180 employees were under the age of 30, 894 employees in the age group of 30 to 50 and 86 employees over the age of 50. [CHART 10](#)

Rates of new hires and terminations by region

	Total	Europe	Therein: Germany	Asia- Pacific	Greater China	Japan	Americas	Therein: USA
Newly hired employees	2,160	743	454	1,131	108	12	166	115
Rate of newly hired employees <sup>1</sup>	5.3	4.0	3.7	6.9	5.4	5.7	4.8	5.8
Staff departures	2,988	777	431	1,447	174	11	579	182
Rate of staff departures <sup>2</sup>	7.3	4.2	3.6	8.8	8.7	5.3	16.3	9.1

<sup>1</sup> Figures expressed in percent based on the workforce as of 30 September 2020, in the respective region.

<sup>2</sup> Figures in percent, calculated on the basis of the monthly workforce in the 2020 fiscal year.

Worldwide, there were 2,988 staff departures from Infineon in the 2020 fiscal year. Of these, the majority (1,447 employees) were in the Asia-Pacific region, where most new recruitment also occurred (1,131 employees).

[CHART 09](#) Female/male employees new entries



Of the departures, 1,200 were women and 1,788 men. 1,100 employees were in the under 30 age group, 1,393 in the middle age group (30 to 50 years) and 495 in the over 50 age group. The worldwide employee fluctuation rate during the 2020 fiscal year was 7.3 percent (previous year: 8.3 percent).

## Age structure and length of service

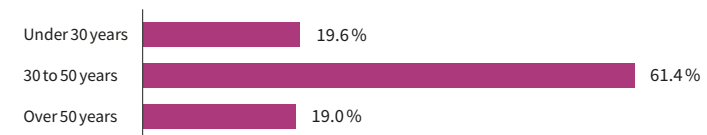
Demographic change also impacts the age structure at Infineon. In order to counteract the effects of demographic change at the individual sites, we take appropriate steps in the areas of work organization, qualification and knowledge transfer, talent management, health management as well as corporate and management culture, depending on local need. The average age among employees worldwide is 39.9 years; it was slightly higher in the 2020 fiscal year than in the previous year (39.2 years). The proportion of employees below 30 years of age is 19.6 percent (previous year: 21.9 percent). The proportion of employees in the middle age group has increased (2020 fiscal year: 61.4 percent, previous year: 60.6 percent). The proportion of employees over the age of 50 also increased (2020 fiscal year: 19.0 percent, previous year: 17.5 percent). [CHART 11](#)

The average length of service increased to 10.6 years (previous year: 9.9 years).

[CHART 10](#) Age structure (new entries)



[CHART 11](#) Age structure





# Protection of our employees

**In the 2020 fiscal year, we invested around 30,000 hours in training and continuing education for our fire protection and occupational safety and health experts worldwide.**

## TARGETS

p. 43 ff.

### Material topics

- › Responsible manufacturing
- › Labor relations

Ensuring a safe working environment is a very high priority at Infineon. Here we take a preventive approach. Our Occupational Safety and Health 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 the protective measures required are implemented to minimize risks. Risks are evaluated according to the Nohl<sup>1</sup> risk matrix and measures are subsequently adopted based on the STOP<sup>2</sup> hierarchy. This means that, where possible, substitution and technical measures take precedence over organizational or personal measures.

Back in the 2018 fiscal year, as another element in our preventive approach, we introduced the seven Golden Rules of Safety as part of our behavior-based safety program. This preventive safety concept is reviewed and developed on a regular basis. Reports are then presented 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 to assess how they could be improved. One example from everyday practice is the information brochure for our corporate headquarters Campeon (Germany), which includes tips and advice on topics such as the indoor climate and office acoustics.

In the area of fire prevention, we carried out regular safety training sessions and evacuation drills at all significant manufacturing sites as well as at corporate headquarters.

To protect the health of our employees and business partners during the coronavirus pandemic, Infineon ceased business travel as far as possible from the middle of March 2020. Within a very short time, more than half of the global workforce was able

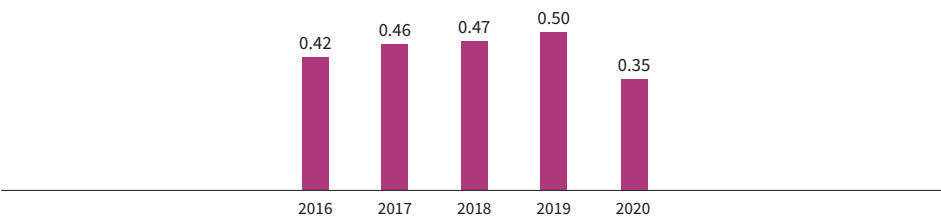
1 Nohl: A method used to evaluate and assess occupational safety risks devised by Jörg Nohl.

2 STOP: Substitution, Technical protective measures, Organizational protective measures, Personal protective measures.

to work from home. At all our manufacturing sites and office locations where the physical presence of the workforce was essential, Infineon took extensive precautionary and preventive measures in order to make an active contribution to containing the coronavirus.

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.

CHART 12 Injury Rate (IR)<sup>1</sup>

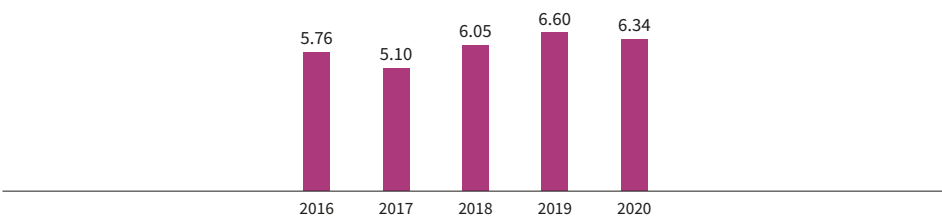


<sup>1</sup> The Injury Rate is calculated as follows: total number of injuries/total hours worked x 200,000. Holidays and public holidays are included in the working hours.

There were no fatal work-related accidents at Infineon in the 2020 fiscal year. Our Injury Rate of 0.35 in the 2020 fiscal year is presented in [CHART 12](#). The Lost Day Rate of 6.34 in the 2020 fiscal year is illustrated in [CHART 13](#).

The Injury Rate fell significantly compared with previous years. This was due partly to our behavior-based safety program and partly to the measures taken as a result of the coronavirus pandemic, such as working from home. The fact that the Lost Day Rate did not fall as sharply as the Injury Rate was due to a small number of accidents with a high number of lost days.

CHART 13 Lost Day Rate (LDR)<sup>1</sup>



<sup>1</sup> 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.



# Environmental sustainability and climate protection

**Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year. Even before the end of the 2025 fiscal year, Infineon aims to have achieved 70 percent<sup>1</sup> of this target.<sup>2</sup>**

## TARGETS

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### Material topic

› Responsible manufacturing



Our global management system IMPRES integrates targets and processes relating to environmental sustainability as well as occupational safety and health. IMPRES is worldwide certified in accordance with the environmental management system standard ISO 14001 and with OHSAS 18001. Additionally, it has been certified in accordance with the ISO 50001 energy management system standard at our largest European manufacturing sites as well as at our corporate headquarters. In the 2020 calendar year, Infineon is in the certification process for ISO 50001:2018 and ISO 45001:2018 standards. These standards supersede ISO 50001:2011 and OHSAS 18001. This will enable us to ensure that we achieve a seamless transition and the continuing development of our Management System for Environmental Protection, Energy, Occupational Safety and Health. Changes in legal requirements and potential improvements in performance are continuously evaluated as a part of our integrated management system. The key results of the evaluations are reported to management and the appropriate measures are decided on.

### Sustainable use of resources at our manufacturing sites

Climate change is a global challenge. The consequences of changing climate conditions threaten regional ecosystems and present major challenges to the humans who depend on them. Climate change can only be tackled if all the players in society act boldly and decisively together.

Countries, businesses and private individuals will increasingly need to consider social, ecological and economic aspects when making decisions. Comprehensive climate protection and sustainable action will be essential for success.

In this context, another vital task will be dealing with the limited availability of natural resources to preserve our planet for future generations. Increasing resource efficiency offers both ecological and economic potential and is therefore a key pillar in our sustainability strategy.

### Carbon-neutrality and energy efficiency

#### Our carbon-neutrality goal

Today, Infineon is already making a valuable contribution to climate protection through its products and solutions and its own efficiency measures. We plan to do even more. Infineon has set itself the goal of becoming carbon-neutral by the end of the 2030 fiscal year in terms of Scope 1 and Scope 2 emissions. We want to make an active contribution to global CO<sub>2</sub> reduction and to the implementation of the targets set out in the Paris Climate Agreement. By the end of the 2025 fiscal year, Infineon is aiming to reduce its own emissions by 70 percent compared with the 2019<sup>2</sup> calendar year.

<sup>1</sup> In terms of Scope 1 and Scope 2 emissions compared with the 2019 calendar year.

<sup>2</sup> In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

“Infineon is already one of the most sustainable semiconductor producers”, says Jochen Hanebeck, Chief Operations Officer at Infineon. “CO<sub>2</sub> avoidance and resource efficiency in production have been a priority for us for years, as in the setting up of our 300-millimeter thin-wafer technology. With our goal of becoming carbon-neutral, we are strengthening our efforts through electricity from renewable sources and investment in exhaust air abatement that far exceeds the industry standard.”

To achieve its targets, Infineon focuses in particular on avoiding direct emissions and increasing energy efficiency. The continuing expansion of its energy efficiency program and its efforts to achieve intelligent exhaust air abatement are playing a key role here and are contributing significantly to a reduction in greenhouse gas emissions. To reduce emissions even further, the company is planning to purchase green electricity. To a lesser extent, emissions are also offset by CO<sub>2</sub> certificates, which combine development aid and CO<sub>2</sub> avoidance.

#### 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 most 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.

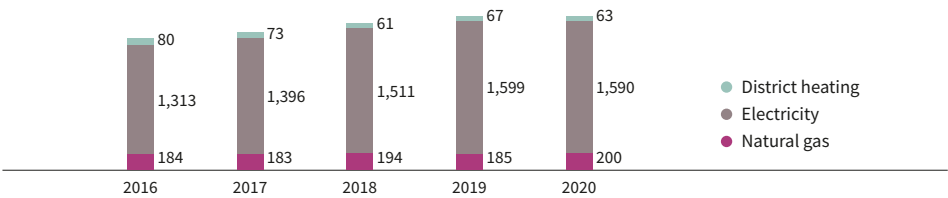
In the 2020 fiscal year, Infineon consumed around 1,875 gigawatt hours of energy worldwide.

Consumption by material energy source is shown in the following table and in [CHART 14](#).

Energy consumption (direct/indirect)  
in gigawatt hours

<b>Direct energy (Scope 1) renewable</b>	<b>0.73</b>
Firewood	0.73
<b>Direct energy (Scope 1) non-renewable</b>	<b>221.54</b>
Natural gas	199.94
Liquid gas	0.65
Petrol	0.02
Petrol (cars)	2.12
Diesel	0.32
Diesel (cars)	17.92
Fuel oil	0.57
<b>Indirect energy (Scope 2)</b>	<b>1,652.34</b>
Electricity	1,589.70
District heating	62.64
<b>Total</b>	<b>1,874.61</b>

[CHART 14](#) Energy consumption  
rounded, in gigawatt hours



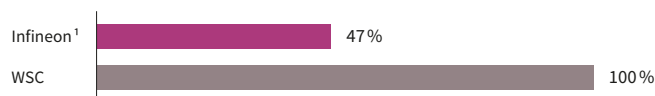


Infineon is endeavoring to minimize its energy consumption. For years, it has maintained special energy teams at its sites who are responsible for the optimization and continuous evaluation of our energy efficiency. At our main manufacturing sites, we have implemented the methodology of the energy management system standard ISO 50001 in accordance with local requirements. The ongoing transition to the latest 300-millimeter process technology and the promotion of Industry 4.0 are helping to increase efficiency.

The World Semiconductor Council (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 53 percent less electricity to manufacture one square centimeter wafer in the 2019 calendar year. [CHART 15](#)

In the 2020 fiscal year, energy consumption per unit of revenue was 0.24 kilowatt hours per euro. Figures from previous years are also shown in [CHART 16](#) as a comparison.

[CHART 15](#) Standardized electricity consumption  
per square centimeter manufactured wafer



<sup>1</sup> Frontend sites worldwide.

### Greenhouse gas emissions

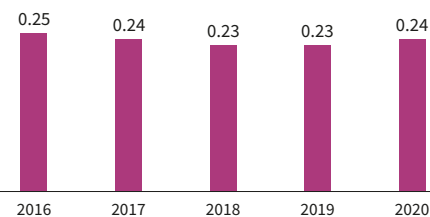
At an early stage, Infineon started developing strategies to reduce the amount of material used to the minimum technically necessary, thereby limiting CO<sub>2</sub> emissions.

Greenhouse gas emissions are classified into Scope 1, 2 and 3. The classification of direct and indirect emissions into Scope 1, 2 and 3 is performed as set out in the Greenhouse Gas Protocol (GHG Protocol). The calculation of CO<sub>2</sub> emissions is based on the ISO 14000 family of standards. These are set out in Publicly Available Specification (PAS) 2050 issued by the British Standards Institution to determine the ecobalance specific to products and in the Principles of the Greenhouse Gas Protocol to prepare an ecobalance (relevance, completeness, consistency, transparency and accuracy).

### 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 (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). These greenhouse gases cannot be replaced by another class of substances and account for around 82 percent of Scope 1 emissions.

[CHART 16](#) Energy consumption per unit of revenue  
in kilowatt hours per €

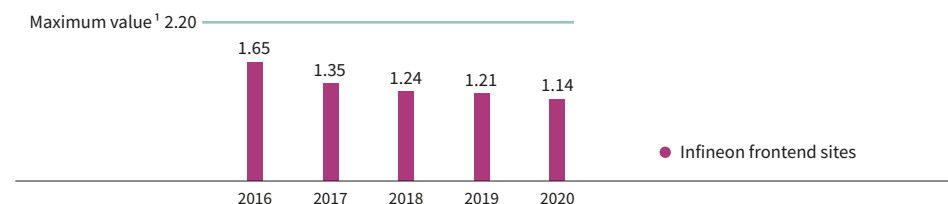


The increasing level of product complexity has led to rising demand for these gases. Where possible and appropriate, we counter this trend by continually optimizing our processes through more efficient production methods and through efficient exhaust air abatement schemes. The use of alternative gases with higher utilization rates and lower greenhouse gas potential helps minimize the increase in emissions wherever possible. Our voluntary investment in PFC exhaust air abatement enables us to avoid around three quarters of our potential direct Scope 1 emissions, which corresponds to avoiding around 608,997 tons of CO<sub>2</sub> per year. In other words, if we had not taken these voluntary measures to reduce our emissions, our Scope 1 emissions would have been four times higher (around 796,956 tons of CO<sub>2</sub> equivalents).

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 target of achieving an average normalized emission rate of 2.2 tons of CO<sub>2</sub> per square meter by 2020. This corresponds to a reduction of 30 percent compared to 2010. We had already achieved a lower emission rate than the WSC target for 2020 at an earlier date. With an average normalized emission rate of 1.14 in the 2020 fiscal year, we have once again, on a voluntary basis, significantly exceeded our target of continuing to achieve an emission rate which falls below the target of 2.2 set by the WSC. [CHART 17](#)

**CHART 17** Normalized Emission Rate

in tons of CO<sub>2</sub> per square meter



<sup>1</sup> Value not to be exceeded, derived from the WSC's target.

In addition to our PFC reporting, we calculate emissions for other relevant substances used at our main manufacturing sites on an annual basis. In the 2020 fiscal year, 3.65 tons of sulfur oxides (SO<sub>x</sub>), 87.18 tons of nitrogen oxides (NO<sub>x</sub>), 22.41 tons of carbon monoxide (CO), 352.23 tons of volatile organic compounds (VOC), and 6.46 tons of particulate matter were emitted.

The total Scope 1 emissions in the 2020 fiscal year are equivalent to 229,890 tons of CO<sub>2</sub> equivalents.

### Scope 2 emissions

The Scope 2 Guidance issued by the World Resources Institute<sup>1</sup> stipulates that companies must calculate and disclose two figures for their Scope 2 emissions: using market-based accounting to calculate a provider-specific emission factor and using location-based accounting derived from the regional or national grid average. Applying the provider-specific emission factors of the energy sources used (market-based accounting), our Scope 2 emissions totaled 634,858 tons of CO<sub>2</sub> equivalents<sup>2</sup> in the reporting period. This approach was selected in order to illustrate the implementation achieved so far in terms of regenerative energy supply. At our production sites in Dresden (Germany), Regensburg (Germany) and Villach (Austria), significant amounts of heat are already being generated from integrated energy recycling via the recovery of exhaust heat from the manufacturing process, and thus the demand for energy to produce heating power will be significantly reduced.

We have also performed and will continue to perform regular reviews at our sites to identify potential in our own electricity supply. At our frontend production site in Dresden (Germany), for example, we have been operating a highly efficient cogeneration unit for some years now. The potential for our own green electricity production on our sites is limited due to the topology of the buildings and other factors and is in the lower single-digit percentage range with regard to our total electricity consumption.

<sup>1</sup> GHG Protocol Scope 2 Guidance (2015).

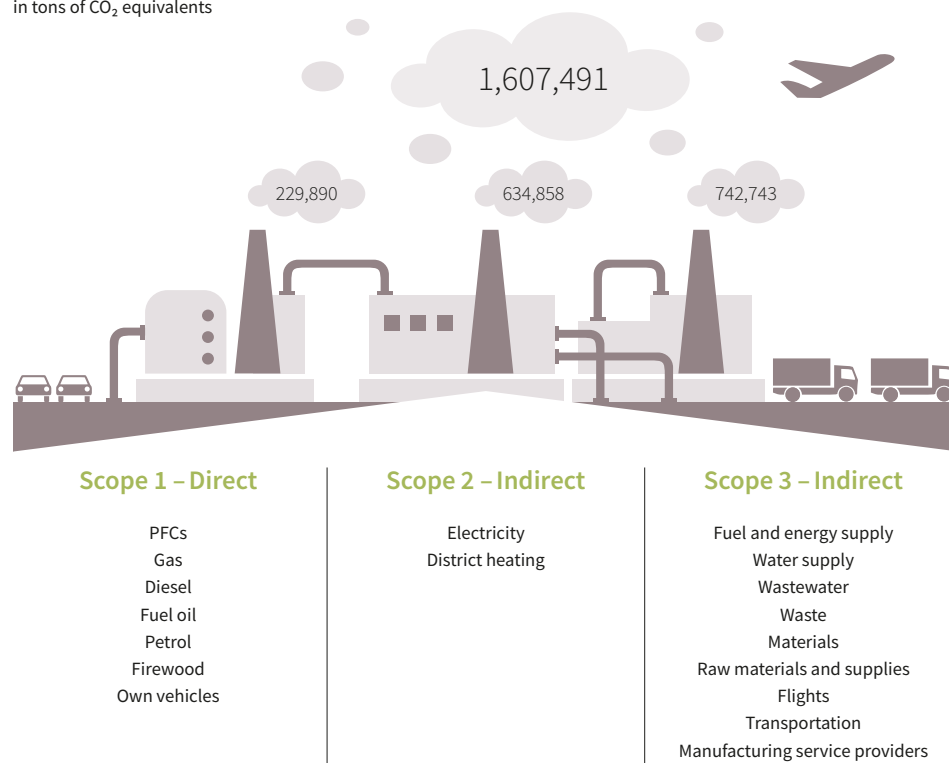
<sup>2</sup> Based on the regional or national grid average (location-based accounting), our Scope 2 emissions are 737,024 tons of CO<sub>2</sub> equivalents.

### 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) and manufacturing service providers. Scope 3 emissions totaled 742,743 tons of CO<sub>2</sub> equivalents.

The following emissions have been included in the calculation of the Infineon carbon footprint:<sup>1</sup>

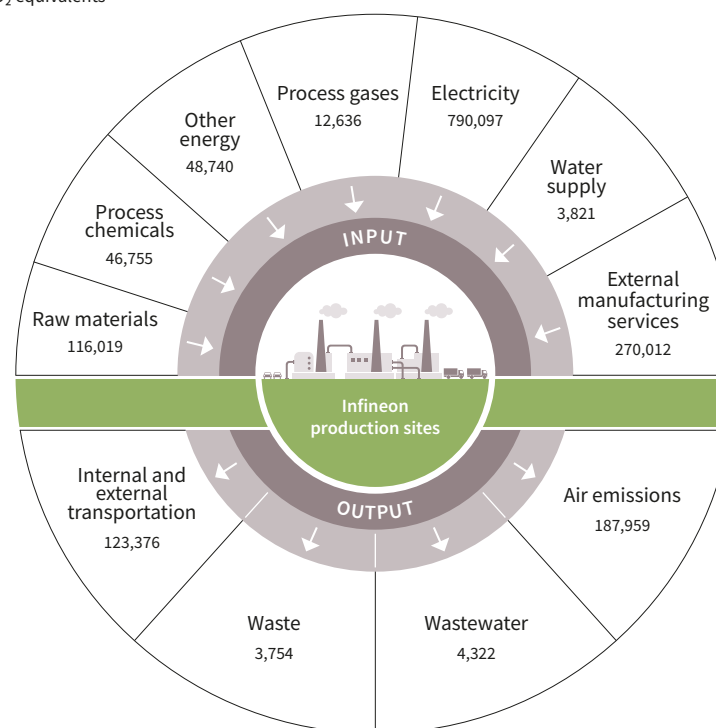
**CHART 18** Calculation of the CO<sub>2</sub> burden  
in tons of CO<sub>2</sub> equivalents



The Infineon environmental footprint in the 2020 fiscal year was around 1.61 million tons of CO<sub>2</sub> equivalents **CHART 18**. Compared to the last fiscal year, this increase can be mainly explained by the inclusion of manufacturing service providers for the first time.

**CHART 19** illustrates emissions by origin. The input streams show emissions generated in the course of supplying materials. The output streams show emissions that were generated directly (during production) and through internal and external transportation.

**CHART 19** Allocation input and output of emissions by origin  
in tons of CO<sub>2</sub> equivalents



Water management

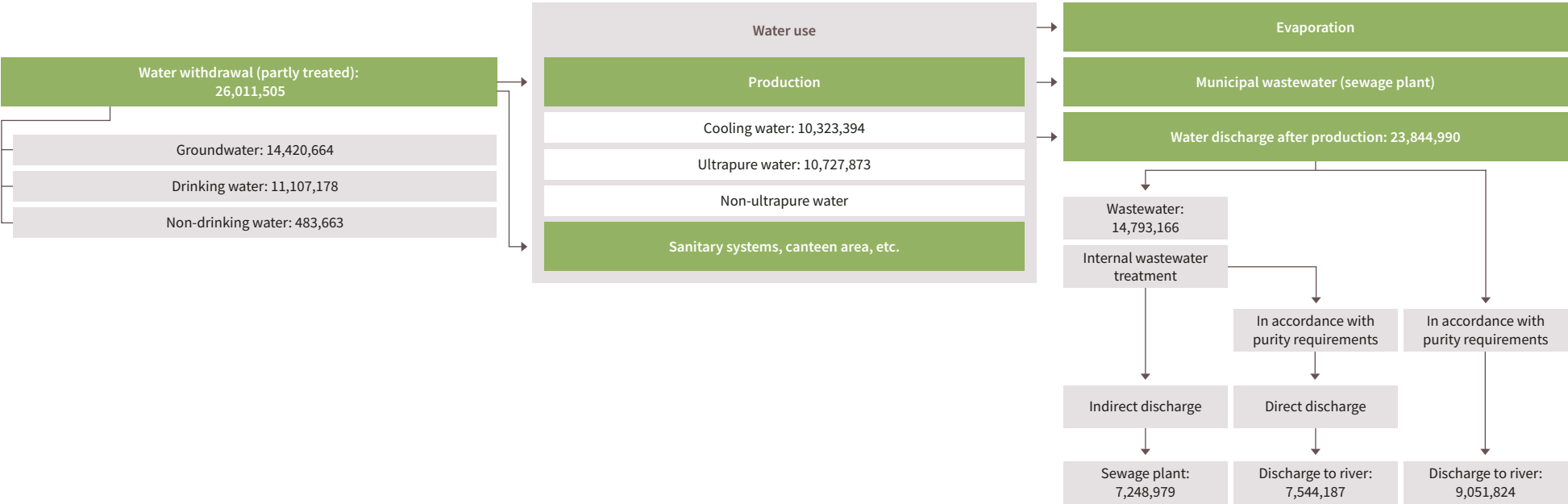
Infineon’s water balance for the 2020 fiscal year is shown in schematic form in [CHART 20](#).

Water is used at our manufacturing sites, for example, to cool equipment or to generate ultrapure water. A significant share of our water withdrawal, which is used as

cooling water, is returned in at least the same degree of purity. If the water we withdraw does not meet the applicable purity standards, it is subject to further treatment.

Part of the withdrawn water can be reused after its initial use. During the reporting period, 1,520,588 cubic meters (14.17 percent) of ultrapure water and 1,251,773 cubic meters (8.46 percent) of production wastewater were reused.

**CHART 20** Water balance  
in cubic meters



Infineon withdrew 26,011,505 cubic meters of water during the reporting year. 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 [CHART 21](#).

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 regulations. The percentage of water discharged is shown in [CHART 22](#).

The 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 31 percent less water to manufacture a square centimeter wafer in the 2019 calendar year than the global average of the WSC.

CHART 23

In this reporting year, we carried out an assessment of the potential risks of water stress, using the Aqueduct Water Risk Atlas (with reference to Aqueduct 3.0 data) released by the World Resources Institute. Areas with a high or extremely high risk of water stress can be identified. Our review revealed that only two of our sites are in such areas: Temecula (USA) and Tijuana (Mexico). The water withdrawal at these two sites comprises 0.98 percent of our total water withdrawal. Both sites only use water provided by local suppliers. To reduce the demand for fresh water, both sites implement effective water recycling measures using reverse osmosis systems. The water discharge after production (for instance, into municipal sewage plants) for these two sites is 0.46 percent of the total water discharge.

We used the same method of assessment to determine potential future scenarios, with the result that by the end of the 2030 fiscal year other sites might find themselves in areas with water scarcity. In this context, we plan to develop measures within the IMPRES framework in accordance with local circumstances, such as consuming water more efficiently by using it multiple times in the process cycle.

CHART 21 Water withdrawal  
rounded, in thousand cubic meters

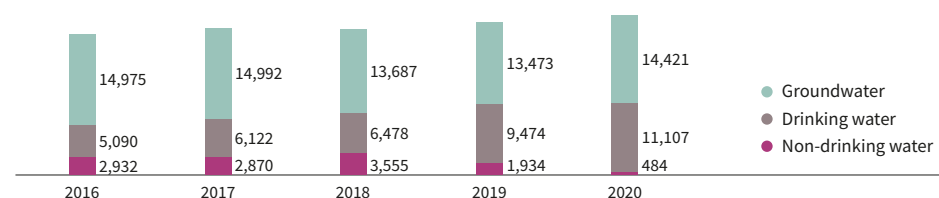


CHART 22 Water discharges

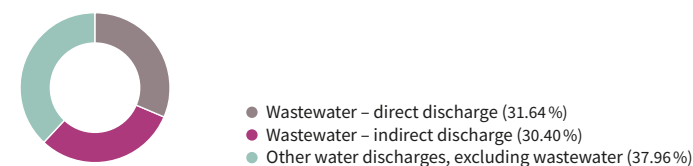


CHART 23 Standardized water consumption  
per square centimeter manufactured wafer



<sup>1</sup> Frontend sites worldwide.

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 risks and opportunities.

[www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting)

### Waste management

Our sustainable waste management is based on the classification and separation of waste and the use of safe disposal methods. In the 2020 fiscal year, the total amount of waste generated was 41,073 tons, with 19,930 tons classified as non-hazardous and 21,143 tons classified as hazardous [CHART 24](#). Besides statutory requirements, the greatest impact on the amounts of waste generated and the disposal methods used comes from fluctuating production.

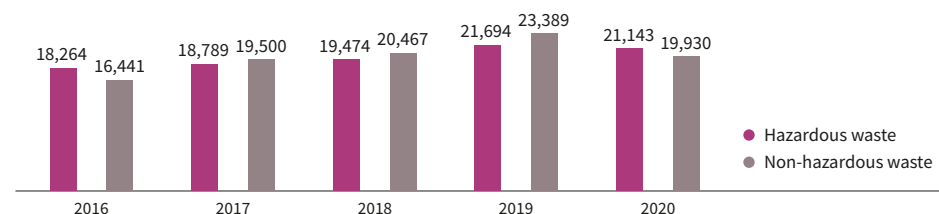
In the 2020 fiscal year, 65.45 percent of the non-hazardous waste and 53.86 percent of the hazardous waste was sent to recycling. The percentages of the various waste disposal methods are illustrated in [CHART 25](#).

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 2019 calendar year our worldwide frontend sites generated approximately 66 percent less waste per square centimeter manufactured wafer. [CHART 26](#)

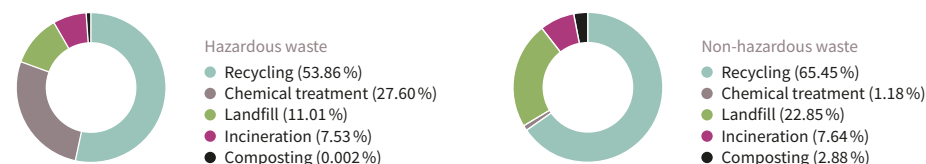
The main aspect of our sustainable waste management is naturally the avoidance of waste. Infineon requires solvents in its manufacturing. After use, these can, if technically and economically feasible, be purified to such an extent by distillation that they can be reused as solvents. On the one hand, this reduces the purchase of new goods and, on the other hand, it reduces the waste generated. In the 2020 fiscal year, 399.01 tons of the solvent propylene glycol monomethyl ether acetate (PGMEA) was recovered externally by distillation of waste containing PGMEA and reused in manufacturing.

**CHART 24** Waste generation

in tons

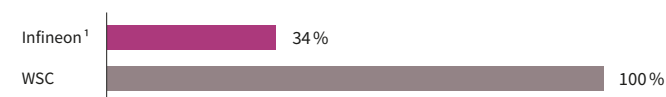


**CHART 25** Waste disposal methods for hazardous and non-hazardous waste



**CHART 26** Standardized waste generation

per square centimeter manufactured wafer



<sup>1</sup> Frontend sites worldwide.





# Contribution through sustainable products

**Ecologically positive carbon footprint: During their use-phase, Infineon products enable CO<sub>2</sub> emission savings of around 56 million tons of CO<sub>2</sub> equivalents.**

## TARGETS

p. 44 ff.

### Material topics

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



Infineon's climate strategy is based on two pillars. In addition to continuing to reduce its own emissions, Infineon makes an active contribution to climate protection through its innovative products and solutions.

Key to greater sustainability and to solving climate-related challenges are new technologies which achieve more using fewer resources and at the same time save emissions. "Making more out of less" is the approach Infineon is taking to help develop better solutions for existing problems and play an active role in shaping a worthwhile future.

"To be successful in the long run, business excellence has to go hand in hand with strong environmental and social performance. With its innovative solutions Infineon helps to make more out of less and thus actively contributes to address global challenges like climate change", says Dr. Sven Schneider, Chief Financial Officer of Infineon.

We conduct regular analyses of current trends as part of our definition of new products in order to identify sustainable business models. Further information can be found under "Strategic focus" in the "The segments" chapter in the Annual Report 2020. [p. 56 f.](#), [p. 61 f.](#), [p. 66 f.](#) and [p. 71 f. of the Annual Report 2020](#)

Semiconductors from Infineon help generate electricity from renewable energy sources. They also offer increased efficiency at all stages of the value chain in 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 lifetime and thus make an essential contribution to improving the environmental footprint.

In industrial applications such as drives or motor control units, for example, products from Infineon improve operational efficiency and thus reduce power loss. Infineon products are also used in technology fields such as LED<sup>1</sup> lamps or induction cookers. Our high-performance products also enable the production of energy from renewable sources using large wind power turbines and photovoltaic systems.

1 LED: Light-emitting diode.

### The Infineon carbon footprint

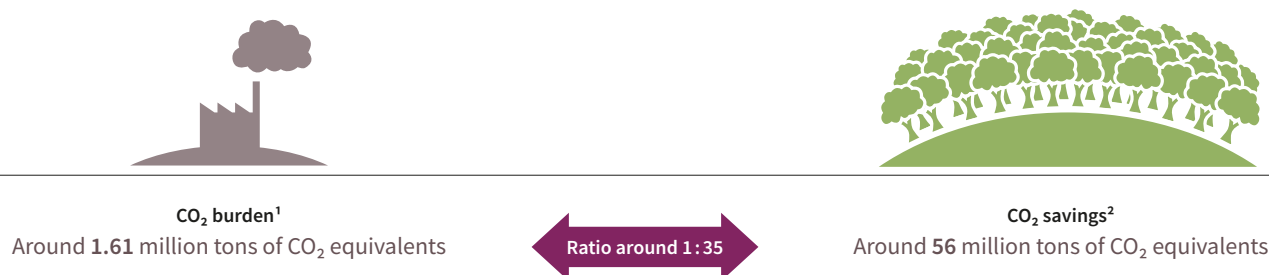
When calculating a carbon footprint, complex processes and a variety of influencing factors need to be considered. Therefore, carbon footprint calculations are subject to certain estimates. We have continued to optimize our approach in order to improve the accuracy of such estimates.

In calculating the Infineon carbon footprint, we have considered the entire manufacturing process in accordance with PAS 2050, including all the utilities (raw materials and supplies), as well as internal and external logistics including final distribution to customers. The results of the Infineon carbon footprint are reported to management on a regular basis.

In various areas of application (automotive electronics, industrial drives, servers, lighting, photovoltaics, wind energy, cell phone chargers and induction cookers), our products can achieve CO<sub>2</sub> savings during their lifetime of around 56 million tons of CO<sub>2</sub> equivalents. That corresponds to the average annual electricity consumption of more than 90 million inhabitants in Europe.

Thus, with its products and innovations in combination with efficient production, Infineon achieved an environmental net benefit of more than 54 million tons of CO<sub>2</sub> equivalents. [CHART 27](#)

[CHART 27](#) Infineon carbon footprint



**Net ecological benefit: CO<sub>2</sub> emissions reduction of more than 54 million tons**



<sup>1</sup> This figure takes into account manufacturing, transportation, own vehicles, flights, raw materials and consumables, chemicals, water/waste water, direct emissions, energy consumption, waste etc. at all production sites included in IMPRES and at the Campeon headquarters (Germany), as well as direct and indirect energy-related emissions by manufacturing service providers. It is based on data collected internally and publicly available conversion factors and relates to the 2020 fiscal year.

<sup>2</sup> This figure is based on internally established criteria, which are described in the explanatory notes. The figure relates to the 2019 calendar year and takes into account the following application areas: automotive, LED, induction cookers, servers, renewable energy (wind, photovoltaic) and cell phone chargers as well as drives. CO<sub>2</sub> savings are calculated based on the potential savings generated by technologies in which semiconductors are used. The CO<sub>2</sub> savings are allocated based on Infineon's market share, semiconductor share and the lifetime of the technologies concerned, based on internal and external experts' estimations. Despite the fact that carbon footprint calculations are subject to imprecision due to the complex issues involved, the results are nevertheless clear.

### Our product example: Silicon carbide MOSFETs by Infineon – CoolSiC™ for solar stations and charging stations

Installed photovoltaic power is growing at a rapid rate globally. Photovoltaic plants are currently supplying clean and cost-effective electricity with a total output of around 600 gigawatts - this could replace about 600 medium-sized coal-fired power plants. With the latest generation of innovative solar inverters based on silicon carbide (SiC), Infineon is supporting this growth trend. Our CoolSiC™ solutions reduce system costs for inverters and increase their efficiency. Production and provision costs for solar electricity fall further as a result.

The manufacturers of inverters benefit from the advantages of our semiconductor material, with products such as CoolSiC™ EasyPACK™ and the gate drivers in the EiceDRIVER™ family, to convert the direct current produced by the solar cells into grid-compatible alternating current – with over 99 percent efficiency. Infineon's customized EasyPACK™ 3B power modules supply the world's most powerful string inverter with up to 250 kilowatts of power.

Electro-mobility is also benefiting from our silicon carbide MOSFETs. Along with other customers, the Spanish-based technology company Ingeteam uses them to speed up the charging of electric vehicles. Eight Infineon modules are used per charging point. Depending on the charging capacity of each vehicle, it only needs to stop for ten minutes to achieve an 80 percent battery charge, which is comparable with filling up a car with a conventional combustion engine.

### 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.

Our products meet all 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 within the scope of these directives. However, our customers expect Infineon products to meet legal requirements in their applications. Infineon products comply 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 partnership (DA: Die Attach, five cooperation partners) 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

**All Infineon products are DRC<sup>1</sup> conflict-free.**

## TARGETS

p. 44 ff.

### Material topics

- › Contribution through sustainable products
- › Responsible manufacturing



A long-term partnership between Infineon and its suppliers is a core element of our corporate philosophy. As part 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 to evaluate suppliers. Compliance with our requirements in the areas of environmental protection, occupational safety and health as well as CSR is highly relevant when selecting new suppliers and evaluating existing suppliers, as well as for decisions regarding future supplier development.

Our Principles of Procurement are based on internationally recognized guidelines, such as the Principles of the UN Global Compact and the fundamental principles of the International Labour Organization as well as our Business Conduct Guidelines. The requirements described therein cover the topics shown in the Principles of Procurement diagram [CHART 28](#). By anchoring sustainability requirements and monitoring measures in the procurement process, we increase the effectiveness of our supplier management, reduce possible risks, create transparency along the supply chain and initiate improvement processes at suppliers.

Our main suppliers are also 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.

Our expanded supplier management portal offers our suppliers a central portal for registration and the automated update of relevant information such as compliance, sustainability, environmental protection, occupational safety, labor standards and social standards. Additionally, this portal allows suppliers to submit updated certifications. We encourage all suppliers to be certified in accordance with international standards.

**CHART 28** Principles of Procurement



1 DRC: Democratic Republic of the Congo.

More than 100 new suppliers and new subsidiaries of existing suppliers are categorized every quarter according to their products and services. Depending on this categorization, the supplier receives up to ten questionnaires on various topics in the supplier management portal. The responses received are evaluated by the relevant Infineon specialist departments. The supplier is only approved following a successful evaluation. When necessary, improvement measures are jointly agreed with the supplier. This procedure supports a fast and up-to-date assessment. The annual re-evaluation of selected suppliers serves to determine whether or not corrective measures need to be initiated. Each year, around 400 existing suppliers, representing approximately 75 percent of the procurement volume, are re-evaluated with regard to the topics mentioned.

#### **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 “conflict minerals” that originate from the Democratic Republic of the Congo or its adjoining countries. The term “DRC conflict minerals” applies to tantalum, tin, gold and tungsten, inasmuch as their extraction and/or trade directly or indirectly finances or benefits armed groups in the Democratic Republic of the Congo or adjoining countries. The use of the materials mentioned is essential for the functionality of our products.

Respect for human rights is a matter of course for Infineon. Avoiding conflict minerals in the supply chain means that we are contributing 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, we uphold our voluntary commitment to responsibility within the supply chain. At the same time, our comprehensive declaration on the use of conflict minerals supports those of our customers who are required to perform due diligence within their supply chains to fulfill their reporting duties in accordance with the requirements of the United States Securities and Exchange Commission (SEC).

Since Infineon does not source 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<sup>1</sup> 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 our requirements of our supply chain are set forth in the Infineon Conflict Minerals Policy and the Supplier Code for Responsible Sourcing of Conflict Minerals, which are published on our website. [www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting)

In the 2020 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 full 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 that our suppliers continue purchasing only raw materials from smelters that meet the Responsible Minerals Assurance Process requirements or those of an equivalent audit program.

#### **Voluntary cobalt assessment for Infineon products**

The Democratic Republic of the Congo has around 50 percent of global cobalt reserves and produces the largest quantity of cobalt in the world. Serious concerns have been raised in several reports about the social and environmental impact of cobalt extraction, including child labor and unsafe working conditions in cobalt mines. As a responsible company, Infineon has therefore, on a voluntary basis, expanded its activities relating to social and environmental responsibility in the supply chain by including cobalt in our due diligence program for the responsible procurement of minerals. In the course of our investigation, we identified all suppliers of material containing cobalt and requested them to report all cobalt smelters in their supply chain. To ensure transparency, we are making the result of our assessment available to our customers in the form of a Cobalt Declaration (Cobalt Reporting Template).

1 OECD: Organisation for Economic Co-operation and Development.





# Corporate citizenship

**Infineon is currently engaged in corporate citizenship activities in 17 countries.**

## TARGETS

p. 44 ff.

## Material topic

› Corporate citizenship

Infineon and its employees understand corporate citizenship as a 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 Corporate Citizenship and Sponsoring rule. This rule ensures that our corporate citizenship activities are performed transparently and in line with our ethical principles. We have also appointed a citizenship representative for this topic at all our major sites. The request and approval process in the area of corporate citizenship is also defined in the Corporate Citizenship and Sponsoring rule, which is binding worldwide. This rule describes the opportunities for involvement and specifies the role of central functions and of the Management Board as part of the request and approval process.

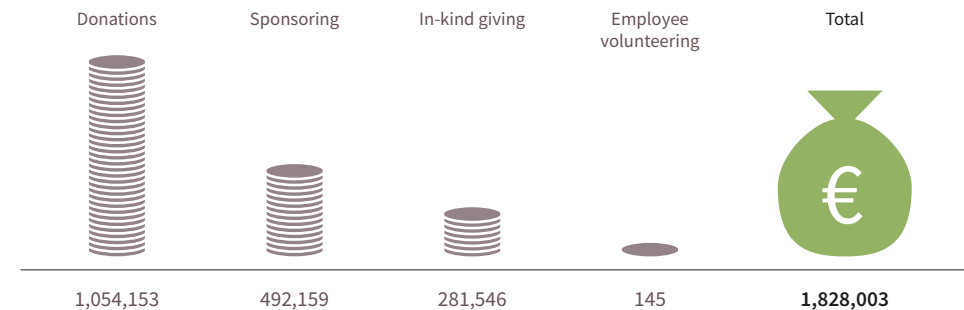
Infineon supported 197 activities worldwide in the 2020 fiscal year. 3 percent of the donations were local investments in the communities with which we interact, and 97 percent were donations to charitable purposes.

The Company also donated an amount of €84,000 to the Outpatient Children's Hospice Foundation Munich (Germany). This donation was made possible as a result of members of the Supervisory Board waiving their attendance fees.

Our corporate citizenship expenditure in the 2020 fiscal year is illustrated in [CHART 29](#).

**CHART 29** Corporate citizenship expenditure 2020

in €





## Examples of the corporate citizenship activities of Infineon 2020



### Environmental Sustainability

- › Support for cleaning the coastline in Nongsa Kampung Tua to protect the marine environment (Indonesia)



### Education for Future Generations

- › Support for Falling Walls Foundation GmbH to promote Young Entrepreneurs in Science (Germany)
- › Support for local schools via the donation of laptops to promote the learning environment (Romania)
- › Support for the International School Carinthia to promote education in an international environment (Austria)
- › Sponsorship of numerous university scholarships (People's Republic of China)



### Local Social Needs

- › Donation to the MagiCamp Association to treat children with cancer and support their families (Romania)
- › Donation to Molnár Mária Caring Home to support children with disabilities (Hungary)
- › Sponsorship of the Special Olympics 2020 Winter Games to support and promote people with disabilities (Austria)
- › Donation to the Boys & Girls Clubs of America to provide voluntary after-school activities for children and young people (USA)



### Responding to Natural and Humanitarian Disasters

- › Donation to various initiatives around the world to alleviate the effects of the coronavirus pandemic and to support people locally (Austria, Germany, Hungary, India, Italy, Malaysia, People's Republic of China, Singapore and USA)
- › Support for the victims of the earthquake in Mindanao (Philippines)

### Memberships and partnerships

Infineon is involved in numerous industry associations and standardization organizations including for example:

#### Industry associations

- › 5G Automotive Association (5GAA)
- › Advanced Research & Technology for EMbedded Intelligent Systems (ARTEMIS-IA)
- › Alliance for the Internet of Things Innovation (AIOTI)
- › Association for European NanoElectronics Activities (AENEAS)
- › Association representing the Smart Security Industry (EUROSMART)
- › Charter of Trust
- › China Semiconductor Industry Association (CSIA)
- › Computing Technology Industry Association (CompTIA)
- › European Semiconductor Industry Association (ESIA)
- › European Technology Platform on Smart Systems Integration (EPoSS)
- › Federal Association for Information Technology, Telecommunications and New Media (BITKOM)
- › Federation of Austrian Industries (IV)
- › German Association of the Automotive Industry (VDA)
- › German Electrical and Electronic Manufacturers' Association (ZVEI)
- › Global Semiconductor Alliance (GSA)
- › Industrial Internet Consortium (IIC)
- › US Semiconductor Industry Association (SIA)
- › World Semiconductor Council (WSC; organization of regional semiconductor associations)




#### Standardization organizations

- › Automotive Industry Action Group (AIAG)
- › AUTomotive Open System ARchitecture (AUTOSAR)
- › Bluetooth Special Interest Group (Bluetooth SIG)
- › European Telecommunications Standards Institute (ETSI)
- › German Commission for Electrical, Electronic & Information Technologies of DIN and VDE (DKE)
- › German Institute for Standardization (DIN)
- › Global Standards for the Microelectronics Industry (JEDEC)
- › International Electrotechnical Commission (IEC)
- › International Organization for Standardization (ISO)
- › Mobile Industry Processor Interface Alliance (MIPI)
- › Near Field Communication Forum (NFC Forum)
- › Trusted Computing Group (TCG)
- › Universal Serial Bus Implementers Forum (USB-IF)

#### Others

- › European Cyber Security Organisation (ECISO)
- › Platform Industrial Internet
- › Responsible Minerals Initiative (RMI)
- › United Nations Global Compact

## Our sustainability targets

Targets for the 2020 fiscal year		Status	Description
	<b>Business ethics</b>		
	In the 2020 fiscal year all employees will be trained on the updated version of the Business Conduct Guidelines. The training is obligatory for all employees worldwide. The participation of our employees will be ensured by an automated reminder system and escalation process to the manager.	🟢	In the 2020 fiscal year, all employees who had not completed the Business Conduct Guidelines training in the past three years were enrolled in a relevant training course. We will now ensure our employees take part using an automated reminder system and escalation process to the manager.
	<b>Human rights</b>		
	Evaluation of the possible impact on supplier management at Infineon from the German National Action Plan (NAP) for Business and Human Rights.	🟢	The evaluation was carried out in the reporting year. As a result, we were able to expand our supplier evaluation with regard to human rights by including detailed questions in our CSR supplier questionnaire.
	<b>Human resources management</b>		
	The target of maintaining a share of women in management positions of at least 15 percent by the end of the 2020 fiscal year remains in place. 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.	🟢	We were able to increase the proportion of women at middle and senior management levels from 15.5 percent in the previous fiscal year to 16 percent in the 2020 fiscal year. This means that we achieved the target we set.
	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.	🟢	In the 2020 fiscal year, we achieved the global target we had set ourselves, with 84 percent of employees agreeing with the statements "I would recommend Infineon as a great place to work" and "How happy are you working at Infineon?" in our last employee survey.
	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 recognize their strengths 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.	🟡	In the course of the leadership dialogs, managers receive structured feedback from their employees. This makes it possible for them to reflect on their own management behavior, to recognize their strengths and identify potential improvements, thereby improving collaboration with and within the team. As a result of the exceptional situation which has arisen around the world due to the coronavirus pandemic, some dialogs were conducted virtually, while others were postponed. Currently, around 72 percent of managers (previous year: 81.8 percent) have conducted their leadership dialogs within the last two years.





● Target achieved
 ◐ In progress
 ○ Target not yet achieved

Targets for the 2020 fiscal year		Status	Description
<b>Protection of our employees</b>	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.		Implementation of the detailed additional measures was not fully completed due to the coronavirus pandemic. We will continue to apply our behavior-based safety program as part of our preventive management system.
	Transition of our occupational health and safety management system from OHSAS 18001 to ISO 45001 and certification of all manufacturing sites covered by IMPRES and of the corporate headquarters Campeon (Germany).		The internal transition of our management system has already taken place. By the end of the 2020 calendar year, Infineon will be in the certification process for ISO 45001:2018.
<b>Environmental sustainability and climate protection</b>	<b>Efficient energy management</b>		
	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.		In the 2020 fiscal year, we completed measures which saved 11.98 gigawatt hours of energy. Over the past three fiscal years, total savings of 58.48 gigawatt hours were achieved.
	Transition of the energy management system according to ISO 50001 at the European manufacturing sites which are certified under IMPRES and at our corporate headquarters Campeon (Germany) to the new standard ISO 50001:2018.		The internal transition of our management system has already taken place. By the end of the 2020 calendar year, Infineon will be in the certification process for ISO 50001:2018.
	<b>Greenhouse gas emissions</b>		
	In the 2020 fiscal year, our aim is to keep the PFC-relevant emissions of the frontend sites below the World Semiconductor Council target value of 2.2 tons of CO <sub>2</sub> 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.		Our PFC-relevant emissions were below 2.2 tons of CO <sub>2</sub> equivalents per square meter manufactured wafer surface.
	<b>Water management</b>		
	Due to the increasing complexity of our products, the use of water in manufacturing increases too. Regardless of this growing product complexity, our aim is to keep our water consumption 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.		Our specific water consumption was below 8.5 liters per square centimeter manufactured wafer.

Target achieved
 In progress
 Target not yet achieved



Targets for the 2020 fiscal year	Status	Description
<b>Waste management</b> <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. This target is to be achieved in particular through regularly occurring exchange between the sites for identification and implementation of potential improvements.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>	<p>Our specific waste generation was below 27.5 grams per square centimeter manufactured wafer.</p> <p>In the 2020 fiscal year, 399.01 tons of the solvent PGMEA was recovered by distillation of waste containing PGMEA and was reused in manufacturing. This corresponds to a 133 percent achievement of the target.</p>
<b>Contribution through sustainable products</b> <p>Updating of the Infineon CO<sub>2</sub> footprint as well as achievement of a ratio of CO<sub>2</sub> savings through our products in the use-phase compared to the emissions generated in manufacturing our products of at least 30 to 1.</p>	<ul style="list-style-type: none"> <li>●</li> </ul>	<p>The Infineon carbon footprint was updated. The ratio of CO<sub>2</sub> savings through our products in their use-phase to the emissions generated by manufacture was around 35 to 1.</p>
<b>Our responsibility along the supply chain</b> <p>Maintaining a DRC conflict-free supply chain and conducting a renewed evaluation of 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.</p>	<ul style="list-style-type: none"> <li>●</li> </ul>	<p>A comprehensive supplier evaluation was conducted and the DRC conflict-free supply chain was maintained.</p>
<b>Corporate citizenship</b> <p>A proposal for an internal communication strategy for CSR and sustainability topics will be formulated in the 2020 fiscal year.</p>	<ul style="list-style-type: none"> <li>●</li> </ul>	<p>An internal communication strategy was formulated and communication measures on the topics of climate strategy and corporate citizenship were implemented. The communication will be expanded if required to include additional CSR key activities.</p>

● Target achieved
● In progress
○ Target not yet achieved




Targets for the 2021 fiscal year	Description
 Overall goals	<p>Aim to complete in the 2021 fiscal year the harmonization of processes and definitions required for the consolidation, so that the non-financial data from Cypress will be incorporated into the Sustainability Report 2021.</p> <p>In addition to financial targets, ESG targets relating to climate protection and diversity will help determine the variable remuneration element of the Management Board's compensation under a new scheme designed by the Supervisory Board. Implement this in the near future in the current Management Board members' employment contracts once it has been approved at the Annual General Meeting. Request an external independent "reasonable assurance engagement" of these ESG targets in the next few fiscal years.</p>
 Business ethics	<p>Establish a unified compliance organization, appoint compliance officers and implement the Infineon Compliance Management System at the locations formerly operated by Cypress.</p>
 Human rights	<p>Continue to develop a methodology for a due diligence review of the global supply chain to ensure human rights are respected, by categorizing in terms of potential country risks.</p>
 Human resources management	<p>In the long term, we want the proportion of women in management positions to reach 20 percent. With the development of division-specific targets and measures, which are regularly reviewed by the relevant management groups or by the Management Board, this target should be achieved. Another measure is to increase the visibility of talented women within the Group.</p> <p>The existing global target of 80 percent overall employee satisfaction remains unchanged for the time being. The measures we are adopting to achieve this target include continuing to develop leadership skills and ensuring balanced workloads.</p> <p>At least 90 percent of all our managers (from Senior Manager<sup>1</sup> level with five or more direct employees) 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 recognize their strengths 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 leadership dialogs and the training of internal or external moderators for the leadership dialogs.</p>

<sup>1</sup> Based on job titles in September 2020.



Targets for the 2021 fiscal year	Description
 <b>Protection of our employees</b>	<p>Integrate the three main locations formerly operated by Cypress into the behavior-based safety program by introducing the seven Golden Rules of Safety, and implement this program at regular occupational safety training sessions at these locations.</p> <p>Continue the behavior-based safety program by implementing a defined focus area at the main production sites and the corporate headquarters Campeon (Germany).</p>
 <b>Environmental sustainability and climate protection</b>	
<b>Carbon-neutrality</b>	<p>Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year in terms of Scope 1 and Scope 2 emissions defined by the Greenhouse Gas Protocol. By the end of the 2025 fiscal year, emissions should already be reduced by 70 percent compared with the 2019<sup>1</sup> calendar year.</p>
<b>Energy management</b>	<p>Implement projects and measures in the 2021 fiscal year to increase energy efficiency, giving total annual potential energy savings of 20 gigawatt hours. The implementation of site-specific measures in the area of infrastructure and manufacturing will support the achievement of this target.</p>
<b>Greenhouse gas emissions</b>	<p>Install additional PFC abatement systems to achieve additive abatement of at least 30,000 tons of CO<sub>2</sub> equivalents.</p>
<b>Water management</b>	<p>Due to the increasing complexity of our products, the use of water in manufacturing increases too. Regardless of this growing product complexity, our aim is to keep our water consumption 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.</p>

1 In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

Targets for the 2021 fiscal year	Description
Waste management	<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. This target is to be achieved in particular through regularly occurring exchange between the sites for identification and implementation of potential improvements.</p>
 Contribution through sustainable products	<p>Integrate the main locations formerly operated by Cypress into the Infineon carbon footprint.</p> <p>Save at least 50 million tons of CO<sub>2</sub> equivalents through our products during the use-phase of the application.</p>
 Our responsibility along the supply chain	<p>Maintain a DRC conflict-free supply chain and conduct re-evaluation of 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 in customer-specific requirements, present a significant challenge.</p> <p>Conduct a due diligence assessment of suppliers of products containing cobalt to create transparency in the supply chain regarding the origin of cobalt and publish the results in the form of a Cobalt Reporting Template (CRT).</p> <p>Revise our Principles of Procurement in the 2021 fiscal year, especially regarding human rights and environmental protection, and publish them on the Infineon website.</p>
 Corporate citizenship	<p>Implement the relevant activities conducted by Cypress in the Infineon corporate citizenship program by establishing the necessary corporate citizenship representatives and including them in existing cycles of training and meetings.</p>

# UN Global Compact Communication on Progress

GRI 102-41

UN Global Compact	Measures implemented
Human Rights	
<b>Principle 1:</b> Support for human rights  <b>Principle 2:</b> Non-complicity in human rights abuses	<ul style="list-style-type: none"> <li>› 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.</li> <li>› 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 must revisit the training sessions on a regular basis.</li> <li>› 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 fundamental principles of the International Labour Organization (Fundamental ILO Conventions).</li> <li>› We require our suppliers and service providers to comply with permanently defined regulations in our Principles of Procurement. Infineon expects its suppliers to comply with human rights. A violation would result in consequences for the business relationship with the affected supplier.</li> </ul>
Labor	
<b>Principle 3:</b> Uphold freedom of association  <b>Principle 4:</b> Elimination of all forms of forced labor  <b>Principle 5:</b> Abolition of child labor  <b>Principle 6:</b> Elimination of discrimination	<ul style="list-style-type: none"> <li>› Our Business Conduct Guidelines prohibit discrimination and any form of forced labor.</li> <li>› There are various options available for reporting compliance violations, ranging from a report to the supervisor to a report to the Corporate Compliance Officer or the relevant Regional Compliance Officer. Cases can also be submitted, openly or anonymously, via the Infineon Integrity Line. The Compliance Officer investigates any cases received and decides whether to launch an internal investigation. The Infineon Integrity Line is a whistleblower hotline which provides the reporting party with the opportunity for dialog with a Compliance Officer under the highest standards of data protection and without compromising anonymity. Infineon also investigates reports from people outside the company received through our reporting channels.</li> <li>› 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.</li> <li>› Around 87 percent of our employees work at sites that have entered into collective agreements and where independent employee representatives are in place.</li> <li>› More than 90 percent of our employees work at production sites where committees are in place that also offer employers, employees and/or independent employee representatives the opportunity to discuss and receive advice on topics relating to environmental protection, occupational safety and health.</li> <li>› We uphold and promote the fundamental principles defined in the conventions of the International Labour Organization, such as protection from discrimination in the selection, hiring, employment and promotion of employees, and 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 relevant government and which demonstrably promote those participating.</li> </ul>




UN Global Compact	Measures implemented
<b>Environment</b>	
<b>Principle 7:</b> Precautionary approach to environmental protection  <b>Principle 8:</b> Support initiatives for greater awareness of environmental responsibility  <b>Principle 9:</b> Development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>› 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. In the 2020 calendar year, Infineon is in the certification process for ISO 50001:2018 and ISO 45001:2018. The former standards, ISO 50001:2011 and OHSAS 18001 are being superseded. This will enable us to ensure that we achieve a seamless transition and the continuing development of our Management System for Environmental Protection, Energy, Occupational Safety and Health.</li> <li>› 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.</li> <li>› 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 management responsible sets appropriate targets at site level and ensures the achievement of the targets. Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year in terms of Scope 1 and Scope 2 emissions. By the end of the 2025 fiscal year, it should have already reduced CO<sub>2</sub> emissions by 70 percent compared with the 2019<sup>1</sup> calendar year.</li> <li>› 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.</li> </ul>
<b>Anti-Corruption</b>	
<b>Principle 10:</b> Action against corruption	<ul style="list-style-type: none"> <li>› In order to further increase awareness of the topic of preventing corruption in the company, this topic has also been integrated in the web-based Business Conduct Guidelines training. In addition, a web-based training unit focusing specifically on prevention of corruption is continuously rolled out for particular target groups. All new employees belonging to these target groups are automatically signed up for mandatory, web-based training sessions.</li> <li>› 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.</li> </ul>


1 In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

# Sustainable Development Goals






The United Nations 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. Infineon reports below 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><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<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 2020 fiscal year, our worldwide specialized experts in the areas of occupational safety and health as well as in fire prevention invested around 30,000 hours in training and continuing education measures. Infineon also offers projects in the area of ergonomics and health measures. In addition, all employees have the opportunity to report work-related accidents directly to their managers, the medical department or via our accident reporting tool to ensure the best and most rapid treatment possible.</p>
 <p><b>4</b> QUALITY EDUCATION</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. 64 percent of Infineon’s donations and sponsoring activities relate to this area.</p>
 <p><b>5</b> GENDER EQUALITY</p>	<p><i>Achieve gender equality</i></p> <p>No one should be personally attacked, discriminated against, harassed or excluded because of their gender, age, ethnic origin or nationality, physical or mental ability, religion or ideology, or sexual orientation and identity. Our Business Conduct Guidelines reflect this. 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 &amp; Inclusion policy and programs.</p>

Goal	Implementation at Infineon
	<p><i>Ensure availability and sustainable management of water and sanitation for all</i></p> <p>In times of the coronavirus pandemic, it becomes obvious how important it is to have access to clean water. Water is essential so that you can observe hygiene rules and avoid the risk of infection. UNICEF<sup>1</sup>, Infineon and other partners have built an environmentally friendly water supply system in the city of Yambio (South Sudan) to give the population safe and easy access to clean water. We are also participating in the CEO Water Mandate of the United Nations and report on specific activities and programs in 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 more efficient production of electricity from renewable energy sources. Furthermore, they offer increased efficiency at all stages of the value chain in 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>
	<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 conventions in our daily actions. Infineon also supports special activities that promote decent work opportunities for everyone. During the coronavirus pandemic, we also reacted promptly around the world and we supported and protected our employees by offering them to work from home where possible, rapidly ramping up IT to make digital collaboration possible, providing virtual learning opportunities and adopting hygiene measures as well as health and safety measures in the workplace.</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 environmentally 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 safe, resilient and sustainable</i></p> <p>Population growth and increasing urbanization require sustainable solutions for everyday applications. With its sensors, controllers, performance semiconductors and security solutions, Infineon enables intelligent, secure and energy-efficient IoT solutions for smart homes, smart cities, Industry 4.0 and connected smart vehicles. Our components not only contribute to sustainable and efficient mobility. They also enable secure contactless payment systems as well as control systems and robotic solutions that work quickly and reliably. Additionally, they reduce dependence on physical contact, making everyday life easier and safer.</p>

<sup>1</sup> UNICEF: Originally United Nations International Children's Emergency Fund, now United Nations Children's Fund.



Goal	Implementation at Infineon
 <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 part of 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>Take urgent action to combat climate change and its impacts</i></p>	<p>We recognize the urgent global challenge of reducing greenhouse gas emissions. We contribute to this effort with innovative products and solutions that help reduce emissions during their entire use-phase. Ensuring resource efficiency in manufacturing is also an essential pillar of our sustainability strategy. Infineon has set itself the target of becoming carbon-neutral by the end of the 2030 fiscal year in terms of Scope 1 and Scope 2 emissions. By the end of the 2025 fiscal year, emissions will be reduced by 70 percent compared with the 2019<sup>1</sup> calendar year. In addition, Infineon provides a transparent overview of greenhouse gas emissions as part of its annual reporting.</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 corporate citizenship program, we engage in special projects aimed at protecting ecosystems. We provided financial support, for example, to clean the coastline in Nongsa Kampung Tua (Indonesia) to protect the marine environment. In general, soil protection and biodiversity are a permanent part of IMPRES.</p>
 <p><i>Promote just, peaceful and inclusive societies</i></p>	<p>We promote a peaceful and equal society by complying with international standards and principles, such as the International Bill of Human Rights and the Principles of the UN Global Compact. We do not tolerate child labor and, with the Infineon Technologies Slavery and Human Trafficking Statement, we underline, for example, our complete rejection of any form of human trafficking or slavery. Our Business Conduct Guidelines set out a code of conduct which forms the essential foundation of our daily actions when dealing with one another and with our customers, shareholders, business partners and the general public. All stakeholders also have opportunities, both internal and external, such as the anonymous whistleblower hotline, to report actual and suspected violations.</p>

<sup>1</sup> In line with our carbon-neutrality goal, with the 2019 calendar year as the base year, the relevant data of Cypress is included.

# GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed the GRI Content Index to ensure that it is clearly presented and that the references for Disclosures 102-40 and 102-49 align with appropriate sections in the body of the Sustainability Report or Annual Report. The service was performed on the German version of the report.

Topic <sup>1</sup>	Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>GRI 100: General Disclosures</b>			
<b>GRI 101: Foundation 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>1. Organizational profile</b>			
102-1 Name of the organization	Cover, 67		
102-2 Activities, brands, products, and services		3 – 5	
102-3 Location of headquarters		88	
102-4 Location of operations		83, 88	
102-5 Ownership and legal form		93 – 95	
102-6 Markets served		55 – 75	
102-7 Scale of the organization	4		
102-8 Information on employees and other workers	17 – 23		
102-9 Supply chain	37 – 38		
102-10 Significant changes to the organization and its supply chain		124 – 126	
102-11 Precautionary Principle or approach	26, 49		
102-12 External initiatives	48 – 52		
102-13 Membership of associations	41		
<b>2. Strategy</b>			
102-14 Statement from senior decision-maker	2 – 3	6 – 10	
102-15 Key impacts, risks, and opportunities	9 – 13	107 – 122	
<b>3. Ethics and integrity</b>			
102-16 Values, principles, standards, and norms of behavior	14 – 15		
102-17 Mechanisms for advice and concerns about ethics	14 – 15		

<sup>1</sup> The wording of the GRI Disclosures is based on the relevant GRI Standards.

	Topic	Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>4. Governance</b>				
102-18	Governance structure	17, 24, 26, 39	126 – 142	
102-20	Executive-level responsibility for economic, environmental and social topics	14 – 40		
102-21	Consulting stakeholders on economic, environmental, and social topics	8 – 13		
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups	8		
102-41	Collective bargaining agreements	48		
102-42	Identifying and selecting stakeholders	8 – 10		
102-43	Approach to stakeholder engagement	8 – 10, 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.
102-44	Key topics and concerns raised	8 – 10		
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	GRI Content Index	220 – 226	<a href="http://www.infineon.com/annualreport">www.infineon.com/annualreport</a>
102-46	Defining report content and topic Boundaries	9 – 13		
102-47	List of material topics	10		
102-48	Restatements of information	9, GRI Content Index		The representation of information in the 2020 fiscal year has not significantly changed compared to the previous fiscal year.
102-49	Changes in reporting	GRI Content Index		The reporting of the 2020 fiscal year has not significantly changed compared to the previous fiscal year.
102-50	Reporting period	9		
102-51	Date of most recent report	9		
102-52	Reporting cycle	9		
102-53	Contact point for questions regarding the report	67		
102-54	Claims of reporting in accordance with the GRI Standards	9		
102-55	GRI content index	53 – 62		
102-56	External assurance	63 – 66	229 – 235	

Topic	Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>GRI 200: Economic Topics</b>			
<b>Economic performance</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	9 – 13	
103-2	The management approach and its components	14 – 40	
103-3	Evaluation of the management approach	14 – 40	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	39, GRI Content Index	2, 144 – 147
201-2	Financial implications and other risks and opportunities due to climate change	11 – 12	Retained economic value is not reported. Splitting direct economic value generated and distributed (EVG&D) by region or market is not relevant.
201-3	Defined benefit plan obligations and other retirement plans		157 – 158, 182 – 187
201-4	Financial assistance received from government	GRI Content Index	160
			Splitting of “received benefits” by country is not relevant. Governments do not participate in Infineon.
<b>Indirect economic impacts</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	9 – 13	
103-2	The management approach and its components	14 – 40	
103-3	Evaluation of the management approach	14 – 40	
<b>GRI 203: Indirect Economic Impacts 2016</b>			
203-1	Infrastructure investments and services supported	39 – 40	
203-2	Significant indirect economic impacts	GRI Content Index	21 – 32
			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.
<b>Anti-corruption</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	9 – 13	
103-2	The management approach and its components	14 – 15	
103-3	Evaluation of the management approach	14 – 15	

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>GRI 205: Anti-corruption 2016</b>				
205-2	Communication and training about anti-corruption policies and procedures	14 – 15, 49, GRI Content Index		Compliance training is carried out in particular at management level and Board level. Splitting training participation by individual regions or employees category is not a global control parameter for Infineon.
<b>Anti-competitive Behavior</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components		110 – 114	
103-3	Evaluation of the management approach		110 – 114	
<b>GRI 206: Anti-competitive Behavior 2016</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		192 – 195	
<b>GRI 300: Environmental Topics</b>				
<b>Energy</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	26 – 33		
103-3	Evaluation of the management approach	26 – 33		
<b>GRI 302: Energy 2016</b>				
302-1	Energy consumption within the organization	27 – 28		
302-2	Energy consumption outside of the organization	27 – 28, 30, GRI Content Index		The description of the Scope 3 emissions is based on the Infineon carbon footprint, which includes the whole energy consumption of Infineon, and is reported in metric tons of CO <sub>2</sub> 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	27 – 28, 30, GRI Content Index		Due to the confidentiality of specific information, Infineon reported the specific energy consumption in kilowatt hours per euro.
302-4	Reduction of energy consumption	43		
302-5	Reductions in energy requirements of products and services	34 – 36		

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Water and effluents</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	26 – 33		
103-3	Evaluation of the management approach	26 – 33		
<b>GRI 303: Water and Effluents 2018</b>				
303-1	Interactions with water as a shared resource	31 – 33, GRI Content Index		Besides the water balance, information regarding water stress on the two sites is also provided. None of our suppliers has reported water-related risks.
303-2	Management of water discharge-related impacts water	31 – 33		
303-3	Water withdrawal	31 – 33, GRI Content Index		Since no salty seawater is used, the water utilized is considered as fresh water. The data is reported in percent.
303-4	Water discharge	31 – 33		
303-5	Water consumption	31 – 33, GRI Content Index		We report water withdrawal according to 303-3. Water discharge includes water from production, evaporation and municipal wastewater. The data for water from production is available to us. However, the data for evaporation and municipal waste water is not available, thus the determination of water consumption cannot not take these data into account. Water storage is not relevant for us.
<b>Emissions</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	26 – 33		
103-3	Evaluation of the management approach	26 – 33		
<b>GRI 305: Emissions 2016</b>				
305-1	Direct (Scope 1) GHG emissions	28 – 30		
305-2	Energy indirect (Scope 2) GHG emissions	29 – 30		
305-3	Other indirect (Scope 3) GHG emissions	30		
305-4	GHG emissions intensity	28 – 30, 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 <sub>2</sub> emissions.
305-5	Reduction of GHG emissions	43, 46, GRI Content Index		The avoided CO <sub>2</sub> emissions were reported in the form of energy under Disclosure 302-4. These are corresponding to 4,649 tons CO <sub>2</sub> equivalents.
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	29		



Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Effluents and waste</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	26 – 33		
103-3	Evaluation of the management approach	26 – 33		
<b>GRI 306: Effluents and Waste 2018</b>				
306-1	Water discharge by quality and destination	31 – 33		
306-2	Waste by type and disposal method	33		
<b>Supplier environmental assessment</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	37 – 38		
103-3	Evaluation of the management approach	37 – 38		
<b>GRI 308: Supplier Environmental Assessment 2016</b>				
308-1	New suppliers that were screened using environmental criteria	37 – 38		
<b>GRI 400: Social Topics</b>				
<b>Employment</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	17 – 23		
103-3	Evaluation of the management approach	17 – 23		
<b>GRI 401: Employment 2016</b>				
401-1	New employee hires and employee turnover	23		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	21		

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Occupational health and safety</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	24 – 25		
103-3	Evaluation of the management approach	24 – 25		
<b>GRI 403: Occupational Health and Safety 2018</b>				
403-1	Occupational health and safety management system	13, 24		
403-2	Hazard identification, risk assessment, and incident investigation	24 – 25, GRI Content Index		Accidents can be reported at any time via clearly defined processes. Accident analysis and any necessary changes in the risk assessment are carried out by the required experts and, if necessary, the employee representation together with the employee.
403-3	Occupational health services	18 – 19, 24 – 25		
403-4	Worker participation, consultation, and communication on occupational health and safety	48		
403-5	Worker training on occupational health and safety	24 – 25		
403-6	Promotion of worker health	18 – 19		
403-7	Prevention and mitigation of occupational health and safety	24 – 26		
403-8	Workers covered by an occupational health and safety management system	26, GRI Content Index		More than 90 percent of Infineon employees worldwide work at sites that are certified as part of our IMPRES Management System.
403-9	Work-related injuries	24 – 25, GRI Content Index		In addition to the general accident data, in the 2020 fiscal year we have sorted the information by gender. The female employees had an IR of 0.45 and LDR of 9.08 and the male employees had an IR of 0.30 and LDR of 4.70. Reporting of the accident rate and lost days rate by region is not a global control parameter. Infineon has currently no globally harmonized information for the reporting of occupational diseases. The absenteeism rate is not a global control parameter.
<b>Training and education</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	17 – 23		
103-3	Evaluation of the management approach	17 – 23		
<b>GRI 404: Training and Education 2016</b>				
404-1	Average hours of training per year per employee	20 – 21		

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Diversity and equal opportunity</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	17 – 23		
103-3	Evaluation of the management approach	17 – 23		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity of governance bodies and employees	19 – 20		
405-2	Ratio of basic salary and remuneration of women to men	22, GRI Content Index		Gender differences have no impact on remuneration. Each employee receives appropriate, transparent remuneration for their work, in compliance with all legal standards.
<b>Non-discrimination</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	14 – 15		
103-3	Evaluation of the management approach	14 – 15		
<b>GRI 406: Non-discrimination 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	14 – 15		
<b>Forced or compulsory labor</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	14 – 15, 16, 37 – 38		
103-3	Evaluation of the management approach	14 – 15, 16, 37 – 38		
<b>GRI 409: Forced or Compulsory Labor 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	37 – 38		

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Human rights assessment</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	16		
103-3	Evaluation of the management approach	16		
<b>GRI 412: Human Rights Assessment 2016</b>				
412-2	Employee training on human rights policies or procedures	16, GRI Content Index		Infineon carried out around 18,000 hours of training on the Code of Conduct (Business Conduct Guidelines). This also includes information related to human rights.
<b>Local communities</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	39 – 40		
103-3	Evaluation of the management approach	39 – 40		
<b>GRI 413: Local Communities 2016</b>				
413-1	Operations with local community engagement, impact assessments and development programs	8, 39 – 40		
413-2	Operations with significant actual and potential negative impacts on local communities	GRI Content Index		During the 2020 fiscal year our worldwide citizenship representatives did not find any adverse effects.
<b>Supplier social assessment</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	16, 37 – 38		
103-3	Evaluation of the management approach	16, 37 – 38		
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	New suppliers that were screened using social criteria	37 – 38		

Topic		Page Report Sustainability at Infineon 2020	Page Annual Report 2020	Remark
<b>Customer health and safety</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	34 – 36		
103-3	Evaluation of the management approach	34 – 36		
<b>GRI 416: Customer Health and Safety 2016</b>				
416-1	Assessment of the health and safety impacts of product and service categories	36		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Content Index		During the 2020 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.
<b>Marketing and labeling</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	9 – 13		
103-2	The management approach and its components	34 – 36		
103-3	Evaluation of the management approach	34 – 36		
<b>GRI 417: Marketing and Labeling 2016</b>				
417-1	Requirements for product and service information and labeling	36		

# Limited Assurance Report

of the Independent Auditor regarding Sustainability Information<sup>1</sup>

## To the Management Board of Infineon Technologies AG, Neubiberg

We have performed an independent limited assurance engagement on the sustainability information published in “Sustainability at Infineon – Supplementing the Annual Report 2020” (further: Report) including the “Explanatory Notes” of Infineon Technologies AG (further “Infineon”) for the fiscal year from October 1, 2019 to September 30, 2020, published in the Report as well as at [www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting).

## Management’s Responsibility

The legal representatives of Infineon are responsible for the preparation of the reporting in accordance with the principles and standard disclosures of the 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 “CO<sub>2</sub> savings enabled through our products” (further: Reporting Criteria).

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

## Independence and quality assurance on the part of the auditing firm

We are independent from the 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 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 International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Report including the “Explanatory Notes”, published online at [www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting) for the period from October 1, 2019 to September 30, 2020, 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.

<sup>1</sup> Our engagement applied to the German version of the Report. 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 amongst others the following procedures:

- › Interviewing employees at Group level in order to gain an understanding of the process for determining material sustainability topics and the respective boundaries of Infineon
- › A risk analysis, including a media search, to identify relevant sustainability aspects for Infineon in the reporting period
- › Reviewing the suitability of internally developed Reporting Criteria
- › Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of sustainability disclosures included in the scope of this engagement, including the consolidation of the data
- › Inquiries of personnel at Group level responsible for determining disclosures on concepts, due-diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures
- › Evaluation of selected internal and external documentation
- › An analytical review of the data and trend explanations of quantitative information 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 samples at Batam (Indonesia) and Regensburg (Germany)
- › Assessment of the overall presentation of the 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 2020” including the “Explanatory Notes” published in the Report as well as at [www.infineon.com/csr\\_reporting](http://www.infineon.com/csr_reporting) 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 January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](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 provisions of the General Engagement Terms (including the limitation of our liability for negligence to €4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, 20. November 2020

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Hell

ppa. Auer



# Limited Assurance Report

of the Independent Auditor regarding the Combined Separate Non-Financial Report<sup>1</sup>

## To the Supervisory Board of Infineon Technologies AG, Neubiberg

We have performed an independent limited assurance engagement on the Combined Separate Non-Financial Report (further “Report“) of Infineon Technologies AG and the Group (further “Infineon“) as well as the sections “Business model”, “Risk and opportunity report”, “The segments – Strategic deployment”, “R&D sites”, “Manufacturing sites” and “Corporate Governance Report” of the Combined Management Report, which have 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 fiscal year from October 1, 2019 to September 30, 2020.

## 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 the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance of 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.

<sup>1</sup> Our engagement applied to the German version of the Report 2020. 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 amongst others the following procedures:

- › Interviewing employees at Group level in order to gain an understanding of the process for determining material sustainability topics and the respective boundaries of Infineon
- › A risk analysis, including a media search, to identify relevant sustainability aspects for Infineon in the reporting period
- › Reviewing the suitability of internally developed Reporting Criteria
- › 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
- › Inquiries of personnel at Group level who are responsible for determining disclosures on concepts, due-diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures
- › Evaluation of selected internal and external documentation
- › An analytical review of the data and trend explanations of quantitative information 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 samples at Batam (Indonesia) and Regensburg (Germany)
- › Assessment of the overall presentation of the 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 fiscal year from October 1, 2019 to September 30, 2020, is not prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB.

## Restriction of Use / Clause on General Engagement Terms

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

Our assignment for the Supervisory 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 January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](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 provisions of the General Engagement Terms (including the limitation of our liability for negligence to €4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, 20. November 2020

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Hell

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# Imprint

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## Notes:

The following were brand names of Infineon Technologies AG in the 2020 fiscal year: Infineon, the Infineon logo, CoolSiC™, EasyPACK™, CoolSiC™ EasyPACK™ and EiceDRIVER™.

## 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

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