

Business Ethics

Target achievement and summary of results in the 2015 fiscal year

Targets achieved:

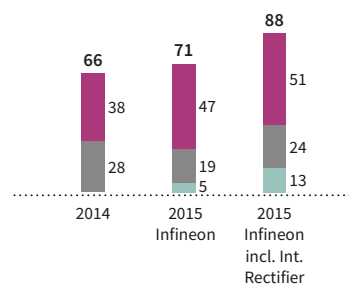


- > Apart from beginning to update our Business Conduct Guidelines, during the fiscal year we drew up a new worldwide rule on the Handling of Gifts and Invitations, and implemented it throughout the Company.
- > The number of participants of the obligatory compliance training remained high at approximately 16,700. As expected, the figure was lower than in the previous reporting period, as in the 2015 fiscal year we concentrated primarily on rolling out the web-based training on corruption prevention and antitrust law. The focus had previously been on Business Conduct Guidelines training. All employees were required to take part in this training.

Targets for the 2016 fiscal year

- > Implementation of the revised Business Conduct Guidelines worldwide and the corresponding training, which addresses all Infineon employees.
- > To complete the integration of the former International Rectifier sites in the existing Compliance Management System: Infineon compliance training and compliance processes will be successively applied to all International Rectifier employees. The revised Business Conduct Guidelines will also apply directly to International Rectifier employees upon publishing.

G 37
 Reports of possible compliance breaches



- Thereof confirmed as compliance breach (after investigation)
- Thereof confirmed as non-breach (after investigation)
- Thereof still under investigation

Infineon Technologies AG and selected major subsidiaries commissioned an independent audit firm to confirm the appropriateness, implementation and effectiveness of their Compliance Management System in accordance with the IDW PS 980 standard. This audit (which focused on corruption prevention and antitrust law) was completed in the course of the 2014 fiscal year. Afterwards the standard was transferred to the remaining Group companies during the 2015 fiscal year and completed by the end of that same year, with the exception of International Rectifier companies. Adherence to the Compliance Management System within the Group's various subsidiaries will be monitored in regular internal audits.

As a UN Global Compact participant, Infineon has made a commitment to abide by the stated principles and reports below in an exemplary manner in its Communication on Progress on the measures implemented:

UN Global Compact	Measures implemented
Human Rights	
<p>Principle 1: Support for human rights</p> <p>Principle 2: Non-complicity in human rights abuses</p>	<ul style="list-style-type: none"> > Training for all employees on Business Conduct Guidelines, which reflect our self-commitment to respect and uphold international human rights. The training is supplemented with video sequences showing case studies from day-to-day working situations that are descriptive and easy to grasp for employees at every level. The training is repeated at regular intervals and new hires to the company are automatically enrolled for training. > Firmly defined rules in our CSR Policy as well as the Principles of Purchasing, which require our suppliers and service providers to fulfill the obligations described therein. Infineon purchases its components and materials from companies that respect human rights. <p>P see "Infineon products without DRC-conflict minerals", page 105 f. and "Human Resources Management, Human Rights", page 95</p>
Labor	
<p>Principle 3: Uphold freedom of association</p> <p>Principle 4: Elimination of all forms of forced labor</p> <p>Principle 5: Abolition of child labor</p> <p>Principle 6: Elimination of discrimination</p>	<ul style="list-style-type: none"> > As described in our Business Conduct Guidelines, we do not tolerate discrimination and reject every form of forced labor. In addition to the usual in-house methods of reporting breaches – such as to Management, the Human Resources department or Compliance – employees and business partners can also contact an anonymous whistleblower hotline or an external ombudsman. Access and information are available on the Infineon website. During the 2015 fiscal year we recorded an increase in the number of incoming reports regarding possible breaches, which can be explained by the higher number of employees since completing the acquisition of International Rectifier (see chart 37). > 74.5 percent of our employees (including International Rectifier) work at sites that have entered into collective agreements and where independent employee representatives are in place. > More than 90 percent of our employees work at production sites where committees are in place that also offer employers, employees and/or employee representatives the opportunity to discuss and receive advice on topics relating to environmental protection, occupational safety and health. > Persons under 15 years of age are not allowed to work for Infineon. Exceptions apply for certain developing countries covered by International Labour Organization (ILO) convention 138 (minimum age lowered to 14 years), or for job training and vocational training programs that are authorized by the governments of the countries involved and who demonstrably promote those participating.

UN Global Compact	Measures implemented
Environment	
Principle 7: Precautionary approach to environmental protection	<ul style="list-style-type: none"> › Our IMPRES (Infineon Integrated Management Program for Environment, Energy, Safety and Health) is globally certified in accordance with ISO 14001 and OHSAS 18001 standards. IMPRES underscores our commitment to the efficient management of resources, environmental protection and ecological innovation. › Effective energy management is important for increasing energy efficiency and reducing greenhouse gas emission levels. All of our EU frontend sites as well as Campeon, our corporate headquarters, are additionally certified in accordance with the ISO 50001 standard. › Efficient use of energy, mobility and security in a connected world – we address some of the most critical challenges that our society faces while taking a conscientious approach to the use of natural resources. We make life easier, safer and greener – with technology that achieves more, consumes less and is accessible to everyone. Microelectronics from Infineon is the key to a better future.
Principle 8: Support initiatives for greater awareness of environmental responsibility	
Principle 9: Development and diffusion of environmentally friendly technologies	
	[P] see “Product sustainable value”, page 103 f.
Anti-corruption	
Principle 10: Action against corruption	<ul style="list-style-type: none"> › Completion of a specific web-based training on anti-corruption, in which more than 7,000 selected employees worldwide have participated. The training is mandatory for selected employees and for Management. › Initiation of a campaign to raise awareness on the topic of compliance, including posters displayed at all of our Asian sites. › Implementation of an Integrity Pact program with local suppliers in China, aimed at preventing corruption. Here we utilized a concept previously developed in Malaysia in cooperation with the organization “Transparency International”. › Formalized risk assessment as part of the Compliance Management System and the definition of required measures.

Human resources management, human rights

Compliance with internationally proclaimed human rights and labor standards is self-evident.

The Infineon Business Conduct Guidelines reflect this self-commitment and define our standards as well as their implementation in this area for all employees worldwide. Our standards are in compliance with the International Bill of Human Rights and the Fundamental Principles of the International Labour Organization (ILO).

Our employees receive regular training on the Business Contact Guidelines. In addition, we have implemented external hotlines which our employees, suppliers, customers and business partners can contact, even anonymously. All reported cases are investigated by our Compliance experts (see “Business Ethics” in this chapter).

[P] see page 93

Even for its suppliers, Infineon requires compliance with all applicable laws, including those pertaining to human rights and fair business practices (see “Our responsibility along the supply chain” in this chapter).

[P] see page 105 f.

Additional information is included in the chapters “Corporate Governance” and “Our Employees”.

[P] see page 174 ff.

[P] see page 108 ff.