



HR Report 2016

People Excellence

That's what we're all about. About employees who are capable of giving their best for Infineon. And we naturally support them. In this year's Human Resources report, read about what strategies and measures we've employed this past fiscal year. Learn about the ideas and initiatives our employees have continued to promote.

Happy reading!



Infineon at a glance

Working Towards a Better Future

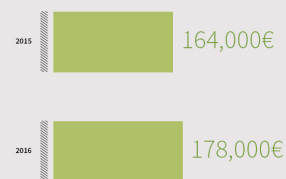


We make life easier, safer and more environmentally friendly – with technology that does more, consumes less and is available for all. More specifically: We produce semiconductors and system solutions that are used in mobile end devices as well as in automotive and industrial electronics. Chips from Infineon safeguard our digital data exchange. They help to efficiently generate, transfer and use energy. They reduce emissions from cars and will make fully autonomous driving possible. We create solutions for the world of today and tomorrow. Microelectronics from Infineon are the key to a better future.

This is all made possible by a corporate culture that combines economic success with responsible action.

In the 2016 fiscal year, Infineon generated revenue of 6,473 million euros (previous year: 5,795 billion euros).

Revenue per employee



Acquiring the US semiconductor specialists Wolfspeed will mark an important step in growing our business. Through the acquisition, we will gain about 550 skilled new colleagues and additional expertise in the field of compound semiconductors. Together, we will underpin Infineon's leading position in the market.



Powering the future

As of September 30, 2016, Infineon employed 36,299 (35,884.9 FTE) employees globally, of which 17,432 (17,429.7 FTE) in Asia-Pacific (including Japan) 15,176 (14,768.4 FTE) in Europe and 3,691 (3,686.8 FTE) in America. Infineon's company headquarters are located in the German municipality of Neubiberg, near Munich.

High Performance



We're developing the future. That's why we hold ourselves to the absolute highest standards. We follow various models that help us to live up to this standard.

For instance, in our Road of Success mission statement we identify what makes us strong and what drives us forward, and how we want to successfully shape our path into the future. We have effective tools that will help take us forward now and over the coming years. Our aim is: to achieve sustainable profitable growth.

*"We're on the right path. We are needed.
Today, tomorrow and beyond."*

Dr. Reinhard Ploss, CEO

Our High Performance Behavior Model translates our corporate strategy into concrete behaviors. How do we go about our tasks, how do we make decisions and how do we work together? The model provides answers to these questions. It serves as a guide that provides our employees with ethical and practical principles to act by, and delineates how we can achieve high performance in our daily business.

Meanwhile, the High Performance Company Monitor is our control tool. Within this tool, we have defined our key strategic objectives and the parameters for monitoring our performance. The monitor is divided into four categories (Financials, Customers, Processes, and Employees) and provides an in-depth explanation of success factors and parameters measuring for each of these areas.

This in turn provides us with the necessary guidance for our daily work – on a global basis.



But the work we do is fundamentally underpinned by our pursuit of excellence and innovation. Innovation is a core brand value for technology companies such as Infineon. In fact, that's built right into our name: Infineon is an amalgamation of "unlimited" (Latin "infinitus") and "eternity" (Greek "aeon") – we believe that creative talent never stops reinventing itself.

We promote innovation in many different ways: for example, through our commitment to diversity, and by nurturing values such as openness, trust, and freedom of thought. In this way, we continually provide room for our employees to experiment, and create incentives for them to explore uncharted territory.

Mysteries of the Universe 8-inch sensor chips from Infineon for the search at CERN

Ninety-five percent of the universe is still considered unexplored. Scientists at CERN, the world's largest particle physics research center, located in Geneva, are working on solving these mysteries. Among other things, they are looking for "dark matter" – matter that is not directly visible, but is astronomically observable. A unique sensor chip was designed to help in the search. It is eight inches or 10 x 15 centimeters large and was developed jointly by Infineon and the Austrian Academy of Sciences' Institute of High Energy Physics (HEPHY). "This was and is a challenge for us," says project manager Johannes Hacker. "So far we've delivered prototypes. In fall 2017, we'll be making the first production delivery to CERN."



Responsibility to the Environment and Society

High performance and innovation are only effective when they are sustainable. That's why sustainability is very important to us. We do a lot to fulfill our responsibilities to the environment and society. We promote the social commitment of our employees. Our suppliers must act in accordance with our strict purchasing principles. We have a certified occupational health and safety management system. Our Human Resource Management reflects our commitment to respect internationally-recognized human rights.

We do a good job of committing to our corporate responsibility, as an official body confirmed once this past fiscal year. For the sixth time in a row, Infineon was listed in the Sustainability Yearbook – confirmation that we are among the most sustainable companies in the world. This yearbook honors the largest publicly listed companies with the best sustainability performance every year. Only the top 15 percent of companies in each of the various sectors studied make it into the prestigious publication. We're proud to have made the cut.

Human Resources We Promote Excellent Performance

The success of the company as a whole depends on the work of each individual employee. We are convinced of this truth, and subsequently we design our Human Resources work. We actively encourage our employees to refine their skills and contribute to the success of Infineon. We see ourselves as enablers of top performance.

In order to enable top performance, we continuously develop our own Human Resources capabilities. Our HR Operational Excellence initiative for instance, helps us ensure more stable and efficient HR processes and tools worldwide. We continually improve the basic conditions needed to ensure better process transparency and the clear definition of HR roles and responsibilities. After all, the quality and success of our HR work depend on our strategic strength as well as our administrative professionalism. We want to be a business partner for our internal customers, and achieve success together with them, by combining business acumen with perfect HR programs, and integrated HR services. We strive to achieve HR excellence.

Our HR strategy rests on three strategic topics: Leadership, Talents, and Workforce. That's what we're all about.

Leadership

Our Human Resources department develops a targeted leadership structure that enables managers to support and encourage their employees. Managers are responsible for leading their employees to success, and for supporting them in their professional development. We give them the guidance and tools they need to optimally fulfill this task. One key to this is our open feedback culture – which rests on constructive dialog between managers and employees.

Talents

We also attach special importance to recognizing the talents of our employees, to develop them and putting these to use. Infineon needs to draw on the full breadth of employee skills in order to remain innovative, successful, and ready for the future. To this end, we offer different areas of responsibility, career paths, and skills development opportunities. We want to work with managers to create a company-wide, diversity-based talent culture, and thereby ensure that our employees have the right technical and leadership skills to face the future. Moreover, here at Infineon, you don't have to work at the headquarters in order to be promoted: Our employees can build their careers from anywhere in the world. For example, we have four global HR functions in Asia; there is one global process responsibility function based in India, while employees in Singapore address issues such as international assignments, mobility, business partners for backend manufacturing, and promoting talent.

Workforce

Our primary goal for organizing our workforce is clear: We want to commit ourselves to being a "Great Place to Work." Infineon aims to be an employer that is both attractive and competitive. In pursuing this aim, we address issues such as compensation, including the ability to adapt to global cost structures and economic cycles, and embrace the "soft" aspects of corporate culture.

“In order for Infineon to succeed, we need each and every employee to succeed. Our HR work is designed to optimize individual performance and therefore optimize the performance of our company as a whole. Establishing clear roles and responsibilities and an attractive and healthy organization with clear structures and efficient processes are extremely important elements of optimizing performance. We also focus on supporting and assisting managers and employees alike, and creating modern work environments in keeping with the Infineon corporate culture.”

Thomas Marquardt, Global Head of Human Resources



Leadership Living Values, Modeling Success



Excellent leadership is one of the foundations of Infineon's success. It helps us to achieve our operational and strategic goals. That's why good, strong managers are so important to us – and that's why we promote and support them with sophisticated programs and tools. This helps to align Infineon employees with the company's tasks and to translate the corporate goals into concrete activities. In other words, creating an attractive working environment and ensuring long-term employee retention are key management responsibilities at Infineon.

"I feel that leadership means supporting my staff in their professional development and showing them how they can make an individual contribution to the overall success of the company. In other words, the People Excellence initiative rests on confidence in individual competence. We can only achieve excellent performance if we face the challenge of maintaining innovative work environments and offer our employees enough room to act freely and creatively. I think it's critical to create a culture of respectful coexistence, one in which honesty and openness to new ideas are givens."

Markus Fink, Vice President HR



Conveying a sense of purpose and clear goals

What do we mean by excellent leadership? We have defined three leadership aspects to answer that question:

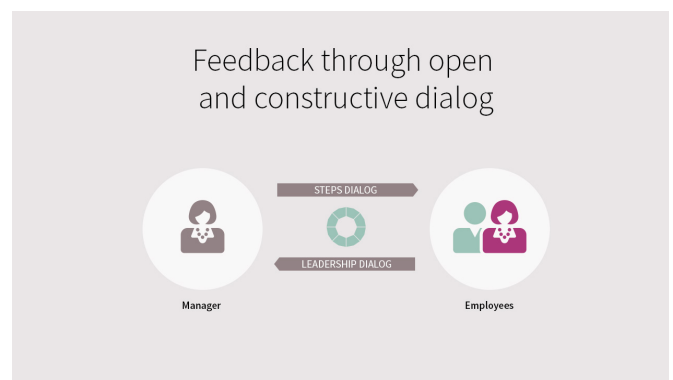
Leadership is above all about conveying a sense of purpose. Why do I do what I do for Infineon? Why do we as a company do what we do? Managers should model the answers to these questions. They should give employees guidance.

But leadership is also aimed at achieving outcomes. What should be needs to be achieved? What needs to be made clear. A manager's role also includes formulating clear expectations and goals and monitoring target achievement.

Managers must know and demonstrate how results are achieved and values created. This includes clarifying roles and responsibilities and providing the right resources to do so. In addition, it's about right behavior in the workplace. Managers personally embody a culture at Infineon inspired by mutual trust and feedback.

Openness and Feedback

All our leadership development initiatives are founded on one thing: our commitment to honesty and openness. Without honest communication, an organization will not be able to develop and grow. It is only a culture of trust and respect that leadership can succeed and employees can achieve their full potential. One key to this is our culture of open and honest feedback. Infineon promotes the targeted continuous feedback between managers and employees.



As part of our annual staff dialogs, STEPS (Steps To Employees' Personal Success), employees are given feedback on their professional development by their line manager. On the one hand, specific work results are assessed, and on the other employees are given feedback on their conduct – based on our High Performance Behavior Model. The overriding aim of these dialogs is to develop our employees so that they achieve their full potential.

“It was through STEPS that I got the opportunity to openly discuss and explore options of moving from a technical role of Applications Engineer into a Product Marketing position at Infineon. Having made the change STEPS is now helping me develop within my new role by providing focus and direction through an honest and open dialog and feedback with my manager.”

Gunjot Kaur, Product Marketing Manager



Leadership dialogs, conversely, give managers the opportunity to hear feedback from their team every two years. In these facilitated dialogs, employees tell their line managers how they perceive them in terms of their daily leadership behavior. The constructive feedback provided by their employees gives managers useful pointers showing specific areas in which they can personally further develop.

Being a boss is a learned skill

During their careers managers must overcome different challenges, which differ at each level. After they have assumed responsibility as experts in their respective field, they usually lead a team of several experts (“Leading Teams”). In their next development step, they then lead teams with several managers (“Leading Leaders”). Finally, they are responsible for entire organizational units (“Leading Organizations”). This development demands the right preparation and continuous guidance.

Our Infineon Leadership Excellence Program (ILEP) provides a framework program for training our executives optimally for their respective roles and responsibilities - with specific learning modules for each career stage.

“Excellent leadership is the guarantee for Infineon’s sustainable and profitable growth – and that’s why it’s one of our strategic goals. Therefore, with the Infineon Leadership Excellence Program (ILEP), we have created an extremely ambitious concept that is both substantively comprehensive and globally-oriented, which provides the individually-appropriate steps for the development of our managers worldwide and depending on their stage of development. The individual development programs consist of several modules with action-learning approaches, which foster ongoing learning through regular real-life application phases, self-reflection and support from a coach. The globally standardized basic concept (with slight cultural adjustments in the regions) also enables us to develop a common “language” and a shared skills set on leadership and management at Infineon. The programs are also a very good platform for discussing current business issues with managers and to get targeted feedback from the management team. In a nutshell: It’s a pretty great program that moves both the managers and the company forward!”

Torsten Schmeichel, Global Head of People Development



Great Commitment

"I participated in the ILEP1 Training, "Manager Essentials". There were two three-day sessions. They first they gave us critical knowledge, and we then applied this to our jobs. In the second session the theme was about us as people: we got to learn about ourselves and others more deeply, so we could better manage things like conflicts and difficult situations. The trainings were interactive, extremely informative and practical. My group showed great commitment and interest. We worked together really well and so it brought out the best in each of us."

David Williams, Director of Systems Engineering Applications in Infineon Power Management & Multimarket Enterprise Power Group in Tewksbury, MA, United States



Peer Coaching in Asia

At our location in Singapore, leaders from the Asia-Pacific region strengthen their skills, most recently in a peer coaching approach. This initiative is a result of our ILEP leadership development program, which provided the methodology and the tools. The participants of this coaching meet regularly in small teams to exchange ideas and views on current management issues. They do this in a structured framework with binding procedures and assigned roles. Peer coaching is therefore a learning format that has proven effective in significantly and sustainably promoting manager communication skills and interpersonal skills.

“The peer coaching was an exciting journey, where I could view and learn about current issues with colleagues in a whole new way. We learned something new in the group – it really expands our skills and abilities, so instead of just exchanging ideas or helping each other to solve a workplace problem.”

Participant Kesavan Nair from IFAP CSC ISC PMM SCP

“Trust and respect played a key role in peer coaching. In the team, we were sometimes able to see things from another participant’s perspective so we could experience and discuss different management situations.”

Participant Yong Boon Loong from IFAP DC DES S SOC

Participants in the peer-coaching program together with the management and the moderators



Three managers talk about their experience at Infineon:



Shinichiro Yamazaki joined us in 2015 through the International Rectifier acquisition. Following the integration of the American semiconductor manufacturer into our company, the Japanese-native took over the management of our Industrial Power Control (IPC) department in Japan. He had worked at International Rectifier since 2008 - initially managing the Sales Department and then headed the Japanese branch of the company.

Previous to that, he had been with Texas Instruments for about 25 years. He studied industrial engineering at the Shibaura Institute of Technology in Tokyo.

You have years of experience in other companies. What strikes you about Infineon?

In particular, there are three aspects which are different from my previous work experiences: First I was impressed by the free access to information. The amount of available data is overwhelming. I can obtain valuable information from different areas at any time. I think that's a great privilege. Second, it struck me how well Infineon does in ensuring open communication. This makes it possible to have a free and open exchange of ideas that cross hierarchies.

Third, I'd like to mention Infineon's Human Resources development. The variety of contents and methods that the company offers here is enormous.

What would be the perfect team for you for IPC in Japan?

I'd like to have a dynamic team that's dedicated to passionately working together to meet our goals. And it would be set in an environment where we could have good personal relationships and openly say what we thought.

Petra Darnhofer - Demar has been Head of Purchasing at Infineon Austria in Villach since 2016. She is an experienced expert in procurement and supplier management. Since 1999, she has worked in various positions in the Infineon Procurement department – both in Munich and in Villach. In her current job she ensures that the necessary products and services for all of Infineon Austria are provided on budget, on time and at the high quality.

What has your previous professional experience taught you?

At Infineon, I've often worked in cross-functional teams - i.e., made up of different personalities with different functions. Even despite intensive discussions, this difference proved beneficial and elevated our performance. This taught me that heterogeneous teams are enriching. So in the end, you don't only see things from your own perspective but entirely new and good solutions develop from this very difference.

What do you value at Infineon?

The international aspect. It's exciting, always working with people of different nationalities and cultures. It enriches your daily working day and enhances innovation. Plus: the respectful working with people is also simply inspirational! We can only successfully move and push things along when we're working together, with mutual respect.

What's your motto?

He who wants something finds a way. He who does not, finds excuses.

in various positions in the Infineon Procurement department – both in Munich and in Villach. In her current job she ensures that the necessary products and services for all of Infineon Austria are provided on budget, on time and at the high quality.

What has your previous professional experience taught you?

At Infineon, I've often worked in cross-functional teams - i.e., made up of different personalities with different functions. Even despite intensive discussions, this difference proved beneficial and elevated our performance. This taught me that heterogeneous teams are enriching. So in the end, you don't only see things from your own perspective but entirely new and good solutions develop from this very difference.

What do you value at Infineon?

The international aspect. It's exciting, always working with people of different nationalities and cultures. It enriches your daily working day and enhances innovation. Plus: the respectful working with people is also simply inspirational! We can only successfully move and push things along when we're working together, with mutual respect.

What's your motto?

He who wants something finds a way. He who does not, finds excuses.



David Poon took over as Head of the “CMHT Regional Centre PMM” in October 2016. Before that, he was responsible for sales in Asia as Vice President of International Rectifier, since acquired by Infineon. Poon can look back on almost 30 years of experience in the IT and semiconductor sector, and has also worked for Philips, Lucent, AT&T and IBM in senior management positions.

What was and still is your new job for Infineon in Asia?

First of all, integrating the customers and employees of International Rectifier into the Infineon organization is obviously of great importance to me. And it has been and continues to be about more than just a pure and formal integration. I want to create an environment in which our employees enjoy working for and with Infineon and benefit from the company.

In your view, what does Infineon stand for?

Quality, performance, commitment.

And what inspires you most?

Innovations are a real inspiration. When our young engineers or distributors create a new product or a new feature, I can really get enthusiastic about it. Our products are so diverse, it's fascinating.

Talents - Developing your full potential

Managing Careers – Creating Careers



At Infineon, our focus is on talents. We strive to discover and nurture them, so that we establish a learning and development culture fully in line with our values and strategy, turning our employees into high performers. How do we put that into practice? We offer diverse careers to give employees the opportunity to follow the right path for them. And we invest a lot in our career management to continually optimize Infineon's career landscape.

Four Paths to Success



“It’s all about creating perspectives, making expectations transparent and fostering development”, says Silvia Mertl, Head of our Career Management Project. Career management means: Employees get a clear idea of how they can move up in Infineon and exactly how they can achieve it. “Clearly formulating expectations gives employees orientation and shows them which competencies are needed for the next stage of their development. Here, it’s not always necessarily about the next rung up on the career ladder, but also about gaining experience in a neighboring department or at one of our many locations worldwide. By offering such career-specific programs, we support highly skilled and dedicated employees who will drive the company’s success.

We currently have four career paths our employees can take to individually develop: Our Individual Contributor career is the backbone of our company. It is designed for all employees who have performed particularly well in terms of their skills and technical expertise in a traditional corporate area, such as Finance, Procurement, or Sales. Then we have technical experts, who work their way up the Technical Ladder. And in 2015, the newly-launched Project Management Career gives our project processing professionals a clear perspective, supports them with tailored learning options in their challenging task and thereby optimizes the quality of our projects. Young executive talents embark on a Managerial Career path, on which they specifically develop their executive skills and take on increasing responsibility within the Company.

“All four career paths are equivalent – success lies in their balanced interplay. We think it is important that employees develop according to their individual preferences, skills and abilities and in alignment with the Company’s strategic requirements. That’s why we focus on transparency and permeability” says Torsten Schmeichel, Global Head of People Development about the current career landscape at Infineon. “Switching between career paths is always possible.”

Careers are also celebrated at Infineon! At a gala at our site in Regensburg in early 2016, a total of 46 employees were promoted to their new positions on the Technical Ladder and in Project Management. “Highly qualified experts play an important role for the innovations in Regensburg,” the 22 engineers and technicians who had been promoted to various junior, senior and director positions were told. At the appointment of the 24 project managers to various junior, senior and management levels, it was emphasized: “The new Project Management career at Infineon is of great importance for successful project execution at Infineon.”



But just designing the career path isn't enough. We're there for the whole journey! Meaning: We manage the development steps of our employees proactively. In Global Development and Succession Conferences, executives discuss common succession planning for key positions in their areas, and think about how they can further develop identified employees across hierarchical and organizational boundaries. This is how we cultivate our “One Infineon” approach and break free from a silo mentality.



How we structure learning and share knowledge

A successful development naturally includes the right learning process – or seen from a business perspective: If we want high performers who truly develop their potential, then we offer them optimal learning opportunities. And we do. With a wide variety of programs and initiatives based on the 70-20-10 philosophy:

We are convinced that 70 percent of learning takes place on the job, 20 percent near the job and ten percent off the job. On the job means: in practice, through experience - with increasing challenges during an employee's career. Near the job means: through exchanging with others, mutual guidance and support. And off the job means: in structured trainings, workshops and seminars, including through e-Learning. All three kinds of learning have their own purpose and are important. That's why we designed our Learning & Development offer according to the same principle. You can see by how we have weighted it, that on the job learning is by far the most important for us. As we always say, "sustainable learning depends on real-life application and experience."

Here are some examples of how we promote development and knowledge sharing in the most practical way possible and through exchange and mutual support:

Tutoring: If an Infineon employee is new to a role or task, we are happy to set them up with a tutor, i.e., employees who are already experienced and who help their protégés with technical knowledge and support as they go.

Coaching: The same approach goes for how we use coaches, professional, certified trainers from outside the Company. They help employees at Infineon in different situations, to expand their skills and capacities. They guide them and give them the tools they need for dealing with very specific professional challenges.

Mentoring: This is where experienced and less experienced employees come together as mentors and mentees. They both work together towards an individual goal within a jointly-defined program. It's about professional issues and it also encourages personality development. In contrast to a coach, a mentor is usually not trained specifically for this role, but solely has the advantage of greater experience and/or knowledge. Infineon is committed to this type of support and learning.

We recently introduced a special form of mentoring at our Munich site: It's called Cross-mentoring, where mentors and mentees from different companies match up. This enhances possibilities and perspectives. The mentorings are always set for one year. Currently three employees from Infineon are participating as mentees and three as mentors. What are their experiences?

"Excellent," says Peter Dressler, Head of Logistics at Infineon. As a cross-mentor he has already guided mentees from different companies - last year even a former teacher who had switched to working on the school board and was now facing completely different challenges. An interesting topic for a logistician from a semiconductor company. As he tells it:

“When you’re mentoring in another company, you find yourself in another world. That’s both a challenge and an opportunity. Because, even though you know the issues in your company and are familiar with the workflows, when you’re in another organization you have to look closely and ask around to really understand what the problem is. So with a cross-mentoring you use different, and sometimes pointed questions to get to the heart of the matter – and automatically, there’s your answer. At the same time, you feel freer in a cross-mentoring. You might find yourself able to articulate things that you might not confide to someone from your own ranks. And this has a completely distinct dynamic of its own. Overall, cross-mentoring definitely promotes a mind opening – and ultimately, inspiration and innovation.”



In addition to Cross-mentoring in Germany, there is Reverse Mentoring in the Asia-Pacific region. The mentee briefs the mentor in specific subject areas and thereby builds a bridge between the generations.

Infineon also has numerous internal trainers active, who pass on their knowledge to their colleagues. Since the mid-90s, we have used internal trainers to cover the majority of our courses, workshops, seminars and e-learning. Over 1,000 internal trainers have helped over the years to expand our own knowledge base and to promote a self-motivated learning culture. Our recognition for this commitment could not be greater, and we show this time and again:

At a Trainer Recognition Day at the start of the year for instance, the 85 internal trainers were honored, who had recently done over 2,600 training hours in the Asia-Pacific region alone – on topics such as self and conflict management, negotiation and leadership skills, knowledge about the local site and more. Similar events to celebrate our trainers were held at many sites in the past financial year.



Our internal trainers also do their work in our own Academies – educational units, which we have defined and structured to bundle and organize learning in different areas. At present there are a total of eleven “functional academies.” They are dedicated to building professional skills such as in procurement and sales, production and quality management.

For example, there is our Sales & Marketing Academy: Here, training concepts and content for the colleagues in the sales, distribution and marketing are developed. And it extends across countries from four sites: Munich, Singapore, Tokyo and Milpitas (California). It is an extremely important academy. This is where employees working at the very forefront get into shape. They conduct customer and market needs analysis, they explain the use of our products, and negotiate contracts and prices. For them to succeed against the tough competition, they need special skills. That’s what our Sales & Marketing Academy gives them.

Which success of your department are you most proud of?

“Of the Business Workshops. Unlike trainings, where external experts pass on their knowledge to this or that participant, the focus here is more on cooperation and especially on issues that truly concern Infineon’s specific markets and customers. The facilitated workshops are clearly structured, and the participants will be selected based on their expertise. They have a fantastic dynamic. Our business workshops on the topics, “Competitive Product Positioning” and “Account Development” for instance are currently big hits.”



Bruce Paul, in the Sales & Business Academy, responsible for the Americas region

Fostering talent in Asia



In the Asia-Pacific region, we foster and promote talent in our employees by means of two talent management programs specially developed to meet the specific needs in this area: ENGINE is a program to make aspiring employees fit for a management career at Infineon, and TechStar is a program for technical experts. Both programs provide a systematic and compact introduction to our corporate philosophy and the key factors of our success.

Looking Ahead

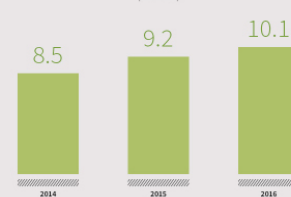
We naturally ask ourselves how the topic of learning and employee development will continue to change in the future. We believe that learning in the future will become significantly more individual and digital. The border between knowledge and learning management will increasingly blur. The demand for shorter learning offers and faster, more mobile accessibility to the content will rise. Learning will become more individual and person-centered. And we are gearing up for that future. We're on it already. We want to provide a learning and development landscape from which employees along with their managers can easily take what they need, from which they can put together a learning and development plan that is perfectly tailored to their individual needs.

Further training – an investment in the future



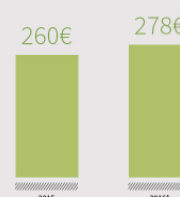
Further training is worth a lot to us: We invested 10.1 million euros (2015: 9.2 million euros) in further education in the past fiscal year.

Further training expenses*



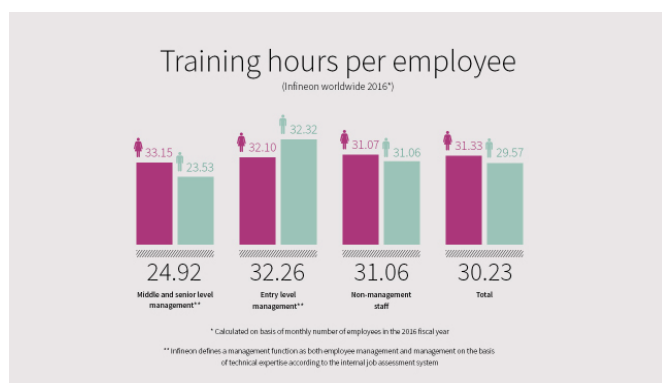
* Data from former International Rectifier locations is included from fiscal 2016 on

Training and development expenses per employee



* Data from former International Rectifier locations is included from fiscal 2016 on

Our employees spent a total of 1,177,170 hours in training (2015: 836,554). A look at the distribution of training hours in the hierarchy shows that we were able to reach employees at all levels and functions:



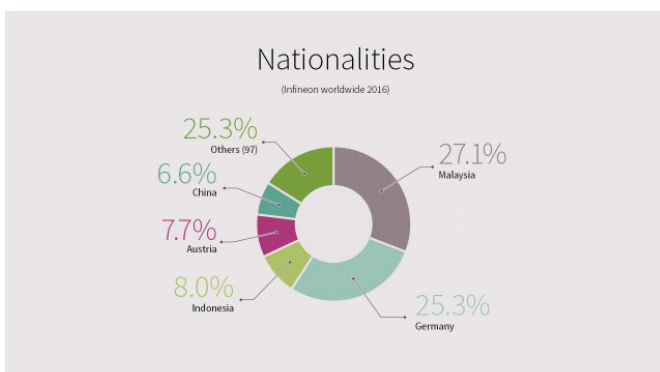
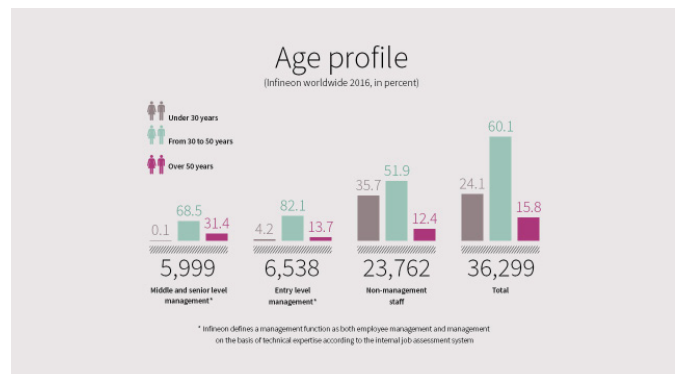
“Bravo!” was word at the first Talent Day at our Batam site in Indonesia in early 2016. At the event, the participants of a new local talent management program were honored. For 18 months, selected, especially talented employees developed their personal skills and careers within the program. They stood out for their commitment and performance in projects and specifically trained and promoted during the course of the talent program, and introduced into important cross-functional and sector networks .



Talents - Our commitment to diversity

Diversity: Every talent is unique

At Infineon, fostering talent also means recognizing and acknowledging the uniqueness of each and every employee. Our global Diversity Management provides the framework for a corporate culture that values the individuality of each person and promotes equal opportunities – irrespective of a person's age, disability, ethnic and cultural heritage, gender, religion, beliefs, and sexual orientation.



“We need diversity for creativity and innovation.”

Mathias Kamolz, Managing Director of Infineon Dresden, has been the sponsor of Infineon Dresden's Diversity Network since fall 2015. In this interview he talks about what's important to him:

What prompted you to get involved in diversity?

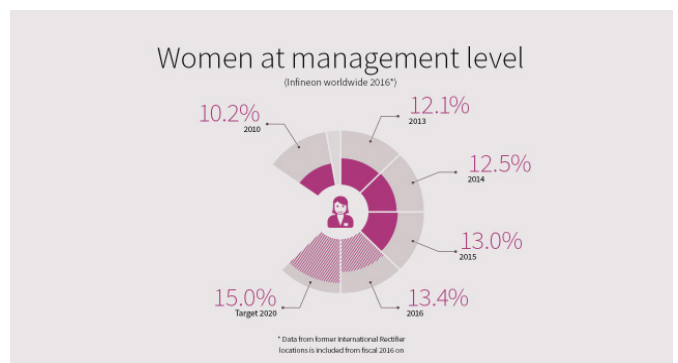
The topic is of steadily increasing importance at Infineon and I wanted to support that. I am convinced that we need diversity in order to grow. It's only through the diversity of the people that we can get even more creativity and innovation into the Company. And it's only when we present ourselves as contemporary and we live diversity that we become attractive as an employer. As a major organization, we are also sending a social signal and playing an exemplary role when we promote diversity.

Which aspect is particularly important to you?

One of the main themes of Diversity Management is certainly gender diversity. We need to stay on the ball when it comes to the development of women in leadership positions. We have a large number of women with a high potential for management positions. There is an awareness of this among the managers – they have the potential in mind and will continue to drive the development.

Infineon has set itself ambitious targets in terms of the proportion of women in management positions...

...Yes, 15 percent by 2020, 20 percent in the long term. This is a challenging and demanding task. We already do a lot to realize this – for instance the “Women on Board” platform, on which women can submit their profiles and can be found for leadership roles. Nevertheless, we still have to reach out specifically to women more – to observe them and address them directly.



Woman Power

Promoting gender diversity is becoming an increasingly important goal at Infineon. Already by 2011, Infineon managers established a Gender Diversity Network to help shape an attractive working world for women and men, in which equal opportunity was lived, thereby contributing to increasing the proportion of women at Infineon. Meanwhile, there are local Gender Diversity Networks (GDN) at many Company sites with committed employees who support local activities and thereby support their site's implementation of gender diversity.

In late 2015, the Gender Diversity Network in Munich had its first anniversary. In a meeting with the management and the GDN, there was intensive discussion about how gender diversity is lived and experienced in the various organizational units and concrete proposals and activities were presented. An important issue here, besides to that of striking a healthy work/private life balance was the early recognition and retention of junior staff. We continue to build out flexible working arrangements, part-time and assistance with childcare - so that both women and men can make their career with us equally.



A large gender diversity event at the Villach site in Austria in the past financial year showed that the Networks at all Infineon sites are well-established and well-organized. Gender Diversity Networkers from all over Germany and Austria came together here for their annual meeting. Conclusion: "We are well positioned. Now it's important that we continue to work together extensively to push the issue of gender diversity and to bring it to the center of the organization," said Sigrun Alten, Gender Diversity Manager of Infineon Austria.

International Women's Day

Another opportunity to address the Women Power at Infineon, is always International Women's Day in March. At various Infineon sites on that day, celebrations and actions for promoting the theme of Diversity are held.

For example 450 employees at our Kulim site in Malaysia participated in the "International Women's Day Celebration". In addition to plenty of entertainment there was also a survey. One of the questions for example was, "What do you need from the management, so that you can successfully pursue your career?" The feedback went directly into new measures to promote equal opportunity.



A whole series of activities also took place around International Women's Day at the Infineon Bangalore site in India. „It was pure fun and enthusiasm“, people said. And it was also about discussion – for instance in lectures – about the topics of women in technology and management positions.



China as a model

Women in management positions - here Infineon China is way ahead. "We're seeing a great trend in terms of women's careers," said Grace Chung, Diversity Officer at Infineon Asia-Pacific. "29 percent of our managers from middle management up are women. This places Infineon China in a leading position within our whole organization."

What are we doing to promote this? Here are some examples:

Leadership Forum

As part of a bi-annual Leadership Forum that Infineon China organized, its own senior managers from the region came together in September 2016 - to discuss gender diversity issues and challenges and paths to success. They got input from prominent internal guests: Su Hua, Managing Director of Infineon China, explained how important of a culture of equal opportunity is for Infineon. And Sabine Herlitschka – who had been a management board member for technology and Innovation and Chairperson of Infineon Austria – how she succeed in pursuing this flagship career.

Top Women on the road to success: The women managers of Infineon China, who met to discuss Leadership in Xi'an in September 2016.



Women of Willpower – WOW!

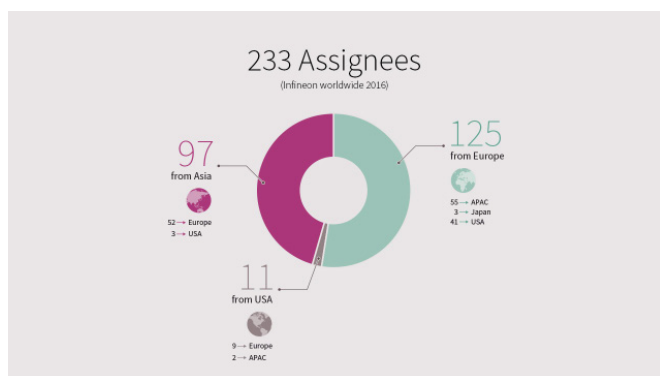
In China, Singapore and Kulim, Infineon “Women of Will Power” are also active – currently a total of 15 female executives who deal with leadership issues in regular meetings and workshops. The initiative was launched by Roxane Desmicht, Head of Corporate Supply Chain for Infineon Asia-Pacific, – with the aim of encouraging women to apply for management roles and to advance in their current positions. Originally WOW was an initiative by and for women in the Logistics division of Infineon Asia-Pacific. Meanwhile female managers from the backend manufacturing in Singapore are joining in, and the project is expanding its circle of members.

“Empowered Women” are the women who organize themselves at Infineon Wuxi in China as part of the local Gender Diversity Program. In January 2016 they met for a kick-off workshop to closely plan and coordinate their activities. “We want to make Infineon an even better workplace for women.”

Infineon worldwide – diversity through internationality

At Infineon, we live diversity in many different ways. Our international work also plays a critical role. Here, people of different nationalities and cultures are in continual exchange, employees change the locations and countries, partners and children go with them, new experiences await them and horizons are expanded. We all experience this as a great enrichment.

But moving to another country for work is also a challenge. We therefore support our Assignees - employees on foreign missions - to the fullest. We help them with the arrangements for their job relocation: The team from HR International Assignments oversees all aspects relating to their move, so that the employees can focus on familiarizing themselves with their new work, transferring knowledge, and meeting and getting to know new colleagues.



Currently there are approximately 140 Infineon employees working in international assignments in over 15 countries. Germany, Malaysia, Singapore, Austria and the USA are the five most important target countries for worldwide mobile employees. Infineon offers three types of international assignments: Short-term assignments and on-the-job trainings of three to twelve months, and long-term assignments of 13 to 36 months.

“Looking for bit of adventure”

In this interview, Stefan Piranty, Head of International Assignments, explains what's most important for international assignments:

What's your approach when sending Infineon employees abroad?

My team and I always have an end-to-end process in mind – in other words: We take care of (nearly) everything that involves the employee in connection with their international assignment. From start to finish. Meaning, right up to where the assignee has completely arrived at their new place of work. We do this internally with our team in Singapore with the support of outside service providers. Our approach ensures that the steps in the process are optimally coordinated with each other and that the customer's needs – in this case the assignee's – are satisfactorily met.

What values are important in your work?

Open communication, equality and fairness and mutual trust. People's expectations of an international assignment differ. So it's important that we're clear with them at the outset as to what's included in the package, and what's not. Our assignment program is fair. We have also confirmed this by comparing it against other companies in the market. But when something unexpected happens, as it can, what's critical is how you handle it. So far we've been able to tackle any difficulty we've faced and proven ourselves flexible in dealing with the situation.

And what qualities should assignees have for their assignments?

Both flexibility and openness for other people and cultures. We also need the active support of the employee especially at start of assignment and sufficient time for preparation. And most important: Candidates should really like to change and to have new experiences, i.e., be looking for a bit of adventure. So a stay abroad is a challenge for oneself and the family, but it also

allows for extraordinary experiences.

What is a typical profile for an assignee?

Early 40s, middle management, family. Most of them bring their life partners and preschool or school age children along with them. We've recently adapted our scope of support and services in this area as well. Besides families we also support several younger employees who want to gain experience abroad, as part of a trainee program, for example.

Is an international assignment right for everyone?

The decision for an international assignment follows business considerations above all. There's probably no right time or stage of life for it: The stay abroad has to fit into the employee's personal life and family planning. That's something only the family can decide for itself.



What's it like living and working so far away from home?

Two male and two female employees report their experiences.

From Singapore to California...

...is where Clarice Loh moved. She went to our new site in El Segundo, southern California, which was created with the acquisition of the US semiconductor manufacturer International Rectifier in 2015. Here Clarice Loh works on a post merger integration project in the HR Department. She gets to apply her knowledge in the field of Human Resources, which she's gained from various positions in Infineon since 2006.



"I've always found it fascinating immersing myself into new cultures. Admittedly, the step I took to get to the US – 16 hours away from my home country – was a big one. But in doing so, I dared to break free from my usual routine, which was definitely a huge step for me, personally and professionally. Like Singapore, the US is a melting pot of people with different cultural backgrounds. That really inspires me. Working in our office in El Segundo are colleagues from very different ethnic origins – African, Chinese, Europeans, Japanese, Mexicans and many others. They're all highly motivated and adaptable, always ready to make a difference. For me this exactly the action-oriented culture America is so famous for. You also see it in the open and direct way ideas and feedback are shared at work. It's a totally positive and unaffected atmosphere. And I think it's great. It's especially this openness that differs so much from the work environment I'm familiar with from home.

Also, coming from a densely populated island state, I love how wide and expansive California is. I love the palm trees rising up into the clear blue sky and framing themselves against the vast ocean horizon. The national parks and the vineyards. And on top of all its natural beauty, California also has urban attractions and shopping paradises to offer. As a woman from Singapore, that's a huge magnet – I simply have to shop."

Hightech between mountains and lakes...

... is what Bob Ng is experiencing. In 2015 he came with his family from Tokyo to our Villach site in Austria. He'll be working here for three years, in charge of Marketing for our PptiMOSTM product. Bob Ng grew up in Singapore and has been working for Infineon since 2004. In 207 he moved to Tokyo, working in the Infineon Marketing department. He's a seasoned city-dweller, but now in Villach he's found himself in a completely different world.

"In Villach I enjoy the magnificent nature and the simple things in life. Here we take excursions to the beautiful lakes, jump in and swim our laps. In the winter we strap on our skis and ski down the slopes. That's something I can't do in the big cities of Tokyo and Singapore. What's great about being here is that we've got the mountains and the lakes right at our doorstep. This is an experience me and my family will never forget. And there's a lot different in the job too. The relationship to time, for instance. In Tokyo meetings always start right on time and the participants adhere strictly to the agenda. In Villach they see these things in a more relaxed way. Here, everything is very human. Colleagues in the office keep traditions like Carnival, Easter and Christmas and even at work, holidays and birthdays are celebrated. Almost every week someone brings a cake in. There was even a cake for math geeks and technicians important "Pi Day". I think that's fantastic. At the same time, Infineon is the largest employer in Villach and as such is of great importance and highly regarded. That does make me a bit proud."



A one-for-one rotation...

... was what Dajana Jurkic from Germany and István Csapó from Hungary made this past fiscal year. It was the first so-called cross-site job rotation at Infineon. But the employees didn't just rotate work places with each other for a year – they also exchanged duties. Dajana Jurkic moved from Warstein, Germany to Cegléd, Hungary and in place of her colleague István Csapó worked on the planning of a new 62-mm manufacturing facility. And in Warstein, István Csapó took over Dajana Jurkic's responsibility for the PrimePACK3 product family.

"I am very open and wanted to experience something new in my work, to develop myself. The year in Hungary exceeded my expectations in both regards. The atmosphere in the team was very warm, so I've settled in very well. I couldn't have wished for any nicer or more helpful colleagues. There were also no notable technical problems – at least nothing that couldn't be solved. On the whole, the production processes in Warstein and Cegléd are quite similar. Nevertheless, of course, were many little things that I had to get used to, but which have definitely helped me grow. For instance, I now know that I don't need to use Excel spreadsheets for batch tracking, because in Hungary I've learned how SAP simply provides data like that. Overall, I can only recommend a job rotation. It's an opportunity to challenge yourself, to break out of your comfort zone and to see how the world works in other places."



“My goal was to better understand the German Infineon colleagues and the structure of the Group. I also wanted to use and improve my knowledge of German. I was a bit nervous before the move, but everything went smoothly. We’ve had a very nice year. Our family has grown closer. And of course I’ve learned a lot professionally. The product group whose planning I was responsible for in Warstein was a bit foreign to me at first. That was a big challenge. But my colleagues helped me a great deal and I was quickly able to get over the hurdles. Even though the processes and tasks in production in Cegléd and Warstein are essentially the same, in Germany had to become familiar with a very unique facility and its specific problems and solutions. And in the end I was able to gain a better overview of the processes and hierarchies within the company. That’s tremendously valuable.”



Talents - We want the right people

Recruiting: targeted search for talent

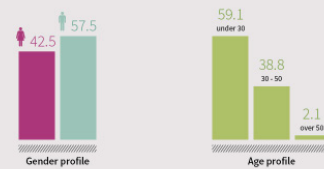


Constantly increasing demands on technology, quality, speed and efficiency regularly present us in the fast-paced semiconductor industry with major challenges. It is only our highly dedicated and reliable workforce that makes it possible for us to meet these challenges time and again with great success. However: today's demographic change presents its own challenge. Therefore only those companies that adapt quickly to the changes in the labor market and are in contact with a sufficient number of candidates will be able to succeed in the long run. That's why we do everything possible to attract new employees.

We search all the channels, use media such as movies, make the job search and application on our career site easy, go to job fairs and cooperate with schools and universities. And our Talent Attraction Management Team (TAM) actively approaches suitable candidates. Our approach in all activities in Employer Branding and Recruiting is now one of an active strategic search for talent. Because we want the right people at the right place at the right time.

New appointments

(Infineon worldwide 2016, in percent)

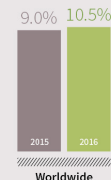


Gender profile

Age profile

Employee turnover rate

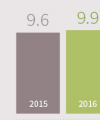
(Infineon worldwide, incl. voluntary resignations and other reasons for leaving)



Worldwide

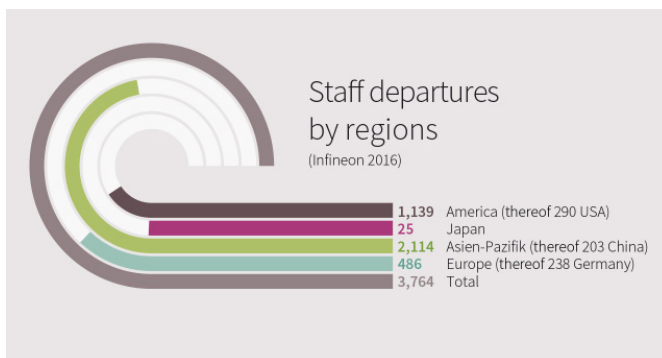
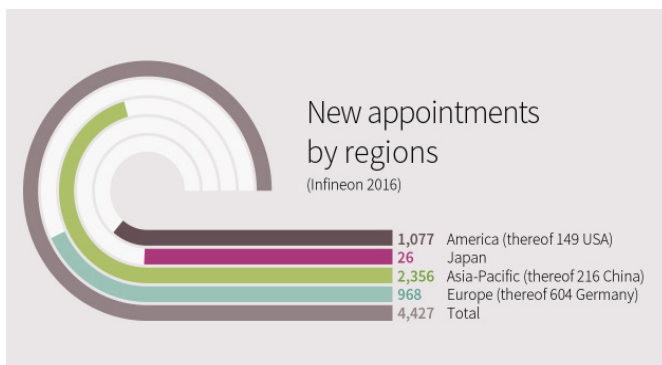
Length of service

(Infineon worldwide in years)



Worldwide

Welcome on board!



In the past year almost 300 new employees took up positions in our Munich site. At the same time – in addition to professional training by superiors and colleagues – they were especially welcomed with two welcome events and provided with information. In their very first week HR invited them to a Welcome Breakfast, where they could get to know each other in a relaxed atmosphere and get some important start off information.

Then after about three weeks, the New Hire Orientation Day (NHO) is held for all new recruits. This affords them in-depth networking possibilities and gives them an overview of the entire company. Strategy, sites, products, divisions and corporate functions with their responsibilities and services. Instead of frontal lectures, the speakers present their areas in communicative poster sessions. Speed meetings accelerate familiarization. And meet & greets with top managers are highlights of the Day.

The organizers are happy that there's a lot of laughter and that it sometimes get really loud: Our efforts in modernizing, dusting off and turning the obligatory lectures for the newcomers in a true added value seem to be working.



“The fight for the best talent’ doesn’t end with the signing of the work contract. It’s just the beginning. So the Welcome Day is an important tool for retaining new employees. As an attractive employer, we want to support the success of the training phase, so that our new employees can fully develop their strengths and feel comfortable with us. The positive candidate experience they’ve had in the recruiting phase should be continued in a positive employee experience.” Gerti Höglauer, Creative Head & Organizer of the Welcoming Event in Munich



and development. Here junior staff can help design exciting projects to improve energy efficiency,” said Martin König from our Talent Attraction Management team. His colleague, Moritz Meuren, engineer at Infineon Warstein, adds: “We’re chiefly looking for people who are enthusiastic about our products and technologies and who want to share their passion and skills with us.”

Infineon Day in China

Recruiting at universities in China plays significant strategic role for us: We therefore regularly schedule “Infineon Day” at selected top universities of particular relevance for Infineon, where we present ourselves exclusively. The event has become an important date in the Chinese university calendar. In 2015, a total of 1,400 students at eight universities attended the event. Surveys showed how much the event raise the awareness of Infineon: 78 percent of participants say that after the Day, they now know about Infineon - compared to 24 percent prior to the event.

“ We look for people with a passion for technology ”

How do we find suitable candidates? By appearances at recruiting events such as the Career Day of the University of South Westphalia in Soest – the largest campus job fair in North Rhine-Westphalia, for example. In April 2016, over 100 companies once again presented at the university campus to get into contact with students, graduates and professionals. For us, the fair is of great importance for our Warstein site. “Infineon Warstein is considered a “Workshop of the Future” and has established itself within the Group as an engine for research



Joining Infineon



There are many ways to join our Company. They range from vocational training or dual work-study courses, through internships or working student placements, to trainee programs. Another way of starting out at our Company is via a doctoral post. In our Company, everyone, and whatever their level or how they start is given real-life assignments and responsible work.



Abroad with Infineon even as a trainee

Great opportunities even when in training? Infineon makes it possible: Our employee Lukas Schellewald, for instance, – 19 years old and in his third year working at our site in Warstein as an industrial mechanic – completed a four-week internship at Infineon in Cegléd, Hungary this past fiscal year. “It was an incredible experience for me. Just being in a foreign culture with a foreign language – that’s where you find out what your strengths and your weaknesses are. And you get an incredible amount of support from everyone. I can only say to anyone who has such an opportunity: Go for it. Don’t miss out on this experience!”



The Erasmus program

For many years now, commercial trainees at the Munich, Regensburg and Warstein sites have been spending four weeks of their training in foreign European countries as part of the EU Erasmus Funding Program. Now for the first time technical trainees can now spend their training period at the Warstein site too – thanks to a cooperation with the Lippe Vocational School and the district of Soest.

Global trainee program

Since fall 2016, Infineon also has an International Graduate Program (IGP) – a trainee program, which, unlike the existing programs in place at the individual sites, is international. The IGP is increasingly focused on exchanges and networks across disciplinary and national boundaries. The participants – graduates with Bachelor, Masters or Doctorate degrees – change departments and sites as suits them best. At least one assignment is done abroad. The participants exchange ideas and experiences at regular telephone and online conferences and have in-person meetings every six months. “The aim of the program is to find more talent for the challenges ahead and to specifically develop them internationally,” says IGP Project Manager Severine Fiegler (Director Talent Network). “We are looking for strong, open-minded personalities. Good grades also count. But what’s almost more important is what kind of person they are, and that they’re a right fit for the innovative global company Infineon is.

How we cooperate with universities



To attract new entrants to the labor market, Infineon attaches particular importance to maintaining close contact with universities, students and teachers. For instance, many Infineon engineers have given guest lectures at recognized universities inside and outside Germany. We support universities with endowed professorships such as at the University of Innsbruck in the area of power electronics. We run doctoral programs (see Doctorates at Infineon). We visit university recruitment fairs, give presentations at conferences, and invite students to visit our Company. We are also directly involved in important High Potential programs: For example, Infineon is a member of the UNITECH network for promoting top engineering talent – in the 2016 fiscal year, over 15 UNITECH fellows completed an internship at Infineon. Successful cooperation is also enjoyed with the Collège des Ingénieurs (CDI). Infineon has established itself as an attractive partner company in this international MBA program.

Future Electrical Engineers Visit Infineon Regensburg

In May 2016, we offered 23 participants in the German Student Council for Electrical Engineering (BuFaTa ET) an insight into our Company: The students were received at our high-tech manufacturing site in Regensburg and given a tour of the plant. We informed them about career opportunities at Infineon and explained our business and technology. It was exciting. And one or two contacts for the future may well have been made.

The German Student Council for Electrical Engineering is the union of all the student councils with an electrical engineering focus from the German-speaking countries. They meet once a semester at different universities, where they form working groups on specific topics and organize company visits.



Doctorates at Infineon

Industry is usually a step ahead of university research in application-oriented research, so it makes sense to carry out doctoral studies in close cooperation with an industrial partner. Infineon therefore runs doctoral programs together with professors at accredited universities, and this benefits both sides. Doctoral students usually receive a contract of employment from Infineon, which is aligned to university contracts and includes the research agreement. Doctoral students work at Infineon sites, with support divided between professors and dedicated Infineon employees.

ketability in the labor market,” said one of the participating doctoral students.

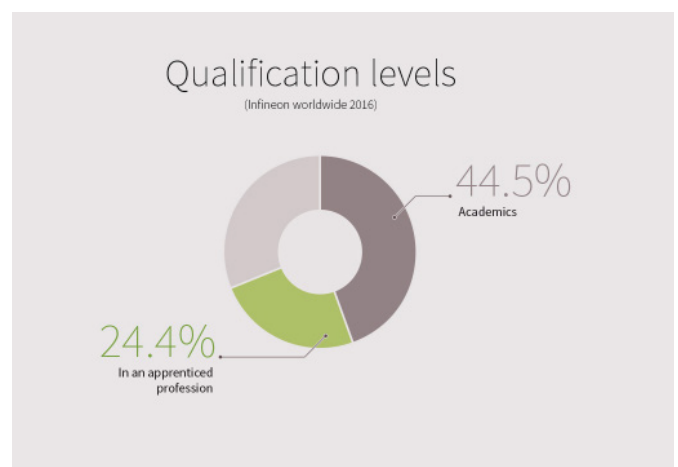
And Rainer Schmidt-Rudloff, responsible for University Relations at Infineon HR, says:

“We benefit greatly from the collaboration in the project team. We exchange ideas intensively with the various PhD programs at European technical universities and create an awareness there of the requirements from the industry.”

Infineon gets you fit for the job market

We also provide highly practical support for young scientists – for example as part of a two-year project of the EU Erasmus Funding Program called PEP UP[®] (PhDs Enhanced for Prospects ErasmUs Plus). The aim of the project is to provide young doctoral students from various European universities with skills and orientation to the labor market - so that after they conclude their doctoral work they can immediately enter the industry. Here Infineon makes a significant contribution with its expertise – co-designing trainings, for instance, and teaching the PhD students in workshops. For example, we contributed to the pilot workshop, which was held in May 2016 at the Institut national des sciences appliquées (INSA) in Lyon for 24 doctoral students from eight European universities. It was a complete success.

“The workshop approached the topic of self-development from a perspective that was unusual for the academic context. This revealed an enormous potential for us to improve our mar-



Workforce - Good cooperation
instilled into our culture



"The results of the recent Great Place to Work survey show that we're on the right track. Our employees are the basis for our success. We want them to feel motivated to support the Company's goals and share in its success. A culture of openness is critical for this, as are clear role and responsibilities. We are consistently continuing our initiatives to that end. When we continue to pursue our goals, we can become even better. Every manager and every employee make an significant contribution to realizing this. Infineon benefits from mutual success as much as each and every one of us."

Thank you for your commitment."

Dr. Reinhard Ploss, CEO

Together we are strong

Only satisfied and successful employees make long-term corporate high performances possible. That's why we want to make sure everyone working here is happy. And we do our utmost to make that possible. With fair and supportive working conditions and our culture of good cooperation. We see ourselves as a top team formed out of top players. We have instilled this idea into all our activities for our workforce.



Feedback from our employees

We are a Great Place to Work®. We regularly take part in the international Great Place to Work® Research and Advisory Institute competition and thereby continually improve our working conditions and promote our corporate culture of trust. In 2016, we conducted another employee survey. We asked 12,000 of our employees for their feedback, and 9,000 of them gave us their opinions and suggestions for improvement. Conclusion: We have significantly improved in all categories compared to the previous survey in the 2013/14 fiscal year. 78 percent of the participants agreed: "Infineon is an excellent employer."



Reliable, fair and innovative:

Our values and what we stand for.

Employee representation: Creating together

A strong culture of trust with open and honest communication is also important to us whenever we engage in dialog with our employee representatives. Codetermination is an essential aspect of our HR work. Together, we create the basis for successfully implementing our key issues in the respective bodies, in particular the Central Works Council and the Executive Staff Representation Committee.

“The Central Works Council and company management have a shared interest in continuing to position Infineon, in its rapid change and growth, as an attractive employer. For this we jointly negotiate all matters requiring co-determination for the five Infineon Technologies AG sites in Germany. The list of topics on which we cooperate is long – systems for employee assessment, company pension, health management, variable pay, training landscape, technical equipment and IT tools, to name only the most important. For instance, about 20 agreements were made in the past financial year just in the IT area alone.

The open communication and respect for each other is the basis for achieving the best possible results for our employees - at just those times when there is a struggle to find the best way forward.

The introduction of the new learning management system, the sabbatical scheme and the maintenance of our retirement and the Fit4Health program are good examples of this from the past year.

In addition, we also discuss future topics in workshops so we can set the course for tomorrow, today.”

Ronald Künemund, Chairman of the Central Works Council of Infineon Technologies AG

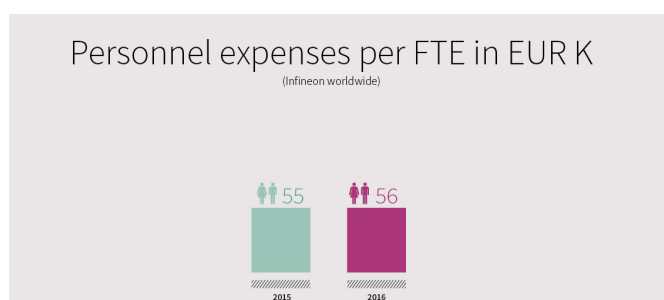
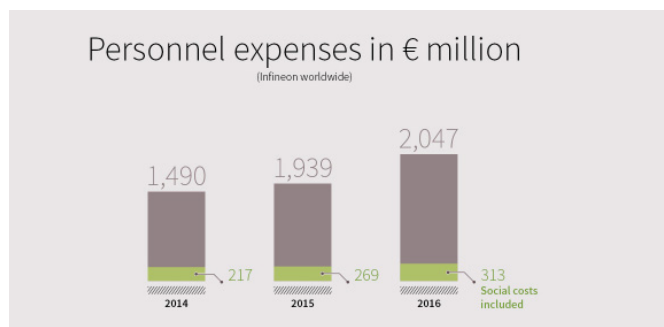


Remuneration: Sharing in the Company's success

Excellence is our standard and high performance is our goal. So it is a matter of course that we offer attractive competitive remuneration and pass on a reasonable share in the Company's success. This is done by setting a fixed annual salary and variable bonus payments. The annual performance bonus is intended to let employees participate in our business success and promote profit-based and business-focused actions at all levels.

In addition, benefits are an integral part of the overall compensation system and reflect our responsibility vis-à-vis employees. No distinction is made between full-time and part-time employees in this regard. The type and extent of the benefits are defined according to the respective regional statutory requirements and normal market practice.

Global personnel costs for active, internal Infineon employees were 2,047 million euros in the 2016 fiscal year. These costs incorporate wages and salaries, including overtime and bonuses, and social costs.



Excellent ideas

For years we have significantly shown how important cooperation is to us on the one hand, and the ideas of our employees on the other, with an award and an idea management program:

For the fourth time, a jury composed of our senior management awarded our High Performance Award in March 2016. The award comes with a total prize of 40,000 euros and rewards outstanding innovative developments made by cross-departmental teams annually. 10,000 euros will go to the gold, silver and bronze prize winners, and 5,000 euros to the winners of two special awards. The prize-winners donate the prize money to a charitable cause.

"With the High Performance Award we want to appreciate contributions to the Company's success. We want to emphasize the importance of the commitment of our employees to Infineon's success. Our competitors are on our heels and the competition constantly presents us with new challenges. That's why we don't just want to be good – we want to be outstanding. Infineon is renowned for its exceptional technical performance. But innovation isn't simply having a good idea, it's about implementing it. This combination, which we call being 'fast and agile' allows us to advance into areas others haven't

even thought of yet. I am convinced that we will continue to set ourselves apart from the competition. That's exactly why the High Performance Award is so important for us. It's our way of expressing how proud we are of the ideas and achievements of our employees."

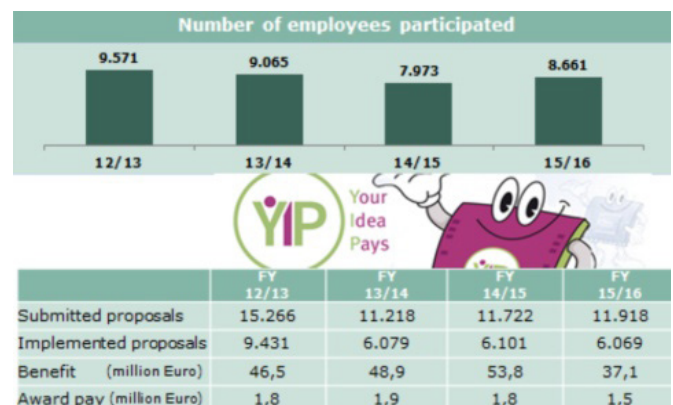
Dr. Reinhard Ploss, CEO



YIP - Your Idea Pays

Another important tool for supporting the innovation culture in our Company is our program “YIP – Your Idea Pays”. For years, we have been using it to coax ideas from our employees and rewarding them for them. Many suggestions from this pool of ideas are optimizing our processes and products. Each and every Infineon employee can submit ideas here. Proposals are often submitted by cross-departmental and international teams.

In the fiscal year 2016, 11,918 proposals for improvement were submitted. Infineon has paid out 1.5 million euros in bonuses to the idea providers. An investment that pays. Because the optimizations it generates translate into direct savings for Infineon. The benefit of individual award-winning improvement suggestions can be clearly calculated and often amount in the millions.



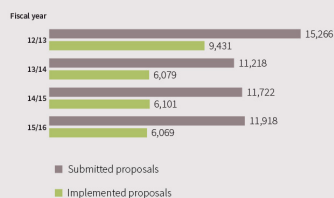
Benefit / Premium Pay

(Infineon worldwide in € million)



Proposals

(Infineon worldwide)



How do you get to Spain with your colleagues?

It's easy. You just have to come up with a "reduction in the throughput time by optimizing the loading (HERO + UTS) in module 4". Just like five employees from our Dresden site did in 2016. Their suggestion was awarded as part of the "Your Idea Pays" program. And with their winnings the five maintenance technicians drove to Barcelona - and even invited their three shift colleagues along for the trip. The now eight-member group spent four of their shift-free days in the Spanish city. But it wasn't just the sights and the culinary delights that inspired the travelers. The trip also had a "significant team-bonding factor" says participant Robert Agthen. Everything they did they planned and implemented together - just like in the clean room in Dresden.



Social engagement

It is not just for our success that our employees devote their energies to their work and ideas each day. They also do a lot for others. At all of our locations worldwide to Infineon employees do volunteer work, participate in social actions and donate their time, energy and money where it is needed. Among other things, our corporate culture is driven by people who – in spite of being top performers – don't overlook the fact that many others need help. As a Company, we promote social engagement. For example, by specifying that the prize money from the High Performance Award – totaling 40,000 euros – goes to benefit a charitable organization.



A special place in our hearts for children

Again and again, individual Infineon employees distinguish themselves for their huge engagement. Jiang Minfang from China for example. For many years, the Infineon employee from Wuxi has dedicated herself to numerous social projects, such as helping people in need of physical care, people with low vision and migrant workers. But she has a special place in her heart for disadvantaged children. In 2010 she launched the program “Learning for Life” at Infineon Wuxi, which helps children in special schools. The initiative is supported by employees of Infineon Wuxi, who were all encouraged by Jiang Minfang to dedicate some of their spare time to children with mental and/or physical disabilities. They organize donation drives and events for the schools and help teach and look after the children. “It means that we share our livelihood with them, what we get, and live from what we give”, explains Jiang Minfang about their motivation to do something for others. She adds: It had been my wish for a long time to bring joy into the lives of disadvantaged children to improve their conditions and make sure they had a good start in life. She herself is the mother of a little boy. In 1996, she started as a warehouse worker at Infineon Wuxi and since 2008 is responsible for disposal in the Logistics Department.



Infineon supports refugee aid efforts

“We must do something here”, it was and is clear for us in connection this time with the many people coming to Germany as refugees. And so for instance in fall 2015, we supported Medical Disaster Relief (MHW), which provides primary medical care for refugees coming into Munich. Overall, 105,000 euros were donated by the Company together with our employees to the MHW – over 27,000 euros had been collected just by our employees in a donation account set up by the Works Council, including donations from individuals or groups of over 1,000 euros and dollars.



Workforce - We want everyone to be well and happy

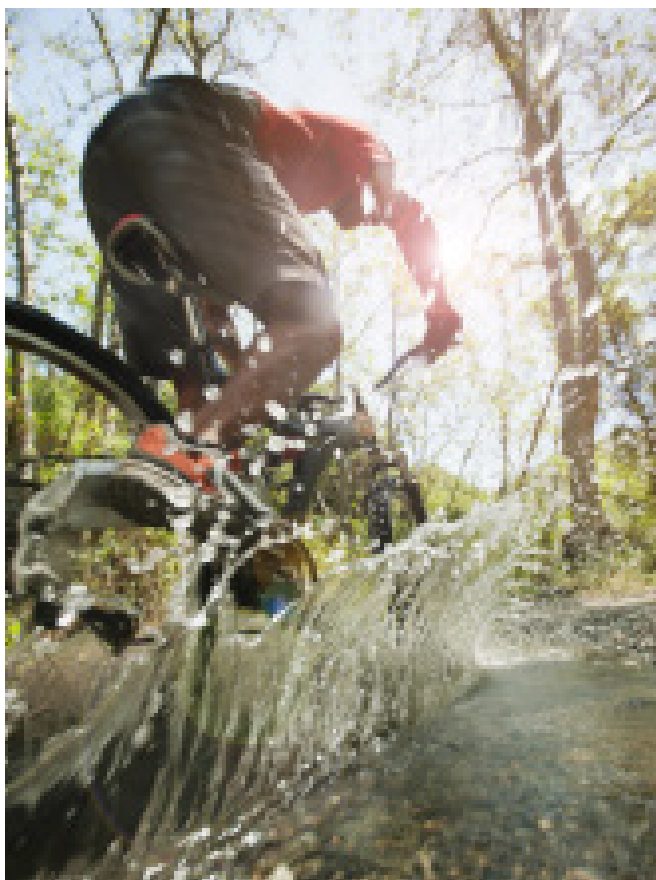
Health care management: We're one of the best



As a company, the health and wellbeing of our employees is extremely important to us. And so we protect and support healthy living and working with a range of measures. This starts with health-oriented leadership behavior, going on to the healthy and safe design of workplaces and continuing to preventive measures and needs-based health programs for our employees. We have already received a number of awards for our health care management – for example the leading “Corporate Health Award“ initiative in German-speaking regions this fiscal year. This audit reviews the quality and effectiveness of the occupational health management of hundreds of companies in Germany. And this year Infineon was once again certified for its high standard. Our prevention program “Fit4Health“, which promotes the development of individual health literacy with an innovative approach was given special mention.

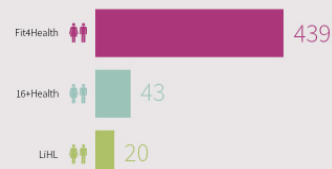
“The Corporate Health Award shows that we have achieved with a very high level in our health care management. Our performance level for the audited content scored an impressive 96 percent. This will benefit the health and wellbeing of every individual at Infineon, and it also supports productivity and efficiency, and thus the success of our Company. With our health promotion measures and the seal of the Corporate Health Award we're sending a clear sign as an attractive employer. We will continue to develop the standard even more.”

Kristian Knoell, Coordinator of Global Health Care Management of Infineon



Number of participants in healthcare programs

(Infineon worldwide)



Infineon is dedicated
to a good work-life balance



For a long time now, our HR work has also involved supporting and reconciling work and home life. We believe that people need resources in their private lives in order to be successful in their professional lives. And we know that enabling individual lifestyles contributes to our culture of equal opportunity. Whether it comes to taking care of children or a long awaited break: We want our employees to be able to properly balance their private obligations and wishes with work, so they can stay on the ball professionally. We even have the fact that we're doing a good job at it in writing: All sites in Germany and in Austria have been awarded the auditberufundfamilie certificate.

Someone in the family needs
long-term care – what to do?

Not only the child care is an issue when it comes to reconciling work and family. There's also long-term care. More and more people are in need of long-term care in our society, and more and more people are worrying about their care responsibilities. And this is true for many Infineon employees too. Infineon helps them specifically – with an extensive range of information and advisory services and flexible working models.

“For example, with our partner Senporta in 2016 we activated our own help portal on our intranet. Here they constantly have the most up-to-date information on the subject of care - legislation, funding opportunities, applications, etc. The online help portal is the primary source of information. Of course we also offer a personal conversation. Anyone interested can contact us at any time. The social counselors in Munich, Regensburg, Warstein and Dresden are ready to assist and advise you.”

Peter Purainer, responsible for coordinating the company's internal social counseling in Infineon Germany



Workforce

(Infineon worldwide 2016)



Silver Workforce in the Asia-Pacific region

"We don't leave our employees to fend for themselves with they suddenly have a long-term care issue. This also means that we allow them to flexibly adapt their working time to the changing life situation. This include a new arrangement we have worked out with our employee representative for taking sabbaticals: In the case of long-term care or acute illness of a family member, our employees can have a twelve-month leave within a four-year term – depending on when and as required by the individual situation and as operational processes allow".

Ralf Memmel, Head of Future Work Environment



Sabbatical, flextime, home office, assistance for the long-term care, child care: Today in Europe, the possibilities for the individual design of a job and a career are now diverse and standard. In the Asia-Pacific region this issue is now gaining in significance – and we're supporting this trend. For instance, at most of our sites in this region, there is an option through "work from home" programs or flexible working hours. Or by promoting the Silver Workforce: This refers to initiatives whereby we enable older employees to work beyond the legal retirement age at their request.

In Singapore, for example, Infineon is committed as a member of the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) to a progressive employment policy. In this organization, government, business and labor unions work together to promote and implement fair and progressive working conditions – through awards, events and training and more. We have made a commitment to this: By signing the "TAFEP employers' pledge of fair employment practices" we have pledged to entirely align our employment policy to the TAFEP recommendations. Thus we are currently working on our Silver Workforce. We are offering all our employees in Singapore who are about to reach the legally applicable retirement age of 62 the option of a continued employment. And we've received great interest for this from the employees. We are currently in specific contract negotiations with more than 20 Infineon employees in Singapore for an individually tailored reinstatement after retirement.

"After 43 years with the Company, Infineon has now re-hired me – after I'd already reached retirement age. It makes me happy that my experience is appreciated. I still do my job as a secre-

Day care for children

tary with passion and I enjoy working with my colleagues. I 'm honored that I was given the opportunity to continue to make my contribution within the Infineon family. I look forward to many more good years here."

Ng Angie, Confidential Secretary in the BE TS QM area



Last but not least, we also offer childcare options: All major German and Austrian locations and the company in Singapore have either their own company kindergartens, or they cooperate with nearby childcare facilities, and we are continually increasing the options available.

Plus: Even during the holidays, we have great program for the kids. There are always summer camps run at various sites.

For example, for the third time the super popular summer camp at our Warstein site was held in July 2016. 40 children went. Adapted to the different ages, they had a great program with sleeping in tents, barbecue, climbing the high ropes course and an "Infineon Action Day" on which the little researchers could have fun learning about natural science.

"We want to arouse the children's curiosity about the new and let them have fun in experiencing technology," said organizer Stephanie Steinke from the HR department. For example, under expert guidance, the students learned how to solder onto an LED cube. "Who knows, but one of the kids might just be an employee of tomorrow."

