



Infineon employs ca. 8,000 employees in Malacca, Malaysia. The plant is Infineon's biggest semiconductor production site worldwide. Infineon is well respected as a good and responsible employer in Malacca, and has been cultivating long-term and trusting relationships with employee representatives. Infineon enjoys an excellent reputation in Malaysia.

The report of January 31 by Good Electronics is known to us. Unfortunately the report contains factually incorrect and subjective conclusions. There is no truth to the allegation that Infineon is "union busting" or discriminating against union leaders and officers. The insinuation that Infineon is taking these steps shortly before negotiations for the next Collective Agreement begin, just to prejudice union members, is ignoble. That the events drove the timing of Infineon's dismissal/disciplinary action; Infineon was not in control of these events. What is true is that Infineon does not tolerate or condone misconduct by its employees at any time; whether or not they are union leaders and officers is irrelevant.

Infineon is committed to human rights and worker rights. Infineon does not impinge on its employees' freedom of association or participation in union activities. Union members (and union leaders/officers) are entitled to attend union activities when they are free (e.g. while on annual leave or on non-working days). However, the company has an obligation to investigate cases of apparent misconduct, even if those cases involve union leaders and officers. There is neither preferential treatment nor discriminatory treatment for union leaders and officers.

Infineon gave notice to an employee at the Malacca production site, who has been president of a local trade union since 2005. Reason for the dismissal was a case of misconduct by that employee in autumn 2016. The employee did admit his misconduct towards the company and the case is well documented. Infineon does not want to go into more details until the administrative/judicial process brought by the employee is completed.

We can assure you that Infineon did not make that decision easily and has carried out an in-depth examination of the case. Considering compliance guidelines and in accordance with Malaysian labour laws the local management has hereby concluded that this form of misconduct cannot be tolerated. Also Infineon has taken decisions and dismissed employees for clear cases of misconduct – in compliance with the common application of Malaysian law.

Infineon also investigated 6 other union leaders for misconduct and discovered that they acted contrary to Malaysia's Industrial Relations Act and contrary to the existing Collective Agreement between the union and Infineon Malaysia. Therefore, the disciplinary action against them was justified by law. It was not done as an act of union busting, nor in violation of any of Infineon's internal policies or the employees' freedom of association.

Integrity is our guiding principle in dealings with our customers, shareholders, business partners, employees and the general public. We expect from all employees on all levels – especially high-ranking colleagues – a professional conduct according to the rules. Outlining the important regulations and provide support in legal and ethical questions, the Infineon business conduct guidelines apply to all persons employed at Infineon and members of corporate bodies of Infineon Technologies AG and its affiliates worldwide. We are absolutely bound by it.



The business conduct guidelines is available on our website:  
<http://www.infineon.com/cms/en/about-infineon/investor/corporate-governance/compliance/business-conduct-guidelines/>

Please contact me if you have further questions.

Yours sincerely,

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