BROCHURE

Empowering resilience

Infineon Technologies AG

www.infineon.com/resilience

infineon

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Introduction

Our commitment to resilience

At Infineon, we take resilience very seriously. It is one of the backbones of our success in the semiconductor industry. We believe that resilience is not just a response to disruptions; it's a proactive approach to managing risks, capitalizing on opportunities, and delivering value to our customers.

In the following pages, we invite you to join us on a journey to explore the five major dimensions of resilience that underpin our strategy: Market Resilience, Operational Resilience, Societal Resilience, Digital Resilience, and Organizational Resilience.

Our integrated approach empowers us to manage risks effectively and adapt to evolving market dynamics. By integrating resilience deep into our operations, we ensure we are well-equipped to face challenges and seize new opportunities.

I am proud to present with this brochure our clear commitment to resilience and excellence.
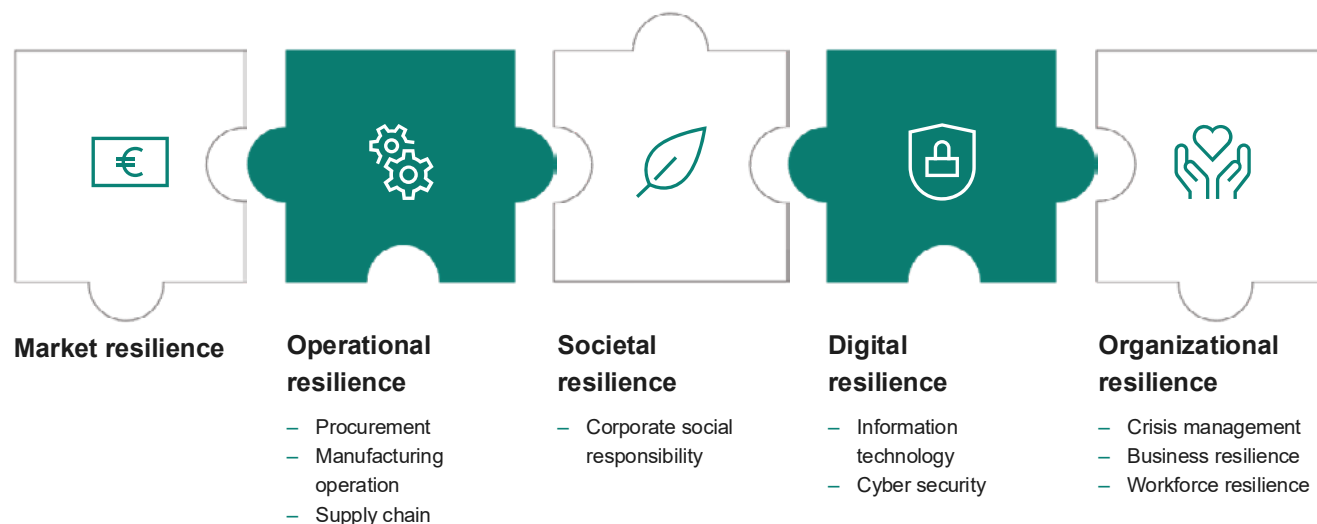
Dr. Sven Schneider
Chief Financial Officer

»We remain committed to upholding very high standards of resilience and excellence, and we look forward to our continued partnership as we work together to create a resilient future.«

Resilience at Infineon

At Infineon, resilience is the ability to withstand and recover from disruptions, changes, and uncertainties that could impact our business operations and long-term success. Our resilience structure is comprised of five pillars[1]:

Market resilience

Operational resilience
- Procurement
- Manufacturing operation
- Supply chain

Societal resilience
- Corporate social responsibility

Digital resilience
- Information technology
- Cyber security

Organizational resilience
- Crisis management
- Business resilience
- Workforce resilience

Market resilience

Building market resilience by strategically managing market risks and opportunities, leveraging financial instruments, and continuously adapting to evolving economic conditions. Additionally, it is essential to strengthen resilience against semiconductor market volatility, thereby mitigating potential adverse impacts on profitability and liquidity.

Operational resilience

Maintaining operational resilience through resilient procurement, operation, and supply chain management practices.

Digital resilience

Ensuring digital resilience through a "Resilience by Design" approach, prioritizing system criticality, implementing process frameworks and documented procedures, establishing robust backup and recovery strategies, and conducting regular testing to maintain the continuity, confidentiality, and availability of information systems and services, including cybersecurity.

Societal resilience

Embedding Corporate Social Responsibility (CSR) into its operations by adhering to legal requirements, the UN Global Compact principles, and sustainability guidelines to meet stakeholder needs.

Organizational resilience

Ensuring business continuity through robust business resilience and crisis management practices, as well as employee preparedness and well-being.

These five pillars work together to build a comprehensive resilience strategy that enables Infineon to adapt to dynamic circumstances and maintain long-term success.

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[1] Adapted from World Economic Forum's "Private Sector Resilience", interpreted for Infineon.

Market resilience

Strategies for managing market fluctuations and conditions

We acknowledge that the global semiconductor market, being closely tied to overall economic growth, is inherently susceptible to fluctuations. As a result, our target markets may face short-term volatility; however, our long-term growth drivers remain very strong.

To enhance our market resilience, we employ several key strategies. We maintain a broad customer portfolio to minimize market dependency, in contrast to the concentration on large customer shares that can expose companies to significant market fluctuations. We continuously monitor key early warning indicators of economic conditions and customer demand, allowing us to proactively adapt to the cyclical nature of the semiconductor industry. This proactive approach enables us to implement mitigation strategies as needed. These strategies may include systematically adjusting capacity utilization and inventory levels, implementing productivity measures, and leveraging the flexibility of external production facilities for both frontend and backend manufacturing.

While we strive to anticipate and prepare for market fluctuations, if our preparations or mitigation strategies prove to be inadequate, it could have a sustained adverse impact on Infineon's financial condition, liquidity, and results of operations. We are committed to continuously refining our strategies and strengthening our market resilience to manage these dynamic market conditions effectively.

Strategies for navigating a dynamic global financial risk landscape

At Infineon, we recognize the importance of financial market resilience in navigating a dynamic global landscape. Our operations are influenced by various financial factors, including market dynamics (foreign exchange, interest rates, and pricing), credit risk, financing, and liquidity risk. Rather than focusing solely on mitigating risk, we proactively build financial market resilience to withstand potential market fluctuations and ensure continued operational strength.

Our approach to financial market resilience focuses on minimizing potential adverse impacts on our profitability and liquidity. We strategically utilize derivative financial instruments to hedge specific exposures.

This crucial function is managed centrally by our Group Finance and Treasury (FT) department, operating under policies approved by the Chief Financial Officer.
The FT department collaborates closely with our operating units to identify, assess, and implement appropriate strategies to bolster our financial market resilience.

These strategies are guided by comprehensive policies established by the FT department. These policies outline the principles of our overall financial management approach and provide specific guidance on key areas. These areas include managing exposures to foreign exchange and interest rate fluctuations, assessing and mitigating credit risk, the use of derivative and non-derivative financial instruments, and the strategic investment of excess liquidity.

We acknowledge that cyclical market and segment risks, coupled with geopolitical uncertainties, are constantly evolving and can directly and indirectly affect our financial standing. Therefore, we continuously monitor these developments and their potential impact on Infineon. The results of this ongoing monitoring are considered in the methods, models, and processes we use to strengthen our market resilience. The potential long-term effects of these dynamic factors and the associated volatility in markets remain subject to inherent uncertainties; however, we are dedicated to achieving and maintaining robust financial health.

For a more detailed look at our comprehensive Financial strategy, please access our ↗ Infineon Annual Report.

Operational resilience: Procurement

In today's fast-paced and interconnected business landscape, procurement plays a critical role in ensuring the smooth operation of a company's supply chain. At Infineon, procurement resilience is a top priority, and our strategy is designed to secure supply and build partnership resilience with our suppliers. This approach is built on three pillars: **Business ethics and compliance**, **continuous supplier risk monitoring**, and **procurement crisis management**.

Business ethics and compliance

»Everything is negotiable except compliance«

At Infineon, we believe that business ethics and compliance are non-negotiable. Our procurement strategy is guided by the principle that "everything is negotiable except compliance". We take a proactive approach to ensuring that our supply chain has no material Corporate Social Responsibility risks. This includes screening our supply chain for potential risks, responsibly sourcing minerals, and ensuring that our suppliers adhere to our ↗ Supplier Code of Conduct.

Continuous supplier risk monitoring

»Understand the risks and monitor them closely«

Risk is an inherent part of any supply chain, and at Infineon, we take a proactive approach to identifying and mitigating these risks. Our Continuous Supplier Risk Monitoring program is designed to evaluate suppliers regularly, monitor risk incidents for key suppliers, and manage strategic supplier risks effectively. One of the elements of this approach is addressing dependency risks, which can significantly impact the stability of our supply chain. To mitigate these risks, Infineon follows a multi-sourcing strategy with a well-diversified supply chain, including suppliers across different geographies.

This approach reduces reliance on single sources, enhances flexibility, and ensures the ability to adapt to regional or global disruptions. By combining multi-sourcing with active risk monitoring, we strengthen the resilience and security of our supply chain, enabling us to respond quickly and effectively to any challenges.

Procurement crisis management

»React fast to supply chain disruption«

Despite our best efforts, supply chain disruptions can still occur. That's why we have a dedicated procurement crisis management team in place. Our team is equipped with a reliable mitigation strategy, designed to minimize the impact of disruptions and ensure business continuity. By working closely with our suppliers.

Our goals: Securing Infineon's supply and partnership resilience

The main goal of our procurement strategy is to secure Infineon's supply and partnership resilience. By focusing on business ethics and compliance, continuous supplier risk monitoring, and procurement crisis management, we can ensure that our supply chain is robust, flexible, and able to respond to supply chain disruptions. This approach not only benefits Infineon, but also our suppliers, customers, and stakeholders, who can rely on us to deliver high-quality products and services, even in the face of uncertainty.

Operational resilience: Manufacturing operation

Global manufacturing network

Infineon's manufacturing resilience is built upon a global network of frontend and backend sites, complemented by a robust network of manufacturing partners. Our production facilities are strategically dispersed across the globe, featuring frontend sites in Europe (Dresden, Regensburg, Villach), Asia (Kulim), and the United States (Mesa), along with backend sites in Europe (Warstein, Regensburg, Cegled), Asia (Bangkok, Wuxi, Melaka, Batam, Singapore), and the Americas (Tijuana, Leominster).

Diversified partnership

We partner with silicon foundries, test houses, and outsourced semiconductor assembly and test companies. Our manufacturing partners are located across several Asian countries, including China, Taiwan, Singapore, Japan, Malaysia, and the Philippines, as well as in the United States and various European countries. This extensive geographical distribution ensures the resilience of our supply chains and production processes,

supported by a diverse base of contract manufacturers and suppliers. Combining our in-house manufacturing capacity with external partners provides us with the flexibility to meet varying demands. Key initiatives such as the expansion of 300-millimeter production in Dresden, Germany, and the addition of the third manufacturing module in Kulim, Malaysia, significantly bolster our ability to address the growing demand for analog mixed-signal and power semiconductors. Additionally, our joint venture with TSMC (ESMC) in Dresden plays a pivotal role in enhancing our production capabilities.

Global Research and Development network

In addition to the physical presence across major regions, Infineon's research and development sites are globally distributed, spanning numerous locations across various countries. This wide-reaching R&D network allows for continuous innovation and adaptation to regional market needs, further contributing to our company's resilience.

Manufacturing resilience strategy

Infineon's resilience strategy is based on the concept of employing uniform processes, equipment, and automation, as well as digitalization practices, across different sites. This approach not only generates economies of scale but also enables flexible production volume shifts between sites, ultimately benefiting customers. A sample of this approach is the "One Virtual Fab", where the 300-millimeter production facilities at the Villach and Dresden sites are fully harmonized through identical production equipment, manufacturing processes, and working methods. A similar concept is applied in the area of compound semiconductors at the Villach and Kulim sites, with the third module in Kulim designed to create synergies with the existing 200-millimeter production infrastructure.

Infineon
One Virtual Fab

Overall, Infineon's approach to resilience in manufacturing encompasses a global footprint, diversified partnerships, and strategic initiatives to enhance production capabilities, thereby ensuring the company's ability to adapt to market dynamics and meet evolving customer needs.

Operational resilience: Supply chain

Mastering complexity and volatility in the semiconductor industry

The semiconductor industry is characterized by its complexity, capital intensity, and volatility, making it essential to have an exceptional supply chain. At Infineon, we understand the importance of mitigating these challenges to ensure a resilient and efficient supply chain for our customers.

The complexity of semiconductor manufacturing

The semiconductor manufacturing process is inherently complex. This complexity is further exacerbated by the physical inflexibility of semiconductor manufacturing, which cannot be parallelized. Fabs run 365 days a year, 24 hours a day, to meet customer demand and utilize the highly capital-intensive capacity of the industry.

Mitigating complexity and capital intensity

To overcome these challenges, we have developed a globalized supply chain network that acts as a "new" fab, allowing us to achieve flexibility and speed. Our supply chain orchestrates a network of front-end, back-end, distribution centers, silicon foundries, and subcons, which operate as "one Global Virtual Factory". This allows us to respond rather quickly to changes in demand or disruptions.

In addition to physical flexibility, we focus on the integration of planning and production processes, leveraging the concept of "Available to Promise" (ATP) to ensure reliable order fulfillment. This is achieved by connecting our resource availability with the commitments made to customers through a structured and dynamic planning process. By continuously refining these plans on a daily basis, we optimize our production and delivery operations, mitigate complexity, reduce capital intensity, and maintain an efficient and responsive supply chain.

The bullwhip effect: Taming volatility in the supply chain

The bullwhip effect is a well-known phenomenon in supply chains and affects the semiconductor industry with its very early position in the chain and its long production times. Small changes in consumer demand can lead to large swings in orders for Infineon's products. This can cause inefficiencies like excess inventory or shortages, as seen in the global chip shortage of 2020/2021. The bullwhip effect is a result of the amplification of fluctuations in demand as one moves up the supply chain, and it is a major challenge for supply chain management.

To address this challenge, we are working to reduce the bullwhip effect through supply chain digitalization, partner alignment, and strategic partnerships. By leveraging advanced technologies such as Artificial Intelligence (AI), Deep Learning, and emerging semantic technologies, we enhance forecasting accuracy, improve decision-making, and enable predictive analytics. These innovations boost supply chain resilience and agility by enabling real-time insights and better collaboration. As part of this effort, we not only actively engaged in the European project SC4EU[2] but also in the SEMI Industry Advisory Council (IAC)[3], where Infineon is one of the founding members, to drive innovation and collaboration in the semiconductor industry.

Supply chain resilience in the post-covid era

In the post-covid era, companies are shifting towards creating more resilient supply chains. This is driven by the need to mitigate the risks associated with pandemics, geopolitical tensions, natural disasters, and other disruptions like demand shocks. At Infineon, we are committed to achieving supply chain resilience through strategic partnerships and innovative solutions.

As part of our Tailored Supply Chain Lighthouse Project, we have implemented several Customer Engagement Models, such as Capacity Reservation Agreements (CRA). These models are designed to provide not only us our

customers with greater visibility and control over their supply chain and to ensure that we and they can respond quickly to changes in demand.

Achieving exceptional supply chain resilience

Complexity	Capital intensity	Volatility
Supply chain network: Flexibility and speed One global virtual factory		Supply chain Digitalization
Available to Promise (ATP) Building plan and make processes		Partner alignment and strategic partnership

At Infineon, we are committed to delivering exceptional supply chain resilience, and we are dedicated to continuously improving and innovating our operations to achieve this goal. This commitment is reflected in the strong performance of our supply chain, as evidenced by awards, benchmark results, and audit outcomes, which demonstrate our ability to effectively address the resilience challenges facing our industries today. By working together with our customers and partners, we can build upon this foundation and create an even more resilient and efficient supply chain that benefits everyone involved.

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[2]SC4EU is an EU-funded initiative uniting 14 partners to tackle chip shortages and create more resilient supply chains

[3]Supply chain management Industry Advisory Council (IAC)

Societal resilience: Corporate social responsibility

We understand Corporate Social Responsibility (CSR) as our voluntary responsibility towards society, both international and local. We strive to meet the needs of Infineon stakeholders in terms of CSR and to evaluate and include those in our daily operations whenever possible.

Our commitment is based on compliance with legal requirements, the Ten Principles of the United Nations (UN) Global Compact, and the principle of sustainability as the symbiosis of economy, ecology, and social engagement. The Infineon CSR Policy describes our focus areas and voluntary self-commitment to fulfill the necessary measures in those areas. We have identified seven fields of activity:

- ↗ CSR supply chain management
- ↗ Occupational safety and health
- ↗ Corporate citizenship
- ↗ Human rights

- ↗ Human resources management
- ↗ Environmental sustainability and climate protection
- ↗ Business ethics

Detailed information on CSR can be found in the ↗ Infineon CSR Policy. The ↗ Infineon Sustainability Report outlines our sustainability strategy.

Digital resilience: Information technology

IT resilience: Infineon's proactive and reactive strategies

IT resilience is a critical component of Infineon's overall risk management strategy, ensuring the continuity and availability of our information systems and services in the face of disruptions or failures. To achieve this, we focus on both proactive and reactive approaches, which are covered by our resilience by design approach.

At the heart of our "Resilience by Design" approach is the criticality of our information systems, which are categorized based on their impact on business operations and customer services.

Systems criticality defines our approaches, which include the implementation of process frameworks, documented procedures, and backup and recovery strategies to ensure the integrity, confidentiality, and availability of our systems.

Our process framework provides a structured approach to IT service management, ensuring that our teams

follow established procedures and guidelines to identify, assess, and mitigate risks. Documented procedures provide a clear understanding of roles and responsibilities, ensuring that our teams are equipped to respond quickly and effectively.

Our backup and recovery strategies are designed to ensure the rapid restoration of systems and services in the event of a failure or disruption. This includes regular backups of critical data, redundant systems, and infrastructure, and established recovery procedures to minimize downtime and data loss.

To ensure the effectiveness of our approaches, we have implemented a range of controls, including regular testing, to identify vulnerabilities and areas for improvement. These controls provide assurance that our IT systems and services are resilient and able to withstand disruptions and enable us to continuously improve our resilience posture.

By focusing on both proactive and reactive approaches, we are able to ensure the continuity, confidentiality, and availability of our information systems and services.

Digital resilience: Cyber security

Infineon has a comprehensive cyber security program that identifies and manages cyber risks. The program is overseen by a Chief Information Security Officer (CISO) and is constantly reviewed and improved. Infineon also has a Cyber Defense Center (CDC) that monitors the cyber threat landscape and coordinates the response to cyber incidents. Additionally, Infineon has a Product Security Incident Response Team (PSIRT) that manages security issues related to Infineon products

Cyber security	Cyber Defense Center	Infineon PSIRT
Customer requests towards Infineon's cyber security program and maturity	Main contact for potential security issues in respect to IT infrastructure and services	Main contact for potential security issues in respect to Infineon products
cybersecurity@infineon.com	cert@infineon.com	psirt@infineon.com

Organizational resilience: Crisis management

Resilience in action: Infineon's crisis management approach

At Infineon, crisis management is a top priority, and we have developed a comprehensive approach to ensure the safety of our employees, protect our assets, and ensure business continuity.

Risk assessment

Our crisis management framework is built on the basis of risk assessment, which enables us to identify potential risks, assess their impacts, and develop appropriate mitigation strategies.

Crisis management exercises

As part of Infineon's crisis management, a range of exercises and simulations are conducted to test our response to various crisis scenarios, including natural disasters, IT outages, supply chain disruptions, and more. These exercises are designed to challenge our teams, identify areas for improvement, and enhance our overall crisis response capabilities.

Crisis Management Teams

Our organization maintains a comprehensive crisis management framework, demonstrating our preparedness for a range of potential disruptions, including those affecting suppliers, operations, delivery, and more. During a crisis, the situation is managed by our Crisis Management Teams (CMTs), with their response scaled to the severity of the event. Leveraging their expertise and pre-established response and recovery plans, CMTs collaborate with stakeholders to ensure coordinated response and recovery efforts.

Crisis communications

Effective crisis communication is essential, and we adopt a two-pronged approach to crisis communication, focusing on both internal and external stakeholders. Internally, we maintain communication channels to keep employees informed and streamline communication within our crisis management teams, enabling efficient response and recovery. Externally, we prioritize transparency and trust with key stakeholders including customers and the media, during times of crisis.

Organizational resilience: Business resilience

Resilience is culture

At Infineon, business resilience is not just a set of procedures; it's a culture of resilience embedded throughout the organization. This culture is underpinned by a robust framework built upon recognized various industry standards, as well as specific customer requirements and other relevant regulations. We recognize that resilience is an ongoing journey, and we are continuously improving our business resilience framework, informed by industry best practices and evolving threats, to address emerging challenges and maintain compliance with these standards and requirements.

Our business resilience program is anchored by a comprehensive framework, comprising the Infineon business resilience policy and a company-wide global rule. This policy serves as the cornerstone of our business resilience efforts, encompassing several crucial elements. These key elements include:

- **Business Continuity Management:**
  We implement Business Continuity Management (BCM) at our sites, built upon industry standards such as ISO 22301 and others.

- **BCP risk management[4]:**
  We ensure a consistent approach to identifying potential threats and risks to our operations. This includes conducting business impact analyses and risk assessments to understand potential vulnerabilities, evaluating our suppliers' business continuity capabilities to minimize supplier disruption risks, and continually refining our risk management practices to stay ahead of emerging risks.

- **Response management:**
  We develop, implement, and continuously improve business continuity plans across our sites globally. Additionally, we maintain accurate and up-to-date data of our alternate supply locations, adhering

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[4]BCP Risk Management is based on the Infineon Enterprise Risk Management (ERM) Manual, focusing on operational risks at the site level

to our established standards. To respond effectively to disruptions, we have a well-defined response structure in place as part of our crisis management framework, and we utilize specialized tools for rapid detection and response. Throughout the process, we prioritize clear and timely communication with our customers, and continually refine our response management process to optimize recovery and response efforts.

- **Exercise management:**
We establish the framework for the exercise program, evaluate its effectiveness and facilitate collaboration among our sites to share knowledge and best practices. Through continual refinement of our exercise management, we seek to improve our response structure's reliability and effectiveness.

- **Resilience transparency:**
We implement and regularly monitor the resilience performance of our sites, and these are reported at management reviews, providing our top management a comprehensive view of our resilience performance. We proactively engage with our stakeholders through outreach efforts on our Business Resilience framework to foster a collaborative partnership that drives business resilience.

Organizational Resilience: Workforce resilience

As a leading semiconductor company, we rely on our talented and dedicated workforce to drive innovation, growth, and success. However, with the increasing complexity of our operations and the rapidly changing business landscape, we also face new challenges that can impact our employees' well-being and productivity.

Workforce resilience as part of human resources strategy

HR plays a crucial role in our company's success, especially in volatile times. Employee wellbeing, HR digital transformation, training and development, and race for talent are a few topics anchored in our strategy. These initiatives are crucial to fostering a resilient and adaptable workforce that can navigate the complexities of our rapidly evolving industry.

For a more detailed look at our comprehensive HR strategy, please access our ↗ Infineon HR Report which provides a thorough overview of our approach to building a strong, diverse, and resilient workforce.

People create value
Engagement drives people

Conclusion

In today's dynamic world, resilience isn't just a desirable trait for a company – it's a **necessity**. At Infineon, we understand this fundamental truth. Our commitment to resilience isn't confined to a single area; it's woven into the very fabric of our organization, encompassing all aspects of our operations and strategy. We believe that true resilience is holistic, demanding a multi-faceted approach that considers market, operational, digital, societal, and organizational resilience.

For Infineon, resilience isn't a department or a project; it's a **culture**. It's the mindset that empowers our employees to anticipate challenges, adapt to changing circumstances, and emerge stronger from adversity. This culture permeates every level of the company, from the shop floor to the boardroom, fostering a proactive and responsive environment. We recognize that resilience isn't built in isolation, it requires the engagement and collaboration of all our stakeholders – our employees, customers, suppliers, the communities, and others. By working together, we create a robust company that can weather any storm.

We proactively build market resilience to withstand potential market fluctuations and ensure robust financial health. Operational resilience is paramount, driving us to manage our operation and supply chains and implement robust procurement resilience strategies. In the digital age, digital resilience is equally critical. We manage cyber security and the development of robust IT reactive and proactive strategies.

Beyond the purely business aspects, Infineon understands the importance of societal resilience. We strive to be a responsible corporate citizen, managing our corporate social responsibilities. Finally, organizational resilience empowers our people and organizations to master crisis readiness, business resilience culture, and workforce resilience. We invest in training and development and foster a culture of innovation to ensure we have the talent and expertise to navigate an ever-changing landscape.

At Infineon, resilience isn't just a word; it's a **commitment**. It's the foundation upon which we build our future, ensuring that we can continue to deliver innovative solutions and create value for our stakeholders for years to come.

Learn more about us!

Learn more about our resilience strategy in detail by contacting your customer representative at Infineon or contact support@infineon.com.

Public

Date: 07 / 2025

Additional information
For further information on technologies, our products, the application of our
products, delivery terms and conditions and/or prices, please contact your
nearest Infineon Technologies office (www.infineon.com).

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