# Annual Report on Canadian Bill S-211

## An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

**Infineon Technologies Canada Inc.**

**Address: 770 Palladium Dr., Suite 201, Ottawa, ON, Canada, K2V 1C8**

**Reporting period from 2022.10.01 to 2023.09.30**

**Date: 05/2024**

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# Summary

This document was prepared to fulfill the annual reporting obligations under Bill S-211 - An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff ("the Act") introduced by the Federal Government of Canada. Under Bill S-211, private sector entities engaged in certain activities are required to report on any risks that forced labour and/or child labour may be present in their supply chains, and disclose the policies, procedures, structures and plans they have implemented to mitigate those risks.

This report is for the **2023 fiscal year**.

Detailed information about the reporting entity is provided below.

- Reporting entity's legal name: Infineon Technologies Canada Inc.
- Financial reporting year: 2022.10.01 to 2023.09.30
- Identification of a revised report: not a revised report
- Tax registration number: 730963949RT0001
- Identification of a joint report: not a joint report
- Identification of reporting obligations in other jurisdictions:
    - The United Kingdom's Modern Slavery Act 2015
    - German Supply Chain Act
    - California's Transparency in Supply Chains Act
- Entity categorization according to the Act:
    - Has a place of business in Canada
    - Does business in Canada
    - Has assets in Canada
- Sector/industry: Manufacturing
- Location: 770 Palladium Dr., Suite 201, Ottawa, ON, Canada, K2V 1C8

This report is made publicly available under the following company website LINK.

# Steps taken to prevent and reduce risks of forced labour and child labour during the reporting period

During the 2023 fiscal year, Infineon Technologies AG ("Infineon"), the parent company of the reporting company (Infineon Technologies Canada Inc.) introduced a human rights risk management system designed to identify and minimize risks related to forced labour and child labour amongst other topics, within the supply chain and its own business area. In addition, the company codified its values and requirements in a Human Rights Policy applicable to all business operations and affiliated companies worldwide. The Human Rights Policy was released in complement to Infineon's Business Conduct Guidelines (BCGs), Supplier Code of Conduct, and Corporate Social Responsibility (CSR) Policy.

In addition, Infineon enhanced the human rights risk management system with the aim of ensuring compliance with applicable laws and regulations, systematically identifying and minimizing risks, remediating violations related to human rights and the environment within the company's business operations and supply chain, and striving for continuous improvement.

In the 2023 fiscal year, Infineon introduced worldwide another important component of its human rights framework, a separate human rights training module. In the 2022 fiscal year, a Human Rights Officer with global responsibility as defined by the German Supply Chain Due Diligence Act (in German: Lieferkettensorgfaltspflichtengesetz, or LkSG) was appointed.

The preceding overview , and references in this report to "Infineon," refer to the parent company, Infineon Technologies AG, whose subsidiary, Infineon Technologies Canada Acquisition Inc.--later renamed Infineon Technologies Canada Inc.--acquired GaN Systems Inc. in October 2023. Following the acquisition, GaN Systems Inc. was merged into Infineon Technologies Canada Inc.  Prior to such acquisition, GaN Systems Inc. was not subject to Bill S-211 during the reporting period but did employ measures to screen new supply chain partners and then monitor them to avoid dealing with entities facing sanctions for violations of the US Uyghur Forced Labor Prevention Act.

## Requirement (a) – Structure, activities and supply chains

Infineon Technologies Canada Inc. is a wholly owned subsidiary of Infineon Technologies AG ("Infineon"). Infineon is a global semiconductor leader in power systems and Internet of Things (IoT). Infineon drives decarbonization and digitalization with its products and solutions. In the 2023 fiscal year (ending 30 September), the company reported revenue of approximately €16.3 billion with some 58,600 employees worldwide (around 90 employees in Canada). With headquarters in Munich (Germany), the company operates in more than 100 sites and 30 countries.

Infineon's Executive Board bears overall responsibility for compliance with human rights and environmental due diligence obligations. Various specialist departments are responsible for the operational implementation of the human rights strategy and the fulfillment of the associated objectives. The Human Rights Officer (HRO) is responsible for the human rights risk management system, including risk-based control measures for the company's own business area and vis-à-vis suppliers, and reports directly to the Management Board. The HRO coordinates activities with representatives of the Legal, Procurement, Human Resources, Compliance and Communications departments.

Infineon covers the main stages of the semiconductor value chain: from development and design, via frontend and backend manufacturing and marketing, to delivery to customers. Increasingly, it also provides software and other services, such as application-specific support for the implementation of its solutions. The company uses external manufacturing partners in addition to in-house manufacturing. In-house manufacturing is located in the following countries: Austria, China, Germany, Hungary, Singapore, Malaysia, Indonesia, Thailand, United States and Mexico. In Canada, the company location includes administrative, sale and R&D laboratory activities related to gallium nitride (GaN) power semiconductors.

The semiconductor supply chain is extremely complex, interdependent and geographically dispersed. Raw and manufactured materials, such as silicon wafers, photomasks, electronic gases and photoresists, along with certain chemicals, are necessary inputs across the semiconductor manufacturing process. Silicon wafers are the most common type of semiconductor wafer and are produced in a range of sizes, and are produced mainly by companies headquartered in Japan, Taiwan, Germany and South Korea. Semiconductor manufacturing equipment required for layering transistor elements into raw silicon wafers is mainly supplied by U.S. based and Japanese companies.

## Requirement (b) – Policies and due diligence processes

Respect for internationally proclaimed human rights and compliance with labour standards is a matter of course for the company. Infineon supports and respects international standards and principles, such as the International Bill of Human Rights, the fundamental principles of the International Labor Organization (ILO), the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Infineon does not tolerate human rights abuses in any form, nor any form of forced labor, slavery, involuntary prison labor or child labor.

In the 2023 fiscal year, Infineon published its Human Rights Policy. The Human Rights Policy describes the setting of the company's priorities and sets out in detail how it intends to make vigorous efforts to ensure human rights are respected worldwide in the course of its business operations and with its business partners. In addition, Infineon enhanced the human rights risk management system with the aim of ensuring compliance with applicable laws and regulations, identifying and minimizing risks related to human rights within Infineon's business operations and supply chain, and striving for continuous improvement. In the 2022 fiscal year, a Human Rights Officer with global responsibility as defined by the German Supply Chain Due Diligence Act (in German: Lieferkettensorgfaltspflichtengesetz, or LkSG) was appointed.

Infineon's human rights due diligence approach includes an annual risk analysis, divided into abstract and concrete risk assessments, and when necessary on an ad-hoc basis (e.g. mergers, acquisitions) in our own business areas as well in our supply chains. In addition, the company conducts risk analysis based on substantiated knowledge of risks related to human rights or the environment (e.g. in case of incidents reported through our whistleblower hotline – Infineon Integrity Line). We also rely on external data (e.g. country and industry risk indicators, media screening) and external service providers (e.g. for standardized self-assessment questionnaires) when mapping and assessing risk in our supply chains and our own business area.Infineon endeavors to minimize identified risks by preventive measures (e.g. development plans, training, contracts, etc.) that cover, to a reasonable extent and after prioritization, the entire company as well as our suppliers.

Where there is a suspicion of human rights violation, concerns can be raised by any stakeholder (e.g. employees of Infineon and of any other business partner or third party) to either the company's Human Rights Officer or Compliance through email or surface mail, or anonymously through the company's whistleblower hotline - Infineon Integrity Line. Inquiries and comments are treated as confidential, include a non-retaliation policy and are followed up by Compliance in close collaboration with the Human Rights Officer. Where necessary, corrective actions are taken to solve problems at an early stage and to prevent more serious consequences for the individual(s) concerned.

Any indication of a possible human rights violation or confirmed violation within Infineon's supply chain or our own business areas is investigated and addressed without undue delay. Infineon defines remedial measures together with the respective supplier or party and stakeholders to prevent, minimize and, if possible, put an end to the violation (e.g. trainings, collaboration with industry initiatives).

## Requirement (c) – Forced labour and child labour risks

Infineon does not tolerate any form of slave labor, forced, bonded (including debt bondage), indentured, or prison labor nor any form of child labor; child labor is strictly prohibited. Infineon has taken steps to identify and address forced labour and child labour risks within its supply chain and own business area, and has implemented control mechanisms to monitor its supply chain and own business area, particularly in high-risk areas.

Infineon actively monitors its supply chain, including the U.S. UFLPA (Uygur Forced Labour Prevention Act) entity list, for any potential link to entities that mine, produce or manufacture goods from the Xinjiang Uyghur Autonomous Region, or Xinjiang, in the People's Republic of China. In addition, the company is participating in supply chain mapping studies conducted together with the Responsible Business Alliance (RBA) in order to identify potential risks associated with polysilicon and other material inputs to the semiconductor manufacturing process.

Responsible sourcing of "conflict minerals (tantalum, tin, tungsten and gold)" means that we are contributing towards the prevention of human rights abuses. Infineon is committed that its products must not contain conflict minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo (DRC) or adjoining countries,

including other conflict-affected and high-risk areas. In the 2023 fiscal year, Infineon identified 100 percent of its potential suppliers of conflict minerals and evaluated them with regard to their use of conflict minerals.

Based on the full response of our suppliers and in accordance with the requirements of the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, we can duly state that all Infineon products are conflict-free. Moreover, we request that our suppliers continue purchasing only raw materials from smelters that meet the Responsible Minerals Assurance Process (RMAP) requirements or those of an equivalent audit program. The RMAP standards are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. The Conflict Mineral Policy is available by accessing the following website LINK.

The Infineon Technologies Slavery and Human Trafficking Statement, which was published in the context of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act of 2015, underlines the company's complete rejection of any form of human trafficking or slavery. This statement is available by accessing the following website LINK.

A long-term partnership between Infineon and its suppliers is a core element of Infineon's corporate philosophy. The company's Supplier Code of Conduct is based on internationally recognized guidelines as well as the company's BCGs. Infineon endeavors that all company suppliers shall comply with the requirements described in Infineon's Supplier Code of Conduct and agree on contractual control mechanisms, and that, in addition, each supplier shall ensure that its affiliates, contractors and subcontractors also comply with all requirements. Additional information including the Supplier Code of Conduct is available by accessing the following website LINK.

## Requirement (d) – Remediation measures

No human rights violation was confirmed during the 2023 fiscal year, and therefore, measures have not been taken to remediate forced labour or child labour within the company's supply chain and own business area.

## Requirement (e) – Remediation of loss of income

No measure has been taken in this area, as more vulnerable groups identified by Infineon have not experienced loss of income as a result of steps taken by the company to eliminate forced labour or child labour risks from the supply chain and own business area.

## Requirement (f) – Training

In 2023 fiscal year, Infineon introduced a global human rights training module. The module explains fundamental human rights and the role of companies and international organizations in ensuring respect for human rights, as well as the measures taken by the company and the role of every individual in protecting human rights. Human rights training is available in different languages, mandatory for all Infineon employees worldwide and needs to be repeated every three (03) years. The training module was developed with support from an external organization, and is regularly reviewed based on feedback obtained from trained employees.

## Requirement (g) – Assessing effectiveness

Infineon reviews its human rights risk management system once a year and on an ad hoc basis to confirm the effectiveness of this process, and where required, continue further development of the process. Progress on implementation of the Infineon Human Rights Policy, including the results from the annual risk analysis, defined preventive measures and their effectiveness, and the effectiveness of our risk management system, is reported annually to the Infineon Management Board and/or Executive Management.

During the 2023 fiscal year Infineon partnered with an external organization to conduct an independent review of the company's human rights risk management system. Results from the independent review were communicated to the company's CSR (Corporate Social Responsibility) Board, and our currently being addressed as potential improvement areas.

Infineon publishes information about the implementation of its human rights strategy within its Annual Sustainability Report. In addition, the company externally reports activities related to its human rights and environmental due diligence obligations to the German Federal Office of Economics and Export Control that can be accessed via this LINK.

## Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report with respect to the entity - Infineon Technologies Canada Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

DocuSigned by:
Niamh Blumentals
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Signature

Name: Niamh Blumentals

Date: Corporate Secretary

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