

# **Internal Compliance Program (ICP) : Sharing of Experience**

By Infineon Technologies (Kulim) Sdn. Bhd.

8th Jan'14

STA 2010: Regulatory Compliance Seminar

Internal Compliance Program – Industry Approach



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- Infineon Overview
- Infineon Corporate ICP
- Management Commitment
- Role & Responsibility of Export Control Officer (ECO)
- Classification, End Use and End User Control
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## ■ **Infineon Overview**

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# Infineon at a Glance

## The Company

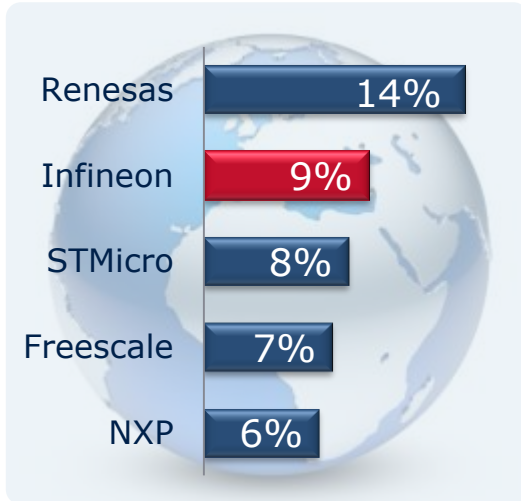
- Infineon provides semiconductor and system solutions, focusing on three central needs of our modern society: **Energy Efficiency, Mobility and Security**
- Revenue in FY 2013: € 3.843 billion
- 26,725 employees worldwide (as of September 2013)
- Strong technology portfolio with more than **18,650 patents and patent applications** (as of September 2013)
- More than **20 R&D locations**
- Germany's largest and Europe's second largest semiconductor company

# Infineon Holds Top Positions in All Target Markets



## Automotive

#2

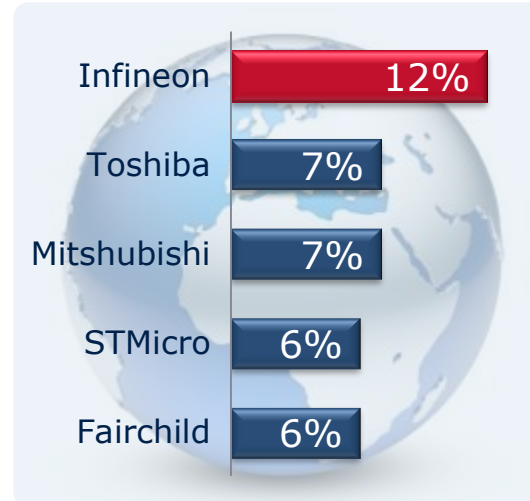


Automotive semiconductors in calendar year 2012.

Source: Strategy Analytics, April 2013.

## Power

#1

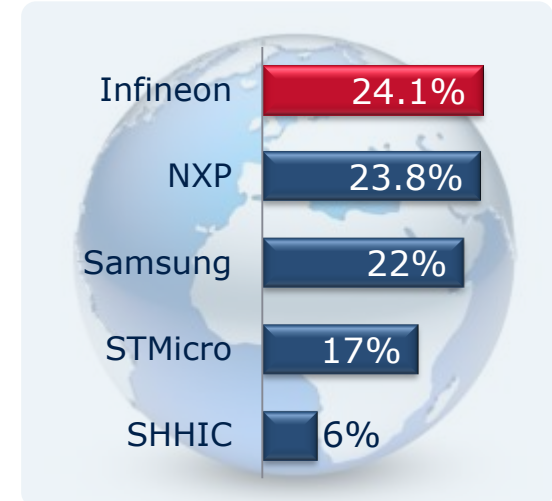


Power semiconductors and modules in calendar year 2012.

Source: IHS, September 2013.

## Chip Card

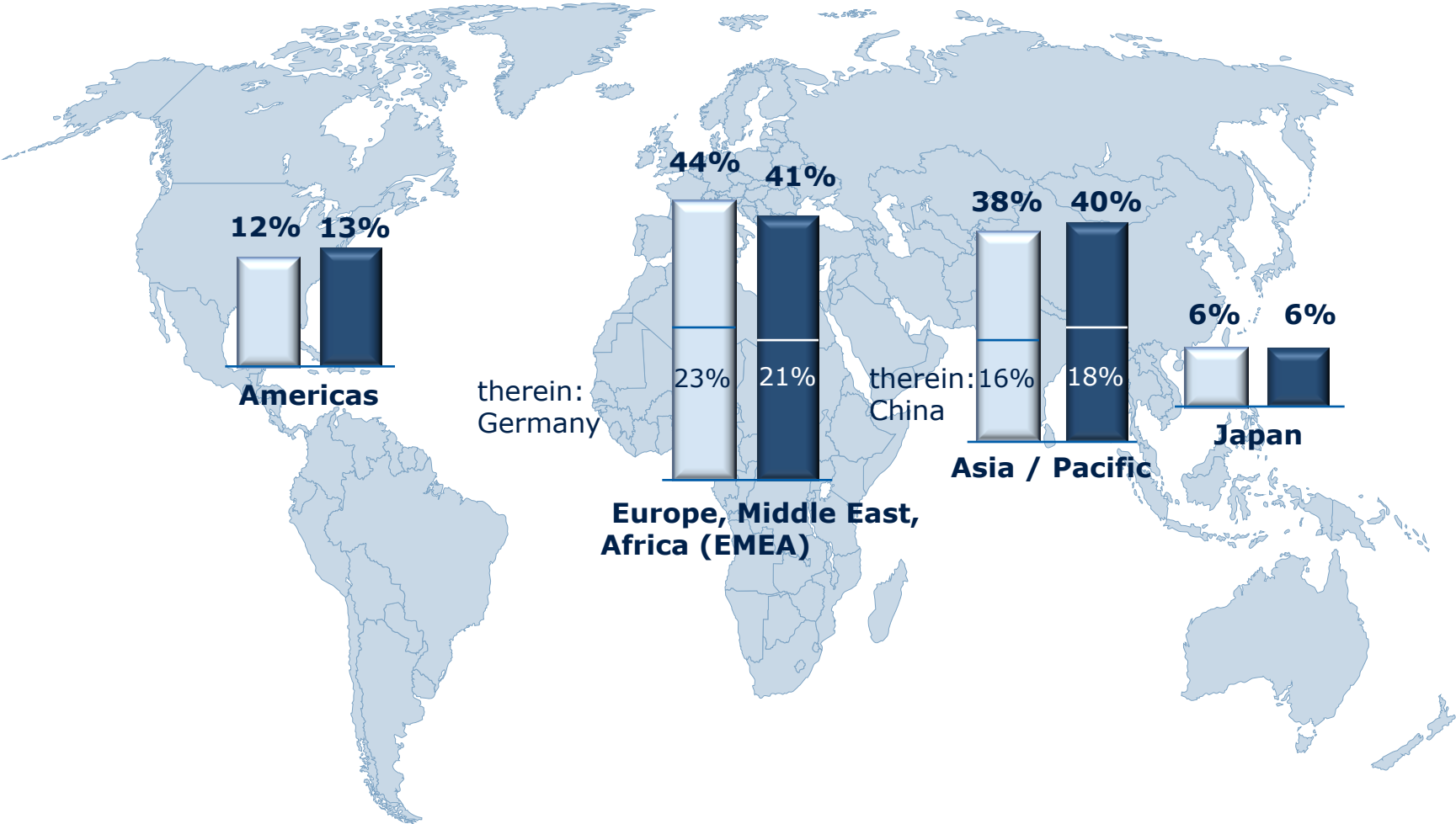
#1



Microcontroller-based smart card ICs in calendar year 2012.

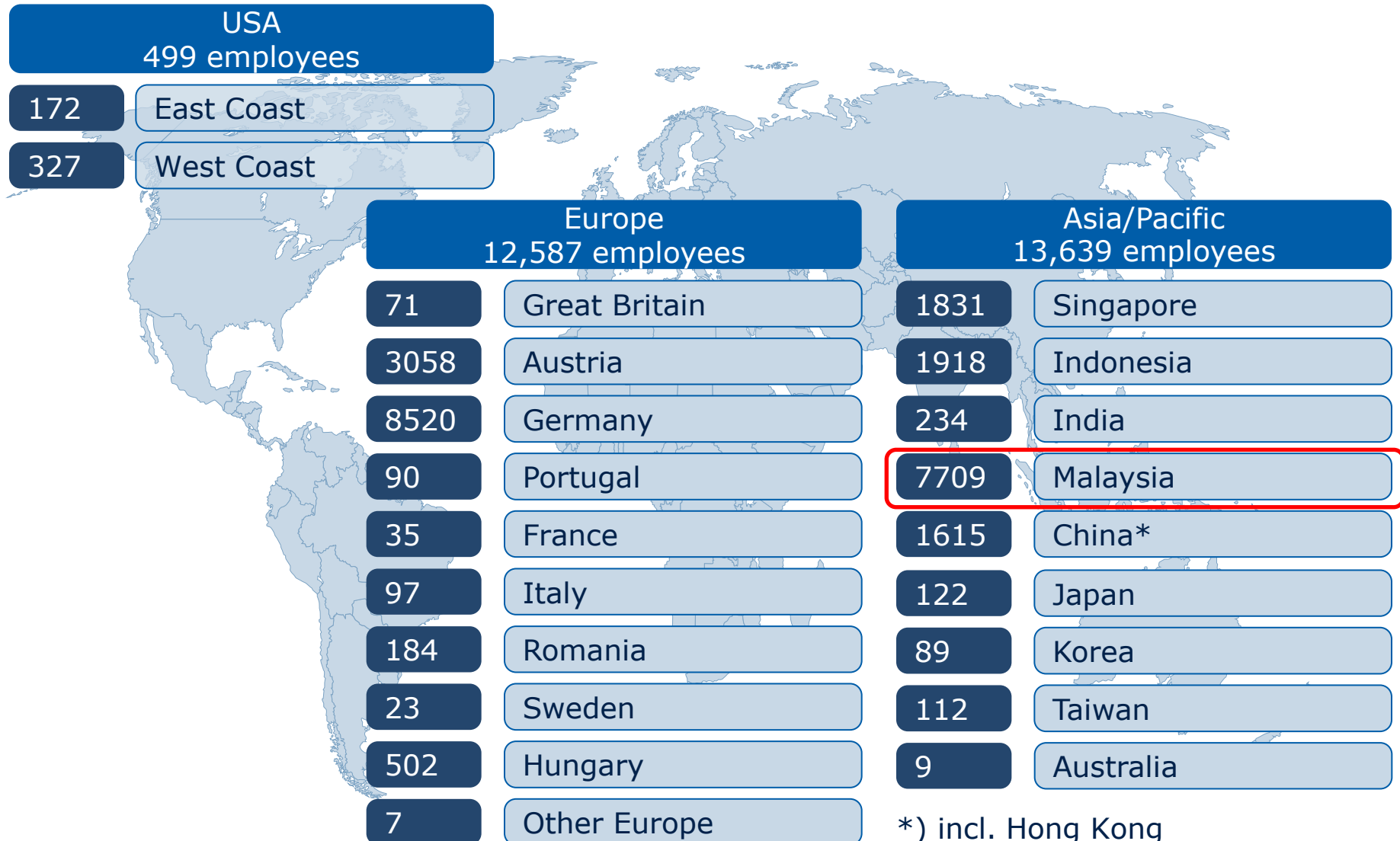
Source: IHS, September 2013.

# Proportional Revenue Infineon Group by Regions: FY 2013 and FY 2012



■ FY 2012    
 ■ FY 2013

# 26,725 Employees Worldwide



\*) incl. Hong Kong



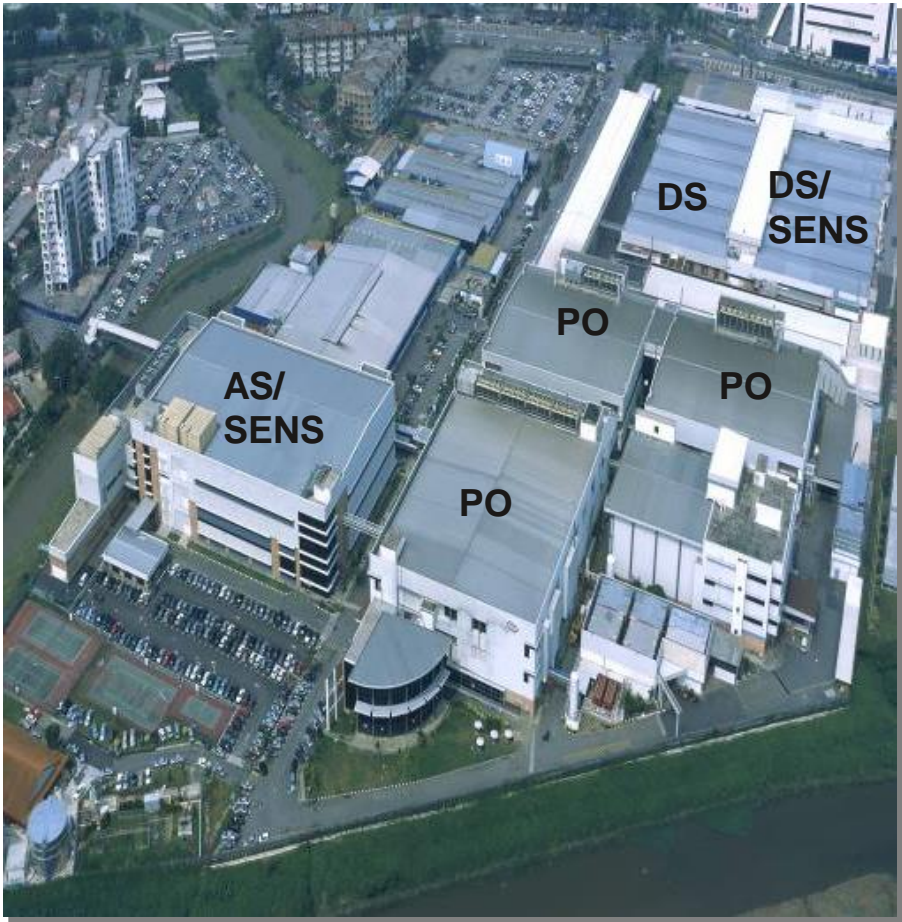
# Infineon Technologies in Malaysia



**Infineon Kulim**



**Infineon Malacca**





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# What is an Internal Compliance Program ?

6. An internal compliance program (ICP) is a set of procedures that company officials must satisfy before an item is exported from the company. It ensures that transactions satisfying the export control regulations enacted by the government. An **ICP is a precondition for Malaysian enterprises that wish to avail themselves of single-use and multiple-use permits** under the STA.

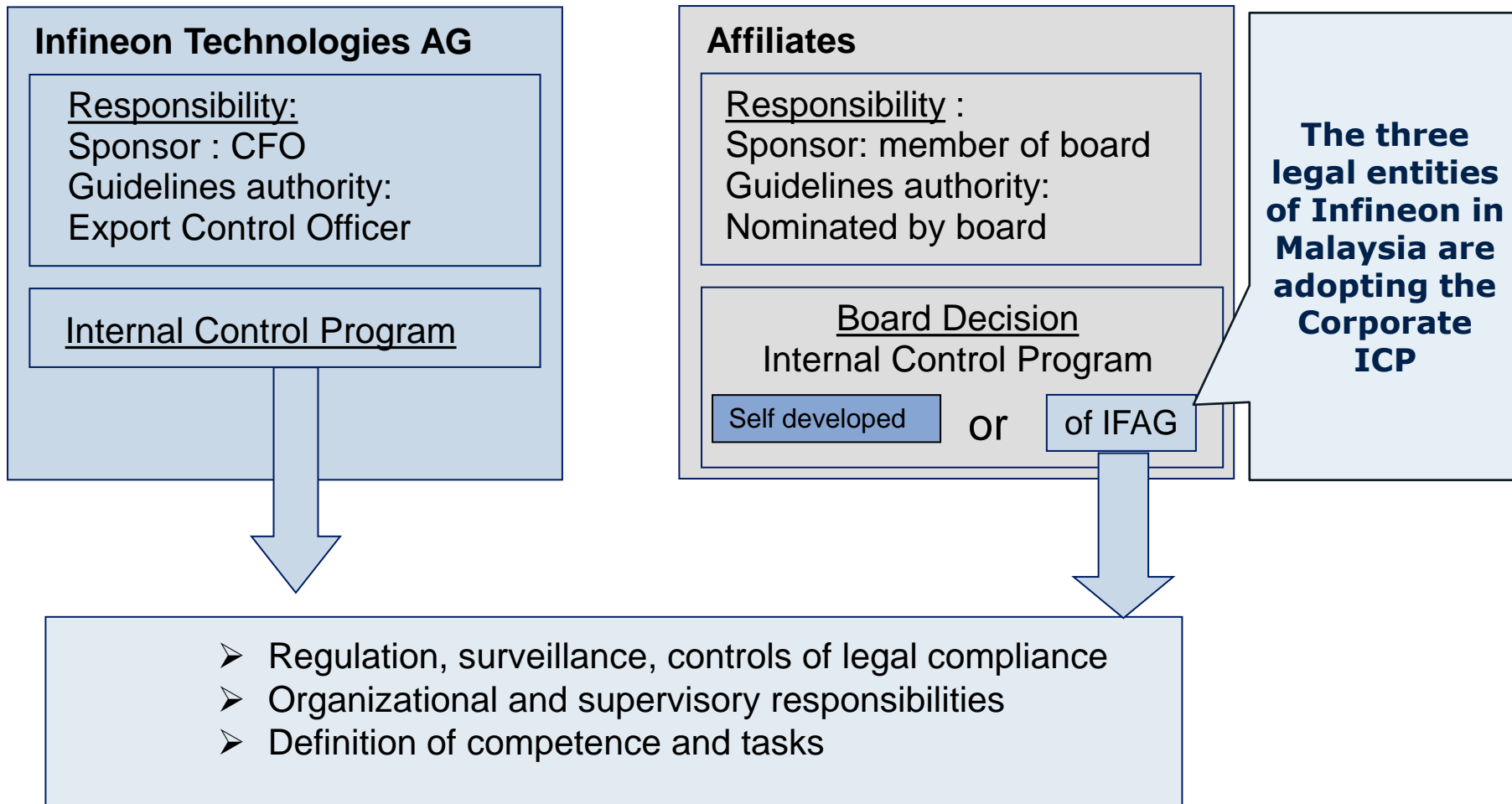
8. An ICP within the enterprise is a commitment to voluntarily support the authority's export control and procedures are in place to ensure that no advantage can be taken from being taken advantage of. It provides the enterprise with the authority to consider offering bulk licenses. It allows the enterprise to carry out its export control responsibility on export control on the enterprise itself.

9. Consent to the ICP is satisfied when the enterprise has established procedures in place to ensure that thorough investigations of the buyer and the end-user had been undertaken prior to shipment and export of strategic items and/or technology.

**THE ICP IS A PRECONDITION FOR OBTAINING MULTIPLE-USE & BULK LICENSES FROM MITI**

# Infineon Corporate ICP

The Internal Control Program for Export Control and Customs defines internal measures to ensure compliance with national and international regulations and sanctions programs.



# Component of Corporate ICP



## Defined ECC Organization

- A designated officer to oversee the implementation of the ICP with clear responsibilities
- Establish good working relationship between enterprise and export licensing authorities;
- Remain up-dated on the Government's export control laws, Regulations and Orders

## Policy & Procedure

- Clear compliance policy and procedures
- Incorporation of statutory provisions in the ICP, including US foreign trade law
- Enduse & End user screening and Product Classification
- Early warning and screening of all enquiries and orders

## Export Control Awareness & Training

- Engagement of all employees
- Continuous training provided within the organization

## Audit & Record

- Frequent audit of procedures for compliance
- Transparent reporting and decision-making responsibilities for exports
- Proper documentations of all transactions of strategic items

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# Management Commitment

- Infineon in Malaysia have adopted guidelines and Internal Control Program ICP set forth by Infineon Technologies AG (IFAG).
- The management has undertaken to comply with the Malaysia and International export control regulations (including EU, German and US) and the Malaysia Customs regulations.
- As the sanction of these regulations can result in substantial financial damage and impact our company's reputation and standing in the international market, any personnel violating the regulation will be subjected to disciplinary actions.
- In order to control implementation of these regulations, each company needs to check the performance regularly and accurately by means of spot checks, self assessment and Audits.
- When necessary a circular letter with all relevant information regarding Export Control will be sent out via e-mail to all our employees as well as it will be published on our intranet page

# Why do we follow Strict Compliance ?



## Excerpt from Infineon Business Conduct Guidelines :-

### A 1. Behavior which Abides by the Law

- Every Infineon-Employee shall obey the laws and regulations of the legal systems within which they are acting
- Violating the law must be avoided under all circumstances
- Regardless of the sanctions foreseen by the law, any Infineon-Employee guilty of a violation will be liable to disciplinary consequences because of the violation of his/her employment duties

### A 4. Management, Responsibility, and Supervision

- It will be the responsibility of every manager that there is no violation of laws within his/her area of responsibility which proper supervision could have prevented or rendered more difficult
- The manager still remains responsible, if he/she delegates particular tasks



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# Export Control & Custom Organization Structure



Vice President & CFO  
(Infineon Kulim Board member)

Export Control Officer (ECO)

Custom Officer (CO)

Export Agent

Maintenance  
Dept

Human Resource  
Dept

Purchasing  
Dept

Facility  
Management Dept

Information  
Technologies

Shipping &  
Warehouse

Security  
Dept

Technologies  
Dept

# Responsibilities Of ECC Team

**Ensure that export control and customs is covered in all relevant business processes and IT systems.**

- ❑ Work instructions for export control and customs.
- ❑ Train and inform staff in ECC issues.
- ❑ Perform spot checks and audits
- ❑ Act as contact partner for authorities and external audits.
- ❑ Coordinate export control issues in the company.
- ❑ Assist in the classification of products and technologies
- ❑ Assist in end-use controls and warning list checks.
- ❑ Process & apply export licenses

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# Classification, End Use and & End User Control

Know your products



Shipment request

Process

Action

Standard Shipment



Non-Standard Shipment



# Classification, End Use and & End User Control

Know your products



	<b>Standard Shipments</b>	<b>Non-Standard Shipments</b>
<b>Goods</b>	Inhouse	Inhouse /3 <sup>rd</sup> party
<b>Technical specs</b>	Available	Not always available
<b>ECCN</b>	In basic data systems	From suppliers
<b>Systems</b>	Fully automized in ERP systems	Partly manual
<b>Recipient</b>	Standard customers	Existing and new contacts
<b>Need for individual awareness</b>	Medium	Very high
<b>Non-compliance risk</b>	Low	High
<b>Usage</b>	Specific departments	Individuals ~7,600

# How Do I know, whether a Product or Item is controlled or not?



## Infineon Product - Standard Shipment

- Every product will be categorized during the development process
- Information is available in Corporate ERP system.

Baunumber type	All
Structure release	All
Baunumber(s)	45020788
Product line	
Main product group	
Product group	
Load center	
Cost unit	
Global planner	
Facility	
WKL/UE Packet	
Technical Product	
Max result records	100
<b>1 - DEAL</b>	
DEAL Classes	
Basic Type	

Baunumber	Wafer Lab2 pc	Wafer Test1 Loc	Wafer Test2 Loc	Die Bank	Function from DEPD/AC/MAM	Change #	Deletion State	Deletion State Date	Cost Unit	AL Number	ECCN	ECCN US	MY Class	SI Class	Facility	ML
45020788	BH						LOCK	2011-10-27	S6	SA002A 1A2	SA002ENC3	UNDEF	SA002A 1A2	SA002A 1A	DEMLG	DIEBANK

- For external material and equipment: Contact the supplier via PUR



# How Do I know, whether a Product or Item is controlled or not?

## Non Infineon Product – Non Standard Shipment

### 1<sup>st</sup> step :

- ❑ **Contact OEM via Purchaser/requestor (preferable purchaser) to obtain correct ALNR/ECCN/MYCLASS/SICLASS classification.**

*If not available*

### 2<sup>nd</sup> Step :

- ❑ **Get confirmation from service/repair vendor who had technical competence and EC team to counter check.**

*If also not available*

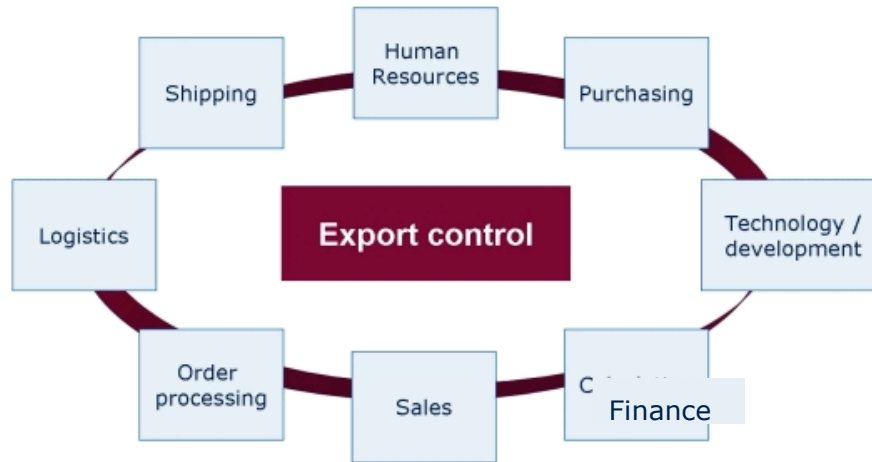
### 3<sup>rd</sup> Step (not preferred)

- ❑ **EC together with requestor to perform specification check**
  - Requestor attach evidence of above check in nostas.
  - Submit ALNR/ECCN/MYCLASS/SICLASS listing to EC for update if available.

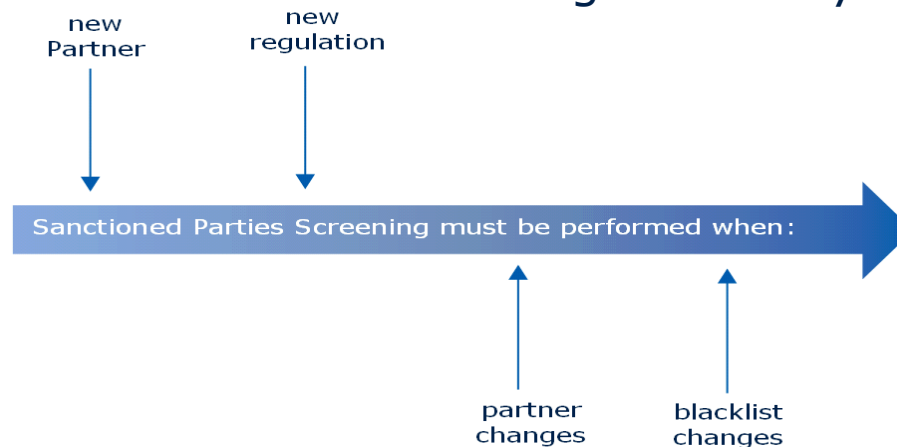
***EC will apply the permit accordingly before shipment out.***

# IFX Sanctioned Parties Screening

- Where is Sanctioned Parties Screening necessary ?
  - everywhere, where contacts with (external) partners occur!



- When is Sanctioned Parties Screening necessary?



# Sanctioned Parties Screening

## Restricted Party Screening

### Partner Screening

Partner Name*	<input type="text"/>
Contact Name	<input type="text"/>
Secondary Contact Name	<input type="text"/>
Address 1	<input type="text"/>
Address 2	<input type="text"/>
Address 3	<input type="text"/>
Address 4	<input type="text"/>
City	<input type="text"/>

## Screening Results

Printable Version

### Partner Information

<b>Status</b>	Potential Match	<b>Address 1</b>	<input type="text"/>
<b>Embargo</b>	No	<b>Address 2</b>	<input type="text"/>
<b>Partner Name</b>	icko trad	<b>Address 3</b>	<input type="text"/>
<b>Contact Name</b>		<b>Address 4</b>	<input type="text"/>
<b>Secondary Contact Name</b>		<b>City</b>	düsseldorf
<b>Organization</b>		<b>State / Province</b>	
		<b>Country</b>	
		<b>Zip / Postal</b>	

[View RPs Lists](#)

### Address Match Details (1)

Entity ID	List Name	Address	Match Score ▼
ENTITY1982452	DOC-ENT	<input type="text"/>	87%

# Classification, end use and End User Interface



NOSTAS No/SAP Order No	Initiator/Requestor	Order Date	Status	Charged/FoC	Cost Code	Cust.PO No	AWB No	LS No	AWV
[REDACTED]	[REDACTED]	20.07.2014	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Sold-To Details	Ship-To-Details
[REDACTED]	[REDACTED]

End-User and End-Usage:  
Red flag indicator result

No	Description	Add. Descr./Info	Goods Type	Goods Category
Select 001	OSCILLOSCOPES/N: DPO4054C020014		Fixed Assets	Repair/Modification/Installation/Calibration/Exchange

Product Name: OSCILLOSCOPE  
CoD: [REDACTED] CoA: [REDACTED] Product No: [REDACTED] HS Code: 903020000

Country of Origin: USA (US) [Help](#) [EC class Tool](#)

ALNR: N ECCN: 3A292 SICLASS: [REDACTED] MYCLASS: N [Local License](#) [Hazardous/Contam](#)

Quantity: 1 UoM: Pieces Price: [REDACTED] [Help](#) [IFX product pricelist](#) Price Unit: per 1 UoM

Customer Part No: [REDACTED] Date Code: [REDACTED]

Goods/Assets to be returned:  No  Yes [Attachment](#)

Export control classification for relevant regions

Proof for classification:  
e.g. supplier documents

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# System Setting & Control

Legal Control

Country **MY** Malaysia

Act	LR	Exp.ctrl class	Grouping	SC code	Indiv
<input type="checkbox"/>	DE	5A002A1C	TC		<input type="checkbox"/>
<input checked="" type="checkbox"/>	MY	5A002A1C	TC		<input type="checkbox"/>
<input type="checkbox"/>	SG	5A002A1	TC		<input type="checkbox"/>
<input type="checkbox"/>	UK	9X9999	TC		<input type="checkbox"/>
<input checked="" type="checkbox"/>	US	N	TC		<input type="checkbox"/>

Export Control Classifications  $\neq$  N will lead to shipment block in TrAco system

Sales Order

Order No: 5673001739079 Type: Order Status: Hold Screening: Completed

Order Date: 04/26/2011

Reference No: Uplift / Disc (%): Src Sys ID: P88567

Customer PO No: **Freight**

Shipment No: Shipper's Inland: 0.00000

Incoterms: International: 0.00000

Sales Rep: Dest. Inland: 0.00000

Prepaid / Collect: **Charges**

Inv Date/PO Date: Line Total: 692.11

Payment Terms: Insurance:

Days Until Due: Packing: 0.00000

Invoice Due Date: Freight Total: 0.00000

Currency: EUR Curr. Conv. Factor: Freight Forwarder:

Transaction Type: Do not screen: Other Charges: 0.00

Shipment Insured: Site ID: 5673000 Order Total: 692.11

DELETED ADD SAVE PREVIOUS NEXT ACTIONS

# System Setting & Control

Rush Order IS	3001739079	del IS with billbloc	10
Business partner	A4099	Infineon Technologies AG	
Material	UP085019774	RECEIVING	M8877U 424A

Doc.	Date	Qty/Value	UoM/Cur	Overall Processing Stat	Material	Descript.
Rush Order IS 3001739079 / 10	26.04.11	3 046,000	ST	Completed		
. Outbound del IS 6320736428 / 10	26.04.11	3 046,000	ST	Open		

After permit assignment, delivery note can be created

Item	LR	Exp.ctrl class	Grouping	Type	License no	External license no.	Chng
10	MY	5A002A1C	TC	MU	84	MY-ML-2011-001	
10	US	N	TC	N	53	N	

SAP

Sales document Edit Goto Extras Environment System Help

Display Rush Order IS 3001739079: Overview

Orders

Rush Order IS 3001739079 Net value 692,11 EUR

Sold-to party A4099 Infineon Technologies AG / AM Campeon 1-12 / D-85579 Neubib

Ship-to party 4000736 INFINEON TECHNOLOGIES ASIA PACIFIC / 168, KALLANG WAY

PO Number 7003964106 PO date 26.04.2011

Sales Item overview Item detail Ordering party Procurement Shipping Reason for rejection

Req. deliv.date D 26.04.2011 Deliver.Plant

Complete delv. Total Weight 0 G

Delivery block Volume 0,000

Billing block Pricing date 26.04.2011 Incoterms DDU Delivery Duty Unpaid

Payment terms IS01 Payable until 10 of ne

Order reason

Sales area 3220 / 30 / 30 Malacca IS (LG), Internal Shipments, Internal shipments

All items

Item	Material	S	Description	Customer Material Numb	ItCa	DGI	HgLVlt	D	First date	Pint	Batch	C
10	UP085019774		RECEIVING M8877U 424A	UP085189585	ZIS1			0D	26.04.2011	1000	0001920422	F

Permit information will be available in SAP...





**STRATEGIC  
GOODS**



**SID (16K) # 6330088781**

**Invoice for Customs Purpose (Import)**

Dispatch Note No.  
**6330088781** ✓

DN creation date  
**15.01.2013**

Delivery Date  
**15.01.2013**

Planned goods issue date  
**15.01.2013**

Customer reference  
**7006101445**

Tracking no.  
**+**

Supplier code

Contact

...permit number and  
ECCN will be  
printed on delivery  
note

Deliver note will be  
marked as  
"Strategic Goods"

Item	Description of goods	Quantity	Unit
000010	DIEBANK M1506K30311PAYMENT Customer Part no.: UP049151520 Sales Product no.: ComCode: 854221100 - Digital integrated circuits Pref: N Number of defective parts – no commercial value: 20,307 PCE 4,503.89 USD ALNR: 5A002A1A4 Lic.-type: No.: / ECCN: N Lic.-type: N No.: N / 1/4/1995 - 31/12/9999 MYCLASS:5A002A1A4 Lic.-type: MU No.: SKM141710M00382012 / 29/10/2012 25/10/2014	PL 80 221.79 / 1000 PCE	PCE

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# Training and Awareness Program



Periodical Export control & custom training plan  
Create awareness among employees

**Export Control & Customs Roadshow**

We commit  
We innovate  
We partner  
We perform

**DATE: 21 NOVEMBER 2011**  
**TIME: 12.30PM - 3.00PM**  
**VENUE: 1401**



**NOSTAS Training**

Date: 3<sup>rd</sup> May 2012  
Time: 9.00am - 11.30am  
Venue: 1401  
Trainer(s): Subbotini Sandrasekaran (SENIOR FE OPC MM 716 SH) Kuthiravaiyan Ganeshan (SENIOR FE TAC)

Target Group: KEM Wide

**A Must-Attend Seminar For:**

- Head of Department
- Product Directors, Clerks
- Service Managers, Managers
- Production - MSY Team
- Production - MYS Team
- OPC Material Management Team
- OPC Logistic Team
- Hardware Teams
- Human Resource Personnel

**Agenda**

09.30 am  
Registration begins  
10.00 am  
OPC Export Control Officer Opening Remarks  
10.30 am  
Detailed Export Control  
10.40 am  
Export Control for Malaysia, US and EU  
11.00 am  
Export Control Classification, Customs Entry  
Simplification & Post-clearance Checks  
11.45 am  
15 min break  
12.00 noon  
Networking breakfast for Teams: Export Control & Customs teams and attendees  
12.30 noon to 3.00pm  
Export Control & Customs Session

**Export Control & Customs Seminar & Roadshow**

**DATE: 21 NOVEMBER 2011**  
**TIME: 10.00AM - 3.00PM**  
**VENUE: 1401**



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## Internal Audit & Spot Check

- Periodically by Regional EC
- Audits / System-checks: program, planning, performance, audit reviews, reporting.
- On going Spot Check on Department and business processes (eg. Export control clause in contracts with external parties)

## Record Keeping

- Corporate rules required minimum of 10 years
- Includes digital and hard copy information
- Maintained on servers or kept off-site

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# Key Take Away



Management Commitment is key to a successful ICP .

Compliance is whole organization responsibilities

Process owner need to integrate Export Control Requirements in corporate rules and procedure.



**THANK YOU**