



Corporate Social Responsibility

2018 Progress Report



Contents

02	Message From the Board Chair and President & CEO	21	GOAL 3: Deploy Eco-Design
03	An Overview of Sierra Wireless Cloud and Connectivity Services Embedded Solutions Networking Solutions	23	GOAL 4: Reduce Greenhouse Gas Emissions Building Greener Factories Sierra Wireless Consumption of Purchased Energy Travel Evolution of CO ₂ e Tons GHG Emissions/Activity
06	Corporate Social Responsibility at Sierra Wireless Empowering the World with IoT Solutions About This Report Corporate Social Responsibility Governance	28	GOAL 5: Reduce Contribution to Landfills Globally
09	Our Approach to Corporate Social Responsibility The Responsible Business Alliance Code of Conduct Materiality Material Category and Topics	30	GOAL 6: Accelerate Supplier Sustainability Managing the Supply Chain
13	GOAL 1: Build Sustainable Communities Through Employee Engagement	33	Looking to the Future
16	GOAL 2: Implement a Global Diversity & Inclusion Strategy Definitions Looking Back on a Productive 2018 Future Goals	36	Appendix: CSR Operating Framework



Message From the Board Chair and President & CEO

Welcome to the second annual Sierra Wireless corporate social responsibility (CSR) progress report. We define ourselves not just by the value that we deliver to shareholders, but also by the difference we make in the world, both as a company and as a community. That's why our CSR report is an important milestone for us. It helps us take stock of what we have achieved and share our aspirations for the future.

Sierra Wireless is an Internet of Things (IoT) pioneer, empowering businesses and industries to transform and thrive in the connected economy. Across the world, our customers are creating smart networks of connected devices and applications that are changing the fabric of society and giving people the tools to become more environmentally responsible. From reducing traffic congestion and enabling new sharing-economy business models to streamlining energy networks and powering 21st century micro-farms, our customers constantly amaze us with their innovative uses of our wireless products. We are proud to do our part to help make the world a more equitable, livable place.

This transformative work in the broader community stems from a sense of integrity inside Sierra Wireless. In addition to our own Business Code of Conduct and CSR Operating Framework (see Appendix), we are also proud to abide by the Responsible Business Alliance Code of Conduct, which mandates that we:

- Operate with the utmost integrity in all our business dealings.
- Treat employees equitably and respectfully, valuing diversity and ensuring a safe and healthy place to work.
- Support freely-chosen employment and refuse to support forced labor anywhere in our supply chain.
- Minimize our environmental impact during the design, manufacture, distribution, use and disposal of our products.
- Source materials and components from environmentally and socially responsible suppliers.
- Track and document energy consumption and greenhouse gas emissions and work to reduce them.

We have each spent our time on the Sierra Wireless board thinking about our guiding principles and how they inform our CSR process. Now, as we both begin the year in new roles, we are committed to making this initiative stronger than ever and taking it to new heights. Welcome to the latest installment in an ongoing journey.



Robin A. Abrams,
Board Chair



Kent Thexton,
President and CEO



An Overview of Sierra Wireless

An Overview of Sierra Wireless

Sierra Wireless began serving customers' enterprise connectivity needs in 1993 with embedded cellular modules. Since then, we have grown to ship more than 150 million devices globally. Our expertise now extends far beyond embedded hardware, covering an entire IoT connectivity ecosystem that encompasses enterprise hardware, management software and connectivity services.

Today, we serve customers in over 130 countries, supporting their infrastructure on more than 80 cellular networks around the world, through a diverse team of over 1,250 employees in more than 20 countries. Innovation is our hallmark; we spend over \$75m in research and development (R&D) each year across three continents and have secured more than 400 wireless patents for our unique hardware and software designs.



An Overview of Sierra Wireless

We are a leading partner in supporting companies rolling out complex, demanding infrastructure. We provide a full suite of IoT connectivity services to support our range of connected devices. These break down into three broad areas:

Cloud and Connectivity Services

The AirVantage® IoT Platform. This is our platform for deploying and managing IoT data, devices and applications and for coordinating IoT connectivity subscriptions.

Smart IoT connectivity. Our managed connectivity services provide reliability and performance network links to customers' IoT devices and applications using our multi-operator Smart SIMs, pre-connected to global mobile networks.

Managed connectivity services. We fold hardware and networking services into single-solution, flexible monthly contracts with service level agreements to make IoT management easier for customers.

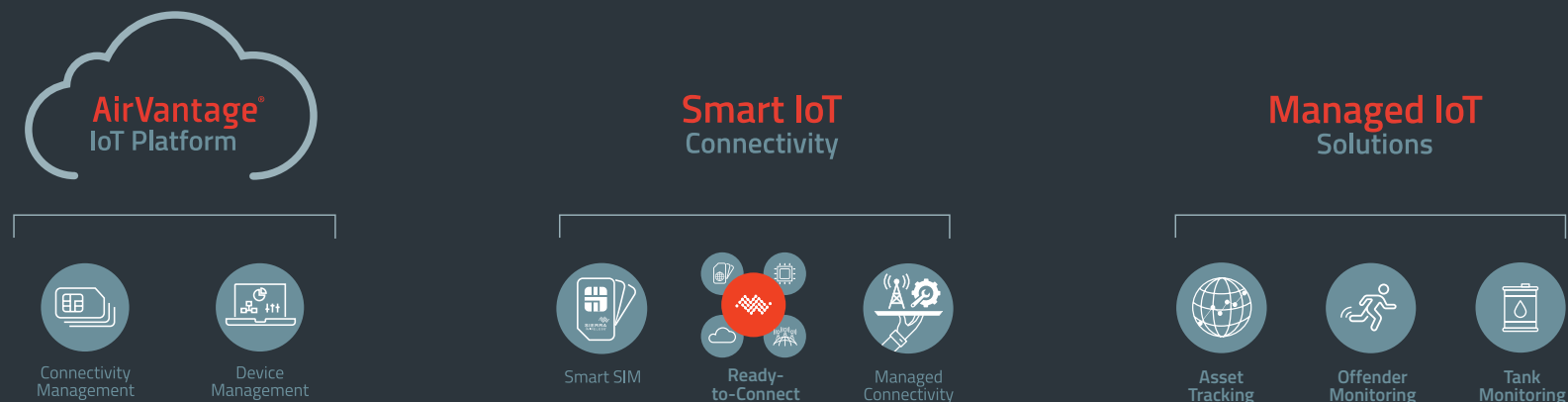
Embedded Solutions

Our AirPrime® embedded wireless modules support IoT applications across 2G, 3G and 4G networks. Bluetooth and Wi-Fi offerings are available as separate modules or embedded in cellular modules. Meanwhile, customers can add location-based services to their products with Sierra's industrial grade Global Navigation Satellite System (GNSS) positioning modules.

Original equipment manufacturer (OEM) customers integrate these modules into their own products to support industries including automotive, transportation, energy and healthcare. They serve applications ranging from enterprise networking to industrial monitoring and field services.

Networking Solutions

We deliver intelligent gateways and routers to enterprise customers under our AirLink® brand, complemented by security and device management solutions and professional services. Public safety, transportation, energy, industrial, retail and financial customers trust our networking equipment for reliability and performance.





Corporate Social Responsibility at Sierra Wireless

Empowering the World with IoT Solutions

In 2020, Gartner predicts that there will be 20.4bn IoT units installed globally, almost double the levels seen in 2018¹. Sierra Wireless strongly believes in the transformative power of the IoT. We see how it helps drive sustainability in our environment and society every day. That sustainability begins with efficient, functional and reliable IoT infrastructure design, from the hardware modules to the network contracts that keep them connected.

By producing IoT solutions that are easy to deploy and manage, we enable customers across a range of sectors to roll out connected, smart applications that elevate them to new levels of environmental sustainability and social connection. We embraced the IoT revolution early on, because we believe it will change the world. Indeed, it already has. Here are some examples:

Smart cities. EDG, a subsidiary of Brazilian company Electric Dreams, uses Sierra Wireless BC Series industrial-grade Bluetooth modules to make electric bikes easier for riders to use. The modules connect riders to their bikes via the Niobium mobile app to offer them actionable insights, including the travel range before the next charge, the bike's performance level and information about impending mechanical issues. For cities using bike-sharing programs, the connected app can even detect the bike's location. Sierra Wireless' modules reduced the development time for the company's Niobium e-Bike by at least 10%.

Smart buildings. UK-based Trend Control Systems uses Sierra Wireless gateways in its building energy management systems. This enables monitoring of heating, ventilation, air conditioning and other building services to minimize energy consumption by their customers.

Transportation. Sonoma County, in California, uses Sierra Wireless AirLink® RV50 industrial LTE gateways to wirelessly connect the traffic signaling system ranging over its 1,500-square-mile area. The system helps to reduce congestion by minimizing traffic signal downtime, cutting costs by 93%.

Farming. Farm From A Box creates self-sufficient shipping container micro-farms designed to feed communities of 150 people. It uses a Sierra Wireless AirLink® GX450 gateway that feeds data on water consumption and weather activity back from sensors in the box to a central management system. Remote administrators monitor the box using the cloud-based AirLink® Management Service application. The entire box, including the AirLink® gateway, is powered by a solar panel, creating an entirely sustainable box that brings food security to areas around the world.

1. Gartner, 'Gartner Says 8.4 Billion Connected "Things" Will Be in Use in 2017, Up 31 Percent From 2016.' Available at:

<https://www.gartner.com/en/newsroom/press-releases/2017-02-07-gartner-says-8-billion-connected-things-will-be-in-use-in-2017-up-31-percent-from-2016>. Accessed November 2018.

Corporate Social Responsibility at Sierra Wireless

About This Report

This is Sierra Wireless' second annual CSR report. The report covers the calendar year 2018. Through this voluntary disclosure, we seek to increase transparency and accountability with our investors, customers, suppliers and local communities and address areas of concern raised by those who have a vested interest in Sierra Wireless.

It was a year of taking stock for us as we evaluated our achievements from 2017 and refined our monitoring and tracking of key data points across a range of goals. We made significant advances toward several of these goals, especially in the area of diversity and inclusion (D&I). In other areas, such as greening the supply chain, we focused on documenting a complex array of partnerships in preparation for setting longer-term goals that could take several years to complete.

This report contains data up to and including 2018 and covers Sierra Wireless' global operations: our headquarters in Richmond, Canada and our facilities in the United States, Europe and Asia.



Corporate Social Responsibility Governance

As with any transformational program, the CSR effort at Sierra Wireless begins at the top. The CEO has stated his support for the ongoing goal to make the company more diverse, sustainable and socially active, and CSR is a board-level priority at Sierra Wireless.

At an operational level, the team focuses on defining our global economic, social and environmental CSR goals and developing initiatives that will help us to achieve them. This requires a cross-functional, multi-disciplinary effort that reflects the organization-wide nature of the CSR program.

The Vice President, Manufacturing Engineering and Quality heads up this team and is responsible for coordinating these goals and building alliances with key stakeholders across the company to help with implementation. To formalize these goals, the CSR committee reviews opportunities for improvement and new objectives as part of the CSR effort.

This cross-functional, multi-regional committee is also tasked with reviewing risk assessments and publishing the annual CSR report.



Our Approach to Corporate Social Responsibility

Our Approach to Corporate Social Responsibility

Sierra Wireless has been actively involved in building a responsible, sustainable business for many years, along with empowering other businesses to create sustainable practices with its products. We realized the importance of formalizing this program and making ourselves accountable via a third party so that we could better measure and demonstrate our own progress to external stakeholders. In 2016, we created a CSR committee comprised of voluntary members.

To develop a benchmark when creating our CSR program, Sierra Wireless aligned itself with external groups that were well-versed in monitoring and measuring the effectiveness of CSR programs. In late 2014, we began working with the Electronic Industry Citizenship Coalition (EICC), which has developed a standard around environmental protection and social responsibility, to help measure our sustainability and responsible business programs in areas such as supply chain management.

In 2017, the EICC rebranded to the Responsible Business Alliance (RBA). It has a mandate to help create more equitable, environmentally-friendly supply chains by sharing common standards for social, environmental and ethical issues in its Code of Conduct.

As a member of the RBA, Sierra Wireless committed at an early stage to conduct its operations in line with the RBA Code of Conduct and fully supports the vision and goals of the RBA:

Vision. A global electronics industry that creates sustainable value for workers, businesses and the environment.

Mission. Members, suppliers and stakeholders collaborate to improve working and environmental conditions through leading standards and practices.

The Sierra Wireless management system was updated to include the RBA Code of Conduct requirements, which are based on various standards, including ISO 14001 (Environmental management system); OHSAS 18001 (Occupational health and safety management system); the UN Guiding Principles on Business and Human Rights; the ILO Declaration on Fundamental Principles and Rights at Work; and the UN Universal Declaration of Human Rights. Sierra Wireless was audited in November 2017 by a third-party qualified audit firm, which found no deviation to the RBA Code of Conduct.

THE RESPONSIBLE BUSINESS ALLIANCE CODE OF CONDUCT

The RBA Code of Conduct covers the following areas:

Labor. Upholding the human rights of workers.

Health and safety. Promoting a safe and healthy work environment.

The environment. Minimizing the environmental impact of manufacturing.

Business ethics. Operating with integrity to meet social responsibilities.

Management systems. Implementing a system to comply with the code and appropriate local laws.

Our Approach to Corporate Social Responsibility

Materiality

To plan improvements, an organization must benchmark its existing status. This was the driver for a Materiality Assessment that Sierra Wireless carried out in 2017 to identify priorities for its corporate social responsibility focus.

To determine our main CSR priorities, we engaged our key stakeholders to gain a better understanding of their perspectives. We also communicated directly and indirectly with the following groups in order to ensure alignment of our policies and performance with their needs and to more effectively build our CSR strategy:

- Employees (engagement surveys, focus groups and quarterly update meetings)
- Customers (satisfaction surveys, events and webinars)
- Suppliers (coalitions, including RBA and on-site audits)
- Investors (quarterly communications and annual reports)
- Local, national and international media
- Regional communities

Through this process, we have identified 15 material topics that the company considers important, broadly based on the Global Reporting Initiative (GRI) standards. The topics themselves fall into four main streams, as illustrated below:

MATERIAL CATEGORIES AND TOPICS



People

- Creating a respectful workplace that fosters equal opportunity and diversity
- Attracting top talent that will bring fresh perspectives and added value
- Developing and retaining our highly-skilled workforce



Planet

- Utilizing eco-design concepts to create products with consideration for the environmental impacts throughout their lifecycle
- Ensuring our recycling is responsible
- Reducing our carbon and energy footprint



Environment

- Conducting regular risk assessments, audits and verification of Sierra Wireless supply chain
- Practicing responsible sourcing and outsourcing
- Respecting data privacy and confidentiality
- Sierra Wireless products and services security



Governance and Compliance

- Complying with regulations on fair competition and export controls
- Meeting customer and regulatory expectations/requirements
- Maximizing the capability of Sierra Wireless to adapt to changing laws, regulations and standards
- Complying with anti-bribery, anti-corruption, anti-fraud requirements and exhibiting ethical behavior
- Considering social issues associated with raw material sourcing



From this assessment, Sierra Wireless was able to produce six top-line goals in three key areas: people, planet and sourcing.



People



Planet



Sourcing



Goals:

- Sierra Wireless will build sustainable communities through employee engagement by investing – directly and visibly – in the environment and community.
- Implement a global D&I strategy that delivers talent acquisition and retention programs that will result in increased representation of women and underrepresented minorities across our workforce, including in technical and business leadership roles.

Goals:

- Sierra Wireless is committed to protecting the future of our shared planet. To support this, we will design our products to be environmentally friendly.
- Create a multi-year global roadmap to reduce Sierra Wireless' greenhouse gas emissions.
- Reduce our contribution to landfills to conserve resources and minimize pollution.

Goals:

- Sierra Wireless aims to accelerate our suppliers' sustainability by requiring strategic and direct suppliers to increase corporate social responsibility practices.



GOAL 1

Build Sustainable Communities
Through Employee Engagement

GOAL 1. Build Sustainable Communities Through Employee Engagement

Sierra Wireless is committed to supporting non-profit community efforts on a global basis. This is something we began in Canada and the US by partnering with the non-profit community organization United Way. Our employees coordinate annual campaigns for those two countries, providing opportunities both to donate money and to volunteer for community efforts. We have streamlined these efforts, particularly with donations, giving employees the opportunity to donate directly from their payroll to the United Way.

We also believe strongly in giving our employees the chance to contribute time to causes that are close to their own hearts. In our Richmond location, we support employees in their community efforts by giving them one paid day off per year if they volunteer at least eight hours of their personal time to a local non-profit.

Employee engagement extends around the world at Sierra Wireless, with many locations seeking out their own community causes. In Hong Kong, for example, employees have focused on environmental initiatives, including the international Million Tree Project with the Hong Kong Green Nature Union Organization. Employees have also been active in coastline cleanup and the Fung Yuen Butterfly Reserve. Meanwhile, our team in France has supported vocational schools in Toulouse and Paris.

At Sierra Wireless, we believe that a community effort starts with employee wellbeing. Happy, healthy employees are more likely to be productive members of their broader community. That's why we lead monthly wellness initiatives for employees in Richmond. Each one targets a unique theme, such as mental health awareness, the environment, financial wellness or heart health.



2019

In 2019, Our Aim Is To:

- Enable employees to donate 1% of staff time (equivalent to approximately 5,000 hours) to projects that build sustainable communities.
- Establish a framework through which employees can contribute to charitable causes aligned with Sierra Wireless CSR goals.
- Support our employees' philanthropy by matching their donations up to a maximum of US\$150,000.



Changing the Community Through Volunteering

We engage actively in our community through a mixture of donations and employee volunteering. Here are some of the organizations that we have helped:

- United Way (Lower Mainland and Carlsbad)
- Local Food Bank
- BC Children's Hospital
- Sharing Farm
- Pacific Assistance Dogs Society (PADS)





GOAL 2

Implement a Global Diversity &
Inclusion Strategy

GOAL 2. Implement a Global Diversity & Inclusion Strategy

No technology company can ignore the shortage of skills in this rapidly-growing sector. This makes workplace inclusivity and diversity not just an ethical imperative but an economic one, as it enables companies to unlock more talent reserves. As such, recruiting and nurturing women and members of underrepresented minority groups at all levels of the workforce is a priority under the Sierra Wireless CSR program.

DEFINITIONS

Diversity. In broad terms, diversity is any dimension that can be used to differentiate groups and people from one another. It means respect for and appreciation of differences in ethnicity, gender, age, national origin, disability, sexual orientation, education and religion.

Inclusion. Inclusion is a state of being valued, respected and supported. It's about focusing on the needs of every individual and ensuring the right conditions are in place for each person to achieve their full potential.

Unconscious Bias. A person's age, gender, gender identity, physical abilities, religion, sexual orientation, weight and many other characteristics are subject to bias. Unconscious biases are social stereotypes about certain groups of people that individuals form outside their own conscious awareness.

Looking Back on a Productive 2018

We took several actions in 2018 to help improve diversity in the workplace, including the creation of a structure to help drive these changes throughout the organization at a cultural level. We created a Diversity & Inclusion Working Group to guide the executive team in its D&I activities and promoted our D&I policy, developed in 2017, which all employees must read and align themselves with. We also created a D&I steward to whom people could report behavior not aligned with our values.

With the firm belief that change begins with senior executive sponsorship, our D&I activities focused on helping C-suite management take steps to address unconscious bias. To this end, over 80 senior executives in North America and Paris attended a three-hour unconscious bias training program. In 2019, our goal is to provide unconscious bias training to leaders at all levels and to all employees by 2020.

Our enhanced focus on D&I is already reaping rewards from the board level downward, beginning with the appointment of Robin Abrams as Board Chair. Abrams has served on our board since 2010. She replaced Kent Thexton, who joined Sierra Wireless on November 1, 2018, as our President & CEO. We are also pleased that Joy Chik, Corporate Vice President for the Identity Division in Microsoft's Cloud + AI Group, joined the Board in October 2018.

GOAL 2. Implement a Global Diversity & Inclusion Strategy

Sierra Wireless has also engaged in activities at an operational level to encourage women in the company to aspire to leadership positions.

- In June, Sierra Wireless paid for all women currently in management roles to attend the Art of Leadership for Women conference in Vancouver.
- In November, the Women's Information Network@Sierra (WIN@S) Employee Resource Group formed to promote education, exploration and empowerment for women and their contributions to the broader goals of Sierra Wireless.
- Also in November, the Pride@Sierra Employee Resource Group formed to create an inclusive work environment by explicitly promoting a supportive and diverse workplace and educating employees.
- In December, Sierra Wireless signed the United Nations Women's Empowerment Principles (WEPs), which provide a framework to help companies empower women in the workplace, marketplace and community.

Future Goals

As our D&I initiative continues to gain traction, we plan to ensure that bias is minimized from the recruitment process. In early 2019, we are publishing an internal recruitment process to ensure this and will focus throughout the year in executing against this new process. We expect to implement several other measures to support D&I recruitment goals already set with senior management, including training managers to minimize unconscious bias in the hiring process, encouraging recruitment based on our D&I targets and using technology-driven linguistic analysis to examine our job postings for inclusive language.

As we recruit a more diverse range of staff, it is our job to ensure that we create a welcoming environment filled with opportunities. By the end of 2019, we will have evaluated pay equality to ensure that we are still on target with our mandate to maintain equitable pay across different demographic groups in the organization. We will also continue to encourage a transparent job structure and a standard benchmark for promotions.



Ellen Braun,
Chair, WIN@S



Ambika Harit,
Chair, Pride@Sierra

2019 In 2019, We Aim To:

- Expand unconscious bias training to more employees, either as discrete workshops or embedded in other corporate training programs.
- Complete inclusive leadership training with executives to help them become advocates for underrepresented groups in the organization.
- Ensure that at least one in four candidates for positions are female.
- Introduce blind résumé-screening processes.
- Implement more panel-based interviews to help make hiring practices more equitable.
- Create and launch a mentorship program to help foster and evolve internal talent.



A Five-Pillar Plan for Diversity

Our D&I plan has five pillars:

1. Evolve our D&I culture.
2. Hire more diverse candidates within our own pipeline.
3. Recognize, promote and compensate fairly.
4. Develop a more diverse leadership-succession pipeline.
5. Champion diversity and inclusion in our community.



Women in Tech

Corporate North America still has a lot of work to do to advance equality in the workplace. According to McKinsey, only 79 women are promoted to a managerial position for every 100 men². The problem increases at higher seniority levels, in particular for women of color.

Some tech sectors have struggled with hiring women, but we believe there are great opportunities in IoT. This is because the industry is growing at such a rate it will only be able to thrive if it opens itself up to the best talent available³.

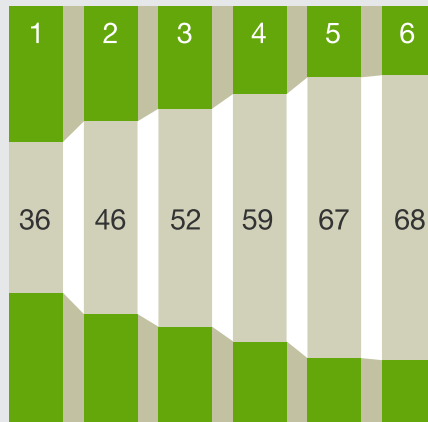
2. McKinsey, 'Women in the Workplace 2018'. Available at: <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2018>. Accessed November 2018.

3. IoT Now, 'Women of IoT say push diversity, don't patronise and don't discriminate'. Available at: <https://www.iot-now.com/2018/10/09/89071-women-iot-say-push-diversity-dont-patronise-dont-discriminate/>. Accessed November 2018.

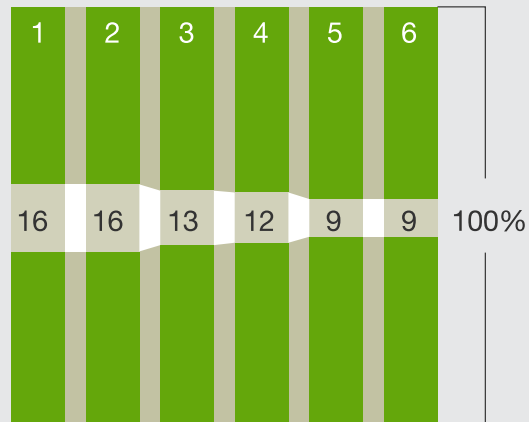


Representation by Corporate Role, by Gender and Race in 2018, % of Employees⁴

WHITE MEN



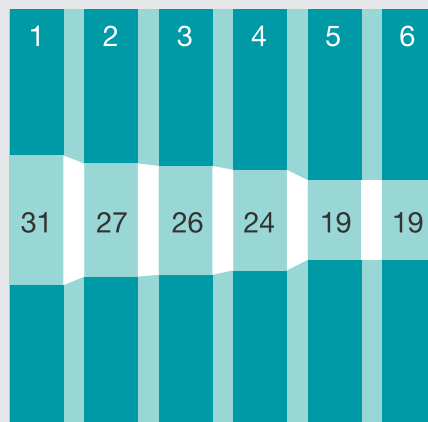
MEN OF COLOR



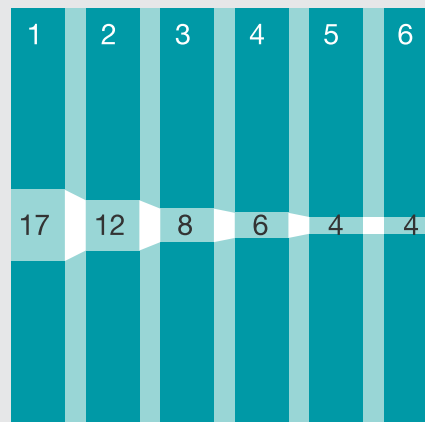
Representation by corporate role,
by gender and race in 2018,
% of employees

- 1 - Entry level
- 2 - Manager
- 3 - Senior manager/director
- 4 - Vice president
- 5 - Senior vice president
- 6 - C-suite

WHITE WOMEN



WOMEN OF COLOR



Entry level —————> C-suite

McKinsey&Company | Source: 2018 LeanIn.Org and McKinsey Women in the Workplace study

4. Source: McKinsey, 'Women in the Workplace 2018'. Available at: <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2018>. Accessed November 2018.



GOAL 3

Deploy Eco-Design

GOAL 3. Deploy Eco-Design

Sierra Wireless is committed to designing products that offer a more power-efficient, productive future. By thinking carefully about how we create our products, from the blueprint stage onward, we can reduce their effect on the environment while building in connectivity functions to support sustainable applications in a variety of situations, ranging from smart cities to energy utilities and beyond.

Since 2010, Sierra Wireless has been contributing to discussions around Low Power Wide Area (LPWA) standards, which define how IoT-enabled devices can communicate effectively using ultra-low power consumption. Our contributions helped to produce the LTE-M and NB-IoT technology standards that are expected to support almost 700m devices in the next five years.

We have been able to incorporate and extend these innovations into our products. One example of this purposeful, sustainable design in 2018 was the certification of our AirPrime® HL78 LTE-M/NB-IoT embedded wireless modules on LTE-M networks operated by KDDI in Japan and AT&T in the US. These modules offer ultra-low power consumption, enabling customers to achieve battery life of up to a decade.

The Sierra Wireless HL78 module is already driving more power-efficient, environmentally-friendly infrastructure in global markets. For example, a leading LP gas smart meter company in Japan is using the LPWA modules to wirelessly connect its smart meters. Thanks to our systems, they can now collect actionable information and make smarter decisions about resource allocation.

In addition, our product designers have been engaging with suppliers and customers to make sure that electronic components are designed to enable easy re-use, refurbishment and recycling. When electronics are placed in landfills, rare-earth and non-renewable materials are lost. By designing products with the circular economy in mind, we can help reduce the impact of electronic waste on the environment.





GOAL 4

Reduce Greenhouse Gas
Emissions

GOAL 4. Reduce Greenhouse Gas Emissions

We are committed to managing our environmental footprint, and part of this effort includes reducing greenhouse gas (GHG) emissions. This is an ongoing, multi-faceted program that extends throughout our supply chain and beyond. Between 2015-2017, we managed to reduce carbon dioxide equivalent (CO₂e) tons of GHG emissions by 17%.

Sierra Wireless' return material authorization (RMA) system has also helped to reduce both GHG emissions and CO₂e. Under this system, product returns are collected at various regional hubs before being sent in bulk to Sierra's main repair factories in the US and Asia. By running this system, Sierra can ship returns in bulk, rather than individually, saving transport costs and reducing the environmental impact of the reverse logistics process.

2018 has been a goal-setting year for Sierra Wireless. Last year, we said that we would identify and quantify our emissions of greenhouse gases and we also vowed to create a strategic plan for reducing them.

Factories and travel are our two main sources of greenhouse gas emissions. In 2018, we created plans to reduce emissions in both of these areas.

Building Greener Factories

Sierra Wireless is renegotiating operations with its factories and potentially evaluating alternative factory sites. For the first time, we embedded CSR targets into the requests for information and proposals. These targets will also be built into the contracts with those factories.

This attention to the environmental impacts of the factories that we contract represents a landmark for Sierra Wireless and shows our commitment to driving these changes through all stages of the supply chain. This will help us to create a greener manufacturing infrastructure for 2019.

This commitment to reducing greenhouse gases is also evident in our facilities management. We are switching out some of our facilities' lighting to LED equipment, which we expect to deliver energy savings in the coming years.

Our emissions reduction efforts are also designed to affect the world around our facilities. One big step forward for us is the introduction of an electric car charging station at our Richmond facility, which will encourage employees and visitors alike to take a greener trip to and from our buildings. In addition, the timing optimization of the heating, ventilation and air-conditioning (HVAC) system at our Richmond site has contributed to savings of 207.8 megawatt hours (MWh) of energy consumption. In terms of our energy mix, almost three quarters of our purchased electricity is from a renewable source and four sites benefit totally or partially from hydro-electricity: Richmond, Shenzhen, Issy-les-Moulineaux and, since January 2019, Toulouse. Whenever possible, depending on the location, we favor suppliers of green electricity in order to reduce our energy consumption from non-renewable sources.



Sierra Wireless Consumption of Purchased Energy



2018



Energy from renewable sources



Energy from non-renewable sources

2017



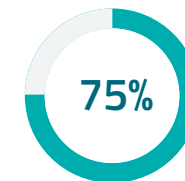
Energy from renewable sources



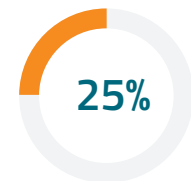
Energy from non-renewable sources



2018

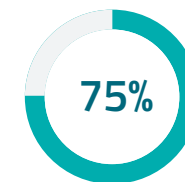


Ratio of renewable sources

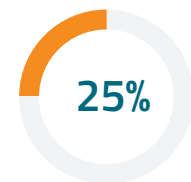


Ratio of non-renewable sources

2017



Ratio of renewable sources



Ratio of non-renewable sources

2018: figures are extrapolated

GOAL 4. Reduce Greenhouse Gas Emissions

Travel

We can make substantial greenhouse gas reductions by thinking more intentionally about travel patterns in several ways:

Hiring. Recruit managers who are located closer to their facilities. This will enable us to reduce the number of long-haul miles that people need to travel to oversee operations.

Travel policy. We are implementing a new travel policy that will apply stricter controls to long-distance travel. Employees will need to justify why they must make a long-distance trip to be somewhere in person, rather than using an alternative remote-meeting method.

Technology. If we're aiming at reducing flights and increasing remote meetings, we must make teleconferences more productive. We plan to deploy more video-enabled rooms to improve the long-distance meeting experience.

We demonstrated our commitment to reducing travel in 2018 by conducting our entire internal audit via video conference. In the past, auditors would travel to all sites, thus adversely contributing to GHG emissions. We were able to reduce this expense, while also greening the entire process.

Together, these changes will help reduce a significant amount of emissions in Sierra Wireless' overall environmental footprint.



2019

In 2019, we aim to:

Save \$1.5 million on an annual travel expenditure of \$10 million using our new travel policy, which equates to a reduction of 104 tons of CO₂e.



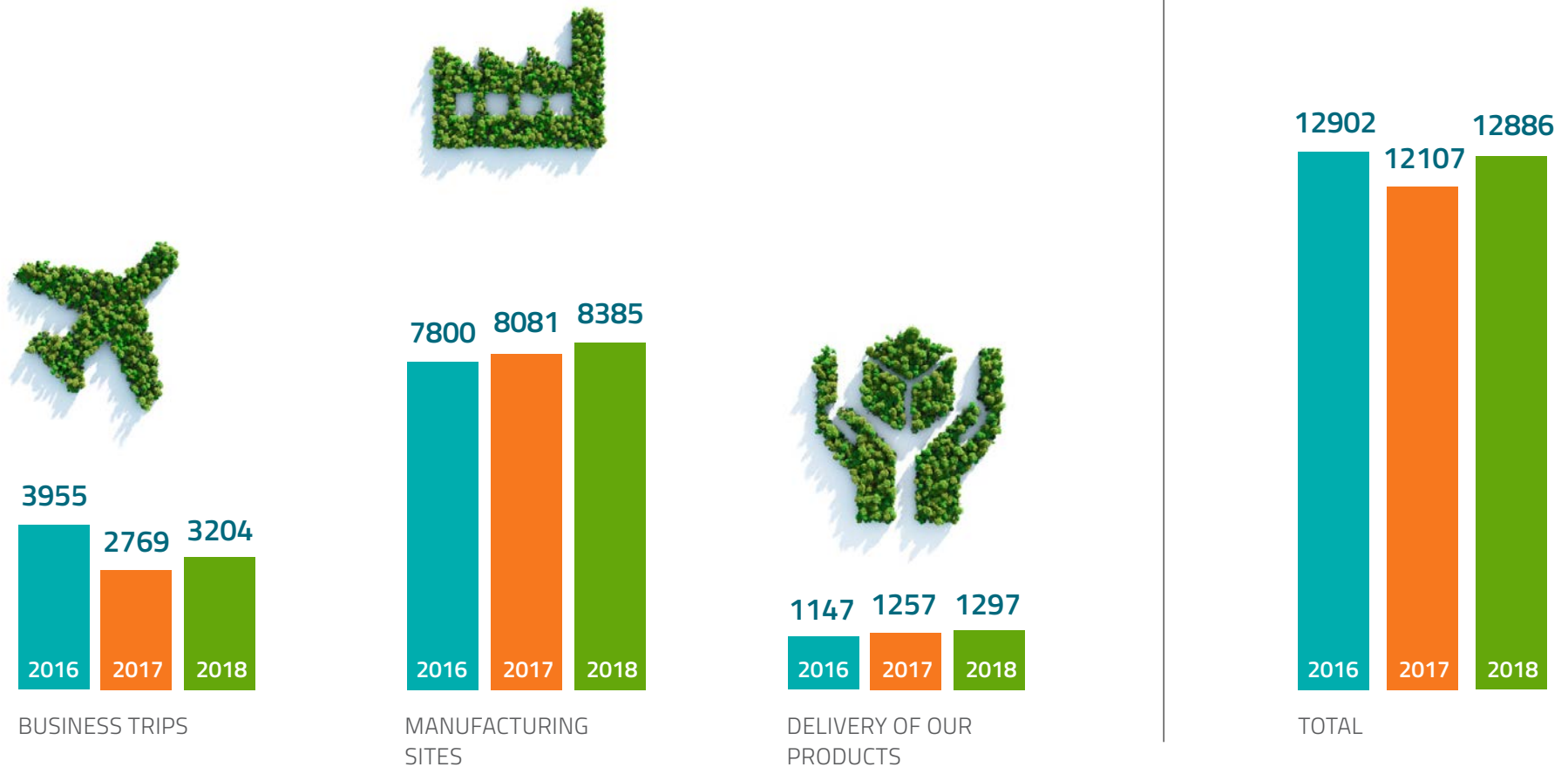
2020

By 2020, we aim to:

Achieve industry-competitive greenhouse gas emission reductions.



Evolution of CO₂e Tons GHG Emissions/Activity



2018: figures are extrapolated



GOAL 5

Reduce Contribution
to Landfills Globally

GOAL 5. Reduce Contribution to Landfills Globally

Reducing the amount of waste that our facilities produce has been a key commitment for Sierra Wireless since the beginning of our CSR program. Our primary goal remains to strengthen the existing waste management program, streamline our recycling activities and increase the efficiency of material usage at our North American sites so that we can divert 40% of our waste from reaching landfill.

Our efforts have been focused on our five largest locations in North America: Richmond, Carlsbad, San Jose, Atlanta and Dallas. Richmond's location in British Columbia, Canada, with its excellent provincial support for recycling programs, has helped us to refine activities there, and it already exceeds the 40% goal. Sites in the other regions have also started to benefit from this program. In 2018, our site in Issy-les-Moulineaux, Paris, reduced its waste to landfill by 30% compared with 2017.

2018 was our year to measure and establish a baseline for our performance in this area, which involved collaborative efforts with property owners. We spoke to the landlords across our facilities – many of whom have multiple tenants – identified what we were able to report on and compiled performance summary data on waste streams at those sites.

We have now set up electronics recycling across all of our sites, in line with international/national guidelines for disposal of electronic waste and, where buildings and local state recycling facilities support it, we have been able to introduce recycling programs for various combinations of glass, plastic, paper, cardboard, wood, metal, organic and wet and dry waste.

We are committed to continuing this work across the rest of North America, and we are mounting an awareness and education communication campaign to help remind staff of their environmental responsibilities at Sierra Wireless. All of our electronic manufacturing services (EMSs) are required in their contracts to be able to recycle anything made by Sierra Wireless.





GOAL 6

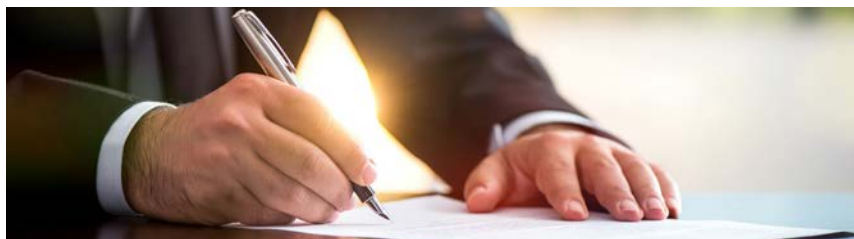
Accelerate Supplier
Sustainability

GOAL 6. Accelerate Supplier Sustainability

Sierra Wireless' efforts to green our supply chain extends back to 2015 when we began asking suppliers to sign either a Master Quality Agreement (MQA) or a Global Supplier Agreement (GSA), which include CSR goals as part of their broader commitment. Suppliers that did not sign these agreements were required to sign a separate letter outlining their compliance with our CSR targets. Of 170 suppliers tracked in our system, 72 had signed by the beginning of Q4 2018 and discussions were ongoing with 53 more.

The Responsible Business Alliance Code of Conduct has a section on the environment, and Sierra Wireless has also asked a selection of 102 suppliers to declare their compliance with this code. Nearly half of them had declared that they comply with the RBA code by the start of Q4 2018.

We expect any suppliers with whom we do business to adhere to the same social, environmental, labor, health and safety and ethical standards that we apply to our business activities. Part of our supply chain management process involves the evaluation of supplier risk associated with ethics, health and safety and labor concerns. In 2018, 101 suppliers' facilities shared their RBA Self-Assessment Questionnaire (SAQ) with Sierra Wireless and 100% were determined to be low risk. The SAQ evaluates, among other things, Environmental Risk and Control Elements and Environmental Management Systems.



We also collected a CDP Climate Change report from various suppliers to document their greenhouse gas emissions and energy usage. This has helped us build a picture of our suppliers' performance.

This baselining activity helps us to gain comprehensive intelligence about our supply chain's sustainability, but it is a complex and time-consuming process. Extracting this information from over 200 suppliers is an ongoing effort that will continue into 2019. As we gather more data, it will help us to define our goals and key performance indicators in 2019 by identifying weaknesses in our supply chain's environmental footprint.

Managing the Supply Chain

The impact of our operations has a global reach. As a result, we view our global supply chain as an extension of our business, ensuring we select suppliers who uphold our high standards of compliance, ethics, integrity and corporate social responsibility. We have a CSR audit program to ensure the integrity of our suppliers, with a team of trained auditors under the leadership of the Manufacturing Director.

Sierra Wireless is committed to conducting business ethically, honestly and in compliance with all applicable laws and regulations. Like many companies in the technology industry, Sierra Wireless relies on conflict minerals such as tin, tungsten, tantalum and gold (3TG) to manufacture our products. Our conflict minerals compliance program integrates many of our policies, processes and procedures, including our ISO-derived processes and procedures.

GOAL 6. Accelerate Supplier Sustainability

Sierra Wireless' conflict minerals program involves auditing all active products being sold and analyzing and locating the source of all components in these products. In conjunction with compliance organization Claigan, Sierra Wireless contacts all suppliers to ensure compliance with our Conflict Minerals Policy. Any suppliers that do not respond or are found to be in breach are then flagged so that they can be replaced in the supply chain.

The overall responsibility for implementing Sierra Wireless' conflict mineral compliance programs lies with the Chief Financial Officer, who is provided with strategic guidance and information from Sierra Wireless' Supply Chain Steering Group. The Steering Group is responsible for the direction of the conflict minerals compliance program, while Sierra Wireless' Supply Chain Working Group is responsible for day-to-day implementation of the program and reports to the Steering Group. Collectively, these groups are responsible for ensuring our suppliers meet our, as well as our customers' high standards.

We hold our suppliers to these standards through supplier agreements, our supplier handbook, our Code of Business Conduct and additional relevant policies and standards. Part of our supply chain management process involves the evaluation of supplier risk associated with ethics, health and safety and labor concerns. Through these processes, we are able to see beyond supplier logistics and make better informed decisions for our supply chain.





Looking to the Future



Looking to the Future

While we have made great progress in the first two years of our CSR program, Sierra Wireless' work across these key areas is still only just beginning. We look forward to an exciting period of new developments in the company as we continue to engage and empower employees in areas such as sustainability and diversity. Employees may have their own ideas about new initiatives that could help reduce our impact on the planet.

One example of a new initiative at Sierra Wireless is our creation of employee resource groups (ERGs), which are a tool that we can use to engage and support different communities in our company. To feel engaged and empowered, employees need opportunities for career development; ERGs are valuable resources to help different groups at Sierra Wireless prosper. As previously mentioned, we created two ERGs late in 2018, one focused on women's education, exploration and empowerment and their contributions to the broader goals of Sierra Wireless, and the other on the LGBTQ+ community, to help provide support for employees as they aspire to develop in the company.

This is a good example of how Sierra Wireless is thinking outside the box when it comes to CSR. As we continue to evolve our approach to sustainable business and build strong links both internally and externally, we look forward to informing you more about our progress and to hearing your ideas about how to make Sierra Wireless – and the world – a better place.





Appendix: CSR Operating Framework

CSR Operating Framework

Our Corporate Social Responsibility team members are actively engaged in executing our six primary goals within the context of our CSR operating framework. The framework guides our overarching approach to CSR.

Stakeholders and Society

The following global policies help us ensure our relationships and business transactions are ethical, transparent and fully compliant with regulations:

- Code of Business Conduct
- Anti-Bribery and Corruption Policy*
- Global Harassment and Discrimination Prevention Policy
- Insider Trading Policy*
- Disclosure Policy*
- Privacy Policy
- [Conflict Minerals Policy](#)
- Information Security Policy
- Quality Policy
- Diversity & Inclusion Policy

Data Privacy and Confidentiality

In 2018, we took steps to improve data privacy and confidentiality. Our computer login process was enhanced through the implementation of Multi-Factor Authentication (MFA) and we initiated Advanced Threat Protection (ATP) examines incoming email messages for security risks, specifically website links and attachments). We also adopted the EU General Data Protection Regulation (GDPR). Cybersecurity awareness training is offered on an ongoing basis.

Health and Safety

To ensure our employees understand the importance of maintaining a safe and healthy workplace, we provide the following training for all new hires:

- Emergency preparedness, evacuation and communication
- Building security
- Health and safety responsibilities of employees

In addition, we have bolstered our health and safety practices by:

- Providing ergonomic assessments
- Executing a safety management system across all operations
- Conducting monthly or quarterly workplace inspections
- Measuring and reporting on safety performance
- Engaging employees through our Occupational Health and Safety Committee

We hold managers responsible to lead and maintain safe and secure work areas.

**Excerpts of these policies can be found in our Management Information Circular.*

Environment

Carbon and Climate

Sierra Wireless intends to release its CDP report in 2019. As stated in the CDP report, our processes for identifying, assessing and managing climate-related issues are integrated into multi-disciplinary, company-wide risk identification, assessment and management processes (as described in the next section).

Risk and Opportunities

The Sierra Wireless Enterprise Risk Management (ERM) program includes identification of risks and mitigation activities. Risks are updated twice a year, mitigation activities (strategies and status) are validated through sessions with subject-matter experts and discussed with the Audit Committee of the Board of Directors. The status of follow-up action is updated during each semi-annual risk update. The climate-related risks are evaluated by the CSR committee and high risks are reported, if any, to the owner of the ERM process.

The most salient environmental risks are climate change and those related to material restrictions (e.g., RoHS, REACH, WEEE, etc.) described in the section on waste and toxicity.

Natural Resources

Sierra Wireless is a fabless company (we outsource the fabrication of our products and don't withdraw water). For the most part, we lease our office space, and water consumption is included in the common area maintenance fees shared with other businesses. As a result, we are unable to introduce our own water recycling/re-use program, but we do have an expectation that our landlords will introduce such measures whenever feasible. To reduce water consumption, some of our leased sites have dual toilet flush equipped facilities and taps with sensors. All of our wastewater is collected and treated by municipal wastewater facilities.

Waste and Toxicity

It is of paramount importance for us to understand and comply with the variety of laws, rules and regulations that exist on the use of materials and substances in our products. On an annual basis, we declare the quantity and weight of products in the scope of the Waste Electrical and Electronic Equipment Directive (WEEE). Our Environmental Compliance and Verification Process addresses the risks or hazards associated with the inclusion of harmful chemicals in our products and ensures our materials and finished

goods are compliant with environmental regulations:

- Restriction of Hazardous Substance Directive (RoHS)
- Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- Packaging Waste Directive
- Other requirements and beyond-regulatory requests for our products' environmental attributes

We do not manufacture products at our sites; therefore, we do not generate significant air emissions (SOx, NOx, volatile organic compounds, particulate matter, hazardous air pollutants).

Appendix: CSR Operating Framework

2018 Performance Summary

	Units	2018	2017	2016
Revenues				
Total consolidated revenues (in thousands)	\$ USD	793 602	692 077	615 607
Ethics				
Employees read and acknowledged Sierra Wireless Code of Business Conduct	%	92	95	96
Leaders trained on unconscious bias	#	150	NA	NA
Supplier Assessment				
Suppliers ^{1a} who completed the RBA SAQ ^{1b}	%	100	100	100
Suppliers with low-risk facilities SAQ	%	100	100	94
Supplier priority non-conformance rate ^{1c}	%	0	0	NA
Suppliers' operations covered by a certified ISO 14001	%	100	NA	NA
Responsible Mineral				
RMAP-compliant processing facilities ²	#	295	275	244
RMAP-compliant processing facilities	%	98	87	82

1a. Contract manufacturers and top 80% of purchase spending suppliers of components

1b. Responsible Business Alliance - SAQ, Self-Assessment Questionnaire

1c. Percent suppliers with labor, health and safety, environmental or ethics high-risk score (facility RBA SAQ)

2. Responsible Mineral Assurance Process

NA = Not Available

NC = Not Calculated

Appendix: CSR Operating Framework

2018 Performance Summary

	Units	2018	2017	2016
Greenhouse Gas (GHG) Emissions				
CO ₂ e per gross square foot of facilities space (scope 1 and 2)	CO ₂ e metric tons/sq.ft	NA	0.00325	0.00339
Total scope 1 – Direct GHG emissions by weight	CO ₂ e metric tons	NA	43	50
Total scope 2 – Indirect GHG emissions by weight ^{3a}	CO ₂ e metric tons	NA	852	881
Total scope 3 – Other indirect GHG emissions by weight ^{3b}	CO ₂ e metric tons	NA	12 107	12 902
Electricity purchased ^{3c}	MWh	NA	5 113	5 021
Electricity purchased per gross square foot of facilities space	MWh/sq.ft	NA	0.0186	0.0183
Electricity purchased from renewable source	MWh	NA	4 022	3 648
Electricity purchased from renewable source	%	NA	79	73
Electricity purchased from non-renewable source	MWh	NA	1 090	1 374
Electricity purchased from non-renewable source	%	NA	21	27
Natural gas purchased	Therms	NA	8 173	9 463

3a. Location-based: calculated using country or regional emission factors

3b. Amounts include business trips, logistics, SWI share of our Contract Manufacturers GHG emissions

3c. 100% electricity purchased from the grid

NA = Not Available

NC = Not Calculated

Appendix: CSR Operating Framework

2018 Performance Summary

	Units	2018	2017	2016
Waste Management ^{4a}				
Total non-hazardous waste: recycled	Metric tons	51	50	20
Total non-hazardous waste: recycled	%	58	55	41
Total non-hazardous waste: generated to landfill	Metric tons	37	41	29
Total non-hazardous waste: generated to landfill	%	42	45	59
Total hazardous waste	Metric tons	<0.1	NA	NA
Water				
Water purchased ^{4b}	m3	NA	14 455	NC

4a. Non-Hazardous waste: 2017: Richmond and Issy-les-Moulineaux; 2016: Richmond only.

Hazardous waste: Our labs follow specific purchasing processes to procure products that generate hazardous waste and are disposed of in accordance with applicable laws and regulations.

4b. Includes Richmond, Issy-les-Moulineaux and Shenzhen.

NA = Not Available

NC = Not Calculated

Appendix: CSR Operating Framework

2018 Performance Summary

	Units	2018	2017	2016
Employee Engagement and Philanthropy Events				
Number of events	#	11	5	NC
Workplace Demographics				
Women - Overall	% total	22	20	19
Women - Leadership	% total	12	9	9
Women - Professional	% total	23	23	22
Average age	years	43	42	42
Workforce				
Total employees	#	1 435	1 246	1 223
APAC	#	355	401	352
EMEA	#	344	310	326
NAM	#	736	535	545
Turnover rate ⁵	%	13	8	10
Voluntary turnover rate	%	6.5	6.5	NC
Workplace Safety				
Days lost from sickness	%	<2	<2	<2
Workplace accidents	#	0	0	0
Fatality rate	%	0	0	0

⁵ Turnover rate in 2018 excludes restructuring

2017: workforce figures exclude temp/contractors



For more information, contact: csr@sierrawireless.com
or visit us at our website:

www.sierrawireless.com/company/corporate-social-responsibility/

Connect with us on:



"Sierra Wireless", "AirPrime", "AirLink" and "AirVantage" are registered trademarks of Sierra Wireless. Other product or service names mentioned herein may be the trademarks of their respective owners.