



SIERRA
WIRELESS®

Corporate Social Responsibility

2019 Progress Report

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Message from the Board Chair and President & CEO

As 2019 came to a close, Sierra Wireless accomplished its objective of evolving to an IoT Solutions provider, with a full suite of services and products that empower businesses and industries to transform and thrive in the connected economy. We also completed our first full year as Board Chair & CEO. In this, our third annual Corporate Social Responsibility (CSR) report, we are pleased to share how the CSR program also evolved in 2019 and to set out our future goals as we continue to iterate and improve in this vital area.

Our commitment to CSR and our ability to deliver on our goals depends heavily on our three, core company values. The first is: **Trust**. We have publicly committed to the Responsible Business Alliance (RBA) Code of Conduct, which holds us to the highest standard when it comes to sustainable, socially responsible supply chain management. To earn our stakeholders' trust, Sierra Wireless depends on its second value: **Execution**. As we detail in this report, our customers and suppliers can be confident that we adhere to the code because we verify compliance through our audit program. Finally, our third value, **Innovation**, supports our ability to move beyond compliance and think outside the box, to implement initiatives inside the company such as our pilot mentorship program and employee resource groups (ERGs). Our commitment to innovation also shows up in external products and services that help our customers build solutions for environmental sustainability every day.

In 2019, we emphasized two of our six CSR goals: Diversity and Inclusion, and Building Sustainable Communities. Both support our ongoing mission to be a people-focused company. This emphasis contributed directly to leadership training initiatives that are helping us to create a more inclusive work environment and a review of our community stewardship. We are pleased to feature the progress we've made toward these people-focused goals in this report.

Over the past year, we have been inspired by the passion and courage of our employees and the volunteer CSR team members who continue daily to demonstrate their commitment to corporate social responsibility at Sierra Wireless. The work they do is important because of the fundamental role that businesses like ours play in society, communities and the environment. We integrate CSR into the way we do business every day and we continually strive to do more. This report highlights our successes in 2019 and outlines our focus for 2020.



Robin A. Abrams,
Board Chair



Kent Thexton,
President & 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, and has shipped over 150 million devices to customers across more than 130 countries. Our team of over 1,250 employees has expanded beyond embedded hardware to support advanced Internet of Things (IoT) capabilities operating on over 80 cellular networks across the globe.

Vancouver, Canada
Corporate Headquarters



● R&D, Marketing, Sales, Operations | ● Manufacturing | ● Sales and Support

We provide a full suite of IoT connectivity services to support our range of connected devices, covering the following areas:

IoT Solutions

Octave™

Octave is our edge-to-cloud solution, managing the collection and formatting of data from IoT-capable devices in the field and its secure, reliable transmission back to the cloud where our customers can use it to serve their own analytics and business operations applications. We refer to this data management and communication process as data orchestration.

Connectivity

We offer Smart Connectivity and Enhanced Carrier Connectivity options to simplify how our customers connect and manage their deployments. Our 24/7/365 Global Network Operation Center (GNOC) and AirVantage® management platform ensure customers experience the best possible uptime while making it easy to monitor and maintain the lifecycle of their SIMs and devices in the field.

Managed IoT

We sell a range of enterprise mobile networking products including routers, gateways and software. Our IoT verticals business line provides packaged solutions for applications including home security, asset tracking, offender monitoring and fleet tracking.

Embedded Solutions

We have a broad portfolio of secure, high-performance embedded modules with Ready-to-Connect to simplify connecting your assets to the cloud via 4G, 5G and LPWA cellular networks. Our standards-based wireless modules help customers embed cellular, Wi-Fi, Bluetooth, and GNSS technologies, as well as manage connectivity, devices and data on their IoT devices.

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.

Octave™ Cloud Solutions



Edge-to-Cloud
Solutions



Secure &
Reliable



Data
Management

Connectivity Solutions



Smart
Connectivity



Enhanced Carrier
Connectivity

Managed IoT Solutions



Asset
Tracking



Offender
Monitoring



Tank
Monitoring

Embedded & Networking Solutions



Modules, Routers
& Gateways



Ready-to-
Connect



Connectivity
Management



Device
Management

How IoT is driving sustainability

The next couple of years are shaping up to be a breakthrough period for the IoT. According to Gartner, we can expect 25bn units to be installed worldwide in 2021, up from 14.2bn in 2019.¹ We are also seeing companies get smarter about how they handle IoT projects. IT industry analyst International Data Corporation (IDC) predicts that by 2023, 70% of IoT deployments will include artificial intelligence (AI) solutions for autonomous or edge decision making.²

As enterprises grow more adept in their use of IoT, an opportunity is emerging to create more sustainable environments using smart connected devices. As an expert in connected equipment, Sierra Wireless is perfectly positioned to help drive this revolution. By developing and deploying solutions that support reliable and efficient connected ecosystems, we consistently empower customers to build solutions that help protect the environment while also saving money and driving new customer experiences. Here are some examples:

Industrial efficiency

The industrial IoT offers great potential for manufacturers to become more efficient and to reduce their negative impact on both working conditions and the wider environment. For example, producers of heavy industrial equipment such as air compressors or washing machines are using Sierra Wireless' IoT devices and the Octave data orchestration platform to carefully track and control power usage as well as other environmental indicators such as noise levels.

Environmental monitoring

When industrial wastewater pumps fail, the environmental results can be catastrophic. Wastewater can flow into creeks and rivers, contaminating the local area and drawing stiff penalties from regulators. Stone Technologies

used the Uplink 5500EZ alarm-monitoring module from Sierra Wireless as the basis for its own environmental monitoring unit to help solve the problem. The RMS 704 uses a float-level sensor to detect liquid levels in wastewater tanks, sounding an alarm if they fall outside a set threshold. It can also monitor emergency generators to ensure that they take over during power outages. This inexpensive cellular-connected unit decreases the risk of environmental pollution from wastewater discharges.

Building better public transportation

Public transit cuts pollution and carbon emissions because it reduces the number of vehicles on the road. But public transport needs to be fit for purpose in order for people to choose it over their own vehicles. Connected devices play an important role in improving services. The Utah Transit Authority used over 500 mobile gateway devices from Sierra Wireless on its fleet, enabling passengers to pay fares with credit cards and validate bus passes on board. The solution also reported real-time route, schedule and service information to more effectively serve the 80% of city residents that take the bus.

Building a smarter grid

Smart connected devices offer huge potential for better energy management by creating more efficient smart grids that more effectively handle renewable energy and are less likely to lose valuable power. Sentient Energy in California used the Sierra Wireless AirPrime™ MC Series LTE modules to create the industry's only solar-ready grid analytics system. It monitors substations, reclosers and other critical electrical utility assets remotely, enabling engineers to pinpoint failures quickly.

1. Gartner, Nov 2018. 'Gartner Identifies Top 10 Strategic IoT Technologies and Trends.' Available at: <https://www.gartner.com/en/newsroom/press-releases/2018-11-07-gartner-identifies-top-10-strategic-iot-technologies-and-trends>. Accessed February 2020.

2. IDC, Nov 2019. 'IDC FutureScape. 'Worldwide Internet of Things (IoT) 2020 Predictions.' Available at: https://go.to.webcasts.com/starthere.jsp?ei=1262189&tp_key=0f0e85ad06. February 2020.



Corporate Social Responsibility at Sierra Wireless

Corporate Social Responsibility at Sierra Wireless

Introduction: About our third annual CSR report

This report is the third annual review of Sierra Wireless' corporate social responsibility initiatives and achievements, covering the calendar year 2019. It is our opportunity to voluntarily disclose our sustainability and community-building efforts to our many stakeholders, including investors, customers, suppliers and local communities. We are committed to transparency and accountability, and this document helps us to sustain valuable dialogues with members of our community.

2019 was a year of consolidation and refocus of Sierra Wireless' CSR efforts. We worked diligently to honor many of our commitments from the previous year while also connecting more closely with our employees to understand their priorities and goals as part of a company-wide social responsibility movement. We listened to their feedback, used it to refine our goals in key areas, and updated the core themes that now drive our CSR efforts.

This report will describe how we built on the goals set forth in 2018, while defining new targets for 2020. It contains data up to and including 2019 across our global operations, spanning our headquarters in Richmond, Canada, and our facilities in the United States, Europe and Asia.

Corporate social governance

A commitment to people, community and sustainability runs through the heart of Sierra Wireless. It is a strategic imperative with support from our executive team, including Kent Thexton, our CEO, who has publicly stated his support for a more diverse, sustainable and socially responsible business presence that begins inside the company and guides our behavior on the global stage.

That commitment informs our operations and is part of our corporate social responsibility team's remit. The people behind our CSR initiatives work hard to create data-driven programs that help to advance our social and environmental goals. Those initiatives span multiple disciplines including product design, environmental engineering, diversity and inclusion, facilities management and supply chain.



Corporate Social Responsibility at Sierra Wireless

Overview of 2019 activities

In 2019, Sierra Wireless increased its focus on an already important CSR theme: people. We understand the significance of a highly skilled workforce to our business success, especially in a technology industry traditionally beset by skill shortages. We also realize that many demographic groups are under-represented in the technology space, especially women. Not only does it make good business sense to redress this imbalance, but it is the right thing to do. For these reasons, we expanded our commitment this year to creating an inclusive and welcoming workplace that encourages diversity through equal opportunity.

We made several strides forward this year to promote diversity in leadership while also working to foster more career opportunities for under-represented groups throughout the entire company hierarchy. We also concentrated on employee wellness, acknowledging and promoting issues including physical and mental wellbeing.

While people have been a focal point this year, we also made several advances in community building, environmental sustainability, and social and ethical responsibility. These ranged from building a greener supply chain and continuing to hold suppliers accountable for human rights practices through to reducing greenhouse gas emissions and cutting down on landfill waste.

Background/methodology

Transparency and accountability are the cornerstones of Sierra Wireless' CSR commitment. To that end, we have created internal resources and external partnerships to ensure that we set appropriate CSR goals and deliver on them. Our CSR committee, comprised of dedicated volunteers from within Sierra Wireless, sets the tone for our corporate social responsibility efforts by defining our strategic goals and putting internal initiatives in place to meet them.

THE RESPONSIBLE BUSINESS ALLIANCE

We work closely with the Responsible Business Alliance (RBA). Originally called the Electronic Industry Citizenship Coalition (EICC), RBA's Code of Conduct sets strict industry benchmarks for social responsibility and environmental sustainability in electronics industry supply chains.

The RBA Code of Conduct covers several areas:

Labor: Protecting human rights for workers at all stages in the supply chain.

Health and safety: Ensuring a safe and healthy workplace for everyone.

The environment: Minimizing the environmental impact of manufacturing.

Business ethics: Operating with integrity to meet social responsibilities.

Management systems: Implementing management systems that enable companies to comply with the code and with relevant local laws.

Sierra Wireless is committed to upholding the RBA's mission and vision:

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

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

Our Approach to Corporate Social Responsibility

Materiality Assessment

CSR is an evolving discipline within Sierra Wireless. We began our journey in 2017 with a quest to identify our priorities for CSR as an organization. It started with a foundational project involving conversations with several stakeholders in our community. This Materiality Assessment invited feedback from employees, customers and suppliers through surveys, focus groups, and in some cases, audits.

That feedback helped identify 15 topics that Sierra Wireless and its community considers to be of primary importance. Broadly based on the Global Reporting Initiative (GRI) standards, these topics are the basis from which we have created our top-line themes and strategic goals.

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

- Using 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 and anti-fraud requirements, and exhibiting ethical behavior.
- Considering social issues associated with raw material sourcing.

CSR themes for 2019

Last year, Sierra Wireless distilled its efforts into three key themes to punctuate the end of the decade. Within each theme we selected a series of sub-goals helping us to concentrate our activities and provide continuity with the work conducted in previous years.



People

Providing a working environment where all people can flourish has always been central to the values of Sierra Wireless. Diversity and Inclusion continued to be a key area of focus this year as we made progress in addressing some of the inequalities common to the tech industry.



Communities

Community is what happens when people come together to create great things. At Sierra Wireless, we see a clear link between achieving our business goals, the people we employ and work with, and supporting the health of our communities through:

- Building sustainable communities
- Continuing to 'green' our suppliers, creating a more environmentally, socially and ethically responsible supply chain.



Environment

Communities cannot flourish without a healthy and sustainable planet. This third core theme for 2019 looked at mitigating the impact of our operations on the wider environment through:

- Reducing greenhouse gas emissions
- Reducing our contribution to the global landfill
- Deploying eco-design



THEME 1

People

THEME 1. People

Overview

People are at the heart of everything we achieve at Sierra Wireless. 2019 was an opportunity to place even greater emphasis in this area, with our CSR efforts focusing on both internal and external stakeholders. Our actions continued to send a message to the organization that we are taking diversity and inclusion (D&I) in the workplace seriously. This message came from the very top of the organization with resounding support from our CEO and executive team.

We have focused on strengthening the representation of women at Sierra Wireless, not only in senior management but at more junior levels. We have introduced new mechanisms to forge strong connections between senior executives and women in management positions within the company.

We expanded training programs to help educate management at different levels within the company on diversity and inclusion practices. This created a strong foundation for more equitable hiring practices and paved the way for stronger career opportunities for women within the company.

This was the strongest, most productive year on record for our diversity and inclusion effort, which is starting to gain attention. In August 2019, Deborah Nicols, Director of Customer Experience & Corporate Quality, received a nomination for the Technology Association of Georgia's Diversity and Inclusion Award (Individual Contributor).



Deborah Nicols,
*Director, Customer Experience
& Corporate Quality*

Definitions

Diversity: Diversity is defined as any dimension that can differentiate groups and people from one another. It means demonstrating 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.

The Sierra Wireless Five-Pillar D&I Strategy



Evolve our D&I culture



Hire more diverse candidates



Recognize, promote and compensate fairly



Develop a more diverse leadership succession pipeline



Champion D&I in our community

Promoting diversity in leadership

Creating more diversity at the senior executive level continues to be a major focus for Sierra Wireless. Only by redressing the gender imbalance in the C-suite can we hope to spark change throughout the entire management hierarchy. Research from McKinsey shows that companies in the top-quartile for gender diversity on their executive teams were 21% more likely to have above-average profitability than worse-performing peers.³

Signing the UN's Women's Empowerment Principles

Meaningful change must be driven by company leadership. President & CEO, Kent Thexton, is committed to furthering diversity and inclusion at all levels of the company. He visibly demonstrated his support by signing the UN's Women's Empowerment Principles in January 2019.

There are seven principles:

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work – respect and support human rights and non-discrimination.
3. Ensure the health, safety and wellbeing of all women and men workers.
4. Promote education, training and professional development for gender.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality.

Board and Senior Management D&I Policy

In April 2019, we published our Board and Senior Management Diversity and Inclusion Policy. It is the first ever policy in the company to articulate quantifiable diversity and inclusion targets including a 25% minimum of short-listed women candidates for senior management positions.

Inclusive leadership training

Furthering our effort to drive a diverse leadership culture, we expanded an ongoing training unconscious bias awareness initiative for leaders while also introducing a new inclusive leadership program. The unconscious bias training, which helps leaders identify prejudices they may not be aware of, began in 2018 with the executive team in Richmond followed by the leadership teams in ILM, Hong Kong and Atlanta.

We also delivered on our 2018 promise to provide inclusive leadership training. This began with both the executive team and all managers at our Richmond headquarters in August 2019. We delivered it to management teams in Atlanta and will be delivering it to the leaders in Toulouse and Hong Kong in the second quarter of 2020.

Connecting the dots – creating inclusive career opportunities

Diversity in leadership is one part of a broader effort to build inclusive career opportunities for people of all colors, creeds and genders within Sierra Wireless. In 2019, we fostered several initiatives to help empower and elevate our people at all levels of employment.

3. McKinsey & Company, January 2018. 'Delivering through Diversity.' Accessed November 2019. Available at: https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx

THEME 1. People

Engaging employees on hiring perspectives

Driving a culture of diversity and inclusion into the company means listening to employees' concerns about hiring practices and gathering their ideas for improvement. In September 2019, we hired a consulting company to conduct global focus groups exploring employees' perspectives about our attraction, recruitment and selection practices. They reported back at the end of 2019 and the insights we gained are playing a major role in our people strategy for 2020.

Pilot mentoring program

We are especially proud of our pilot mentorship program, which forged connections between senior executives and women in senior director and director roles. This program, which ran from July 2019 to February 2020, matched 16 women in the company to 12 mentors who underwent specific training to prepare them for advanced opportunities within the company. Mentees met monthly to share lessons learned. Initial results have shown that the mentees had a very positive experience and we are currently looking at ways to expand the program. Our goal is to include as many women as possible in our mentorship initiatives, as we believe it can play an important role in helping them excel in their careers in the tech industry and beyond.

Development opportunities

In April 2019, 40 women and men from Sierra Wireless attended the Art of Leadership Conference for Women in 2019. Over 1,500 attendees gathered to hear valuable insights from a rich variety of world leaders, business icons, and bestselling authors including social activist Malala Yousafzai and journalist Emily Chang, anchor and executive producer of Bloomberg Technology.

Our employees left the event eager to increase their own self-awareness about the gender diversity challenges facing the tech industry and how to help embody the changes that will solve them.

Empowering Employee Resource Groups

As part of our continued focus on people at Sierra Wireless, we are fostering employee resource groups (ERGs) to promote diverse communities within the company. All group chairs work on a voluntary basis, donating their time and effort to help support the group's mission, vision and goals.

Mental Health ERG

Our Mental Health ERG, sponsored by Tom Mueller, Vice President, Product Management, took shape over the summer of 2019. The mission of the ERG is to increase awareness about mental health in support of an inclusive, respectful and resourceful workplace. One of the key goals of this ERG is to create a mental health resource map for every Sierra Wireless location that will help employees negotiate their respective health systems for themselves and people in their care. In 2020, Tom and the Mental Health ERG Chair (to be filled) will be seeking to recruit local chairs for each region.



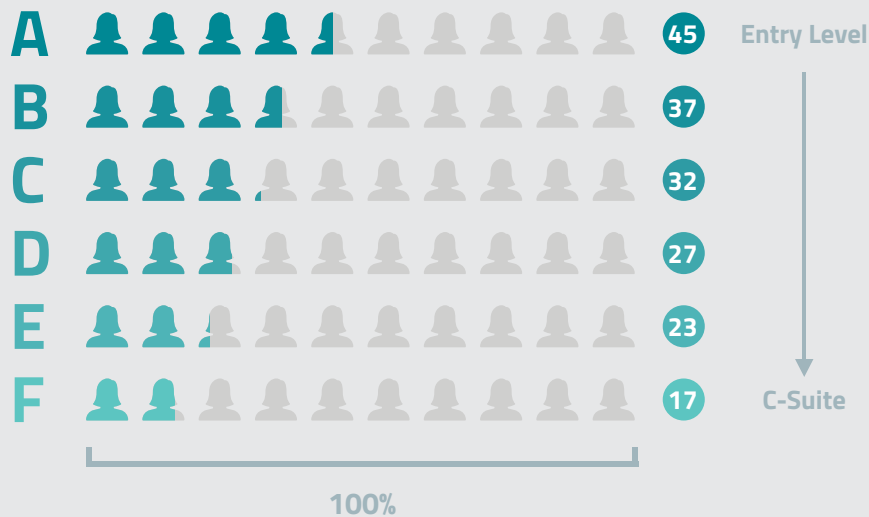


McKinsey's 2019 research on women in the workplace shows that representation of women in senior leadership has increased, but women continue to be under-represented at every level

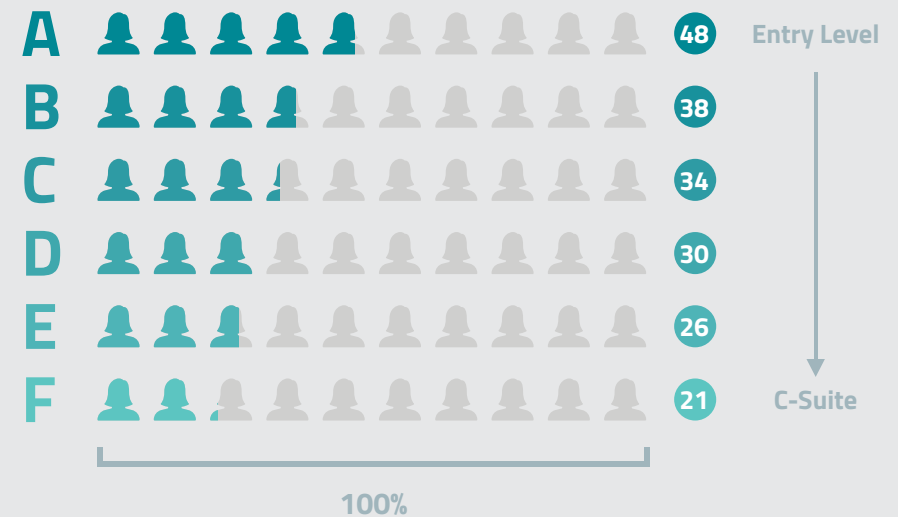
Representation of women by level, % of employees

A = Entry level B = Manager C = Senior Manager / Director D = Vice President E = Senior Vice President F = C-Suite

Women in 2015



Women in 2019



Source: 2019 McKinsey & Company and LeanIn.Org, 'Women in the Workplace study.'

Available at: <https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Gender%20Equality/Women%20in%20the%20Workplace%202019/Women-in-the-workplace-2019.ashx>

THEME 1. People

Pride@Sierra ERG

Pride@Sierra was formed in late 2018 and is led by Ambika Harit, Inside Sales Representative, and sponsored by Manfred Dehmer, Vice President, Information & Technology Services. Ambika and Manfred are based in our Richmond office. The mission of the ERG is to create an inclusive work environment through explicitly promoting supportive and diverse policies within the workplace. In June 2019, Ambika and her team organized a LinkedIn skills-building workshop which helped over 40 employees develop stronger LinkedIn profiles thereby creating a stronger Sierra Wireless online presence. Looking to 2020, this ERG team is focused on establishing a presence in our Atlanta and Toulouse offices and on offering learning opportunities to its membership on increasing awareness and becoming a more inclusive workforce overall for the LGBTQ+ community.

Women's Information Network@Sierra (WIN@S)

Formed in November 2018, the Women's Information Network is vested in promoting education, exploration and empowerment for women and their contributions to the broader goals of Sierra Wireless. Ellen Braun, Regional Sales Manager, Public Sector, Northwest, who leads the group voluntarily, brings her passion, expertise and commitment to driving meaningful learning and development experiences for WIN@S members.

Ellen kicked off the year by organizing a fireside chat with Sierra Wireless chair, Robin Abrams, who joined participants in Richmond to discuss her own workplace experiences and share her advice on self-advocacy and personal career development. This opportunity set the stage for 2019 by contributing directly to our goal of building a culture of diversity and inclusion throughout the company.

Another flagship opportunity within the WIN@S network this year was Coffee and Conversation with Kent, a chance for WIN@S members to meet with the CEO and hear his thoughts about the company's strategic direction. Kent also

shared his thoughts about gender diversity in the workplace and encouraged attendees to advocate for themselves and to set and wholeheartedly pursue their goals.

Ellen also organized a professional book club for WIN@S members to encourage conversation and knowledge sharing, along with personal branding workshops. Members learned how to plan and develop their personal brand and behaviors, complementing Robin's advice on self-advocacy and personal career development. Anecdotal feedback showed that this was one of the most enjoyable and effective exercises, and attendees came away with a strong sense of peer support. Events like this can inform and empower employees' behaviors for years to come.

In 2020, Ellen will continue to create opportunities to engage board members and senior leaders with WIN@S members, increase the awareness of the network and enhance open dialogue between WIN@S members and the business.

Promoting employee wellness

As part of our long-standing focus on people, Sierra Wireless also runs an extensive employee wellness program. Each month, we choose a wellness theme that we present to employees with workshops and events. We reinforce our health and fitness message by offering ongoing fitness classes and we participate in bike-to-work days, and events like the popular Vancouver Sun Run.



Ambika Harit,
Pride Chair



Ellen Braun,
WIN@S Chair

Goals for 2020



Determinedly pursue our goal of having women represent 20% of our senior management team by 2022.



Offer a broader mentorship program throughout Sierra Wireless.



Deliver inclusive leadership training to all leaders in APAC and EMEA.



Amend our attraction, recruitment and selection practices including updating our commitment to gender diversity statement, standardizing our interview methodology including interview training and guides for managers, and conducting panel-based interviews.



Deliver a deeper dive inclusive leadership program to executives and their direct reports.



Engage with organizations that deliver science, technology, engineering and mathematics (STEM) programs to support their efforts in reaching girls.



THEME 2

Communities

THEME 2. Communities

Overview

Sierra Wireless' strong focus on people ties closely with our commitment to having a positive impact on communities both locally and worldwide. We approach this strategically, coordinating our efforts across our global operations and creating a consistent approach as part of our CSR commitment.

Our efforts concentrate on two main areas. The first is building sustainable communities through partnerships with charitable and non-governmental organizations that are doing important work in areas that reflect our CSR goals. The second involves making a thorough and coordinated effort to ensure that our supply partners are acting in sustainable ways and are not causing undue harm to the environment or contributing to conflict around the world through the unethical sourcing of minerals and other commodities.



Achievements in 2019

Building sustainable communities

In July 2019, we created a sustainable communities' team to coordinate our activities in this area. Its two co-leads, Sharon Farquharson, Senior Paralegal, and Mark Acosta, Inside Sales Representative, along with volunteer members, hit the ground running, focusing their efforts on exploring current perceptions and values within the company.

Sierra Wireless already has experience in fostering stakeholder dialogue to inform our CSR efforts. Its 2017 Materiality Assessment sampled employees to better understand their values, using this information to create six top-line goals for our CSR initiative.

The team took a similar approach in 2019 to seek employee input into the context of building sustainable communities. In summer 2019, it surveyed the employee base, presenting several possible areas of focus for the building sustainable communities initiative. Employees chose three focal areas. The first two were reducing greenhouse gas emissions and landfill waste, which the sustainable communities team merged into a single environmental sustainability focus. The third key focus for employees was programs that encourage diversity in science, technology, engineering and mathematics (STEM).

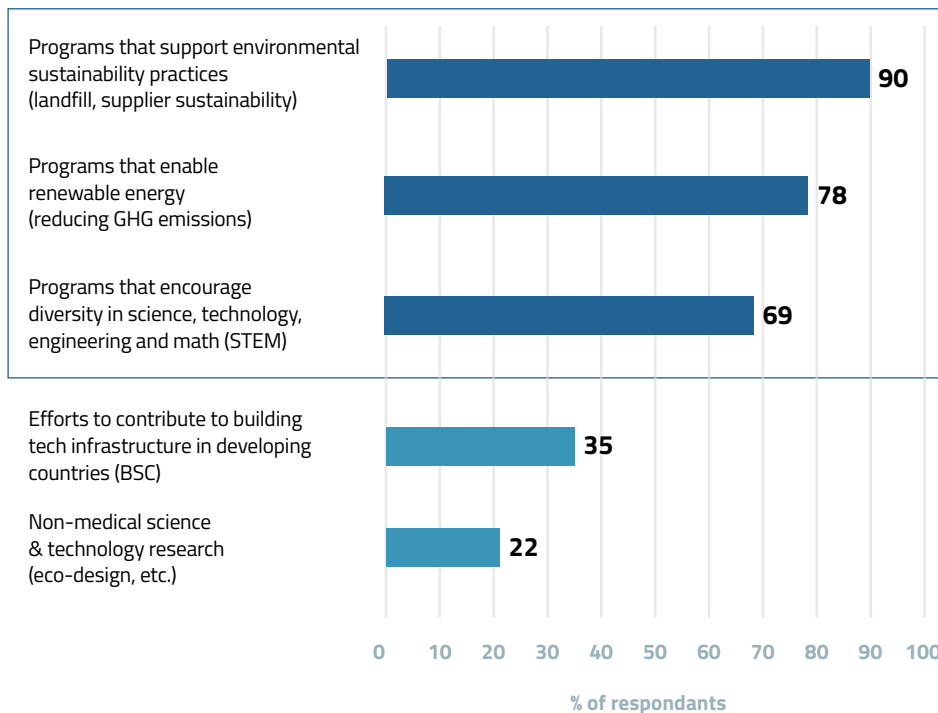


Sharon Farquharson,
Co-lead, Building Sustainable Communities



Mark Acosta,
Co-lead, Building Sustainable Communities

Building Sustainable Communities Survey Results



Sierra Wireless took concrete action based on the feedback it received. We are taking a rigorous approach to the selection process of our charitable partners, scoring candidates against a values matrix and ensuring that the organizations align with our core business values.

As part of our strategic focus on building sustainable communities, Richmond will be the pilot for a standardized global partnering process. We will coordinate the selection of charitable partners across our global operations in Atlanta, Toulouse, Hong Kong and Taipei. By using the same selection criteria but choosing regional partners, we will be able to make a targeted difference in each location.

Greening our supply chain

Making sure our suppliers commit to rigorous environmental practices is a core way of making sure we have a beneficial impact on the wider community. In 2019, we continued to drive environmental awareness into our supply chain and hold suppliers accountable for their sustainability measures. As part of this effort, we continued the collection of Responsible Business Alliance (RBA) self-assessment questionnaires. By the beginning of Q4 2018, we had collected 72 RBA questionnaires from suppliers. This grew to 107 in 2019, and 100% of respondents achieved low-risk scores.

This process contributed to us meeting our 2019 goal of ensuring that 60% of suppliers from whom we purchase >US\$10,000 complied with our sustainability requirements. To qualify, a supplier must either have conducted an RBA self-assessment, signed our environment requirements letter, or signed a Master Quality Agreement (MQA) or a Global Supplier Agreement (GSA), which include CSR goals as part of their broader commitment.

As part of our green supply chain initiative, our efforts to control conflict minerals continued. We monitor four minerals (tin, titanium, tungsten and gold) as part of our efforts to ensure that we don't source materials that contribute to conflict around the world. To support this initiative, we ask suppliers whether they have sourced their minerals ethically. We achieved an 88% supplier response rate in 2019 (up from 84% in 2018), and a far lower proportion of high-risk suppliers. We are transparent about our efforts to reduce conflict minerals, producing an annual report and publishing a progress dashboard.

Our commitment to sustainability in the supply chain extends beyond our manufactured products. For example, in Richmond, we switched our supplier of drip coffee to Ethical Bean, which offers carbon-neutral coffee.

Goals for 2020



Enter into partnership with non-profits based on a weighted criteria matrix that scores potential partners against our values and how well they align with our core business.



Develop a program to recognize employees who are actively building sustainable communities by volunteering with local non-profits.



Select new charitable partners across Sierra Wireless' other locations: Atlanta, Toulouse, Hong Kong and Taipei.



Continue to proactively drive change with any suppliers choosing to retain high-risk smelters in their supply chain.



THEME 3

Environment

THEME 3. Environment

Overview

Looking after our environment is an increasingly urgent priority. In 2019, Greta Thunberg inspired us all with her passionate speech to Congressional leaders in the U.S. and her direct appeal for governments and enterprises alike to do more.

The environment has been an important priority for Sierra Wireless since we began our CSR initiative in 2017. Our focus is on minimizing greenhouse gas (GHG) emissions in our global operations and taking a sustainable approach to waste. This is an important issue for the tech industry. Each year over 50 million tons of e-waste are produced, and companies in the industry must ensure they are adhering to best practice to minimize the impact to our environment.

Achievements in 2019

Sierra Wireless strove for improvement in several environmental areas. Most of these addressed the two areas of environmental concern that we identified in our employee survey feedback: reducing greenhouse gas emissions and landfill waste.

In these, as with our other CSR initiatives, we pride ourselves on innovation and lateral thinking, which often results in initiatives that delight our employees and capture the public's imagination. For example, bees play a vital role in our natural ecosystems as they pollinate key crops, fruit and flowers. Unfortunately, high mortality rates for bees in North America are damaging this balance. This year, we introduced honeybees to our Richmond headquarters, and our business park now hosts several hives, providing support for this vital species.

Here are some of the other steps we have taken to be strong environmental stewards in 2019:

Reducing GHG emissions

Transportation has been a focal area for reducing greenhouse gas emissions this year. We expanded the existing shuttle bus program for our Richmond headquarters, adding an extra shuttle bus in New Westminster during January 2020. The success of the existing shuttle bus program in Bridgeport was an inspiration, as it logged 11,101 trips in 2019. Sierra Wireless employees represented 23% of riders on the Bridgeport shuttle bus during 2019, which is 17% higher than the next largest user.

The new shuttle bus logged 270 trips in its first two weeks, signaling that it will be a highly successful program in 2020 by encouraging employees to use public transport rather than their own vehicle.

We also endeavored to cut our air transport emissions during 2019, discouraging air travel for much of the second half of the year and encouraging video conferencing as much as possible. We are also planning to introduce a carbon offsetting scheme in 2020 that will cover company air travel globally. Offsetting is where a company or person pays for carbon emissions to be reduced elsewhere in the world, to compensate for their usage in a specific area.



Reducing landfill waste

At Sierra Wireless, we take a holistic view of waste management, looking at the entire lifecycle of materials as they pass through our organization. This involves looking beyond what happens to waste after it leaves our company. We also think about how to reduce waste by changing our consumption and sourcing more sustainable materials in our operations.

Our Richmond office is leading by example in the effort to cut the amount of waste sent to landfills each year by introducing more sustainable consumption practices. It reduced the amount of waste in kitchenettes through bulk purchasing of goods and the use of glass jars. This helps us to reduce the amount of packaging used overall and to redirect significant amounts of it to recycling. We also expanded our use of compostable products in the café and moved from 60% recyclable paper to 100% in 2019 across North America.

More sustainable waste

We have reduced our waste by increasing our education around recycling and by changing the way that we collect office waste. We are gradually collecting the individual recycling boxes from desks around the Richmond offices and replacing them with four-bin sorting stations in our kitchenettes. This reduces mixed waste streams that otherwise lead recycling companies to direct waste to landfill and encourages people to sort recycling correctly, ultimately increasing their awareness of what can and can't be recycled. We recycle all the Nespresso coffee pods used on our Richmond campus, which enabled us to return 625kg of them to the manufacturer last year.

We also enhanced our electronics recycling practices, which is particularly important as electronics represents such a large part of our business and creates a lot of e-waste. Previously, we collected this waste sporadically, which

led to a delay before going on to be recycled. With our long-term charity partner, the Electronics Recycling Association, we now collect this waste more regularly in Richmond. And, we have introduced special e-waste pick-ups in Carlsbad, Atlanta and Alpharetta.

Finally, we made progress in reducing food waste by asking internal meeting organizers to tell us in advance when they are hosting large off-site meetings or arranging catering. This helps us to scale back food production in the café, leading to less organic waste. We continually monitor our food production in the café to ensure we are not over-catering and any food waste we have left over is sent to the organic waste stream to be composted. In North America, over 168 million metric tonnes of food is wasted each year.⁴ Efforts to minimize the amount of food wastage can help support both the economy and the wider environment.

Sustainable real-estate strategy

Physical offices contribute to both greenhouse gas emissions and waste, so it is essential to consider our real-estate portfolio when addressing our environmental goals. We closed five regional offices in the U.S. during 2019, most of which were sales and engineering offices we obtained through acquisitions. We moved manufacturing at our San Jose location to Asia and closed locations in Texas, Oklahoma and Pennsylvania after they reached the end of their lease. Overall, in 2019 we saved 46,100 sq. ft through our real-estate consolidation.

We also achieved significant energy savings by moving to LED lighting at our Carlsbad location. While this is an expensive investment, it yielded an 11.8% reduction in the energy used for lighting, saving 26,872 kWh in 2019. This represents a \$3,360 annual saving, demonstrating that environmental sustainability can benefit our long-term financial health.

4. North American Initiatives On Food And Organic Waste. 'Characterization and Management of Food Loss and Waste in North America.' Available at: <http://www3.cec.org/fw/food-waste-reports/>. Accessed February 2020.

Goals for 2020



100% global flight offsets by partnering with a renewable energy company that will provide carbon offsets covering company air travel.



Deliver recycling and waste-awareness workshops to employees.



Move to a centralized waste system in our Richmond offices by removing all desk bins and recycling bins, aiming to increase the overall recycling rate.



Work with our contract manufacturers Flex, Jabil and USI to implement environmental initiatives to reduce our overall carbon footprint:

- Flex will be installing LED lighting across its whole factory and improve air exhaust systems to reduce overall GHG emissions.
- Jabil will be installing LED lighting on its production floor and using automatic, quick 'open/close' doors in its warehouse to reduce cool air loss, ultimately reducing power usage.



Introduce soft plastic recycling in the Richmond office, further reducing the amount of waste being sent to landfill.



Sierra Wireless Consumption of Purchased Energy



2019



Energy from renewable sources



Energy from non-renewable sources

2018



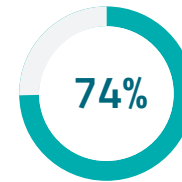
Energy from renewable sources



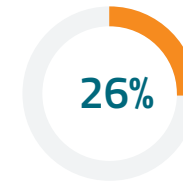
Energy from non-renewable sources



2019

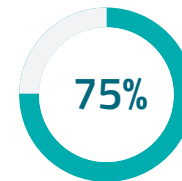


Ratio of renewable sources

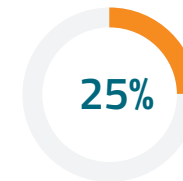


Ratio of non-renewable sources

2018



Ratio of renewable sources

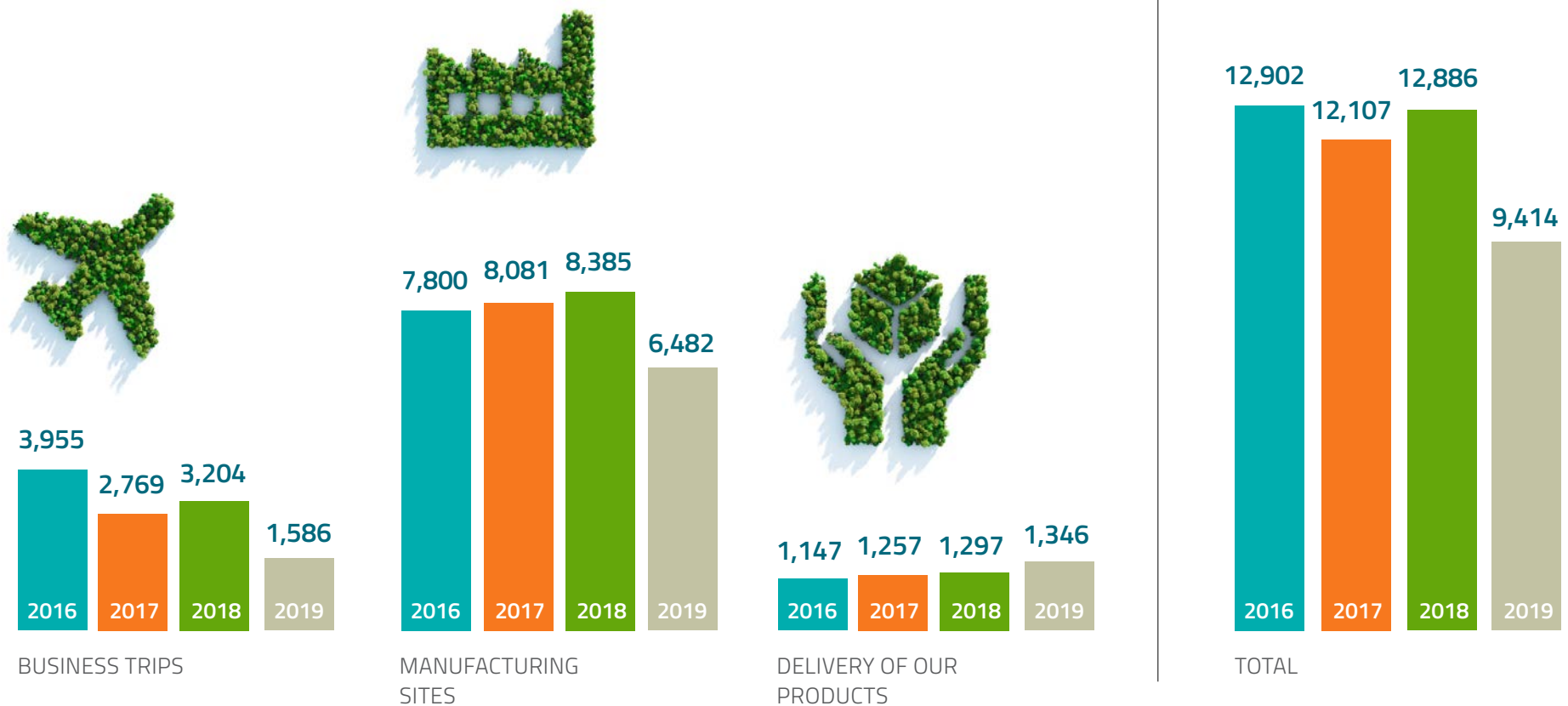


Ratio of non-renewable sources

2019: figures are extrapolated One of the contract manufacturers (USI) offset the majority of their emissions through purchasing a green certificate



Evolution of CO₂e Tons GHG Emissions/Activity



2019: figures are extrapolated



Looking to the Future

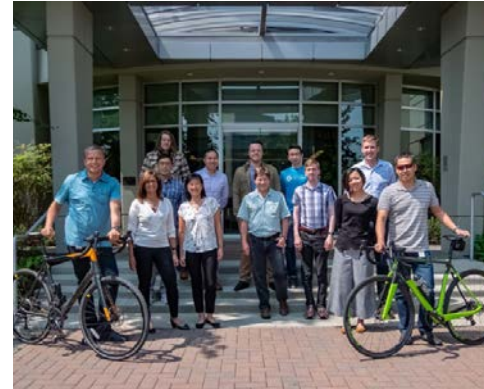


Looking to the future

While people have always been a focus for Sierra Wireless, 2019 was a particularly important year for this priority within our company, as we continued and expanded our leadership training programs while formalizing firm targets and establishing ambitious goals for the coming years.

We sampled our employees' opinions as part of a data-driven approach to help inform and plan our other priorities. This has given us a solid foundation for defining a robust sustainable community-building effort in the years to come. We are excited about the advances we have made in environmental sustainability, both throughout our supply chain and internally: in our cafés, at our coffee machines and in our kitchenettes.

CSR is not a 'one-and-done' discipline. For Sierra Wireless, it is a living, breathing practice that must be nurtured. We will continue to revisit our CSR priorities throughout the year and into the next, nourishing them with new initiatives and monitoring their results. We look forward to a productive 2020 in which our existing efforts will grow and prosper further still, and when many of the seeds we sowed in 2019 will begin to bear fruit.



Looking to the future



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 and 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. (this is a PDF document from our external site) <http://www.sierrawireless.com/-/media/iot/pdf/investor/2019/q1/2019%20management%20information%20circular.pdf?la=en>*

Environment

Carbon and Climate

Sierra Wireless intends to release its CDP (Carbon Disclosure Project) 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

2019 Performance Summary

	Units	2019	2018	2017	2016
Revenues					
Total consolidated revenues (in thousands)	\$ USD	713 500	793 602	692 077	615 607
Ethics					
Employees read and acknowledged Sierra Wireless Code of Business Conduct	%	95	92	95	96
Supplier Assessment					
Suppliers ^{1a} who completed the RBA SAQ ^{1b}	%	100	100	100	100
Suppliers with low-risk facilities SAQ	%	100	100	100	94
Contract manufacturers' operations covered by a certified ISO 14001	%	100	100	NA	NA
Responsible Mineral					
RMAP-compliant processing facilities ²	#	228	295	275	244
RMAP-compliant processing facilities	%	79	98	87	82

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

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

2. Responsible Mineral Assurance Process

NA = Not Available

NC = Not Calculated

Appendix: CSR Operating Framework

2019 Performance Summary

	Units	2019	2018	2017	2016
Greenhouse Gas (GHG) Emissions					
CO2e per gross square foot of facilities space (scope 1 and 2)	CO2e metric tons/sq.ft	0.00283	NA	0.00325	0.00339
Total scope 1 – Direct GHG emissions by weight ^{3a}	CO2e metric tons	52	NA	43	50
Total scope 2 – Indirect GHG emissions by weight ^{3b}	CO2e metric tons	859	NA	852	881
Total scope 3 – Other indirect GHG emissions by weight ^{3c}	CO2e metric tons	9414	NA	12107	12902
Electricity purchased ^{3d}	MWh	4722	NA	5113	5021
Electricity purchased per gross square foot of facilities space	MWh/sq.ft	0.0157	NA	0.0186	0.0183
Electricity purchased from renewable source	MWh	3516	NA	4022	3648
Electricity purchased from renewable source	%	74	NA	79	73
Electricity purchased from non-renewable source	MWh	1207	NA	1090	1374
Electricity purchased from non-renewable source	%	26	NA	21	27
Natural gas purchased	Therms	9826	NA	8173	9463

3a. Scope 1 GHG emissions for 2019 were re-estimated in 2021 when more data became available. This is also reflected in updated values for CO2e per gross square foot of facilities space and Natural gas purchased.

NA = Not Available

NC = Not Calculated

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

3c. Amounts include business trips, logistics, SWI share of our contract manufacturers and top component suppliers' GHG emissions

3d. 100% electricity purchased from the grid

Appendix: CSR Operating Framework

2019 Performance Summary

	Units	2019	2018	2017	2016
Waste Management ^{4a}					
Total non-hazardous waste: recycled	Metric tons	52	51	50	20
Total non-hazardous waste: recycled	%	63	58	55	41
Total non-hazardous waste: generated to landfill	Metric tons	30	37	41	29
Total non-hazardous waste: generated to landfill	%	37	42	45	59
Total hazardous waste	Metric tons	<0.1	<0.1	NA	NA
Waste Management					
Water purchased ^{4b}	m ³	17203	NA	14455	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. 2019 figure only includes ILM and Toulouse offices

NA = Not Available

NC = Not Calculated

Appendix: CSR Operating Framework

2019 Performance Summary

	Units	2019	2018	2017	2016
Workplace Demographics					
Women - Overall	% total	24	22	20	19
Women - Leadership	% total	15	12	9	9
Women - Professional	% total	26	23	23	22
Average age	years	44	43	42	42
Workforce					
Total employees	#	1372	1435	1246	1223
APAC	#	382	355	401	352
EMEA	#	236	344	310	326
NAM	#	754	736	535	545
Turnover rate ⁵	%	24	13	8	10
Voluntary turnover rate	%	7.5	6.5	6.5	NC
Workplace Safety					
Days lost from sickness	%	<2	<2	<2	<2
Workplace accidents	#	0	0	0	0
Fatality rate	%	0	0	0	0

5. Turnover rate in 2018 excludes restructuring
2017: workforce figures exclude temp/contractors

NA = Not Available
NC = Not Calculated



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

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

Connect with us on:



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