

Sierra Wireless Supplier Handbook

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1.0 INTRODUCTION

Business Overview

Sierra Wireless (NASDAQ: SWIR) (TSX: SW) is a leading Internet of Things ("IoT") solutions provider. Founded in 1993, the company is headquartered in Richmond, British Columbia, Canada and services a global market for its products. By combining edge devices, connectivity services and cloud software into simple, integrated IoT solutions, we enable organizations to unlock value in the connected economy.

We provide a full suite of IoT connectivity services to support our range of connected devices, including:

IoT Solutions

Our IoT Solutions segment includes our cellular wireless IoT module solutions, Octave edge-to-cloud solution, IoT connectivity services and embedded broadband solutions.

Cellular Wireless IoT Modules

Sierra Wireless' world-class and market leading portfolio of cellular wireless IoT modules provide Original Equipment Manufacturers (OEMs) with 4G LTE, 3G/2G, LPWA, Wi-Fi, Bluetooth and GNSS connectivity with simple, scalable and secure solutions that accelerate product development and deployment. This portfolio of secure IoT modules feature built-in edge-to-cloud connectivity and both cloud and industrial APIs.

Octave™

Octave is our all-in-one edge-to-cloud solution that enables customers to securely extract, orchestrate, and act on data from their equipment to the cloud. With Octave, customers can focus on their data, simplify IoT application development and de-risk their IoT deployments.

Connectivity

We offer Smart Connectivity and Enhanced Carrier Connectivity options to simplify how our customers connect and manage their deployments. Both services leverage Sierra Wireless' 24/7/365 Global Network Operation Center ("GNOC") and our partnerships with more than 600 networks in more than 190 countries.

Embedded Broadband

Our Embedded Broadband segment is comprised of industrial-grade modules that provide unprecedented speed, bandwidth and network performance for connecting to the world's 5G and 4G networks. These high-speed modules are typically used in mobile computing and enterprise networking markets.

Enterprise Solutions

Our Enterprise Solutions include our range of Sierra Wireless AirLink® routers, IoT gateways, IoT applications and advanced network management, managed connectivity services, and mobility applications. Public safety, transportation, energy, industrial, retail and financial customers trust our networking equipment for reliability and performance. We have a broad range of cellular gateways and routers complemented by our cloud-based services and software for secure management.

Gateway Solutions

Our gateway solutions address a broad range of market applications within the mobility, industrial, and enterprise market segments. Our products are known for their technical capability and high reliability in mission-critical applications. These gateways leverage our expertise in wireless technologies

and offer the latest capabilities in long-term evolution ("LTE") networking, including wireless fidelity ("Wi-Fi"), Bluetooth, Global Navigation Satellite System ("GNSS") and FirstNet.

IoT Applications

Within our IoT Applications division, we offer market ready IoT solutions including asset and fleet tracking, offender and remote monitoring and alarm communications. These solutions and services also benefit from our IoT cloud platform services, which customers can use to help connect devices to mobile networks, manage their devices and build new IoT applications.

Managed Connectivity

Our managed connectivity solutions provide customers with reliable and secure wireless broadband connectivity when and where they need it, by combining our industry-leading hardware portfolio with multi-network connectivity access.



2.0 PURPOSE OF THE SUPPLIER HANDBOOK

The purpose of this Supplier Handbook is to assist our suppliers in understanding Sierra Wireless' business environment, policies, objectives, values, and expectations which drive our Sourcing, Purchasing, and Supplier Quality organizations. Suppliers who help us meet our objectives, share our values, and respect our policies have a greater opportunity for a mutually beneficial relationship. We are committed to being widely recognized as the Trusted Partner by leading global enterprises and OEMs. As such, we expect a similar commitment from our suppliers. To assure an understanding of Sierra Wireless' requirements by our supplier base, we have outlined them in this Supplier Handbook. The Supplier Handbook lays out the behaviors and performance requirements that our suppliers need to demonstrate for long term success in our mutual relationship.

We look forward to working together in this endeavor!

3.0 ABOUT OUR SUPPLIER RELATIONSHIPS

The information provided in this section discusses key aspects of the relationship between Sierra Wireless and its suppliers. A thorough understanding of this section and the Purchasing Policy provided for reference in the appendix to the Supplier Handbook will aid suppliers in their dealings with Sierra Wireless and in better understanding the section titled "About our expectations" which deals with requirements.

Sierra Wireless' Commitment to its Suppliers

1. To treat suppliers with fairness, courtesy, respect, and as business equals
2. Respect confidential information and proprietary rights
3. Make decisions after thorough consideration

4. Meet our professional commitments
5. Carefully consider suppliers' continuous improvement proposals
6. Provide feedback regarding suppliers' performance and improvement opportunities
7. Be attentive to supplier needs

Supplier's Commitment to Sierra Wireless

1. Meet your professional commitments
2. Respect confidential information and proprietary rights
3. Understand Sierra Wireless' requirements and environment for the application of goods and services you provide
4. Demonstrate your organization's commitment to our business
5. Recognize all Sierra Wireless stakeholders as your customers
6. Proactively work to avoid and solve problems

4.0 ABOUT OUR EXPECTATIONS

Core Requirements

Corporate Sustainability and ESG Metrics

Sierra Wireless is committed to adhering to the Responsible Business Alliance’s Code of Business Conduct for Ethics, Health and Safety, Labor and the Environment and participating in the Validated Audit Process of our Corporate Sustainability Management System. As such, suppliers must adhere to the [RBA Code of Conduct](#) or, failing that, to the [Sierra Wireless Code of Business Conduct](#). Sierra Wireless supports the principle of freely chosen employment and we do not support the use of forced labour in any of its forms, including slavery and child labour.

Suppliers must be able to produce Environment, Social and Governance (ESG) metrics as evidence of their

compliance to labour, health and safety (ISO 14001), and environment legislation and regulations including but not limited to such as Rule 13p-1 of the Securities Exchange Act of 1934, as amended (the “Rule”) regarding Conflict Minerals, the EU RoHS and WEEE directives and REACH, Halogen-free and Prop 65 regulations.



Suppliers are required to comply with the Sierra Wireless Restricted substances requirements available on the Corporate Sustainability webpage at <https://www.sierrawireless.com/company/corporate-sustainability/>

Conflict Minerals

As mentioned above, all suppliers are required to comply with the Sierra Wireless Conflict Minerals Policy and on an annual basis to provide a report to Sierra Wireless on the status of their Conflict Minerals program along with a smelter list using the Conflict Minerals Reporting Template (CMRT) as released and updated from time to time by the Conflict Free Sourcing Initiative (CFSI). As part of its due diligence efforts, Sierra Wireless will contact suppliers for further information on the content of their CMRT and may request a user-defined CMRT or product-level CMRT, as required.

Quality Requirements

Sierra Wireless expects its suppliers to achieve zero defect quality performance. Suppliers must strive for a strong quality culture throughout their organization. Suppliers must have appropriate documentation outlining corporate policies and demonstrating their commitment to continuous improvement. This documentation should outline methods and policies deployed to monitor and eliminate issues at every stage of a product lifecycle, especially field problems; provide control of subcontractors; and improve cycle times and costs. The supporting quality system must fulfill the requirements of the international ISO 9001 Quality Management System Standard. Our suppliers shall maintain all quality related data (including traceability data), documents and inspection records for a period of not less than ten (10) years after delivery date. Proper identification should be applied to all deliveries

(supplier name, order reference, item reference, quantity, traceability reference, origin, harmonized code, caution labels, expiry date, as applicable).

A noncompliance waiver request must be submitted to Sierra Wireless along with the supporting information (of which the detailed risk analysis) in the event Supplier intends to deliver Items with nonconformance that Supplier has determined as having no effect on usability (including fit, form, function, reliability).

For specific components, Sierra will request the supplier to submit test samples and First Article (FAI) reports to go through the qualification process (FAI templates available upon request).

Any component experiencing any failure must be analyzed by the supplier with root cause identified and corrective action implemented even when the PPM target has been reached. Failure Analysis reports must be provided to Sierra

Wireless within 5 business days upon receipt of the failed component(s) or product(s) at the supplier's premises.

Sierra Wireless requires its suppliers to utilize the 8D problem solving methodology to address and solve product/process quality issues (template available upon request).

Any change to the components used in our products is subject to prior approval in accordance with Sierra Wireless PCN process (available upon request), Last Time Buy window of 6 months with Last Time Delivery 12 months after the change notice. Also discontinuation of any such component is subject to 1 year prior notice, Last Time Buy window of 12 months with Last Time Delivery 18 months after discontinuation notice.

Delivery Requirements

100% on-time delivery to our needs is required. On time is defined as “from 3 days early to 1 day late to the agreed upon dock date”. For materials shipments that exceed the expected quantity are considered as early, and deliveries of quantity inferior than expected are considered as late. Each failure to deliver on time should be analyzed and the root cause issue resolved. Efforts must be made to eliminate delivery defects (too early or too late) and optimize inventory turns.

Supplier must package products in a manner that provides adequate protection from damage during transit, handling, and storage. Sierra Wireless requires that suppliers optimize the use of packaging material in order to reduce the packaging’s environmental impact as well as reduce total cost.

Supplier are to use the least expensive reliable method of shipment. If a supplier

must utilize expedited shipment methods because of late shipment or inability to meet our needs, the supplier is expected to pay for the difference between the least expensive reliable method and the expedited method.

Cost Competitiveness Requirements

Suppliers should price products and services competitively, and also drive quality and productivity improvements to create additional value/savings at least annually or more often if market conditions dictate. We also encourage our suppliers to present disruptive cost reduction opportunities related, for instance, to an alternative solution/ material or to a business model change. Suppliers must have a well-defined cost reduction program in place and share productivity gains with Sierra Wireless. Suppliers should also proactively develop technological advances and effective quality control measures to facilitate total cost reduction.

Business Continuity Plans (Disaster Recovery)

In our industry it is generally not possible to switch rapidly to a completely different source of supply.

All suppliers must therefore ensure that they have analyzed the risks and planned for the possibility of an interruption in their production so that there is no interruption of supply should an unexpected event occur. Suppliers are expected to develop and maintain a Business Continuity (Disaster Recovery) Plan, regularly reviewed/updated and include proactive preventive measures to ensure that unexpected events will affect the smallest possible portion of supplier capability/capacity. The plan must document specific actions that will be taken to mitigate the impact on customers when an unexpected event occurs and how the stakeholders are trained to handle these actions.

The plan should be part of the supplier's business management system and be available for review by Sierra Wireless upon request.

As part of the Disaster Recovery Plan, suppliers should also work with their sub-contractors in order to avoid a disruption in their own supply chain.

Teamwork and Cooperation

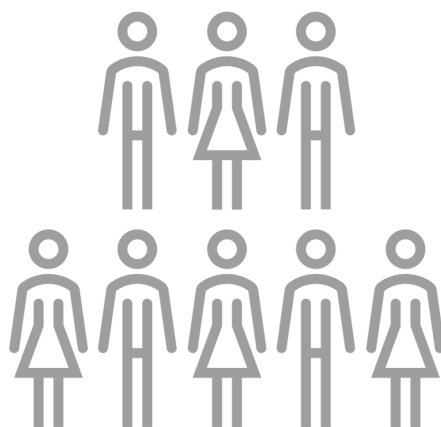
Supplier organizations are responsible for understanding and disseminating information on Sierra Wireless' expectations and requirements. This important information should reach everyone in the supply chain, including management and individual contributors. Along with the constructive engagement between Sierra Wireless and its suppliers towards satisfying our mutual end customers, we also need to establish trust in the integrity and capabilities of each organization. We view open communication as an integral part of a healthy relationship.

In practice, this means that suppliers should expect us to communicate with many people within their organizations. It also means that we (possibly accompanied by our customer and subject to prior notice) expect to be given the opportunity to visit supplier facilities and audit supplier processes relevant to our business relationship.

5.0 SUPPLIER MANAGEMENT

Supplier Selection

The process for selecting a supplier of goods or services must be objective and transparent.



Obtaining competitive bids is the normal and expected practice. Sierra Wireless performs evaluations of potential suppliers on multiple aspects (e.g. market positioning, technology, process control, financial stability, etc.) through various methods (e.g. questionnaire, audit, market intelligence, benchmarking, etc.). Suppliers are expected to be cost competitive in the market, meet on-time delivery and capacity requirements, and more generally support the high level requirements summarized in this document as well as any criteria communicated within the context of Requests for Proposals or Quotations. Suppliers must maintain an effective quality management system, support value-added programs and quality improvement/cost reduction initiatives. Suppliers must have the financial and technical ability to meet current as well as forecasted requirements.

Supplier Performance Rating

Sierra Wireless has developed a supplier rating system to measure key component suppliers in the areas of quality, logistics, technology and purchasing, etc. The purpose of the supplier rating is to provide the supplier an assessment of their performance against established Sierra Wireless criteria. The supplier performance is tracked monthly and is frequently reviewed to ensure that suppliers comply with Sierra Wireless' requirements. There are six (6) criteria, equally weighted, assessing the following:

1. **Purchasing:** Global Supply Agreement status, Commercial Support, Competitive Price, Terms and Conditions, Component Portfolio interest (when applicable).
2. **Quality:** High Quality Impact/Quality Issues, IQC Performance (LAR), FA Support, DPPM Performance, Audit

Performance and Continuous Improvement Project.

3. **Logistic performance:** On-Time-Delivery and flexibility
4. **Technical:** Technical Support, Technical Performance and Technical Roadmap

Supplier Performance Rating Categories

Preferred Status: 90 – 100

Suppliers that maintain a score of 90 or greater for six (6) consecutive months will be designated as a Preferred Supplier and given first-quote opportunities on new programs at the discretion of Sierra Wireless. Other benefits may include early participation in new project development.

Acceptable Status: 70 – 89

Suppliers with scores from 70 to 89 will be awarded new business whenever possible and are not required to develop and implement an improvement plan to

raise their score. However, the supplier is encouraged to improve their score to reach Preferred status.

Under Review Status: 50 – 69

Suppliers that score from 50 to 69 will not be awarded new business. Performance details will be provided to the supplier for their use in the development of an improvement plan to increase their supplier score. The effectiveness of the improvement plan will be monitored by Sierra Wireless for three (3) consecutive months. If there is no improvement in that time; a new improvement plan will be required with additional monitoring. If after six (6) months with no improvement, the supplier will be placed in Disqualified Status.

Disqualified Status: 49 and below

Suppliers with scores 49 or lower will not be awarded new business and will be removed as a supplier of Sierra Wireless at their discretion.

6.0 LEGAL DOCUMENTS

Business terms agreed between Sierra Wireless and its suppliers are formalized in such documents as:

Non-Disclosure Agreements (NDA)

Sierra Wireless requires that all suppliers complete and return a Non-Disclosure Agreement (NDA) to protect both Sierra Wireless and suppliers in the event that confidential information is exchanged in the course of normal business activities. This agreement must be in place and reflect the appropriate language in advance of any information exchange. Sierra Wireless will initiate the process by providing to suppliers the NDA template.

Global Supply Agreements (GSA)

The GSA is a negotiated document, which defines the business terms between Sierra Wireless and the supplier of components.



The purpose of the GSA is to govern the activities between the two parties with respect to supplier qualification, part/component qualification, product quality and purchasing requirements including:

1. Price
2. Warranty
3. Reporting
4. Liability
5. Intellectual property rights
6. Representation
7. Infringement claim indemnification

Sierra Wireless will provide the GSA template to suppliers. The GSA is negotiated and agreed to between suppliers and Sierra Wireless. Sierra Wireless is a fabless company and requests its authorized manufacturing partners to act for and on behalf of Sierra Wireless in the execution of the GSA agreement as agreed between the component supplier and Sierra Wireless.

Master Quality Agreements (MQA)

The MQA is negotiated by Sierra Wireless with supplier as an intermediary step to cover quality topics until the GSA negotiation is completed. More specifically the purpose of the MQA is to govern the activities between the two parties with respect to supplier qualification, part/component qualification and product quality.

Sierra Wireless will provide the MQA template to suppliers. The MQA is negotiated and agreed to between suppliers and Sierra Wireless. Sierra Wireless is a fab-less company and requests its authorized manufacturing partners to act for and on behalf of Sierra Wireless in the execution of the MQA agreement as agreed between the component supplier and Sierra Wireless.



Master Service Agreements (MSA)

The MSA is a negotiated document, which defines the business relationship between Sierra Wireless and the supplier of services object of various Statements of Work (SOW) attached to the MSA. Sierra Wireless will provide the MSA template to suppliers.

Such negotiated Agreements address more precisely the specifics of the business relationship with the supplier and take precedence on the general provisions described in this supplier handbook.

7.0 ADDRESSES TO FACILITIES

As issues, concerns or questions arise; please see our contact information in each region. We welcome your feedback and look forward to working with you.

CANADA - RICHMOND (HEADQUARTERS) 13811 Wireless Way Richmond, British Columbia V6V 3A4 Tel: 604.231.1100 Fax: 604.231.1109	HONG KONG Units 525-530, 5/F, Core Building 2 No. 1 Science Park West Avenue Hong Kong Science Park, Shatin, New Territories Hong Kong, People's Republic of China Tel: +852.2824.0254 Fax: +852.2158.2751
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APPENDIX: PURCHASING POLICY

1. Purpose

The purpose of the Sierra Wireless Purchasing Policy (the “Policy”) is to establish standards and expectations regarding procurement activities and interactions with our suppliers and service providers. The Policy should be read in conjunction with the Sierra Wireless purchasing processes as outlined in our Quality Management System, Agile (Document #SC2814028 and #SC2814001) which describe the roles, responsibilities, procedures for supplier selection, procurement, negotiation, contracting, approvals and payment. In the case of any conflict between the Sierra Wireless purchasing processes (Document #SC2814028 and #SC2814001) and this Purchasing Policy, the provisions of this Purchasing Policy shall prevail.

On a global basis, purchased goods and services are Sierra Wireless' largest expense area.

With this in mind, it is imperative that the Company uses its purchasing leverage to ensure that goods and services are procured with maximum value for the company, which includes lowest possible total cost of ownership (TCO), quality adherence, and with optimal contractual terms and conditions (e.g. service and delivery terms).

2. Scope

This Policy applies to all employees and independent contractors of Sierra Wireless, Inc. and its subsidiaries and affiliated companies (collectively, “Sierra Wireless” or the “Company”) who purchase materials, goods or services in the course of conducting business.

3. Policy

Sierra Wireless strives to obtain the best value for the materials, goods, and services that it purchases and to maintain the highest ethical standards in conducting business with suppliers. Value includes price, quality, services, contractual terms and conditions or other strategic considerations.

4. Guiding Principles

- a) Approved purchasing processes must be used in every case to ensure that suppliers are selected objectively. All purchases, including commitments to buy and related activities will be handled by the Purchasing Department and documented through legal agreements and purchase orders, unless otherwise defined in the approved purchasing processes.
- b) The process for selecting a supplier for goods or services must be objective and transparent. Obtaining competitive bids using mechanisms such as Requests for Quotations or Proposals is the normal and expected practice in order to ensure that Sierra Wireless obtains the best value. Executing these processes as well as negotiating pricing and contractual terms and conditions on behalf of the Company is the responsibility of the Purchasing Department.
- c) Suppliers invited to tender must be treated fairly and receive the same accurate information. Favoritism based on personal relationships or pre-existing business relationships or any other factor that is not rooted in objectivity is not acceptable.
- d) All spending commitments, for the entire value of the purchase, must be approved in accordance with the Company's corporate authority limits (Please note that the RSS application requires your manager's approval of the purchase order even if purchase order request is within the requestor's authority limit).
- e) Sierra Wireless employees shall act in accordance with the Company's corporate policies, including the Code of Business Conduct, and comply with laws and regulations applicable to our business in dealing with suppliers and service providers.
- f) Sierra Wireless employees shall not misuse the Company's name, their position within the Company or relationships with suppliers or service providers to realize a personal gain or benefit.
- g) Sierra Wireless employees shall avoid any interactions, relationships or situations that would give rise to a conflict of interest or the appearance of conflict. A conflict of interest occurs when your private interest interferes in any way with the interest of the Company and that may make it difficult for you to perform your work objectively or affect your judgment.

- h) Acceptance of gifts, gratuities, favors or personal benefits is not allowed, be it money, goods, services, entertainment, hospitality or any other form of gift, from a supplier, a service provider, or anyone attempting to develop a business relationship with Sierra Wireless. No exception will be made unless:
- The gift is of nominal value, for example, a small promotional item bearing the supplier's identity;
 - The gift does not compromise or appear to compromise our ability to conduct business with integrity and objectivity;
 - The receipt of the gift has been authorized by the recipient's manager.
- i) The confidentiality of information received in the course of doing business with suppliers must be respected at all times. In particular, it is our policy that the business affairs of the Company, including offers provided by suppliers, are confidential and should not be discussed with anyone outside the organization.
- j) Sierra Wireless promotes socially responsible procurement, taking environmental protection and sustainability into account.
- k) Where unforeseen events or claims arise as a result of purchasing activities conducted by the Company, Sierra Wireless will act promptly in response to the matter and investigate as well as enforce measures to prevent their reoccurrence.
- i) Sierra Wireless expects its suppliers and service providers, worldwide, to act in an ethically and socially responsible manner, including when they are dealing with subcontractors. This requirement will be integrated into supplier contracts.

REVISION HISTORY

Revision	Details of Change	Originator	Update Date
1.0	Initial release	Heidi Cheung	12-Aug-10
1.1	1) Minor Changes on the following sections: <ul style="list-style-type: none"> • Amend the year and include the owner name of document at cover page • Add RoHS, REACH & Halogen-free requirements at Environmental Requirements Section • Add Conflict of Mineral and its requirements at Corporate Social Responsibility Section • Add REACH & Halogen-free requirements at Environmental – Automotive Requirements Section • Erase SW America & Middle East Office at Supplier Support Locations • Update the addresses of HK and ILM offices 2) Restructuring of the document and content update 3) Various wording and formatting improvements 4) Adding reference to EICC, aligning PCN and Discontinuation Notice requirements with other existing documents (General and Automotive)	Pierre Teyssier	31-May-16
2.0	1) Remove the entire section “5.0 AUTOMOTIVE SPECIFIC REQUIREMENTS” from Supplier Handbook 2) Modify the page number and new sections from Table of Contents and reformatted document 3) Updated Section 4.0 – Core Requirements <ul style="list-style-type: none"> • Corporate Sustainability and ESG Reporting – updated to reflect current practices • Conflict Minerals section – as above 4) Updated Section 5.0 – Supplier Management 5) Supplier Performance Rating – added Quality Audit Performance and Continuous Improvement 6) Updated the Purchasing Policy in the Appendix	Stephen Wai Deborah Nicols	19-July-21