

SIEMENS

Siemens Canada
2023 Report On Forced
Labour and Child Labour

Financial year ended September 30, 2023



Introduction

This is a joint report covering Siemens Canada Limited, Innomotics Inc., and Siemens Mobility Limited (collectively “**Siemens Canada**”) for the financial year ended September 30, 2023 (**FY23**). In response to the federal government’s *Fighting Against Forced Labour and Child Labour in Supply Chain Act (the “Act”)*, this report outlines the actions taken by Siemens Canada to ensure that neither forced labour nor child labour are being used within our business or in our supply chains.

We recognize the risk that goods coming into or produced in Canada could be made with forced labour or child labour, and we are committed to keeping such exploitative practices out of our supply chains. This report presents us with an opportunity to demonstrate how seriously we take the responsibility to prevent the use of forced labour or child labour, and the specific actions we take to minimize the risks of it happening.

Overview of Siemens Canada

The legal entities that comprise Siemens Canada are all indirectly-held, wholly-owned subsidiaries of Siemens AG. Siemens AG is a technology company focused on the fields of industry, infrastructure, mobility and healthcare ([Siemens AG Annual Report, FY23](#)). Siemens AG, headquartered in Germany, had (as of 2023) approximately 320,000 employees worldwide and generated revenues of €78 billion. Siemens organizations worldwide utilize a substantial and complex global supply chain, with about 67,700 suppliers in 140 countries.

Siemens came to Canada in 1867, with the first Siemens company incorporated in Canada in 1912. Siemens Canada brings the international portfolio of Siemens products and services to the Canadian market, employing (as of September 30, 2023) approximately 2,700 people at 20 office and production facilities across the country. We create “technology with purpose” for our customers. We combine the real and digital worlds, to empower our customers to transform their industries and markets, so they can transform the everyday for people. In achieving that, Siemens Canada works with approximately 4,292 suppliers who are qualified to be part of our local supply chain. In FY23, Siemens Canada went through the process of assessing 1,020 new supplier requests. Of those, only 616 met our standards and were qualified for use.

We require all employees and managers to behave in an ethical, law-abiding manner, and with transparency. This ethos is codified in a globally-binding, compliance circular that sets out our stance on anti-corruption, anti-trust, anti-money-laundering, data protection, human rights and export control. Sustainable business practices are an integral part of our Siemens [procurement principles](#). In addition, our [Business Conduct Guidelines \(BCG\)](#) explicitly demand a commitment from all active and prospective employees to safeguard human rights and to act with integrity at all times.

EcoVadis, an external agency that conducts independent sustainability overviews for companies, has Siemens AG among the top one per cent globally (as of April, 2023) on an overall score for sustainability among manufacturers of electric motors, generators, transformers and electricity distribution and control apparatus. This score is based on an assessment of performance on labour and human rights, as well as impact on the environment, how sustainably procurement is carried out, and how ethically operations in general are conducted.

CANADIAN SNAPSHOT

1912

incorporation of Siemens Canada

2,700

people employed by Siemens Canada

20

office and production facilities in Canada

4,292

Siemens Canada suppliers

1%

among top 1% of industry peers on sustainability

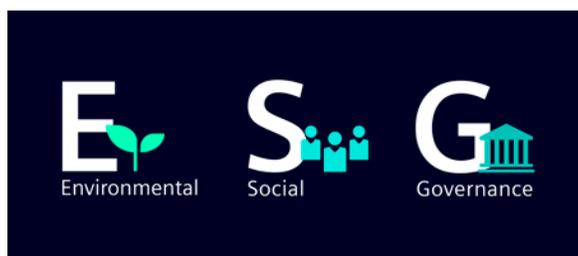


The early detection of environmental and social risks plays a key role in human rights due diligence.

Commitment to Human Rights

In appointing its Chief Compliance Officer, Annette Kraus, to the position of Human Rights Officer, Siemens AG has demonstrated its high level of commitment to the management of corporate risks relating to human rights and the environment. Siemens is closely aligned with the goals of the 2030 Agenda for Sustainable Development, as set out by the United Nations (*UN*); the UN's Guiding Principles on Business and Human Rights; and the Guidelines for Multinational Enterprises published by the Organisation for Economic Co-operation and Development (*OECD*).

Siemens expects its partners to respect the fundamental employment rights set out in the international conventions of the UN and the International Labour Organization (*ILO*). We understand how the UN's 17 Sustainability Development Goals (*SDG*) can only be fully achieved if potentially negative impacts within value chains are examined in detail and effective action is taken to counter them. Therefore, we maintain due diligence systems – across our own operations, our supply chain and customer-related business activities – that proactively identify, assess, and mitigate potential adverse human rights impacts.



Human Rights risk has been a major focal point at Siemens for many years, becoming firmly entrenched as a due diligence factor in all projects. Each year, global risks are assessed by Siemens organizations worldwide in a headquarters workshop. In 2020, the workshop produced an awareness package that was distributed to employees to assist in managing environmental, social and governance (*ESG*) risks across our entire value chain.

Due diligence systems to proactively identify, assess, and mitigate potential adverse human rights impacts

In 2021, we implemented our Environmental Social & Governmental Radar (*ESG Radar*) tool to proactively identify potential environmental, social, governance and human rights issues for upcoming Siemens business activities. It provides risk identification, risk assessment, risk management and risk monitoring functionalities. The ESG Radar tool is used to check our business opportunities against defined criteria for human-rights-related and environment-

related risks, and to define risk-reduction measures across Siemens business transactions, including those related to a real estate acquisition. In the same year, a guide called “Human Rights in the product and solutions business” was developed and used within Siemens to further raise awareness and promote discussion on the topic.

Sustainability in the supply chain is of major importance to Siemens. It enables us to minimize risks and comply with external requirements. In financial year 2021, our commitment to ESG was taken to an even higher level when we implemented our [DEGREE](#) sustainability framework, which sets out clear and measurable ambitions in the areas of Decarbonization, Ethics, Governance, Resource Efficiency, Equity and Employability. The multifaceted issue of human rights is addressed within the areas of governance, ethics and equity. The [2023 Siemens Sustainability Report](#) outlines our goals and achievements in these areas.

- D Decarbonization**
support the 1.5°C target to fight global warming
- E Ethics**
foster a culture of trust, adhere to ethical standards, and handle data with care
- G Governance**
apply state-of-the-art systems for effective and responsible business conduct
- R Resource efficiency**
achieve circularity and dematerialization
- E Equity**
foster diversity, inclusion, and community development to create a sense of belonging
- E Employability**
enable our people to stay resilient and relevant in a permanently changing environment





Due Diligence to Minimize Risks

Siemens entities worldwide select, evaluate and engage with suppliers using a risk-based approach to assess and manage the risk of forced labour and child labour. The standards those suppliers must meet in their social, environmental, and ethical performance are clearly articulated to them. As part of a continuous improvement approach to our supply chain processes and systems, we categorize supplier risk by country and the types of services or goods being offered.

We expect our suppliers to:

- Neither use nor contribute to slavery, servitude, forced or compulsory labour, suppression, exploitation, and human trafficking
- Implement respective control mechanisms in their company as well as in their supply chain
- Have established their own ethical, social and ecological minimum requirements in their supply chain, and their suppliers are legally bound to comply with them
- Have at least one officer who is responsible for issues of sustainability in the supply chain
- Have implemented a process to ensure the adherence of sustainability requirements in their own supply chain by using detection modules such as an onsite-audit process

Our priority is on oversight of those suppliers deemed highest-risk, through a system of interconnected processes and tools within our Supply Chain Management (**SCM**) and People & Organization (**P&O**, formerly named Human Resources) functions. Human rights strategy is embedded principally through internal regulation and the establishment of a Siemens-wide human rights community that includes representatives from all of the company's regions.

We gather information on our suppliers' worker recruitment, and their maintenance of internal controls, to ensure that all workers are recruited voluntarily. This is particularly

emphasized when dealing with high-risk populations in sensitive locations. Independent audits, vendor dash assessments, checks on supplier qualifications, and ensuring compliance are all high-priority activities conducted on a local/regional basis. Each action contributes toward our robust, overarching enterprise risk management process.

We require our suppliers to achieve our “Ready-for-Business” (**R4B**) designation. We grant R4B for a vendor following a rigorous evaluation process, in which there must be demonstrated adherence to a range of Siemens Canada policies, procedures and processes, as well as similar mandates from Siemens AG. It is during the onboarding process of suppliers when we ensure their acceptance of our Supplier Code of Conduct (**Code**), which has sections that prohibit the use of forced labour and child labour. Our vendor dash assessments—one of the internal checks done to ensure suppliers are R4B—as well as External Sustainability Audits (**ESA**), which are performed by external auditors, include checks on the use of forced and child labour. Only after a supplier has successfully completed the registration and qualification processes is it assigned R4B status.

In Canada, 99 per cent of our suppliers have established and maintained their R4B status, with the remainder currently in the initial evaluation phase of onboarding.

The majority of Siemens Canada suppliers are based in Canada. The U.S. and Germany rank second and third, respectively, for our supplier base. At present, with the supplier base of Siemens Canada being predominantly located in Canada, the U.S. and Germany, and the fact that we have a robust R4B program, the risk of having forced labour or child labour in our supply chain is low.



Contractual Obligations

We developed a system of contractual obligations to ensure that all of our suppliers commit to the requirements of the Code of Conduct:

Supplier Qualification

Qualifying suppliers: within our Supplier Qualification process, all suppliers have to pass several requirements – one of them is the commitment to our Code of Conduct.

Corporate Responsibility Contract Clause

Negotiating contracts: all new and extended procurement contracts have to include the Corporate Responsibility contract clause, which commits the supplier to our Code of Conduct and, additionally, defines self-assessment and audit rights.

Conditions of Purchase

Purchase orders: to complete the system and to include possible small procurement volumes, which might not be covered by explicit procurement contracts, all purchase orders include the Code of Conduct commitment in the Conditions of Purchase.



Corporate Responsibility Self-Assessment and Other Initiatives

For suppliers that operate in a high-risk country or meet a set purchasing volume, a mandatory Corporate Responsibility Self-Assessment (CRSA) and audit verification is performed in addition to routine due diligence.

All suppliers are continually monitored and risk-assessed, particularly those operating in higher-risk countries. We use our “SCM Sustainability Platform” (SSP) for this evaluation. It integrates sustainability into procurement decision-making, including assurance there is transparency on each supplier’s sustainability performance.

If required, SSP will trigger in-depth assessments, which can be conducted on site by external audit experts or by the Siemens audit function. If audits reveal any infringements, the supplier in question must remedy the situation using lasting corrective actions within a reasonable period of time. There is also a specific termination clause that allows Siemens to terminate the supplier relationship in the case of major breaches.

In FY23, Siemens AG arranged for 5,096 CRSAs and 481 external audits of suppliers to be carried out. Siemens Canada does not have any suppliers within its supply chain that are considered high-risk. In addition, since FY22, Siemens Canada has initiated random audits on five of our suppliers. Two have been completed, with no findings to warrant any remedial measures, while the other three remain in progress.

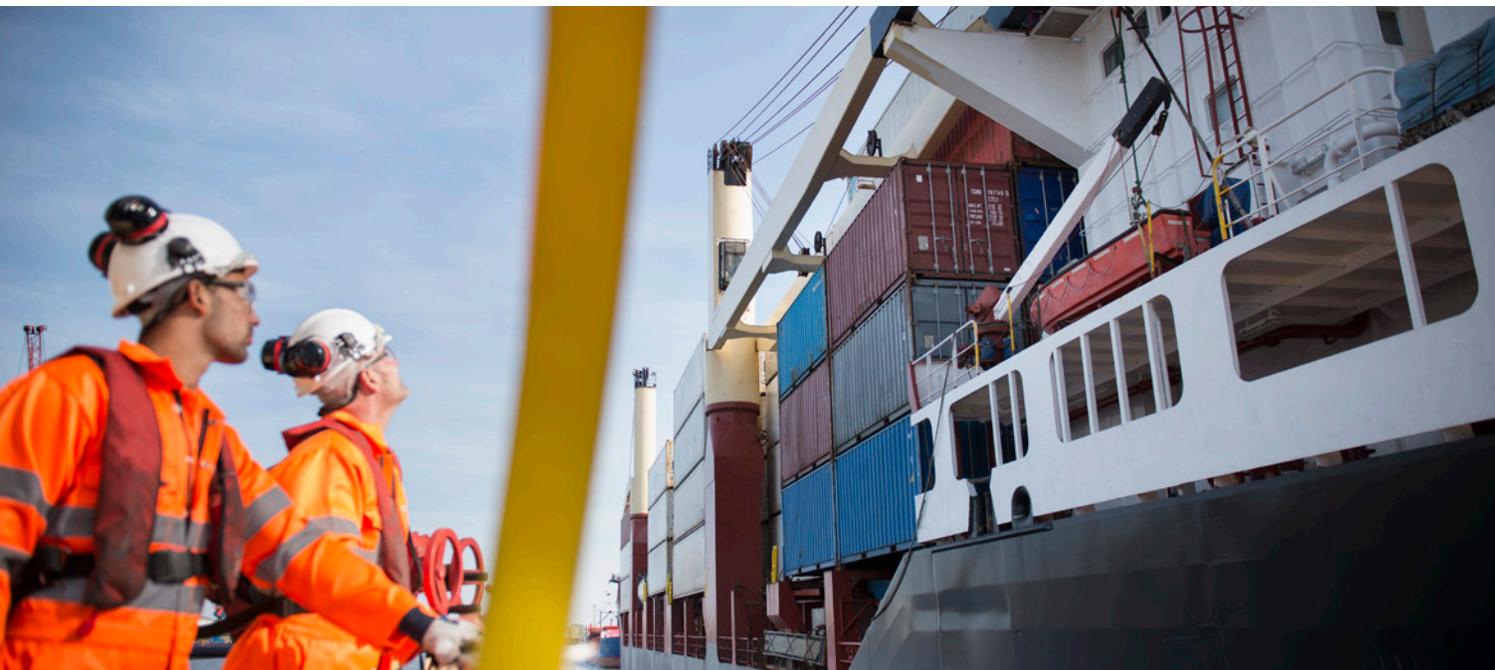
IN FY23

5,096

Corporate Responsibility Self-Assessments

481

external supplier audits



Code of Conduct for Suppliers

The Code is based to a large extent on the principles of the UN Global Compact relating to human rights, labour standards, environmental protection and anti-corruption initiatives. It requires our suppliers and sales-related business partners to strongly integrate our key principles into their operations. It includes specific elements that prohibit the use of child labour and forced labour. These are set out as follows:

“Human Rights and Labor Conditions: To ensure respect of all internationally proclaimed human rights by avoiding causation of and complicity in any human rights violations. Heightened attention shall be paid to ensuring respect of human rights of rights holders or groups of rights holders which are specifically vulnerable, such as women, children, migrant workers or of (indigenous) communities.

→ *Prohibition of Forced Labor*

- *Neither use nor contribute to slavery, servitude, forced or compulsory labor, suppression, exploitation, and human trafficking.*

→ *Prohibition of Child Labor*

- *Install no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, install no workers under the age of 14.*
- *Install no workers under the age of 18 for work which is likely to harm the health, safety, and morals.”*

All new and extended procurement contracts must contain commitments to the Code.

Among the Code’s many behavioural obligations, it institutes a protected grievance mechanism for employees; ensures health, safety, and environmental protection; maintains a zero-tolerance strategy to prevent corruption and bribery; prevents purchases of conflict minerals produced in certain countries that yield profits for armed groups; and prevents money-laundering and terrorist financing. A Siemens brochure called [“Sustainability in the Supply Chain”](#) is shared with suppliers to demonstrate our approach to achieving a sustainable supply chain. The brochure is also intended to encourage our suppliers and third-party intermediaries to join with Siemens on our path to sustainability.



Fair employment conditions (wages, working hours, holidays, etc.), the right to freedom of assembly and association, prohibition of discrimination, and the provision of anonymous complaint mechanisms are additional key principles embedded within the Code. There are also appropriate due diligence processes in place to ensure these ideals extend beyond just our suppliers, and into their own supply chains as well. Everything in the Code finds its origins in Siemens AG’s global compliance circular, which includes clear references to Human Rights and requires that management assists with the identification, assessment and mitigation of risks.

All of our supplier arrangements are executed through our procurement application called SCM STAR (“SStrategy And Realization”). SCM STAR is the major source-to-contract platform for strategic procurement processes at Siemens. It covers all processes, including supplier onboarding, sourcing, supplier management, and strategy. Everything is within one integrated suite, enabling key oversight elements such as qualification, evaluation, risk, opportunity management, and professional development to be expertly handled. It also provides functionality for efficient electronic exchange of relevant information with suppliers. Digital collaboration with suppliers is ensured by a secure supplier portal. All employees responsible for procurement have access to SCM STAR.



Whistleblowing Channels

Among other channels, Siemens AG has a compliance whistleblower web-based tool called “[Tell Us](#)” that serves as a reliable reporting channel for internal and external stakeholders to report possible misconduct and any violations of the law, particularly violations of the Siemens [BCG](#). During the supplier onboarding process, the supplier receives a link to our Code and is able to access the “Tell Us” hotline.

The “Tell Us” tool allows for violations to be securely reported all day, every day—online, in writing or verbally via telephone. It can be accessed in 13 languages, contacted anonymously, and used by employees and management, as well as customers, suppliers and other stakeholders. In addition to the tool, Compliance Officers and the Siemens Ombudsperson are always available to receive reports of compliance violations.

Whatever method is chosen, internal whistleblowers are assured they are protected by clear regulations. When suppliers accept our [Code](#), they also agree to provide a grievance mechanism for their own employees to report possible violations, and to ensure protection of whistleblowers or complainants against retaliation.



Mandatory Training

In 2023, our BCGs were revised to include “Siemens Ethical Principles,” with training rolled out to all Siemens Canada employees. This training includes detailed coverage of the subject of forced labour and child labour in the supply chain. In addition, we offer web-based training to both our employees and our suppliers on environmental and human rights, and how to maintain due diligence for these, focused specifically on the supply chain. This web-based training illustrates for suppliers our sustainability requirements and the goals and importance of our DEGREE framework.

We provide further training material to our employees via the Siemens Human Rights Knowledge Hub, which covers a variety of key topics, such as modern slavery. With an emphasis on continuous and function-specific competencies, we rely on interactive training formats, including tailored formats for global and regional sales experts and other specialists. Expanded course offerings, as needed, include a focus on preventive measures. Coming in the fall of 2024, all procurement employees at Siemens Canada will be required to complete mandatory training on sustainability that has a focus on the DEGREE framework and includes details on our commitment to human rights.

Our efforts in training and education are supported by ongoing tracking of employee knowledge and awareness. We also remain in contact with key stakeholders—from investors to non-governmental organizations—to ensure an effective exchange of information on topics related to human rights, including child labour and forced labour.



Our Commitment

In FY23 and previous years, there have been no known instances of forced labour or child labour in our global and local supply chains, hence there are no remediation measures to report.

The lack of any forced labour or child labour in our supply chains is directly attributable to the enforcement of our policies and management systems, as detailed in this report.

Siemens Canada will continue to apply a zero-tolerance approach to forced labour and child labour, in any form, in our operations and our supply chain. Any violations will be met with strict measures.

No known instances of forced labour or child labour

This report was approved by the Board of Directors for the financial year ending on September 30, 2023, for each of Siemens Canada Limited, Innomotics Inc., and Siemens Mobility Limited.

In accordance with the requirements of the Act, and in particular Section 11 thereof, we hereby attest that we have reviewed the information contained in this report. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year September 30, 2023.

Name: Faisal Kazi
Title: President and Chief Executive Officer
Date: May 30, 2024
I have the authority to bind
Siemens Canada Limited

Name: Yves Desjardins-Siciliano
Title: Chief Executive Officer
Date: May 30, 2024
I have the authority to bind
Siemens Mobility Limited

Name: Robert Aiello
Title: Chief Executive Officer
Date: May 30, 2024
I have the authority to bind
Innomotics Inc.

You can find further information on our web-based trainings and information under:

SCM Sustainability Website:

<https://www.siemens.com/sustainablesupplychain>

SCM Web-based Training:

<https://www.siemens.com/code-of-conduct/training>

Compliance Website:

<https://new.siemens.com/global/en/company/sustainability/compliance.html>

You can find further information on our trainings for third-party intermediaries under:

<https://bpcdd.compliance.siemens.com/bpext/nui/train> (International)

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