

Innomotics Inc.

2024 Report on Forced Labour and Child Labour
Financial year ending September 30, 2024

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INNOMOTICS

Introduction

The legal separation and sale of Innomotics, a leading global provider of electric motors and large drive systems, was completed on October 1, 2024. Innomotics had previously operated as an independent subsidiary of Siemens AG („Siemens“) since July 1, 2023. The new owner of Innomotics is KPS Capital Partners, LP („KPS“). This report outlines actions taken by Innomotics Inc. to prevent the use of forced labour or child labour within its operations and supply chain for the financial year ended September 30, 2024, during which Innomotics continued to operate under Siemens' ownership.

CANADIAN SNAPSHOT

2021

incorporation of Innomotics Inc.

66

people employed by Innomotics Inc.

2

office and production facilities in Canada

1%

among top 1% of industry peers on sustainability

Overview of Innomotics Inc.

Innomotics Inc. is a Canadian corporation headquartered in Oakville, Ontario. Incorporated in 2021, the company is part of the global Innomotics group, a leading provider of electric motors and large drive systems. As of the end of fiscal year 2024, Innomotics Inc. employs 66 people and operates two office and production facilities across Canada. Until October 1, 2024, Innomotics Inc. operated as a wholly owned subsidiary of Siemens AG, a global technology company with approximately 327,000 employees and a supply chain of approximately 67,500 suppliers in more than 140 countries.

During this period, Innomotics Inc. was fully integrated into Siemens AG's governance and compliance framework. This included adherence to Siemens' Business Conduct Guidelines and corporate policies on human rights, ethical business conduct, and modern slavery prevention. Siemens AG maintained a zero-tolerance approach to all forms of forced labor, human trafficking, and exploitation, and these standards were uniformly applied across all subsidiaries, including Innomotics Inc.

In recognition of its sustainability leadership, Siemens AG received a Platinum rating from EcoVadis in 2024, placing it in the top 1% of over 73,000 companies assessed globally. This rating reflects Siemens' strong performance in labour and human rights, environmental impact, ethical operations, and sustainable procurement—further reinforcing the high standards that governed Innomotics Inc. during its time under Siemens ownership.

Commitment to Human Rights

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 **Organization 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 workshops. In 2021, Siemens AG implemented the 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 the 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 2024 Siemens Sustainability Report outlines our goals and achievements in these areas.



Decarbonization
support the 1.5°C target to fight global warming



Ethics
foster a culture of trust, adhere to ethical standards, and handle data with care



Governance
apply state-of-the-art systems for effective and responsible business conduct



Resource efficiency
achieve circularity and dematerialization



Equity
foster diversity, inclusion, and community development to create a sense of belonging



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.

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. Our 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 and entities.

The majority of Innomotics Inc. suppliers are based in Canada, with the United States and Germany representing the second and third largest portions of our supplier base respectively. Given that the Innomotics supply chain is predominantly located in these regions, and supported by a robust supply chain management program, Innomotics considers the risk of forced labour or child labour within our supply chain to be 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.

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 onside-audit process



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 that 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 FY24, Siemens AG arranged for 6,878 CRSAs and 430 external audits of suppliers to be carried out. Innomotics Inc. does not have any suppliers within its supply chain that are considered high-risk.

Code of Conduct for Suppliers

The Code is based largely 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.”*

IN FY24

6,878

Corporate Responsibility
Self-Assessments

430

external supplier audits

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

Among its many behavioural obligations, the Code 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 and to encourage our suppliers and third-party intermediaries to join Siemens on our path to sustainability.

Fair employment conditions are additional key principles embedded within the Code, as well as 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 (“Strategy 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 within one integrated suite. It enables 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, which 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 Innomatics Inc. 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 preventative measures.

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.



No known instances of forced labour or child labour

Our Commitment

In FY24 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. Innomatics Inc. 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.

This report was approved by the Innomatics Inc. of Directors for the financial year ending on September 30, 2024.

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, 2024.

Name: Robert Aiello
Title: Chief Executive Officer
Date: May 30, 2025

I have the authority to bind Innomatics Inc.

Name: Alexander Angevaare
Title: Chief Financial Officer
Date: May 30, 2025

I have the authority to bind Innomatics Inc.

You can find further information on Sustainability and Compliance websites:

Innomotics Sustainability Website:

<https://www.innomotics.com/hub/en/company/sustainability>

Innomotics Code of Conduct for Suppliers & 3rd Party Intermediaries

https://assets.innomotics.com/image/upload/coc-v5-0-en-in_j3t4km.pdf

Innomotics BCG

https://assets.innomotics.com/image/upload/Innomotics_Business_Conduct_Guidelines_xlnf8o.pdf

Supply Chain Due Diligence Act

<https://www.innomotics.com/hub/en/company/supply-chain-due-diligence-act>

Integrity Channel

<https://www.innomotics.com/hub/en/company/about-innomotics/whistleblowing>

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