



2019 Environmental, Social and Governance Report

For the year ended December 31, 2019

Published: August 11, 2020



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About Westport Fuel Systems

Company Highlights

10

Brands selling in

70

Countries

\$305M+

in Net Sales

\$28M +

Adjusted EBITDA

1,289

Employees

11

Operating and Technology
Research Centers



Making a Difference by Deploying Clean Transportation Solutions at Scale

Increasingly urgent demands for clean air and action to mitigate climate change, and the increasing availability and favourable economics of cleaner fuels demands more efficient, clean transportation solutions. Clean fuels are available and cost competitive. Westport Fuel Systems engineers, manufactures and supplies alternative fuel systems and components for transportation applications. Our diverse product offering, sold under a wide range of established global brands, enables the use of gaseous alternative fuels which provide both environmental and economic advantages, including liquid petroleum gas ("LPG"), compressed natural gas ("CNG"), liquid natural gas ("LNG"), renewable natural gas ("RNG"), and hydrogen.

Today, there are more than 61 million LPG and CNG vehicles globally, which accounts for approximately 3.7% of the total market share of vehicles in service.¹ Westport Fuel Systems products are on the road today, contributing to reduced emissions and supporting efforts to mitigate climate change.

We strive to create leading edge technologies that meet or exceed the requirements of regulation and industry codes and standards to shift the transportation sector to gaseous fuels. We work with our partners to deliver low-emission alternative fuel solutions that will meet the demand for high-efficiency, high-performance and low-carbon transportation. We design, engineer, manufacture and sell commercially available and cost competitive alternative fuel products with well documented emission reduction benefits.



Passenger Car CO₂ Reduction
LPG ~20% CNG ~25%
Payback 9 (LPG) 11 (CNG) Months



Heavy Duty Trucks CO₂ Reduction
LNG ~20% RNG ~35%
Payback 19 Months

Our customers demand new, cost- competitive, sustainable and efficient transport solutions and we provide them with market-ready solutions that enable them to reduce emissions and realize fuel cost savings. We supply our products and services through a network of distributors, original equipment manufacturers ("**OEM**") and delayed OEM ("**DOEM**") programs servicing customers in more than 70 countries. Our products and services are available for passenger cars and light-, medium- and heavy-duty trucks and both stationary and mobile hydrogen applications.

Regulatory Developments

As an alternative fuel system and component designer, developer and manufacturer, our first priority is to ensure that our products comply with the latest and most stringent safety, quality and environmental regulations. The recent enactment of regulatory frameworks including fuel economy improvements, renewable fuel mandates, carbon dioxide ("**CO₂**") emission reductions and greenhouse gas ("**GHG**") emission reductions in key markets have sent strong signals for the urgent need for technological advancement and innovation.

In April 2019, the European Parliament passed the first CO₂ emission standards for heavy-duty trucks. Under the legislation, heavy-duty truck OEMs will be required to achieve a fleet average reduction of CO₂ emissions of 15% by 2025 and 30% by 2030 compared to a 2019 baseline emission level. Heavy-duty natural gas vehicles featuring HPDI 2.0™ technology provide a CO₂ emission reduction benefit of approximately 20% compared to an equivalent diesel-fuelled vehicle and are commercially available, cost competitive and on the road in Europe today. When fuelled with renewable gas, HPDI offers a compliance pathway to and beyond the 2030 target of a 30% CO₂ reduction and enables OEMs to preserve their considerable investments in existing manufacturing facilities, engines and trucks.

The extent and rate to which the transport sector is able to make progress on the ambitious 80%-by-2050 emission reduction targets incorporated within the Paris Climate Agreement and diversify beyond oil, will be a function of ongoing technology breakthroughs on both fuels and vehicles, political action, shifting demographics, and a range of new public policy considerations that will not only influence how people and freight are moved, but how and where we live.

¹ NGV Global July 2019, World LPG Association 2018 Annual Report and Westport Fuel Systems analysis

Vision

Creating a better world through innovative energy solutions.

Mission

Engineering the most advanced, clean fuel systems and components to deliver compelling environmental, economic and energy security benefits to customers.

Values

Integrity

We are transparent, honest and ethical in all interactions. We strive to do what is right and do what we say we will do.

Respect

Teamwork and partnerships are highly valued with differing views seen as an enabler of better results.

Perseverance

A demonstrated ability to continually push through challenges and succeed.

What We Stand For

We work every day to live our values of integrity, respect and perseverance to deliver sustainable, alternative clean transportation solutions. We entrust every employee and every member of our global network to build business relationships and make decisions in a way that honours our values.

COMMITTED TO INTEGRITY:

Corporate integrity, personal accountability and respect for others are the foundation of our success.

CUSTOMER FOCUS:

Partnerships and relationships are the pathway by which we capture business opportunity and realize value. We relentlessly serve our customers.

DELIVERY EXCELLENCE:

Our commitment to execution and results fuels our passion to excel and innovate. We focus investment on what we do best and fuel our growth by optimizing efficiencies in our processes, workplace and value chain.

TEAMWORK AND COLLABORATION:

We enable our people through enriched collaboration and partnerships, leveraging our diverse global experience and viewing the Company in its entirety - like our stakeholders do.

SUSTAINABILITY:

We strive to ensure the way we do business has a positive impact on our people, the environment and the communities in which we work and live.

Message from Our CEO

Westport Fuel Systems has been a global leader in clean transportation technologies for decades. We have been at the front lines of the shift to sustainable mobility. As the global economy restarts post COVID-19, there have been strong signals for a green recovery and associated stimulus spending to build a better, more resilient and low-carbon economy. A green recovery presents a once-in-a-lifetime opportunity to transform our transportation systems and how we move people and goods. The urgency of global climate change means we must act now and we are ready to do our part.

We are committed to the decarbonization of the transportation sector and the urgent need to deploy scalable, carbon neutral solutions. The path to sustainable transportation must be led by cost competitive and market-ready technologies as we work towards longer-term targets for net-zero emissions. We need realistic transition road maps based on affordability for all geographic markets. We believe a focus on renewable and decarbonized gases as well as clean and sustainable mobility offers an opportunity to boost the economic recovery, retain and create jobs and achieve our emission reduction goals.

Sustainability is one of our guiding principles. Our sustainability vision is centred on our product portfolio of lower-carbon clean transportation solutions and our ongoing commitment to mitigate the operational footprint of our activities. Our 2019 report provides an opportunity to discuss our activities, our accomplishments and our contributions but also to disclose our challenges and identify opportunities for improvement.

Our continued success depends on our global team, our relationships with stakeholders and our ability to enhance shareholder value. We are focused on driving sustainable growth through a strong commitment to our environmental, social and governance programs and performance. Thank you for your support of Westport Fuel Systems.

Sincerely,



David M. Johnson
Chief Executive Officer



“We are committed to the decarbonization of the transportation sector and the urgent need to deploy scalable, carbon neutral solutions.”

David M. Johnson, CEO



Leadership Perspective

A message from Karen Hamberg, VP Sustainability and External Affairs

Sustainability is at the core of our technology strategy, our product portfolio and our global operations. It drives our business success and enables our customers to advance their own sustainability commitments and differentiate themselves in a competitive market. As a clean transportation solutions company, we help our customers adopt and deploy low-carbon and renewable gaseous fuels to accelerate the transition to a decarbonized transport sector.

Westport Fuel Systems has been leading the shift to more sustainable transportation for decades. In an increasingly competitive marketplace, the ability of a clean transportation solution to scale is achieved by products that reduce a customer's total cost of ownership, enable OEMs to meet regulations at an affordable cost and deliver greenhouse gas and criteria air pollutant emission reduction benefits. The expanded use of renewable gas or biomethane around the world offers another proof point of the scalability of gaseous fuels to deliver net-zero carbon transportation today.

A commitment to reducing the impact of our operational footprint is a critical element of our business performance. Our sustainability efforts are focused on ethics and compliance, environmental leadership, fairness and concern for employees and supply chain responsibility. With close to 1,300 employees around the world, our people are Westport Fuel Systems' greatest asset. Their collective action across the Company to design, engineer and manufacture clean transportation solutions and to live our values of integrity, respect and perseverance have built our distinctive workplace culture.

With two years of global data, we now have a baseline from which to set public targets and objectives for improvement. Our 2020 report will be developed in accordance with the core requirements of the Global Reporting Initiative Standards and aligned to the Sustainability Accounting Standards Board ("**SASB standards**") to ensure consistency and comparability in our disclosures and a more comprehensive disclosure of our economic, environmental and social impacts.

We have launched a sustainability portal (wfsinc.com/sustainability/) to better communicate our progress against key environmental, social, and governance performance indicators. We welcome your feedback or inquiries at sustainability@wfsinc.com

Thank you for your support of Westport Fuel Systems,

Karen Hamberg
Vice President, Sustainability and External Affairs



About Our Report

Our Scope of ESG Reporting

Westport Fuel Systems has been at the forefront of the shift to cleaner, lower-carbon and cost-competitive alternative fuels for transportation. Our commitment to sustainability is well established and foundational to our business. For us, it's not simply about providing the world with clean transportation solutions, it's about ensuring those solutions are created in a way that improves quality of life and produces higher standards of living for the communities in which we work and live, while simultaneously providing financial sustainability and value for our stakeholders. We view our formal report as an opportunity for our environmental, social and governance performance to be disclosed, evaluated and prompts the conversation for how we can do better.

Our first global report was published April 9, 2019 based on our performance during fiscal year 2018. Our 2019 Environmental, Social and Governance ("**ESG**") Report published August 11, 2020, summarizes our performance for the fiscal year ending December 31, 2019. The report presents our material environmental, social, and governance performance with the recognition that we are always striving for ways to improve our efforts as a responsible corporate citizen and enhance transparency on our business performance. As our sustainability practices improve, so will our reporting. In our next report we will outline our corporate citizenship and ESG program, our approach to managing material topics and our targets which focus efforts on reducing emissions, improving health and safety for employees, mitigating social risks in our value chain and strengthening our governance practices.

We have followed the Global Reporting Initiative ("**GRI**") Standards: Core option, in preparing this report but at this time we do not necessarily meet the minimum expectation to claim a core or comprehensive accordance. The GRI is an independent institution that provides a standard framework for sustainability and ESG reporting across companies and industries. We have applied the principles of materiality and inclusiveness as recommended by the GRI to assess the relevance of priorities to Westport Fuel Systems and its stakeholders.

The boundaries of this report include all operating entities where employees work at a Company site including offices, production plants or technology centers and excludes any joint ventures. Information on our workforce includes employees regardless of their physical work location.

For a description of each location's operating focus, please refer to our 2019 Annual Information Form, available at wfsinc.com/investors/financial-information.

Westport Fuel Systems is using this report to summarize our ESG performance in a transparent and accountable manner. Internal reviews and processes are in place to ensure the integrity and the credibility of the data contained within, but aside from the audited financial statements, we have not sought external assurance of the ESG Report. We welcome your questions and feedback on our report or performance. Please feel free to contact us at sustainability@wfsinc.com or online at wfsinc.com/sustainability/.

Stakeholder Engagement and Key Collaborations

Cooperation and dialogue with stakeholders help us to understand the critical issues that matter most to them, and to us. Westport Fuel Systems has a range of diverse stakeholders and we consider stakeholder engagement to be an essential component of corporate governance and good business practice. Regular and ongoing dialogue with academia, customers and OEM partners, employees, government agencies (including policy makers and

regulators), industry consortiums, investors, local communities, media, non-government organizations ("NGOs") and think tanks, and suppliers through formal and informal channels is essential to our business and our ESG performance.

Stakeholder Engagement

Our stakeholder map provides a pathway to better formalize our engagement processes across the organization. Stakeholder relationships are managed by key business leads throughout the Company and we periodically receive inquiries and requests for further engagement from different stakeholder groups. Table 1 contains a list of stakeholders, the informal and formal engagement mechanisms and our understanding of their expectations specific to our business.

Table 1 Stakeholder Engagement Strategy and Approach

Stakeholder	Engagement Mechanism	Stakeholder Expectations
Academia	<ul style="list-style-type: none"> Regular dialogue Topic-specific conferences and events 	<ul style="list-style-type: none"> Data-driven analysis Transparent and defensible data
Customers and OEM Partners	<ul style="list-style-type: none"> Distributor network Key account management Reviews and meetings Market research Corporate website Digital media 	<ul style="list-style-type: none"> Product quality and performance Operational excellence Technology leadership Environmental certifications Sustainability leadership and reporting
Employees	<ul style="list-style-type: none"> Health and safety committees Town hall meetings Internal communication channels (including intranet) Union representatives Performance feedback processes 	<ul style="list-style-type: none"> Career and growth opportunities Leadership in the clean technology sector Competitive pay and benefits Clear communication Training and development Work/life balance
Government Policy Makers, Regulators	<ul style="list-style-type: none"> Global advocacy and relationship building Policy and regulatory development Facility visits and targeted outreach Collaborative partnerships 	<ul style="list-style-type: none"> Product and technology solutions to address environmental challenges Job creation Economic competitiveness
Industry Consortium	<ul style="list-style-type: none"> Industry working groups Corporate memberships Service on Board of Directors and advisory boards 	<ul style="list-style-type: none"> Member direction and input Strategic input on future of industry
Shareholders and Investors	<ul style="list-style-type: none"> Quarterly earnings communications Analyst conference calls Shareholder meetings, annual report and other regulatory filings Investor relations conference 	<ul style="list-style-type: none"> Financial performance Return on investment Shareholder value ESG performance Competitive positioning Technology investment Transparent reporting with credible data
Local Communities	<ul style="list-style-type: none"> Community outreach mechanisms Emergency response plans 	<ul style="list-style-type: none"> Corporate citizenship No neighbourhood disruption (noise, congestion)
Media	<ul style="list-style-type: none"> Press releases Media releases Corporate website / Digital Media Access to corporate spokespeople 	<ul style="list-style-type: none"> Clean technology innovation Corporate performance Shareholder value

NGOs and Think Tanks	<ul style="list-style-type: none"> • Regular dialogue • Topic-specific conferences and events 	<ul style="list-style-type: none"> • Private-sector expertise and resources • Collaboration on innovative solutions • Transparent reporting with credible data
Suppliers	<ul style="list-style-type: none"> • Top supplier meetings • Supplier manuals and documentation • Global supplier conference • Supplier performance audits 	<ul style="list-style-type: none"> • Sales growth • New market penetration

Corporate Memberships and Key Collaborations

Outreach and constructive dialogue are the foundation of our stakeholder engagement activities. Our employees contribute to technical working groups, committees, and advisory panels to learn, share our expertise and help build a body of knowledge about alternative fuel vehicles. We believe in the importance of contributing sound, intelligent, data driven and defensible analysis to conversations on low-carbon transportation, sustainable mobility and the transition to alternative fuels. Our approach to collaboration is driven by a transparent “show your work” philosophy and a keen interest to stay up-to-date on industry and market developments. A key element of this approach is to serve in leadership positions of industry associations, most typically on the Board of Directors, to advance the adoption of clean transportation solutions. A list of our memberships is included in table 2.

Table 2: Industry Associations and Position Occupied in Fiscal Year 2019

Industry and Academic Consortiums	Membership or Governance Position Occupied by Westport Fuel Systems
Canadian Chamber of Commerce	Corporate Membership
Canadian Natural Gas Vehicle Association	Chair of the Board of Directors
CALSTART	Chair of the Board of Directors
European Natural Gas Vehicle Association	Secretary of Board of Directors
Natural Gas Vehicles America	Chair of the Board of Directors
World Liquefied Petroleum Gas (LPG) Association	Corporate Membership
Institute of Corporate Directors	Corporate Membership

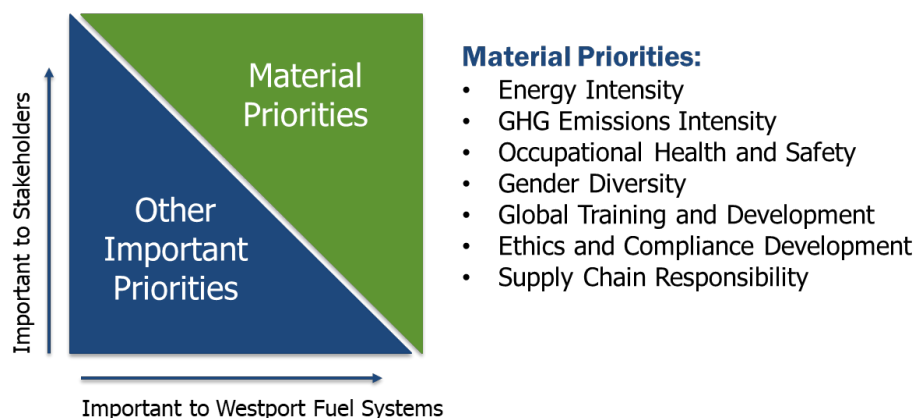
Determining Materiality

The intent of the materiality review is to ensure that our annual ESG report represents the key economic, environmental and social issues that are most critical to our organization and to our stakeholders. As such, the materiality assessment process is a critical element of our global ESG strategy.

Building on the work conducted in 2018 to identify and map our stakeholders and their collective priorities, we focused our materiality assessment efforts in 2019 on evaluating our five-year strategy, reviewing statements from our industry peers and analyzing third-party research that represents the voice of primary stakeholder groups.

For more information on our key stakeholders, see section “**Stakeholder Engagement and Key Collaborations**”. We welcome stakeholder feedback at sustainability@wfsinc.com.

This assessment, feedback and analysis reaffirmed that the material focus areas established in 2018 remain unchanged for 2019. This review indicated a need to increase the number of disclosures within these areas in our 2019 report.



Our material priorities can be grouped in the following areas:



Governance, Ethics and Compliance



Fairness and Concern for Employees



Environmental Responsibility and Leadership



Supply Chain Responsibility

Aligning with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (“**UN SDGs**”) are the blueprint to achieve a better and more sustainable future for all and call for coordinated public and private sector action to achieve each goal and target by 2030. They embrace a universal framework to advance both public and private sector action in building sustainable societies. Considering our global footprint and our social and environmental impact, we have a role to play in helping support the achievement of the UN SDGs.

While our business and the content of this report may cover many UN SDGs, these specific goals align with our primary focus areas and material impacts.

Table 3: Aligning Material Impacts with the United Nations Sustainable Development Goals

Westport Fuel Systems' material impacts and the SDGs	Governance, Ethics and Compliance	Environmental Responsibility & Leadership	Fairness and Concern for Employees	Supply Chain Responsibility



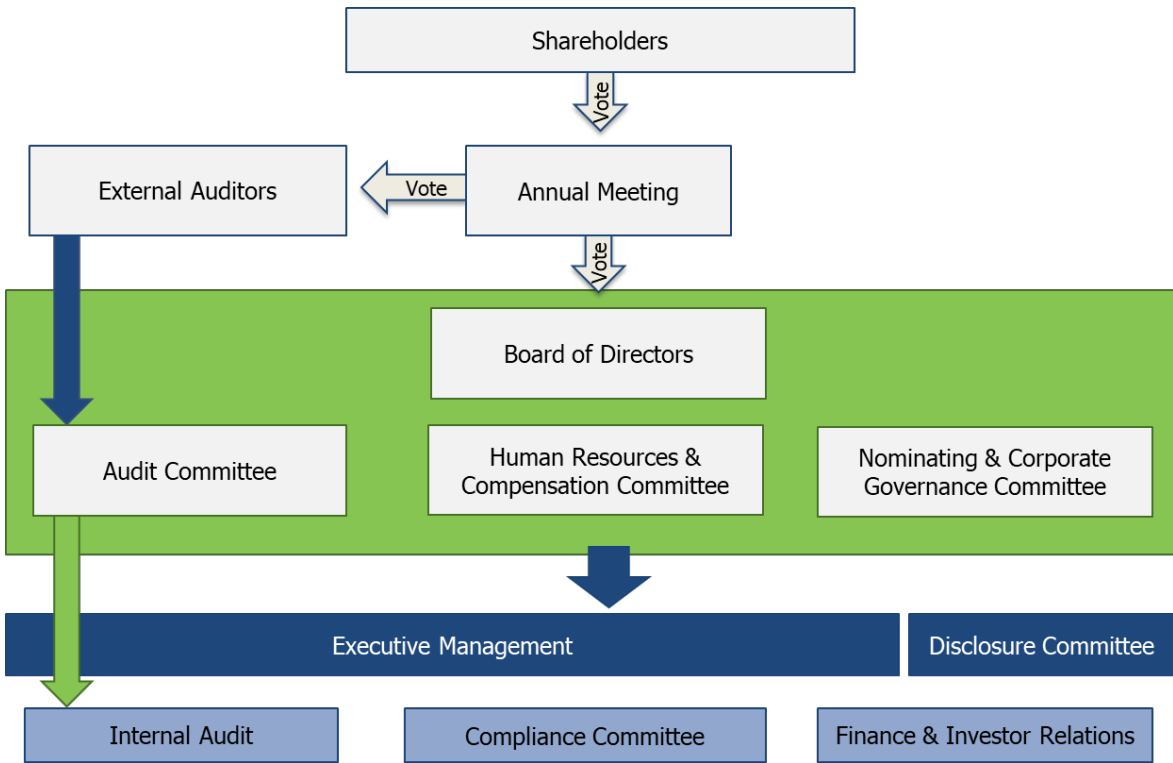
Governance, Ethics and Compliance

Corporate Governance

Our governance structures, policies and processes serve to promote a culture of accountability and ethical conduct across our Company and support our commitment to address global challenges through our core business. We believe that effective corporate governance is vital to the continued and long-term success of Westport Fuel Systems and contributes to maximized shareholder value over time.

While day-to-day operations of the Company are the responsibility of management, the Board of Directors (the “**Board**”) is responsible for the overall stewardship of Westport Fuel Systems and is charged with overseeing the management of the business and affairs of Westport Fuel Systems pursuant to its bylaws and applicable law and, together with the CEO, CFO and other executive officers, pursuing the creation of long-term shareholder value. The Board serves as the ultimate decision-making body of Westport Fuel Systems, except for those matters reserved to or shared with the Shareholders.

Figure 1: Overview of Westport Fuel Systems’ Governance Structure



The Board conducts its business under the guidance of the Westport Fuel Systems Board of Directors Charter. Pursuant to this Charter, the Board has a number of core responsibilities, including developing and fostering appropriate corporate culture, as well as responsibilities related to executive leadership and oversight, corporate communications, corporate governance, overseeing long-term strategic planning, approving an annual operating plan and budget, reviewing material financing activities, overseeing compliance with applicable laws and

regulations, reviewing and approving material transactions, establishing and overseeing executive compensation, risk assessments and internal controls processes and oversight of the Company ESG practices. The Board will carry out these responsibilities and discharge its obligations either directly or through committees of the Board. Any responsibility not delegated to one or more of its committees remains with the Board.

Our Board is currently comprised of eight elected directors who typically hold office until their successor is appointed or until the next annual general meeting of shareholders at which time they may be re-elected or replaced. For full biographies on each of our directors, please visit wfsinc.com/about/leadership/. Our independent directors also participate on one or more standing committees. Currently we have three standing committees, Audit Committee, Human Resource and Compensation Committee ("HRC") and Nominating and Corporate Governance Committee ("NCG").

Standing Committees

The Board considers the periodic rotation of the membership of each Committee and, from time to time as they see fit, rotates chairmanship of the Board and Committees. During 2019, Ms. Brenda Eprile served as independent Chair of the Board of Directors and since our 2020 Annual and Special Meeting our independent Chair of the Board has transitioned to Mr. Daniel Hancock. Ms. Eprile is now serving as Chair of the Audit Committee. Membership on each standing Committee, as of the date of this report, is as follows.

Table 4: Membership on Westport Fuel Systems Board of Director Standing Committees

Standing Committee				
<i>* indicates Chair</i>	Status	Audit	HRC	NGC
Michele Buchignani	Independent		X	X*
Brenda Eprile	Independent	X*	X	
Rita Forst	Independent	X	X	
David Johnson	Not Independent			
Daniel Hancock	Independent		X*	X
Dr. Viktor Karl Schaller	Independent	X		X
Eileen Wheatman	Independent		X	

Key Governance Activities During 2019 and Q1 2020

In 2019 and the first quarter of 2020, the Board held 16 meetings conducted either in-person and via telephone conference. In addition to the regular activities and oversight responsibilities of the Board, the following key governance and policy review activities were completed:

- Approved enhancements to the Board of Directors Charter in respect to diversity, legal and compliance, sustainability, director orientation and continuing education,
- Approved revisions enhancing all the Standing Committee Charters,
- Reviewed and approved revisions to the Whistleblower Policy,
- Approved the Company's first stand-alone Diversity Policy (previously embedded in the Board mandate),
- Reviewed action plans of the continued improvement of the Company's ESG activities and reporting,
- Oversight by way of the HRC Committee in the successful transition of a new CEO and CFO in 2019,
- Approved adjustments to executive compensation, reinforcing pay-for-performance principles, and introduced an advisory "Say-on-Pay" vote by shareholders on the approach to compensation, and



- Development and approval of new 2019 Long Term (equity) Incentive Plan in support of linking performance to shareholder value and promoting long term retention.

Director Diversity

In July 2019 our global Diversity Policy was published and expanded on our previously stated diversity guidelines summarized within our Board of Directors Charter. The Diversity Policy describes the guidelines by which we will endeavor to promote diversity and inclusion and a copy can be found on our website at wfsinc.com/investors/corporate-governance/.

We were pleased to achieve a gender balanced Board of Directors as three new directors were elected at our Annual General and Special Meeting ("AGSM") on April 29th, 2020.

Table 5: Gender Diversity of Westport Fuel Systems Board of Directors

Gender Diversity of the Board of Directors		
As of December 31, 2018	3 (33%)	6 (67%)
As of December 31, 2019	2 (25%)	6 (75%)
As of April 29, 2020 (post AGSM)	4 (50%)	4 (50%)

ESG Governance

In 2018 we created a Sustainability Working Group to support the collaboration and development of our global ESG reporting, build on continuous improvement efforts and to raise awareness of social and environmental performance. The working group reports on Westport Fuel Systems' sustainability performance and makes recommendations to leadership including the Vice President Sustainability and External Affairs, Chief Financial Officer and Chief Executive Officer.

Our eight-member Board is committed to effective corporate governance and fulfilling its duties of stewardship and accountability. This commitment included an amendment to the Board of Directors Charter to formalize responsibilities related to overseeing our approach to ESG matters. These responsibilities include oversight of the adequacy of management systems to identify and manage ESG related risks and opportunities, adoption of appropriate ESG standards, tracking and monitoring of the Company's ESG performance and ESG performance disclosure.

As delegated by the Board, the Audit Committee has primary responsibility for oversight on the adequacy and effectiveness of the reporting systems and related internal controls developed and implemented by management in connection with ESG disclosure and other non-financial data included in our ESG Report.

The Board and our leadership team believe that an effective, independent Board plays a crucial role in maximizing shareholder value and ensuring ethical and sustainable business practices and policies. As part of our ESG reporting, our Board has reviewed and approved this report.

Ethics and Integrity

Our values of integrity, respect and perseverance guide our relationships and interactions with employees, customers, suppliers and investors. These values are fundamental to our business partnerships, our continued success in the marketplace and are a source of pride for our team.

Our integrity is one of our most precious assets and in this rapidly changing environment, with new laws and new stringent regulatory requirements we remain firmly focused on our compliance efforts and operating our business in an ethical manner. Our Code of Conduct which was updated in 2019 reflects our commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies to which all directors, officers, employees, contractors, agents and consultants who act on behalf of the Company in any business dealings must comply.

We updated our ethics and integrity training in 2019 to include an online component offering a more engaging and interactive approach, a broader range of ethics and compliance topics, and the introduction of real-life scenarios relevant to our employees. The training is available in five languages and we directly link the modules to our Code of Conduct and other related stand-alone policies. We are pleased to report that 95% of employees enrolled completed the course successfully in 2019.

Code of Conduct

The Code of Conduct provides a framework to uphold our values and establishes our expected conduct in all the jurisdictions in which we operate and a number of specific areas including:

- Honesty and ethical conduct,
- Workplace free of discrimination and harassment,
- Fair dealing, including prohibition on giving or receiving bribes,
- Respect for communities and the environment,
- Employment policies and employee rights,
- Compliance with laws, rules and regulations, domestic and foreign, recusal requirements,
- Dealings with public officials,
- Retention of agents and representatives,
- Political and charitable contributions,
- Integrity of books and records,
- Protection and proper use of Company assets,
- Competitive business practices,
- Communication with media and other outsiders,
- Internal controls and the authority to make commitments, and,
- Compliance with corporate policies.

We have further supplemented the requirements of our Code of Conduct through the adoption and continuous improvement of policies covering; anti-corruption and bribery, the disclosure of material information and external communications, the prohibition of harassment, discrimination and retaliation and the prohibition of insider trading. A certificate attesting compliance with the Code of Conduct is acknowledged annually by all directors, officers, employees, and contractors and proposed amendments must be approved by our Board.

The Code of Conduct is available in five languages, all of which are posted to the Committed to Integrity section of our website at wfsinc.com/about/commitment-to-integrity/.



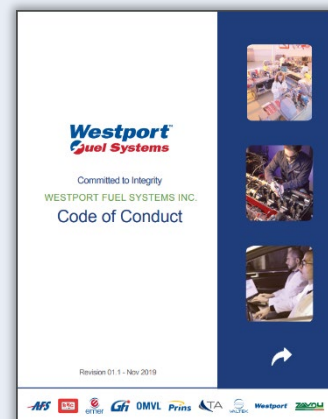
Initiative Spotlight

Global Launch of a New Code of Conduct

In 2019, we launched a new Code of Conduct in support of our ongoing efforts to ensure our global and diverse workforce is empowered to do the right thing, for the right reason and in the right way.

The new Code was designed to offer a more user-friendly and engaging format to improve clarity and use, include question and answer sections to address hypothetical issues which could arise in the workplace and included key amendments as follows:

- clarified the scope of who the Code applies to;
- strengthened descriptions of the Company's whistleblower policy and reporting mechanisms;
- expanded the sections of the code addressing safe and respectful workplace behaviours;
- enhanced definitions of anti-corruption and bribery requirements and expectations; and
- added a non-retaliation policy description and sections on human rights and the delegation of authority.



The Code was launched with online multilingual training covering all the critical areas. Training and certification were initiated in November 2019 in preparation for our 2020 reporting year.

Concern Reporting Mechanisms

We have channels in place to ensure there is opportunity for employees, suppliers or other stakeholders to raise concerns about corporate conduct. Individuals can report violations directly to management or in confidence to an anonymous ethics hotline using a 24-hour phone line, email addresses (for a variety of contacts), web portal submission or by physical mailing address.

All reports are forwarded to our Internal Audit Department and the individual's identity is kept strictly confidential unless that person has authorized such disclosure in writing. Individuals are however encouraged to put their names to allegations as appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. All concerns or complaints reported through the Ethics Hotline are promptly brought to the attention of the Chair of the Audit Committee (or if escalated, to the full Audit Committee) with the assistance and direction of whomever the Chair or Audit Committee thinks appropriate including, but not limited to, external legal counsel. Oversight of this process is governed by the Audit Committee of our Board.

We have an established Whistleblower Policy as reassurance that reporters will be protected from retaliation, reprisals, or victimization for "whistleblowing" in good faith. The Whistleblower Policy is available on our website in the Corporate Governance section at wfsinc.com/investors/corporate-governance/.

Commitment to Compliance

"We will conduct our business ethically and honestly every day and in every way. We can expect nothing less of each other. We count on every employee and every member of our global network to build business relationships and make business decisions in a way that honours our values and showcases our commitment to integrity."

David M. Johnson – Chief Executive Officer

Compliance is the cornerstone of corporate responsibility at Westport Fuel Systems. We operate in and sell products to customers in more than 70 countries around the world. In a rapidly changing global business environment, we must remain firmly focused on our commitment to integrity and our compliance efforts.

In September 2019 allegations of corruption against the Company were released after the end of a publicly disclosed two-year U.S. Securities Exchange Commission ("**SEC**") investigation. After cooperating with authorities throughout the entire investigation, the Company reached a settlement with the SEC on the basis that we neither admit nor deny the alleged violations (for details, see "Management Discussion & Analysis – Regulatory Compliance" in the "Q4 and Year Ended 2019 Financial Report"). This investigation emphasized the importance of awareness regarding compliance-related issues and the importance of entrenching this awareness in our management culture and company values.

Westport Fuel Systems has taken several important steps to progress our continuous improvement efforts and improve compliance and internal control systems, including:

- Strong "tone from the top" communication from our CEO, David M. Johnson, reiterating our commitment to compliance, reinforcing Code of Conduct expected behaviours and reminding employees of avenues for further guidance when confronted with difficult, confusing or complex situations.
- Improved governance, policy and practices around compliance including the introduction of an executive level Compliance Committee responsible for fostering the appropriate compliance culture, online and in-person training programs focused on identifying red flags, analyzing scenarios and process for reporting violations or suspected violations.
- Increased awareness of mechanisms to report concerns, including our anonymous Ethics hotline, direct access to management and Director level members and non-retaliation assurance under our Whistleblower Policy.
- Improved our risk assessment process to elevate our Foreign Corrupt Practices Act ("**FCPA**") monitoring and identify improved controls to address areas of heightened exposure to FCPA risk.

We have also agreed with the SEC to provide a two-year period of self-reporting regarding FCPA compliance activities. We are firmly committed to conducting our business in the most ethical and compliant means possible. This past year has highlighted the importance of continually evaluating our systems to ensure we have what is required to live up to our commitment of integrity and compliance.

The completion of 2019 marks a new chapter, one where we can focus all our efforts on achieving our goal to make transportation cleaner, more efficient and more cost effective.

Compliance Committee

In 2019 we established an executive level Compliance Committee designed to foster an organizational culture with the appropriate tone at the top that reinforces ethical conduct, a commitment to our values and compliance with the law. This includes:

1. Building a culture that empowers employees to be vigilant in identifying potential concerns and are confident about speaking up in such situations.
2. Creating assurance with external and internal stakeholders that the Company is doing what it can to manage the risk of non-compliance and wrongdoing.
3. Preventing and detecting wrongdoing, managing the risk of non-compliance and appropriately reacting to problems when they occur.

Members of the Compliance Committee consist of the CEO, CFO, SVP Legal, VP Risk Management and Assurance (also the Compliance Officer) and the VP Human Resources. The Compliance Committee is responsible for

oversight of the design, implementation and assessment of continuous improvement of the compliance program, with additional oversight by the Board.

Anti-Corruption and Prevention of Bribery

Our Anti-Corruption and Prevention of Bribery Principles Policy mandate compliance with all applicable anti-corruption and bribery laws in the jurisdictions where we operate. These policies apply to everyone within the Company who act on behalf of Westport Fuel Systems in any business dealings and to those who are working in affiliates or joint ventures.

Communication and Training

Anti-corruption and bribery education are integrated into the regular training provided to employees through the Code of Conduct certification process. Additionally, for those roles where a higher level of potential exposure to corruption risk is identified, mandatory training including both structured classroom and online components are delivered to ensure that directors, executives, employees and others acting on the Company's behalf continue to be aware of and understand corporate policies and procedures specific to anti-corruption and bribery. This training includes the identification of the roles and responsibilities of key stakeholders, potential red flags and risk management techniques as well as the process to report violations or seek clarification.

We offer basic and advanced level online training options. The requirement for enrollment and the level or intensity of training required is determined based on the individual's role within the organization and their potential level of exposure to corruption risk. All enrolled trainees are required to sign and certify that they have read and understand the policy and their participation in e-learning or classroom training is captured as part of their employee record.

Our training program was launched in late 2018 and we continue to make progress on our 100% target for enrolled employees trained.

Table 5: Summary of Number and Percentage Targeted Employees Formally Trained in Anti-Bribery and Corruption

Trainee Category	Number Trained ²		
	2018	2019	% of Target
Governance Body – Directors	3	8	100%
Executive Management	1	9	100%
Employees	65	501	75% ³
Total	69	518	

While we take a top-down approach to setting the standards for anti-corruption and bribery, each Westport Fuel Systems entity is responsible for understanding the specific challenges regarding anti-corruption, the anti-corruption regulations applicable to its jurisdiction and operations, and for adopting adequate anti-corruption guidance and measures. Westport Fuel Systems Anti-Corruption and Prevention of Bribery Principles Policy is available on our website at wfsinc.com/about/commitment-to-integrity/.

² Count of individuals trained includes those who may no longer work or represent the organization.

³ In December 2019, 137 target trainees were enrolled and completed the training in early 2020 resulting in a total of 92% of target trained.

Data Privacy and Cyber Resilience

We take data security and privacy matters seriously. As our digital solutions expand and our data interaction with customers, suppliers and partners expands so do risks related to privacy and security breaches.

Cybersecurity remains a top priority and our Information Technology (“IT”) leadership is committed to ensuring we have the appropriate measures in place to prevent cyber-attacks. While our focus continues around readiness and prevention, it is also important that we develop a cyber resilience strategy. A task force was established in 2019 representing a variety of relevant organizational functions. Their mandate included defining our cyber resilience framework, building the business continuity strategy and tactics, disaster recovery plans and capturing key business risks beyond IT.



Initiative Spotlight

Focused Campaign on Cyber Resiliency

Global online cybersecurity training was launched in March 2019 for 1,158 employees, directors, advisors and other users, all who have direct access to our IT network. This training was also included as a mandatory part of our employee onboarding. Any new hires with access to our systems and network are required to complete the training.



Additionally, we released a Company-wide cybersecurity awareness newsletter called “IT News to Know” which offered employees definitions, common methods of attack and checklists designed to support “careful clicks”.

In October 2019, we participated in the U.S.A. and Canadian National Cybersecurity Awareness Month campaign, leveraging the tools and information globally within our organization. This included material aligned to the promotion of the campaign’s primary messages of “Own IT. Secure IT. Protect IT.” and “Get Cyber Safe”.



Environmental Responsibility and Leadership



Climate change, including the alteration of long-term weather patterns and the increasing frequency of extreme weather events represents a fundamental business challenge for every organization to understand and manage risks across its value chain, now and in the future. While this global ESG Report represents our commitment to quantifying our energy consumption and associated greenhouse gas emission impact, we are working to map carbon risk across all our activities and geographies and increase disclosure of current and future risks and opportunities to investors and other key stakeholders. Next year's will report will highlight our progression in this activity and describe what initiatives have been undertaken to mitigate risks and leverage opportunities identified as material to our business and our stakeholder base.

Environmental Commitment

Westport Fuel Systems is committed to the protection of the environment and the prevention of pollution and strives to be an industry leader in mitigating the environmental impacts of fuel system research, development, testing and assembly. Working in conjunction with our partners, we are committed to delivering low-emission fuel solutions that will meet the demand for high-efficiency, high-performance, and low-carbon transportation.

In support of this commitment we have implemented an Environmental Policy Statement outlining our operational standards and expectations and we have added environmental stewardship and sustainability as an important element of our Code of Conduct.

The Environmental Policy can be found on our website at wfsinc.com/about/sustainability/environmental-policy/ and a copy of our Code of Conduct can be found at wfsinc.com/about/commitment-to-integrity/.

Environmental Compliance and Certification

Environmental Compliance

We are determined to operate responsibly to protect the environment. This means careful consideration of the impact of our operations on the local environment and communities in which we design, manufacture, and deliver our products. Compliance with international, national, and sub-national regulations is a baseline environmental performance standard and we believe that leading organizations must go beyond minimum environmental requirements.

A significant spill is defined by the GRI as an "accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, and ground water" and regulatory bodies generally identify quantity thresholds that provide clarity on how to classify the significance of a spill. Our locations comply with all regulations and best practice for environmental protection, risk management, spill mitigation, containment and spill response.

The Company has not had any significant spills nor received any fines or non-monetary sanctions for environmental non-compliance during the reporting period.

Facility Certification

Production activities are carried out at plants in Italy and the Netherlands and have automated assembly lines, sophisticated lathes, milling and cutting equipment, robots to perform machining and assembly of critical

electronic components, and automated testing capabilities. All Italian facilities are certified as having met the international standards of ISO 14001 for Environmental Management Systems, as is our technology center in Vancouver. This certificate is evidence of our commitment to develop, design test and assemble engine and fuel system components that meet or exceed the expectations of our original equipment manufacturing partners and customers and formalizes the effective environmental practice and process at our facilities.

Copies of our ISO 14001 certifications are available on our website at wfsinc.com/about/quality/.

Energy Intensity and Consumption

Energy Intensity

Energy efficiency improvements in processes and equipment is an important element of our ESG strategy. As production grows with increased sales and as new product development projects are initiated, our need to keep our energy intensity low is amplified. This is our first disclosure of a metric on energy intensity using the ratio of Gigajoules ("GJ") / \$M-US dollar revenue.

Table 6: Energy Intensity as a Ratio of GJs Energy Consumed to Each US\$M in Revenue for Fiscal Years 2018 and 2019

	2018	2019	% Change
Energy Intensity ('000 GJs / \$M Revenue)	0.382	0.353	↓ 7.6 %

Direct and Indirect Energy Consumption

In 2019, we saw an increase in our energy consumption as a result of the increase in our business by 13% year over year. The energy sources listed in Table 7 are used in the production processes, testing and delivery of our products and services and the operation of office facilities. Not all sources of energy are required across all of our product lines or buildings, which explains why there isn't necessarily consistency in the consumption trend across each energy type. Although we did consume 4.3% more energy than in 2018, we also improved our energy intensity, as reported in the previous section, confirming that as our business grows and triggers an increase in energy and fuel consumption, we are more efficient at consuming that energy on a per million dollar of revenue basis.

Table 7: Direct and Indirect Energy Consumption in Fiscal Years 2018 and 2019 Ended December 31 (Unaudited)

	Fiscal Year 2018	Fiscal Year 2019	% Change
Direct Energy Consumption			
Compressed Natural Gas	41,635 GJ	47,076 GJ	+ 13.1%
Liquefied Natural Gas (LNG)	1,736 GJ	0 GJ	- 100.0%
Liquefied Petroleum Gas (LPG)	4,876 GJ	4,500 GJ	- 7.8%
Renewable Natural Gas	438 GJ	223 GJ	- 49.1%
Diesel	3,770 GJ	6,505 GJ	+ 72.5%
Gasoline	1,854 GJ	1,770 GJ	- 4.5%
Net Direct Consumption	54,309 GJ	60,074 GJ	↑ 10.6%
Indirect Energy Consumption			
Electricity	49,015 GJ	47,711 GJ	- 2.7%
Net Indirect Consumption	49,015 GJ	47,711 GJ	↓ 2.7%
Total Energy Consumption	103,324 GJ	107,785 GJ	↑ 4.3%

Initiative Spotlight



Eindhoven Site Solar Panel Project

To reduce electrical energy consumption, our team in Eindhoven, Netherlands initiated a project in late 2019 to install 650 solar panels to the rooftop of the facility. The goal was to completely displace electrical power to the facility with solar power and, assuming sufficient sun exposure can be achieved, even generate enough energy to return some to the community power grid.

The project included an investment of approximately \$100,000 U.S. dollars and was implemented over the course of two months. A brief video showing the final full roof installation is available on our sustainability website at wfsinc.com/sustainability/.

Greenhouse Gas and Emission Intensity

Greenhouse Gas Emission Intensity

This report marks our first assessment of our greenhouse gas emissions intensity measured as a ratio of thousands of tonnes of carbon dioxide equivalent ("**CO₂-eq**") to each million U.S. dollar of revenue.

Table 8: CO₂-eq Intensity as a Ratio of '000 Tonnes CO₂-eq Emitted to Each US\$M in Revenue for Fiscal Years 2018 and 2019

	2018	2019	% Change
CO ₂ -eq Intensity ('000 Tonnes CO ₂ -eq / US\$M Revenue)	0.0150	0.0146	- 2.7%

Greenhouse Gas Emissions

The organizational boundary of our greenhouse gas inventory includes all operating entities and both scope one and scope two emissions. We have not measured scope three emissions to date. As product sales increase, this leads to higher energy consumption and associated greenhouse gas emissions reported in Tonnes of CO₂-eq. For 2019 we saw a 13% increase in our business and a 9.1% increase in the emission of Tonnes CO₂-eq. When we compare our growth with our CO₂-eq intensity, as we did in the previous section, we find that our ratio of emissions was less than 2018 by 2.7%. With this information and first ever year over year comparison, we can begin to investigate where we have opportunities to further decrease both our tonnes of CO₂-eq emissions and continue to improve (decrease) our CO₂-eq intensity.

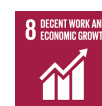
Table 9: Greenhouse Gas Inventory in Fiscal Years 2018 and 2019 Ended December 31 (Unaudited)

	Tonnes CO ₂ -eq for the 12 Months Ended December 2018	Tonnes CO ₂ -eq for the 12 Months Ended December 2019	% Change
Total Scope 1 Direct Emissions	2,800 Tonnes CO ₂ -eq	3,240 Tonnes CO ₂ -eq	+ 15.7%
Total Scope 2 Indirect Emissions	1,266 Tonnes CO ₂ -eq	1,232 Tonnes CO ₂ -eq	- 2.6%
Total GHG Impact	4,066 Tonnes CO₂-eq	4,472 Tonnes CO₂-eq	+ 9.1%

Community Impacts

Our locations and facilities around the world are adjacent to other industrial operations, commercial activities and in some cases homes and schools. Our commitment to be a responsible and respectful neighbour is captured within our Environmental Policy Statement and requires us to monitor and manage the potentially adverse impacts our operations might have on our community. We will respond to community concerns regarding our facilities, infrastructure, noise levels and environmental impacts in a timely manner.

Fairness and Concern for Employees



The Westport Fuel Systems team is a highly skilled and experienced global team of engineers, manufacturing technicians, and business leaders with expertise in alternative fuel systems, combustion technologies, cryogenics, fuel storage and delivery systems. They are leaders in their respective professional and commercial fields. A high degree of employee engagement and our commitment to our shared values remains essential to our business success.

Our Global Workforce

As of December 31, 2019 our workforce worldwide was 1,289 individuals, which includes direct employees and individuals employed through third party agencies or contracts.⁴ This is compared to a previous year total workforce of 1,249. The table summarizes our total workforce including new hire and turnover rates.

Table 10: Total Global Workforce Including New Hire Rate and Voluntary Turnover Rate for 2019 Ended December 31 (Unaudited)

	North America	Latin America	Europe	Asia Pacific	Global Total
Total Employees at Dec 31, 2019	210	92	928	59	1,289
New Employee Hires	24	11	143	7	185
New Employee Hire Rate ⁵	6.61%	11.64%	11.01%	7.91%	14.58%
Voluntary Turnover Rate ⁶	6.34%	0.00%	2.46%	3.39%	4.57%

Labour Relations

We strive to develop constructive and stable relationships with our employees and the organizations that represent them, and to negotiate the terms of our agreements in good faith. Of our total workforce the regions represented by labour unions are in Italy, Sweden and Argentina.

Workplace Diversity

We recognize the value in attracting and retaining a diverse workforce of talent with varying skills, experiences and viewpoints. Diversity and inclusion enriches discussion and debate and facilitates a broader exchange of perspectives, which in turn, will enable innovation, enhance balanced decision making and improve business performance leading to greater organizational strength. Diversity drives our innovation.

Our global Diversity Policy was published in July 2019 and formalizes the Company's position on diversity and to set out the guidelines by which we will endeavor to promote diversity and inclusion. A more diverse organization

⁴ Total workforce of 1,289 differs from the previously reported total global workforce in the 2019 Annual Information Form due to a previously incorrect classification of some workers.

⁵ Calculated as number of employees hired divided by average of beginning and end of year headcount.

⁶ Calculated as number of employees with voluntary resignation divided by average of beginning and end of year headcount.

will better reflect our global relationships with customers, employees, shareholders, business partners, and other stakeholders and supports sustainability and social responsibility objectives. A copy of the Diversity Policy can be found on our website at wfsinc.com/investors/corporate-governance/.

The image below outlines our gender diversity across the organization, including a table summary of gender diversity at the management level. We are proud to have increased the gender balance of our Board year over year and between now and the next issuance of our report will investigate areas where our diversity, including beyond only gender, can be enhanced to reflect the diverse and inclusive organization we strive to be.

Figure 3: Gender Diversity Across the Global Workforce by Region (Unaudited)

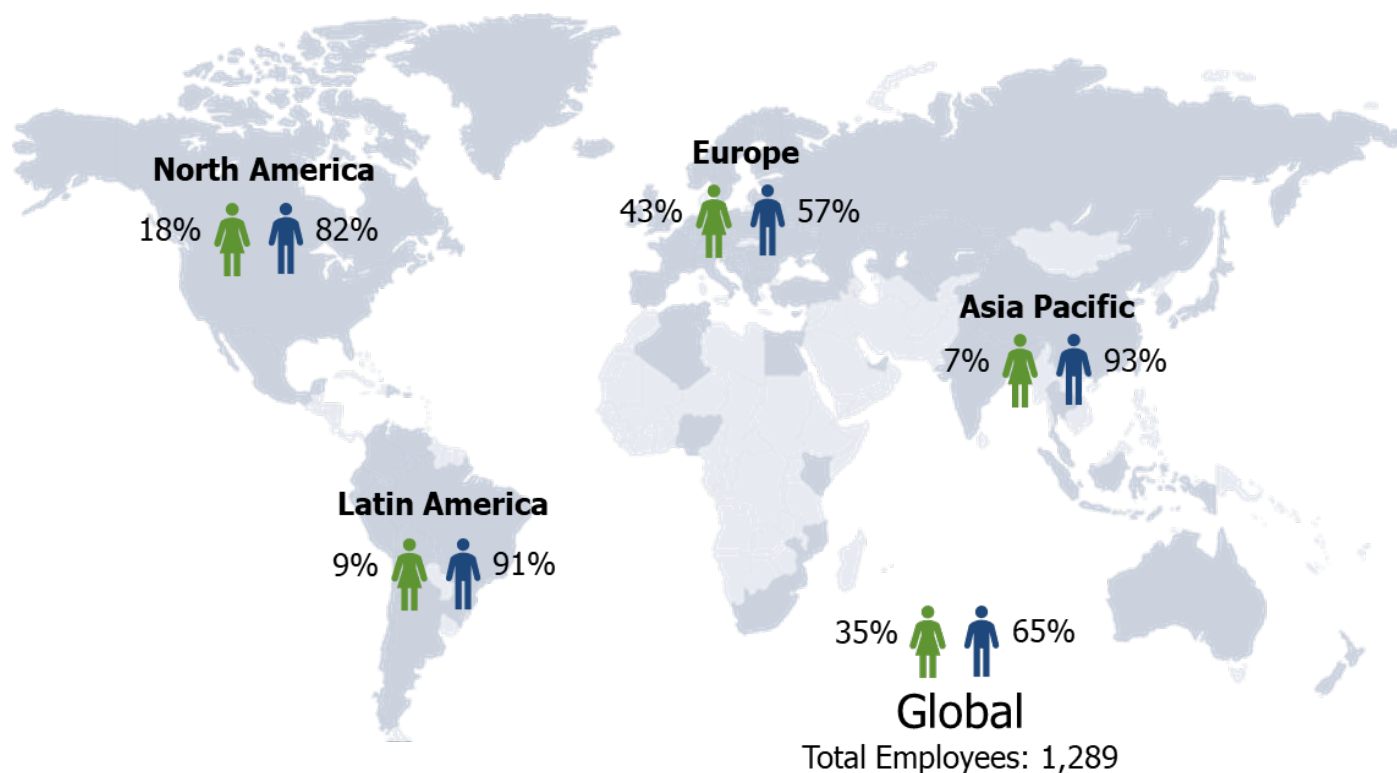




Table 11: Summary of Management Gender Diversity (Unaudited)

Gender Diversity of Management		
As of December 31, 2018	18%	82%
As of December 31, 2019	17%	83%

Global Training and Development

A key element of our success is our ability to attract, retain and develop a skilled team. Our business requires a broad range of technical, operational, financial, and marketing skills as well as appropriate industry experience from new product development, to operations, to new business development. The Company needs to attract, develop, and retain innovative and strategic thinkers who have an entrepreneurial spirit and customer first focus.

This rare combination of skills, experience, and competency will require us to continue to retain our employees, deliver on leadership development, manage succession planning and strengthen our global recruitment ability.

In 2019, key training initiatives focused on the following topics:

- Anti-Bribery and Corruption (global),
- Code of Conduct (global),
- Cybersecurity (global),
- Global Privacy, including General Data Protection Regulation (region specific),
- English Language Lessons (site specific), and
- Health and Safety (site specific).

Including both in-person and online training mediums with total global hours of training in 2019 of 21,584; this amounts to an approximate average of 17 hours per employee.

Health and Safety

Westport Fuel Systems is committed to an operating philosophy based on fairness and concern for employees, customers and the communities in which it operates. The health and safety of our employees and their active participation in ensuring a safe and healthy workplace is an integral part of our operations. Our Joint Health and Safety Committee members are champions for workplace safety and help to monitor, collect feedback and advise on programs and initiatives. More than 96% of employees work in facilities with a formal joint management-employee health and safety committee. Our Committees are made up of cross-functional management and employee representatives who advise and recommend action on any workplace health and safety issues brought to them.

When gauging world-class safety performance, recordable injury rates and lost-time injury rates are statistical, comparative industry measures. The increase in our 2019 lost time injury rate has made us refocus our efforts and commitment to injury prevention, risk mitigation, regulatory compliance and continuous safety improvement. For example, we are taking steps to increase and sharpen our global health and safety reporting, increase visibility to risk areas and mitigation initiatives.

Recordable Injury and Lost Time Frequency

Table 12: Summary of Global Health and Safety Recordable Injury and Lost Time Injury Rates (Unaudited)

	2018	2019	Change
Number of Recordable Injuries ⁷	17	15	- 11.7%
Recordable Injury Rate per 100 Employees ⁸	1.42	1.17	- 17.6%
Number of Lost Time Injuries	3	11	+ 266%
Lost Time Injury Rate per 100 Employees ⁹	0.25	0.86	+ 244%

⁷ First aid classified injuries are not included.

⁸ The recordable injury incident rate is the annualized rate of occupational injuries and illness per 100 employees. It is a calculation of the number of injuries / # of standard worked hours, annualized for 200,000 employee hours worked. First aid classified injuries are not included.

⁹ The lost time injury rate is a calculation of the total number of lost time injuries / # of standard worked hours, annualized for 200,000 employee hours worked. Lost days refer to scheduled workdays and the count begins on the next scheduled workday immediately after the injury.

Community Involvement

A community organization is one that supports work in the areas of health and human services, education, culture and the arts, civic and community engagement and the environment. Core to our values, we strive to ensure the way we do business has a positive impact on our people, the environment and the communities in which we work and live.



Initiative Spotlight

Vancouver Employees Give Back to the Local Community

Our Vancouver location has a long history of partnering with the United Way of the Lower Mainland (www.uwlm.ca), a local non-profit organization focused on building a healthy, caring, inclusive community. Their primary focus areas are helping kids and youth succeed, supporting healthy aging for seniors and building healthy connected communities.

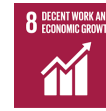
In 2019, the Vancouver team launched their annual United Way Campaign and raised over C\$58,000. Since 2003, our cumulative United Way contributions exceed C\$1.5 million.



United Way
Lower Mainland



Supply Chain Responsibility



We endeavour to supply our customers with leading edge technology, while maintaining the highest quality and the most cost-competitive products available in the industry. To support this objective, our organizational philosophy is to develop relationships with suppliers who best demonstrate their commitment to these goals through on time delivery, consistently meeting quality requirements and competitive pricing.

Supplier Manual and Code of Conduct Expectations

The Code of Conduct and our Supplier Manual outline the guiding principles we apply to our purchasing activities and our expectations for every company that supplies goods or services to a Westport Fuel Systems business. This includes but is not limited to:

- ethical business conduct, such as compliance with antitrust/competition, anti-corruption/bribery and export controls laws,
- adherence to law and standard business ethics which prohibit the use of child, underage, slave, or forced labour,
- conflict minerals reporting,
- avoidance and reporting of conflicts of interest,
- protection of intellectual property and confidential information, and
- compliance with every law such as specific requirements towards the environment and employees.

These requirements form an integral part of our overall contractual relationship with our suppliers. We expect these standards to be met by our suppliers, even in jurisdictions where meeting such standards may not be considered part of the usual business culture. A failure to do so can result in a severe impact on our business and the supply relationship. Additional information can be found in our Supplier Portal on our corporate website at wfsinc.com/supplier-portal/.

Purchasing Process

All sourcing activities are conducted through or with oversight by our business unit leaders and is supported by the process of supplier evaluation and qualification. Ongoing support is provided to develop products through their life cycle with focus on continual improvements resulting in improved reliability and manufacturability along with reduced product cost.

While aiming to build a strong and resilient supplier base, we have taken the steps to involve the supplier in the early stages of product/part development. This early involvement will ensure that there is a solid communication link that allows both groups to review and consider Design for Manufacturability and Assembly ("**DFMA**"), while looking at cost drivers and quality concerns. We believe that this open relationship will result in a robust and reliable design resulting in products that meet or exceed our expectations.

Westport Fuel Systems evaluates and selects suppliers for three different capabilities: prototype suppliers, production suppliers and non-production suppliers. Suppliers will be monitored and evaluated on their technical, commercial and quality capabilities through an established process for supplier performance monitoring. We communicate findings to the supplier, and as we are always seeking opportunities for improvements, we discuss with suppliers any development and implementation plans to meet performance requirements.

Product Quality Responsibility

"We continuously strive to deliver high value, leading environmental technology products and services that meet or exceed our customer expectations, including those related to safety, performance and on-time-delivery."

David M. Johnson – Chief Executive Officer

Quality and safety are imperatives across the product life cycle. We continuously strive to deliver high value, leading environmental technology products that meet or exceed our customers' expectations. Five of our primary production plants and technology centers have been formally certified as compliant to the ISO 9001:2015 standards for the design, assembly and commercialization of the products produced at each specific facility. Copies of the certifications can be found at wfsinc.com/about/quality/.

We are committed to continuously improving our products and processes through adherence to, and ongoing improvement of the effectiveness of our Quality Management System.

Conflict Minerals Reporting

Consistent with the leadership approach taken by our customers, suppliers, and other fellow members of the Automotive Industry Action Group with respect to "conflict minerals", we are engaged in an annual process of determining whether any products which we make or buy contain such "conflict minerals". Our latest conflict minerals report is available on our website and on the SEC's EDGAR website (sec.gov/edgar). We continue to work with our suppliers to increase awareness, and accuracy, of "conflict minerals" reporting requirements and, through our membership in the Responsible Minerals Initiative ("**RMI**" formerly the Conflict Free Sourcing Initiative), support continuing cross-industry efforts to identify and validate conflict-free smelters and refiners.

GRI Content Index

We prepared this report in accordance with the GRI Standards: Core option. The following index provides readers with references for where they can find information in this report and other public documents addressing GRI disclosures relevant to our business.

Please visit the GRI website at <https://www.globalreporting.org/standards/> for the full text of the disclosures and other information on the GRI reporting framework.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of organization	Fully	<ul style="list-style-type: none"> Westport Fuel Systems Inc. ("WFS")
102-2	Activities, brands, products, services	Fully	<ul style="list-style-type: none"> Our Company – 2019 ESG Report 2019 Annual Information Form pages 7-12
102-3	Location of headquarters	Fully	<ul style="list-style-type: none"> 101-1750 W75th Avenue Vancouver, BC, Canada
102-4	Location of operations	Fully	<ul style="list-style-type: none"> Our Scope of Reporting – 2019 ESG Report 2019 Annual Information Form page 9 WFS Website - Locations
102-5	Ownership and legal form	Fully	<ul style="list-style-type: none"> 2019 Annual Information Form page 1
102-6	Markets served	Fully	<ul style="list-style-type: none"> 2019 Annual Information Form page 7
102-7	Scale of the organization	Partially	<ul style="list-style-type: none"> Total workforce of 1,289 people Total of 11 operating sites 2019 Revenue \$305.3M USD Total capitalization at Dec. 31, 2019 ~\$318M USD
102-8	Employees and other workers	Partially	<ul style="list-style-type: none"> See Disclosure 401-1 - New Employee Hires and Employee Turnover and Disclosure 405-1 - Diversity and Equal Opportunity. 2019 Annual Information Form page 14
102-9	Supply chain	Fully	<ul style="list-style-type: none"> 2019 Annual Information Form page 10
102-10	Significant changes to organization and supply chain	Fully	<ul style="list-style-type: none"> Transitioned production of our hydrogen components from Kitchener, ON to Brescia, IT. This transition resulted in location change from Kitchener, ON to Cambridge, ON.
102-11	Precautionary principle or approach	Fully	<ul style="list-style-type: none"> WFS has not formally adopted the precautionary principle. Adoption of the principle would apply primarily to potential harm related to use of fossil fuels and emission of greenhouse gases. We are fully aware of these risks, we are deeply engaged with the stakeholders regarding them, and we manage our business to reduce, avoid or mitigate them.
102-12	External initiatives	Fully	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures UN Sustainable Development Goals

DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
102-13	Membership of associations	Fully	<ul style="list-style-type: none"> Corporate Memberships and Key Collaborations - 2019 ESG Report
Strategy			
102-14	Statement from senior decision-maker	Partially	<ul style="list-style-type: none"> A Letter from the CEO – 2019 ESG Report
102-15	Key impacts, risks and opportunities	Fully	<ul style="list-style-type: none"> 2019 Annual Information Form page 25
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	Fully	<ul style="list-style-type: none"> What we Stand For - 2019 ESG Report Code of Conduct – 2019 ESG Report WFS Website – Committed to Integrity Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Fully	<ul style="list-style-type: none"> Whistleblower Policy – 2019 ESG Report WFS Website – Committed to Integrity Whistleblower Policy 2020 Management Information Circular page 23
Governance			
102-18	Governance structure	Fully	<ul style="list-style-type: none"> ESG Governance – 2019 ESG Report WFS Website – Corporate Governance 2020 Management Information Circular page 21
102-19	Delegation of authority	Fully	<ul style="list-style-type: none"> ESG Governance – 2019 ESG Report Board of Directors Charter Audit Committee Charter
102-20	Executive-level responsibility for economic, environmental and social topics	Fully	<ul style="list-style-type: none"> ESG Governance – 2019 ESG Report WFS has one executive-level position for sustainability, the VP Sustainability and External Affairs. Our VP Sustainability and External Affairs reviews ESG strategy, goals and performance regularly with the executive team and Board of Directors.
102-21	Consulting stakeholders on economic, environmental and social topics	Fully	<ul style="list-style-type: none"> Consultation between external stakeholders and the Board of Directors occurs both formally and informally each year. Our VP, Sustainability and External Affairs shares feedback from stakeholders with our Board of Directors and management when appropriate. Stakeholders who have general feedback and input on our ESG Report can reach us at sustainability@wfsinc.com or by way of the submission form on our sustainability website.
102-22	Composition of the highest governance body and its committees	Fully	<ul style="list-style-type: none"> WFS Website – Corporate Governance WFS Website - Leadership 2020 Management Information Circular page 10
102-23	Chair of the highest governance body	Fully	<ul style="list-style-type: none"> WFS current Chair of the Board of Directors, Mr. Daniel Hancock, is not an officer of the company, and his predecessor Ms. Brenda Eprile, who served as chair from February 2017 to April 2020, was also not an officer of the company. 2020 Management Information Circular page 21

DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
102-24	Nominating and selecting the highest governance body	Fully	<ul style="list-style-type: none"> • Board of Directors Charter • Nominating and Corporate Governance Committee Charter • 2020 Management Information Circular page 10
102-25	Conflicts of interest	Fully	<ul style="list-style-type: none"> • Our Code of Conduct addresses processes and policies for avoiding and managing conflicts of interest. • Conflicts of interest are disclosed for current directors in each year's Annual Information Form and for all directors up for nomination in our Management Information Circular. • 2020 Management Information Circular page 10 • 2019 Annual Information Form page 18
102-26	Role of highest governance body in setting purpose, values and strategy	Fully	<ul style="list-style-type: none"> • ESG Governance – 2019 ESG Report
102-27	Collective knowledge of highest governance body	Fully	<ul style="list-style-type: none"> • The Board of Directors maintains and continually enhances its knowledge of economic, environmental and social impacts through regular Board meetings and committee meetings, continuing education sessions, overseeing the efforts my management and reviewing the company ESG Report and the Audit Committee's oversight of our process each year.
102-28	Evaluating the highest governance body's performance	Partially	<ul style="list-style-type: none"> • The Nominating and Corporate Governance Committee coordinates and oversees an annual self-evaluation process with the Board of Directors. • Board of Directors Charter
102-29	Identifying and managing economic, environmental and social impacts	Fully	<ul style="list-style-type: none"> • See Disclosure 102-26 – Governance Roles and Disclosure 102-27 – Collective Knowledge of Governance Roles
102-30	Effectiveness of risk management processes	Partially	<ul style="list-style-type: none"> • The Board of Directors ensure proper risk management systems are in order to monitor the integrity of internal controls and critical information systems. The Audit Committee has responsibility to review the effectiveness of systems pertaining to financial reporting. • Board of Directors Charter • Audit Committee Charter
102-31	Review of economic, environmental and social topics	Partially	<ul style="list-style-type: none"> • See Disclosure 102-26 Role of Governance
102-32	Highest governance body's role in sustainability reporting	Fully	<ul style="list-style-type: none"> • The Board of Directors is the highest governance level which would receive the report via the VP Sustainability and External Affairs, who communicates with all major business units and functions and is responsible for addressing and resolving concerns. • ESG Governance – 2019 ESG Report
102-33	Communicating critical concerns	Fully	<ul style="list-style-type: none"> • Should a critical concern arise regarding ESG areas, the Board of Directors would receive a report via the management, specifically the VP Sustainability and External Affairs, which communicates with all major corporate functions and is responsible for addressing and resolving such concerns.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
102-34	Nature and total number of critical concerns	Fully	<ul style="list-style-type: none"> In 2019, there was one critical concern resolved which was raised in 2017. The concern was addressed at the Board of Directors level in conjunction with senior management. Commitment to Compliance – 2019 ESG Report
102-35	Remuneration policies	Fully	<ul style="list-style-type: none"> 2020 Management Information Circular page 18 and page 26
102-36	Process for determining remuneration	Fully	<ul style="list-style-type: none"> 2020 Management Information Circular page 27
102-37	Stakeholder's involvement in remuneration	Fully	<ul style="list-style-type: none"> "Say on Pay" allows shareholders to vote, on an advisory basis, on whether they approve the compensation of our executive officers as disclosed in our Management Information Circular. At our 2020 Annual General and Special Meeting, Westport Fuel Systems introduced their first ever Say on Pay vote. More than 90% of voting shareholders were in favour of our executive compensation. 2020 Management Information Circular page 8
Stakeholder Engagement			
102-40	List of stakeholder groups	Fully	<ul style="list-style-type: none"> Stakeholder Engagement and Key Collaborations – 2019 ESG Report
102-41	Collective bargaining agreements	Fully	<ul style="list-style-type: none"> Our Global Workforce – 2019 ESG Report
102-42	Identifying and selecting stakeholders	Fully	<ul style="list-style-type: none"> Determining Materiality – 2019 ESG Report
102-43	Approach to stakeholder engagement	Partially	<ul style="list-style-type: none"> Stakeholder Engagement and Key Collaborations – 2019 ESG Report Determining Materiality – 2019 ESG Report
102-44	Key topics and concerns raised	Fully	<ul style="list-style-type: none"> Stakeholder Engagement and Key Collaborations – 2019 ESG Report Determining Materiality – 2019 ESG Report
Reporting Practices			
102-45	Entities included in the consolidated financial statements	Fully	<ul style="list-style-type: none"> 2019 Annual Report
102-46	Defining report content and topic boundaries	Fully	<ul style="list-style-type: none"> Materiality is a critical input of our corporate ESG strategy because it ensures our reporting is aligned with stakeholder expectations and issues most important to our business About Our Report – 2019 ESG Report
102-47	List of material topics	Fully	<ul style="list-style-type: none"> Determining Materiality – 2019 ESG Report
102-48	Restatements of information	Fully	<ul style="list-style-type: none"> There were no restatements of information for the reporting period of fiscal year ended December 31, 2019.
102-49	Changes in reporting	Fully	<ul style="list-style-type: none"> There are no significant changes from the previous reporting period.
102-50	Reporting period	Fully	<ul style="list-style-type: none"> This report covers fiscal and calendar year ending December 31, 2019.
102-51	Date of most recent report	Fully	<ul style="list-style-type: none"> This report is dated at August 11, 2020, prior to this our previous Sustainability Report was issued May 2019
102-52	Reporting cycle	Fully	<ul style="list-style-type: none"> Annual

DISCLOSURE NUMBER	DISCLOSURE TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
102-53	Contact point for questions regarding the report	Fully	<ul style="list-style-type: none"> Sustainability and External Affairs Westport Fuel Systems Inc 101 – 1750 W75th Avenue, Vancouver, BC V7E 0A7 sustainability@wfsinc.com
102-54	Claims of reporting in accordance with GRI Standards	Fully	<ul style="list-style-type: none"> This report has been prepared as best as possible in accordance with the Global Reporting Initiative ("GRI") Standards 2016 (a standard effective for reports published after July 01, 2018), however at this time we do not yet meet the minimum expectation to claim a core or comprehensive accordance.
102-55	GRI content index	Fully	<ul style="list-style-type: none"> GRI Content Index – 2019 ESG Report WFS Website – Sustainability – GRI Index
102-56	External assurance	Fully	<ul style="list-style-type: none"> We secure external assurance for all financial reporting information as part of our Audited Financial statements. Internal reviews and processes are in place to ensure the integrity and the credibility of the data contained within this report, but aside from the audited financial statements, we have not sought external assurance of the ESG Report at this time.

Topic Specific Disclosures

GRI STANDARD	DISCLOSURE NUMBER AND TITLE	DISCLOSURE STATUS	REFERENCE OR RESPONSE
Economic Performance			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> We report on the operating structure of our organization, changes in this structure and our financial performance primarily through our Annual Report and Interim Financial Reports. These are posted to the SEC filings site, EDGAR and the Canadians filings side SEDAR and can be found at wfsinc.com/investors/financial-information/. 2019 Annual Report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Fully	<ul style="list-style-type: none"> 2019 Annual Report
	201-2 Financial implications and other risks and opportunities due to climate change	Partially	<ul style="list-style-type: none"> 2019 Annual Information Form page 25
	201-3 Defined benefit plan obligations and other retirement plans	Partially	<ul style="list-style-type: none"> Westport Fuel Systems does not offer any pension plans and does not have any post-retirement plan obligations. 2020 Management Information Circular page 32

Market Presence			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> We report on the operating structure of our organization, changes in this structure and our financial performance primarily through our Annual Report and Interim Financial Reports. These are posted to the SEC filings site, EDGAR and the Canadians filings side SEDAR and can be found at wfsinc.com/investors/financial-information /. 2019 Annual Report
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Fully	<ul style="list-style-type: none"> We provide competitive levels of compensation that meet or exceed local minimum wage requirements. Competitive wages and benefit programs may vary according to country and/or location. Most employees are hired locally.
	202-2 Proportion of senior management hired from the local community	Fully	<ul style="list-style-type: none"> Most employees are hired locally. When hiring for senior management, we may consider qualified candidates from across the globe.
Anti-Corruption			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Governance, Ethics and Compliance – 2019 ESG Report
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Fully	<ul style="list-style-type: none"> Anti-Corruption and Bribery – 2019 ESG Report
	205-3 Confirmed incidents of corruption and actions taken	Fully	<ul style="list-style-type: none"> Commitment to Compliance – 2019 ESG Report 2019 Annual Information Form page 35 2019 Annual Report page 3
Energy			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Environmental Responsibility and Leadership – 2019 ESG Report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Fully	<ul style="list-style-type: none"> Energy Intensity and Consumption – 2019 ESG Report
	302-3 Energy Intensity	Fully	<ul style="list-style-type: none"> Energy Intensity and Consumption – 2019 ESG Report
	302-4 Reduction of energy consumption	Fully	<ul style="list-style-type: none"> Energy Intensity and Consumption – 2019 ESG Report
Emissions			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Environmental Responsibility and Leadership – 2019 ESG Report
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Fully	<ul style="list-style-type: none"> Greenhouse Gas Emissions and Emission Intensity – 2019 ESG Report

	305-2 Energy indirect (Scope 2) GHG emissions	Fully	<ul style="list-style-type: none"> Greenhouse Gas Emissions and Emission Intensity – 2019 ESG Report
	305-3 Other indirect (Scope 3) GHG emissions	Information Unavailable	<ul style="list-style-type: none"> At this time, we are not reporting on this disclosure until we have finalized a global system to ensure the integrity and credibility of the data.
	305-4 GHG emissions intensity	Fully	<ul style="list-style-type: none"> GHG Intensity – 2019 ESG Report
Environmental Compliance			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Environmental Compliance – 2019 ESG Report
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Fully	<ul style="list-style-type: none"> During the reporting period we received no sanctions for non-compliance with environmental law.
Employment			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Fairness and Concern for Employees – 2019 ESG Report
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Fully	<ul style="list-style-type: none"> Global new hire rate of 14.58% Global voluntary turnover rate of 4.63% Our Global Workforce – 2019 ESG Report
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> The health and safety of our employees and their participation in ensuring a safe and healthy workplace is an integral part of our operations. Our Joint Health and Safety Committee members are champions for workplace safety and help to monitor, collect feedback and advise on programs and initiatives. More than 95% of employees work in facilities with a formal joint management-employee health and safety committee. Our Committees are made up of cross-functional management and employee representatives who advise and recommend action on any workplace health and safety issues brought to them.
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Partially	<ul style="list-style-type: none"> More than 95% of employees work in facilities with a formal joint management-employee health and safety committee.
	403-9 Work-related injuries	Fully	<ul style="list-style-type: none"> Health and Safety – 2019 ESG Report
Training and Education			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Global Training and Development – 2019 ESG Report

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Fully	<ul style="list-style-type: none"> Global average hours of training per employee for 2019 was 17 hours. Global Training and Development – 2019 ESG Report
	404-2 Programs for upgrading employee skills and transition assistance programs	Partially	<ul style="list-style-type: none"> Global Training and Development – 2019 ESG Report
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Our commitment to diversity and inclusion begins with the Board of Directors which considers diversity in the selection criteria for new board members and senior management team appointments. Thus, our Diversity Policy is intended to set out expectations to promote diversity on the Board, Executive Leadership, Management and employee positions across the organization. Workplace Diversity – 2019 ESG Report Diversity Policy
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Fully	<ul style="list-style-type: none"> Board of Directors at Dec 31, 2019 is 75% male and 25% female Management diversity at Dec 31, 2019 is 83% male, 17% female Global workforce diversity at Dec 31, 2019 is 65% male, 35% female. Workplace Gender Diversity – 2019 ESG Report
Customer Privacy			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Fully	<ul style="list-style-type: none"> Data Privacy and Cyber Resilience – 2019 ESG Report
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Fully	<ul style="list-style-type: none"> During the reporting period we received no complaints nor had any breaches of data privacy or losses of customer data.
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1, 2, 3 Management Disclosure	Partially	<ul style="list-style-type: none"> Governance, Ethics and Compliance – 2019 ESG Report
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Fully	<ul style="list-style-type: none"> See Disclosure 205: Anti-Corruption Other than the settlement described in Disclosure 205, Westport Fuel Systems received no sanctions for non-compliance with laws and/or regulations in the social and economic area.