

REVIEWED AND ACCEPTED BY THE BOARD OF DIRECTORS ON MARCH 14<sup>TH</sup>, 2017

## FORM OF ANTI-HEDGING POLICY

### 1.0 INTRODUCTION AND OBJECTIVE

The Board of Directors (the "**Board**") of Westport Fuel Systems Inc. (the "**Corporation**") believe that it is inappropriate for directors, officers or employees of the Corporation or its respective subsidiary entities, or, to the extent practicable, any other person (or their associates) in a special relationship (within the meaning of applicable securities laws) with the Corporation to hedge or monetize transactions to lock in the value of holdings in the securities of the Corporation. Such transactions, while allowing the holder to own the Corporation's securities without the full risks and rewards of ownership, potentially separate the holder's interests from those of other stakeholders, and particularly in the case of equity securities, from the public shareholders of the Corporation.

The objective of this Anti-Hedging Policy (the "**Policy**") is therefore to prohibit those subject to it from directly or indirectly engaging in hedging against future declines in the market value of any securities of the Corporation through the purchase of financial instruments designed to offset such risk.

### 2.0 POLICY

Unless otherwise approved by the Nominating and Corporate Governance Committee (the "**NCGC**") of the Board (or, if so delegated by the NCGC, the Corporation's legal counsel), no director, officer or employee of the Corporation or its respective subsidiary entities, or, to the extent practicable, any other person (or their associates) in a special relationship (within the meaning of applicable securities laws) with the Corporation, may, at any time, purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds, that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of any securities of the Corporation.

Any violation of this Policy will be regarded as a serious offence.

### 3.0 GENERAL

Nothing in this Policy in any way detracts from or limits any obligations that those subject to it have in law or pursuant to a management, employment, consulting or other agreement with the Corporation or any of its respective subsidiary entities.

The NCGC shall review this Policy as it deems appropriate, and propose recommended changes to the Board.

# FORM OF CLAWBACK POLICY

## 1.0 OVERVIEW

Westport Fuel Systems Inc. (the "**Corporation**") has adopted this Clawback policy (the "**Policy**") in order to ensure that incentive compensation is paid based on accurate financial data. This Policy applies in the event of any restatement of the financial statements of the Corporation or its subsidiaries. In the event of such a restatement, the Board of Directors of the Corporation (the "**Board**") (or an appropriate committee or committees of the Board, as may be designated by the Board) shall review the circumstances that caused the restatement and shall take such action as it deems appropriate to prevent its recurrence.

## 2.0 ACCOUNTING RESTATEMENT AND CALCULATION OF EXCESS

Without limiting the foregoing, the Board (or Board committee) may require reimbursement or forfeiture to the Corporation of the Excess (as defined below) from: (i) any bonus or incentive compensation awarded to or received by; and (ii) any equity-based compensation award to or realized by, any current or former officer who is (or was) subject to Section 16 of the Securities Exchange Act of 1934, as amended, at the time that compensation that may be subject to this policy is paid to him or her (each, an "**Executive**") in the following circumstances:

- a) the Corporation's financial statements are required to be restated as a result of material non-compliance with any financial reporting requirements under federal securities laws (other than a restatement due to a change in financial accounting rules);
- b) as a result of such restatement, a performance measure or specified performance target which was a material factor in determining the amount of bonus, incentive or equity compensation previously earned by an Executive is restated; and
- c) the Board (or Board committee) determines in its discretion that a lower amount of bonus, incentive or equity compensation would have been paid to such Executive based upon the restated financial results such that the Executive received an excess amount of compensation (the "**Excess**") as a result of the restatement.

In determining whether to require reimbursement or forfeiture, and, if so, the amount of such reimbursement or forfeiture, the Board (or Board committee) may take into account such considerations as it deems appropriate, including: (i) the likelihood of success in seeking reimbursement or forfeiture under governing law relative to the effort involved; (ii) whether the assertion of a reimbursement or forfeiture claim may prejudice the interests of the Corporation in any related proceeding or investigation, or otherwise; (iii) whether the expense of seeking reimbursement or forfeiture is likely to exceed the amount sought or likely to be recovered; (iv) the passage of time since the occurrence of any acts or omissions giving rise, directly or indirectly, to the financial restatement; (v) any pending or threatened legal proceedings relating to any acts or omissions giving rise, directly or indirectly, to the financial restatement, and any actual or anticipated resolution (including any settlement) relating thereto; and (vi) such other factors as it may deem appropriate under the circumstances.

## 3.0 FORMS OF RECOVERY

If the Board (or Board committee), in their discretion, determines to seek reimbursement for the Excess, the Corporation shall have the right to demand that the Executive reimburse the Corporation for the Excess. To the extent the Executive does not make reimbursement of the Excess, the Corporation shall have the right to sue for

reimbursement and/or enforce the reimbursement through the reduction or cancellation of outstanding and future incentive compensation. To the extent any equity of the Corporation has been issued under vested awards or such equity has been sold by the Executive, the Corporation shall have the right to cancel any other outstanding equity-based compensation awards with a value equivalent to the Excess, as determined by the Board (or Board committee).

The determination of the Board (or Board committee) with respect to forms of recovery need not be uniform with respect to one or more Executives.

## 4.0 TIME PERIOD FOR REVIEW

This policy shall apply to any bonus, incentive or equity compensation paid to an Executive (while such individual is an Executive) from and after the date of the adoption of this policy by the Board during the three (3) year period preceding the date on which the Corporation discloses on Form 8-K or via other publicly filed disclosure that it is required to restate its financial statements.

## 5.0 NO ADDITIONAL PAYMENTS

In no event shall the Corporation be required to award Executives an additional payment if the restated or accurate financial results would have resulted in a higher incentive compensation payment.

## 6.0 BOARD DETERMINATION FINAL

Any determination by the Board (or Board Committee) with respect to this Policy shall be final, conclusive and binding on all interested parties.

## 7.0 REMEDIES CUMULATIVE

The Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or right of offset against any Executive that is required pursuant to any statutory repayment requirement (regardless of whether implemented at any time prior to or following the adoption of the Policy).

## 8.0 AMENDMENT; TERMINATION

The Board (or Board Committee) may amend or terminate this Policy at any time.