



As at March 15, 2017

Charter of the Human Resources and Compensation Committee

Purpose of this Charter

This Charter (the "**Charter**") has been adopted by the Board of Directors (the "**Board**") of Westport Fuel Systems Inc. ("**WFS**") to assist the Human Resources and Compensation Committee (the "**Committee**") of WFS in the exercise of its duties and responsibilities.

Composition

The Committee shall consist of a minimum of three directors ("**Directors**") from the Board, one of whom shall be designated as the Chairperson (the "**Committee Chair**"), as appointed by the Independent Directors, as defined in the Charter of the Board (the "**Board Charter**"). All of the Directors on the Committee shall be Independent Directors as that term is defined in the Board Charter (the "**Independent Directors**"). The Independent Directors shall periodically rotate Committee membership including the Director designated as the Committee Chair.

Meetings

Committee meetings shall be held at such times and places as the Chairperson may determine, but in any event not less than two times per year. Meetings may be called (subject to required notice) at any time by any member of the Committee or by the Chair of the Board (the "**Board Chair**") or the Lead Director, as applicable. A quorum of a majority of the members of the Committee is required for each meeting.

Minutes shall be prepared and subsequently approved for each meeting. Copies of such minutes shall be filed with the Corporate Secretary of WFS or with the secretary of the meeting and circulated to all Directors.

Role and Responsibilities of the Committee

The Board has delegated to the Committee the primary responsibility for developing and overseeing the operation of the executive compensation program and ensuring that it aligns executive management incentives with WFS's Strategic Plan and the long term interests of shareholders, and that it meets the objectives of attracting, retaining, and motivating skilled and experienced executive leadership. Additionally, the Board has delegated primary responsibility to the Committee for executive oversight, CEO performance evaluation, and executive succession planning (working with the Board Chair or Lead Director, as applicable, with respect to the CEO succession planning). The Board has also delegated primary responsibility to the Committee to foster and nurture the unique WFS culture of innovation, entrepreneurship, integrity and discipline that has been the foundation of its long term success.

Specifically, the Committee has the following responsibilities:

- (a) **Selection of Chief Executive Officer:** making recommendations to the Board regarding the selection, appointment and (if necessary) termination of the Chief Executive Officer (“CEO”);
- (b) **Succession Planning:** working with the Board Chair or Lead Director, as applicable, evaluating the succession planning process for the CEO and members of executive management (“**Designated Executive Officers**”), and making recommendations to the Board in this regard for discussion and final approval;
- (c) **Setting Duties and Responsibilities of CEO:** evaluating, together with the CEO, a position description for the CEO, setting out the CEO’s authority, duties and responsibilities, and defining the scope of management’s responsibilities, and making recommendations to the Board in this regard for discussion and final approval;
- (d) **Setting of Corporate Objectives:** with leadership from the Board Chair or Lead Director, if the Board Chair is not an Independent Director) and in consultation with the CEO, recommending and assisting the Board in establishing the corporate objectives which the CEO is responsible for meeting;
- (e) **Setting Compensation:** evaluating, setting, and approving the level and forms of compensation for the CEO; and evaluating and recommending to the Board for approval, the level and forms of compensation for the other Designated Executive Officers; all of the foregoing in light of WFS’s financial and non-financial performance;
- (f) **Setting Director Compensation:** evaluating the level and forms of compensation for the Directors, in light of WFS’s financial and non-financial performance and commensurate with the responsibilities and risks in being an effective Director, and making recommendations to the Board in this regard for discussion and final approval;
- (g) **Oversight of Compensation Plans:** reviewing and approving recommendations for establishing and amending WFS’s equity based compensation plans and executive performance incentive programs, and evaluating effectiveness of these compensation plans in recruiting, retaining and motivating talent necessary to meet WFS’s corporate strategy and in meeting shareholder interests;
- (h) **Equity Compensation Plan:** authorizing and approving grants of awards under WFS’s equity compensation plans to Directors and officers, in coordination with the Board’s approval of overall compensation for Directors and officers. For greater certainty, the full Board shall not be required to approve any specific awards under the Plan granted by Committee to Directors and officers.
- (i) **Approving Grants of Awards to Employees:** authorizing and approving grants of awards under the Plan to employees (other than officers) in co-ordination with management’s recommendation regarding such grants;

- (j) **Reviewing Public Disclosure on Compensation:** reviewing public or regulatory disclosure respecting compensation and the basis on which performance is measured; and
- (k) **Reviewing Compensation Best Practices:** periodically reviewing corporate governance policies related to compensation best practice and making recommendations to the Board in this regard for discussion and final approval.

In completing the foregoing responsibilities, the Committee shall, when it considers it to be appropriate, engage independent consultants or compensation specialists, or subscribe to publications, in order to provide analysis of executive and Director compensation levels and practices in the marketplace. Such analysis shall be used in determining whether WFS's overall compensation strategies and levels for Directors and executive officers are competitive with those of its peer group companies. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.