

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

## 1.0 OVERVIEW

In keeping with current corporate governance practices applicable to the Corporation, the directors of Westport Fuel Systems Inc. (the "**Corporation**") have determined that holders ("**Shareholders**") of outstanding common shares of the Corporation ("**Common Shares**") should be provided with an opportunity to signify their support for each individual nominated for election to the board of directors of the Corporation (the "**Board**").

## 2.0 POLICY

1. While this Majority Voting on the Election of Directors at Meetings of Shareholders Policy ("**Policy**") is in effect the form of proxy and voting instruction form sent to Shareholders in connection with any meeting of Shareholders at which there is a vote on the election of directors and the form of ballot to be used at any such meeting of Shareholders shall provide the Shareholders an option to specify that the Common Shares registered in the name of the Shareholder must be voted for, or withheld from voting in respect of, each nominee for election to the Board.
2. This Policy only applies to an "uncontested election" and in this Policy an "uncontested election" means an election of directors of the Corporation at any meeting of Shareholders at which there is a vote on the election of directors where the number of nominees for election to the Board is equal to the number of directors to be elected.
3. In an uncontested election, each director should be elected by the vote of a majority of the shares represented in person or by proxy at any meeting of Shareholders at which there is a vote on the election of directors. Accordingly, if any nominee for election to the Board receives a greater number of votes "withheld" from his or her election than votes "for" such election, that director is required to immediately tender his or her resignation to the Chair of the Board following the meeting.
4. Following receipt of a resignation tendered pursuant to this Policy, the Chair of the Board shall promptly advise the Nominating & Corporate Governance Committee of the Board (the "**NCGC**") and the Board thereof. The NCGC shall consider whether or not to accept the offer of resignation and, within 45 days of the applicable meeting of Shareholders, recommend to the Board whether or not to accept it. In considering whether or not to accept the offer of resignation, the NCGC will consider all information and factors deemed relevant by members of the NCGC including, without limitation, any stated reasons why Shareholders "withheld" votes from the election of the director, the length of service and the qualifications of the director, the director's contributions to the Corporation, the effect such resignation may have on the Corporation's ability to comply with any applicable governance rules and policies and the dynamics of the Board.
5. Upon receipt of the recommendation of the NCGC, the Board shall consider whether or not to accept the offer of resignation and make its decision within 90 days following the applicable meeting of Shareholders. In considering whether or not to accept the offer of resignation, the Board will consider the information and factors considered by the NCGC and such additional information and factors deemed relevant by the Board. It is expected that the Board will only determine not to accept the offer of resignation in exceptional circumstances or where the acceptance of such resignation would be reasonably expected to have a material detrimental effect on the Corporation.

6. Following the Board's decision, the Board shall promptly disclose, via press release, its decision whether or not to accept the offer of resignation and, if the offer of resignation is not accepted, include the reasons for the Board's decision.
7. If a resignation is accepted, the Board may, subject to, and in accordance with, the provisions of the Business Corporations Act (Alberta), the articles of the Corporation and the bylaws of Corporation, appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board.
8. Each director who tenders his or her resignation pursuant to this Policy shall not be permitted to:
  - a) participate in the consideration of whether or not to accept such offer of resignation nor vote on any resolution regarding the recommendation to the Board on whether or not to accept such offer of resignation at any meeting of the NCGC at which such resignation is considered if he or she is a member of the NCGC; nor
  - b) participate in the consideration of, or vote on any resolution regarding, whether or not to accept such offer of resignation at any meeting of the Board at which such resignation is considered.

In the event that:

- a) the NCGC no longer has a quorum as a result of the foregoing restriction on participation, the remaining members of the NCGC, if any, shall not consider the offer(s) of resignation and the Board shall consider whether or not to accept the offer(s) of resignation without a recommendation from the NCGC; and
- b) the Board no longer has a quorum as a result of the foregoing restriction on participation, each director who tendered his or her resignation pursuant to this Policy shall be counted for the purpose of determining whether the Board has quorum but each such director shall not participate in the consideration of, or vote on any resolution regarding, whether or not to accept his or her offer of resignation.