





Our purpose

At Westport Fuel Systems, we aspire to contribute to a world where climate change is mitigated and global air quality contributes to a healthy society. A world where clean transportation is accessible and affordable, ensuring everyone can take part in building sustainable communities for themselves and future generations.

This challenge involves everyone in our organization making a daily commitment to build transportation solutions that improve the environment and the health of people and add to the prosperity of communities.

We work with purpose and passion, celebrating diverse perspectives and fostering inclusive collaboration. Our goals are ambitious, but our team is up to the challenge of living our values of integrity, respect and perseverance.

Extraordinary circumstances and uncertainties continue to unfold globally, yet we will remain focused on our commitment to decarbonize transportation, clean our air and create a better future.

We help our customers to be leaders in affordable, sustainable and efficient transportation solutions.

Driving innovation to power a cleaner tomorrow.





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[2021 Annual Report](#)

[Annual Information Form](#)

[Management Information Circular](#)

[Corporate Presentation](#)





About Westport Fuel Systems

Westport Fuel Systems (TSX | Nasdaq: WPRT) is driving innovation to power a cleaner tomorrow. We are a global company focused on engineering, manufacturing and supplying 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 alternative fuels, including liquid petroleum gas (LPG), compressed natural gas (CNG), liquefied natural gas (LNG), renewable natural gas (RNG)/biomethane and hydrogen, all providing environmental and/or economic advantages as compared to diesel, gasoline, battery or fuel cell-powered vehicles.

As many jurisdictions take steps to limit carbon emissions from commercial vehicles through regulations and emission reduction targets, and as Environmental, Social and Governance (ESG) policies take shape at the corporate level, there is an increase in pressure and demand from a wide range of stakeholders for more efficient, cleaner alternative fuel systems and components for transportation that are also economically sound. Westport Fuel Systems is supporting a viable pathway towards net zero greenhouse gas emissions (GHG) through our decades-long track record of innovation and specialized engineering capabilities, market-ready products and global customer base. The driving force of Westport Fuel Systems' success is the success of our customers in providing a cleaner tomorrow through emission reductions. As such, our commitment to social responsibility and environmental stewardship is ingrained in our corporate strategy and demonstrated through all of our business decisions.

Headquartered in Vancouver, Canada, with operations in Europe, Asia, North America and South America, we serve customers in more than 70 countries with leading global transportation brands. For more information, visit www.wfsinc.com.

10 brands

70 countries

50+ years in business

>100 global distributors

1,797 global workforce

1,400+ patents

\$312M+ in revenue

2 strategic joint ventures



CORPORATE HEAD OFFICE & TECHNOLOGY CENTRE:
Vancouver, British Columbia, Canada

TECHNOLOGY CENTRES:
Cambridge, Ontario, Canada
Cherasco, Italy

MANUFACTURING SITES:
Buenos Aires, Argentina
Calgary, Alberta, Canada
Dallas, Texas, United States of America*
Eindhoven, Netherlands
Gothenburg, Sweden
Albinea, Italy
Brescia, Italy
Cherasco, Italy
Ahmedabad, India
Słupsk, Poland**

* Sold April 30, 2021

** Effective May 28, 2021, through acquisition of Stako sp.z o.o

Message from our Board Chair and CEO

At Westport Fuel Systems, we aspire to create a world where climate change is mitigated, and global air quality contributes to a healthy society making ESG part of the fabric of our business, and we are pleased to be able to share our 2021 ESG accomplishments with you in this report.

COVID-19 response and management

Operational decisions in 2021 continued to be influenced by the COVID-19 pandemic, and our top priorities remained focused on the health, safety and well-being of our employees, customers and the communities we serve. Throughout this time, our global workforce continued to demonstrate our core value of perseverance, as we all managed the day-to-day uncertainties while advancing our purpose of driving innovation to power a cleaner, more prosperous tomorrow for all.

Technology advancements: H₂ HPDI

An exciting development to the overall energy transition narrative and an embodiment of our own commitment to that transition are the promising results from our advanced studies on hydrogen-fuelled internal combustion engines. We were able to demonstrate that our Hydrogen High Pressure Direct Injection (H₂ HPDI) fuel system meets the needs of long-haul trucking applications, offers near-zero greenhouse gas emissions and is cost-effective. Further, our H₂ HPDI solution is now under evaluation with a number of global OEMs and is part of a trial research project with Scania, a world-leading provider of transport solutions.

ESG strategy and execution

Our ESG strategy was approved by the Board in early 2021 and is focused on taking concrete steps to ensure that the way we do business has positive impacts throughout our value chain. In the short time since this strategy was adopted, we are already seeing good progress. Understanding that robust reporting is a key component in corporate sustainability and given the transportation sector's important role in carbon emission reduction, this year, we have engaged S&P Global to help us better understand our Scope 3 emissions in advance of drafting our response to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We also submitted our responses to the Carbon Disclosure Project (CDP), which helps us assess risks, governance, strategy and performance that are applicable to the TCFD.

Advancing our diversity, equity and inclusion (DE&I) practices is a key priority at Westport Fuel Systems. We are proud to have exceeded our minimum target of 30% female representation on the Board for the second year in a row, but recognize that this is only one of many areas of focus. In order to fully understand where we sit as an organization and our strengths and weaknesses with respect to gender equality compared to our peers, we completed the Bloomberg Gender-Equality Index rating exercise and are reviewing the results and defining next steps.

Risk management became a heightened focus for many organizations as the COVID-19 pandemic exposed the fragility of global supply chains. Identifying and evaluating risks, both internal and external, to Westport Fuel Systems is key. In 2021, with a focus on continuous improvement of our risk management practices in mind, we initiated the journey to foster a strengthened culture of "risk ownership" throughout the company. Through the introduction of new tools, we have aligned our approach across business units, ensuring the broader Westport Fuel Systems team is kept current with the outlined risks, and have begun to account for the potential impacts to our strategy and our stakeholders, allowing us to develop the processes necessary to respond to the risks. We are developing ESG principles to be included in our responsible sourcing platform. This will include references to our human rights policy to ensure our suppliers and third parties will uphold the same level of integrity that we expect of our company and our people.

A great deal was accomplished in 2021 and we are proud of our achievements; however, we will never lose sight of the work that is ahead and our responsibility to create a cleaner, healthier world.

Thank you very much for taking the time to read this report.

Sincerely,



Daniel M. Hancock
Board Chair



David M. Johnson
Chief Executive Officer



About this report

This is Westport Fuel Systems' annual ESG report, which covers the 2021 calendar year.

Unless otherwise noted, the information presented here is as of December 31, 2021, and all amounts are in U.S. dollars. Performance data is company-wide, and covers all offices, production plants and technology sites where our employees work. It does not include joint ventures, unless otherwise stated.

Report content is supported by the findings of a materiality assessment conducted in early 2021. See page 14 for our process and priority topics.

We have prepared this report in accordance with the Global Reporting Initiative (GRI) Universal Standards and have also addressed metrics related to the Sustainability Accounting Standards Board (SASB) Auto Parts and Electrical & Electronic Equipment Standards.

Internal reviews and processes are in place to ensure the integrity and the credibility of the data contained within; however, we have not sought external assurance of the ESG Report.

We welcome your questions and feedback on our report or performance. Please send your questions or comments to sustainability@wfsinc.com.



Key terms

Liquid petroleum gas (LPG)

Also known as propane, LPG is a clean-burning alternative fuel that's been used for decades to power light-, medium- and heavy-duty vehicles.

Natural gas

A gaseous mixture predominantly made up of methane, which is readily available and cleaner burning than conventional gasoline and diesel fuel. Natural gas must be compressed or liquefied for use in vehicles.

Renewable natural gas (RNG)/biomethane

Known as biomethane in the EU, and RNG in North America, RNG is made from multiple sources including organic matter such as livestock manure and landfill waste. It drastically reduces carbon emissions, and unlike conventional natural gas, RNG is not a fossil fuel and does not involve drilling.

Learn more about how this fuel promotes circularity and advances net-zero ambitions on page 18.

Compressed natural gas (CNG)

Produced by compressing natural gas, CNG is well suited for light-, medium- and heavy-duty vehicles travelling a moderate distance between refuelling.

Liquefied natural gas (LNG)

Produced by super-cooling natural gas to turn it into a liquid, LNG is typically used in heavy-duty vehicles when extended driving range is required.

Hydrogen (H₂)

A carbon-free energy carrier that can be produced from diverse resources. Although the market for hydrogen as a transportation fuel is in its infancy, government and industry are working toward clean, economical and safe hydrogen production and distribution.

Learn more about the production pathway and environmental attributes of this fuel on page 19.



Our Approach

Sustainability is a core principle at Westport Fuel Systems that drives our business strategy while keeping us focused on the ESG-related risks and opportunities that are most important to our long-term success.

We're strengthening our governance practices and management processes, advancing our stakeholder engagement practices, and we are taking steps to strengthen our supply chain resilience and due diligence to positively impact our global customers and the wider world.



What we stand for

We work every day to design, build and provide clean transportation solutions to our customers while embracing our core values of integrity, respect and perseverance. We entrust every employee and every member of our global network to build relationships with all our stakeholders and make decisions that honour our values. Our leading principles, as outlined here, articulate our core beliefs and anchor our culture and business strategy.

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 to turning our business plan into reality. We share a common objective: to create clean transportation solutions that meet existing and future emissions regulations and targets for GHG reduction.

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 and effectiveness of our processes, workplace and value chain.

TEAMWORK AND COLLABORATION

We empower our people to collaborate and partner, leveraging our diverse global experience and viewing the company in its entirety – internally and externally.

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.



ESG governance

A strong ESG strategy and performance requires an effective and accountable governance structure and process. As stewards of Westport Fuel Systems, our experienced nine-member Board is committed to effective corporate governance and to providing strong leadership to support that strategy.

Responsibilities include oversight of the adequacy of management systems to identify and manage ESG-related risks and opportunities, adoption of appropriate ESG standards and tracking, monitoring and disclosure of the company's ESG performance and oversight of climate-related responsibilities, as well as incorporating ESG considerations into the development of strategy for the company.

The ESG Steering Committee was formed in 2021 and is led by our CEO and includes our CFO, executive vice-presidents and vice-presidents from across our businesses, regions and functions. The 10-member committee oversees ESG management, approves core programs and targets, and works to integrate ESG into the company's goals and processes.

Given that ESG is a rapidly evolving area within corporate governance, in 2022 the Board approved updates to its Charter and Standing Committee Charters to ensure ESG oversight is embedded into regular Board of Director and committee activities so that emerging risks and trends can be identified and addressed.

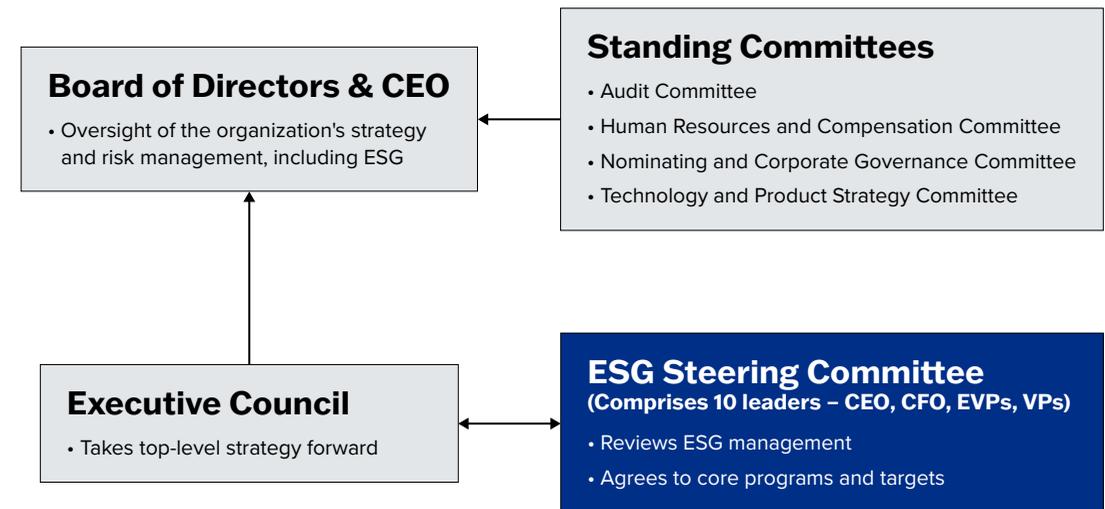
Assessing environmental and social practices and understanding the potential impact of ESG issues on the company's operations and business in both the short and longer term is an important oversight activity. The Board undertakes its oversight functions in this area with input from its standing committees on matters that fall within their particular responsibilities and expertise:

The Audit Committee among other things has oversight responsibilities with respect to Westport Fuel Systems' accounting and financial reporting processes (including proposals related to climate-related financial reporting) and audits of its financial statements, risk assessment and risk management processes, compliance with legal and regulatory requirements, and the promotion of legal and ethical conduct.

The Human Resources and Compensation Committee is charged with executive compensation and human capital matters, including company culture and DE&I.

The Nominating and Corporate Governance Committee is responsible for director recruitment and oversees the overall corporate governance framework, including ESG matters, guidelines and policies of Westport Fuel Systems.

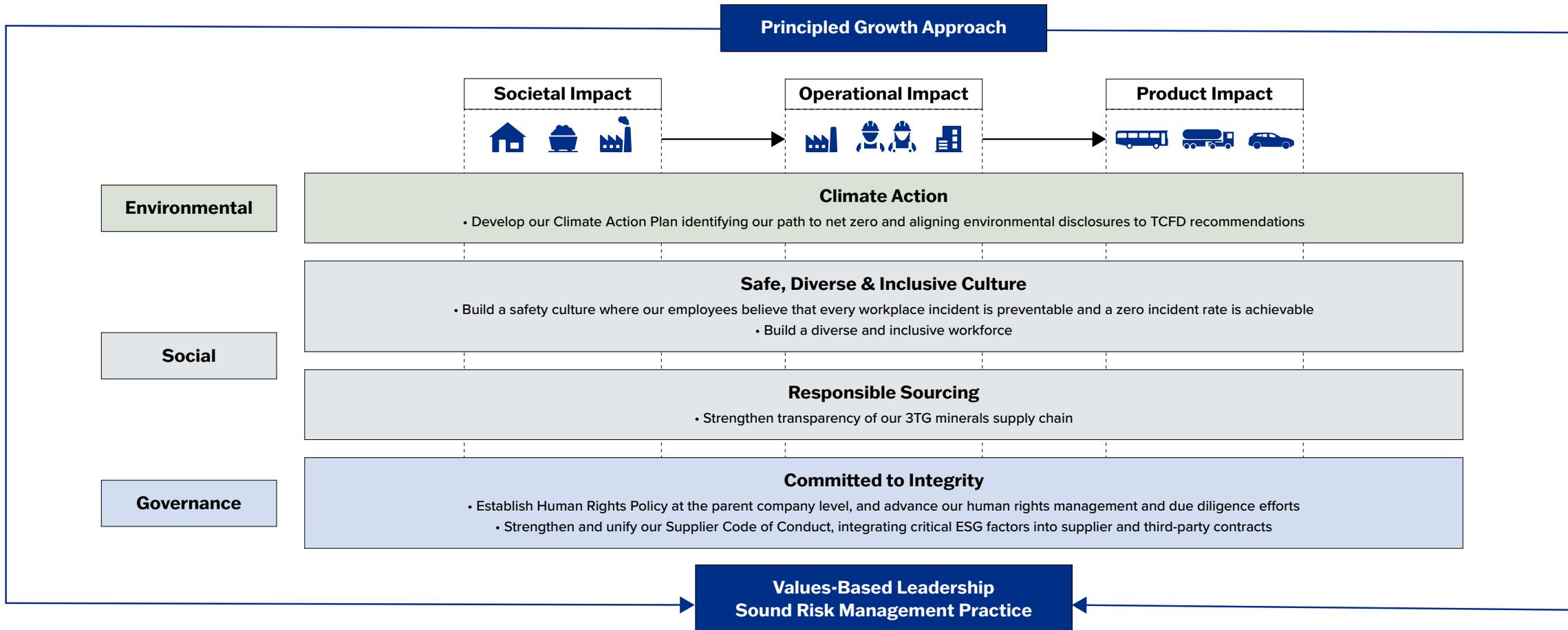
The Technology and Product Strategy Committee assists the Board in determining overall ESG strategy in light of emerging technologies and new product development.





ESG strategy

Approved by the Board in early 2021, our ESG strategy is focused on taking concrete steps to ensure that the way we do business has positive impacts throughout our value chain. The ESG strategy is embedded into our business strategy, and is informed by external research, materiality assessment outcomes, and ongoing internal and external stakeholder engagement. Progress of the activities in each of the areas below is outlined in this report.





The world around us

Changes to corporate ESG reporting are reverberating around the world. We are listening and adapting so we can grow as an organization, help our customers grow, and ultimately be a leader in the cleaner fuel economy.

Regulatory developments

Additional developments in late 2021 and early 2022 are evidence of the increasing transparency that will be required as stakeholders seek to understand how businesses create value, govern themselves, impact the environment and interact with their employees and within the communities where they operate.

North American climate-related disclosure

Both the U.S. Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) announced proposed climate-related disclosure requirements for most reporting issuers that are in alignment with TCFD recommendations, demonstrating international harmonization of disclosure frameworks as well as meeting expectations of international investors.

European sustainable investment

Alongside the announcement of the European Commission's climate milestone announcement of 55% emission reduction by 2030 and the corresponding "Fit for 55" package, the Commission implemented the EU Taxonomy Climate Delegated Act which "aims to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives."¹

ESG reporting standards

The European Commission also implemented the Corporate Sustainability Reporting Directive (CSRD), which is an update to previous requirements that demand more rigorous reporting parameters including an expansion of mandated participants, more detailed reporting in accordance with EU sustainability reporting standards, audited reports and enabling the digital footprint of reported information.

As a dual-listed public company in Canada and the United States with major manufacturing operations, sales and customers in Europe, we are following the proposals and advancements in regulations, and positioning ourselves to meet our own internal expectations, and those of our external stakeholders as well.

These new requirements and global ESG trends align with our values and driving principles that converge on our ultimate goal of delivering clean, affordable transportation solutions through our innovation and technology that power a cleaner future and help Westport Fuel Systems compete globally.

¹ https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en



Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a call for all countries to work together to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. At Westport Fuel Systems, we aim to do our part to support delivery of the SDGs and have identified eight goals that are most relevant to our business. These goals guide our ESG strategy, defining the areas in which we have the highest opportunity for impact. Relevant SDG icons appear at the start of each section of this report.



Good health and well-being



Industry, innovation and infrastructure



Gender equality



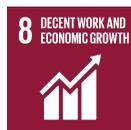
Responsible consumption and production



Affordable and clean energy



Climate action



Decent work and economic growth



Peace, justice and strong institutions

Supporting SDGs 7 and 9 with HPDI 2.0 technology

The United Nations Conference of the Parties Climate Change Conference (COP26) was held in Glasgow, in October 2021, bringing 120 world leaders and more than 40,000 participants together to accelerate actions towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Thirty-nine countries committed to the Statement on International Public Support for the Clean Energy Transition, also known as the Glasgow Climate Pact (“The Pact”), aligning these voluntary signatories to actions that support a pathway towards net-zero emissions. This includes the commitment “to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement.”¹

Westport Fuel Systems’ HPDI 2.0 technology utilizing Biomethane (RNG) and our H₂ HPDI technology that uses hydrogen are aligned with the Pact’s commitment to meet the needs of a climate-constrained world. Through our products that are already on the market and the potential of those that are currently in development, we are and will continue to contribute to improved access to affordable and clean energy and emission reduction in the transportation sector.



¹ <https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/>



Stakeholder engagement

By engaging regularly and openly with our stakeholders, we learn, improve and ensure that our strategies, activities and reporting are aligned with the needs and interests of the people affected by, or who affect, our business. The following table outlines how we typically engage with key groups and identifies the ESG topics that were of greatest interest in 2021:

Stakeholder group	How we engage	Top 2021 initiatives/topics
Academia	<ul style="list-style-type: none"> Regular dialogue Topic-specific conferences and events 	<ul style="list-style-type: none"> New technology initiatives which promote cleaner transportation Carbon footprint reduction
Customers and OEM partners	<ul style="list-style-type: none"> Distributor network Key account management Reviews and meetings Market research Corporate website Digital media ESG survey 	<ul style="list-style-type: none"> Responsible sourcing Human rights Carbon footprint reduction Occupational health & safety initiatives Product safety
Employees	<ul style="list-style-type: none"> Health and safety committees Townhall meetings Internal communication channels Union representatives Performance feedback processes Internal ESG survey 	<ul style="list-style-type: none"> Training and development Product environmental profile Product safety Health and safety Cyber security Diversity and inclusion
Government policy makers and 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"> Education to government officials on the key role RNG and other renewable fuels play in the transition of the transportation section to lower carbon
Industry associations	<ul style="list-style-type: none"> Technical working groups and committees Corporate memberships Service on boards of directors and advisory boards 	<ul style="list-style-type: none"> New product innovations Support of lower carbon, cleaner transportation Success stories
Shareholders and investors	<ul style="list-style-type: none"> Annual shareholder meeting Investor conferences and non-deal roadshows Canadian and U.S. regulatory filings Analyst meetings and conference calls Ongoing investor relations engagement and presentations Quarterly earnings communications 	<ul style="list-style-type: none"> Overall ESG score performance Recognition of climate risk in our financial reporting Reporting to SASB and TCFD

Stakeholder group	How we engage	Top 2021 initiatives/topics
Local communities	<ul style="list-style-type: none"> Community outreach mechanisms Emergency response plans 	<ul style="list-style-type: none"> Ensuring protection of environmental and social aspects of the community
Media	<ul style="list-style-type: none"> Press releases Media releases Corporate website/digital media Corporate spokespeople 	<ul style="list-style-type: none"> News on how we are progressing our mission New product launches How our work contributes to society at large

Advanced Clean Transportation (ACT) Expo

The ACT Expo is the largest Advanced Transportation Technology and Clean Fleet exposition, with over 8,500 attendees including the leading fleets and Original Equipment Manufacturers (OEMs). There was significant interest at the ACT Expo in 2022 in the H₂ HPDI technology, and Westport Fuel Systems’ other clean transportation technologies, including from media, regulators, fleets and OEMs. The demonstrator vehicle outfitted with our H₂ HPDI fuel system displayed at the ACT Expo is the first of its kind and will be touring North America this year to showcase the hydrogen-fuelled internal combustion engine.

Westport Fuel Systems participated in these key industry and academic consortia in 2021 and 2022:

H₂ HPDI presentation at the Vienna Motor Symposium, Vienna, Austria, April 2021

H₂ HPDI presentation at the VDI “Commercial Vehicles 2021” conference, Linz, Austria, September 2021

H₂ HPDI presentation at the Vienna Motor Symposium, Vienna, Austria, April 2022

Continued our senior leadership roles on the Boards of Directors of industry associations in many of our core markets, including NGV Europe, NGV America, and the Canadian Natural Gas Vehicle Alliance

Joined the Hydrogen Council, a global CEO-level advisory body providing a long-term vision for the important role of hydrogen technologies in an energy transition for cleaner transportation solutions

Materiality assessment

To help us identify and gauge the ESG topics of greatest importance to Westport Fuel Systems and our stakeholders, a formal stakeholder engagement process was completed in 2021 using the “identify, prioritize, validate” approach prescribed by the GRI. To support prioritization, we also reviewed short-listed topics against SASB criteria under the Auto Parts Standard. This process outlined our key material topics, which were subsequently used to build out our ESG strategy. Early in 2022, the topics were reviewed for relevance, taking into consideration factors such as changes to regulatory compliance. This type of review will take place annually.

Identification

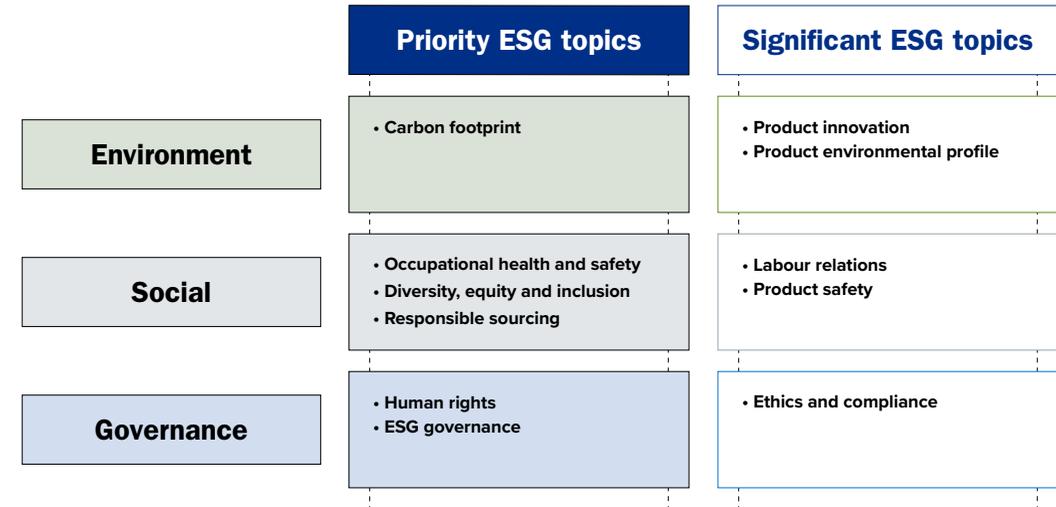
We benchmarked against our peer group to understand the identified material topics in our industry in addition to relevant ESG frameworks and standards and also conducted a review of the regulatory landscape to identify emerging topics. Through this work we identified and reviewed a list of topics relevant to Westport Fuel Systems' business and operating environment, identifying 20 significant topics out of a potential pool of over 100.

Prioritization

Utilizing internal and external stakeholder surveys (209 respondents), a review of customer-requested ESG surveys in addition to rating agency expectations, we assessed and prioritized each topic according to its level of significance to our stakeholders and the overall impact on Westport Fuel Systems' ability to deliver against its strategy. Through this work we were able to narrow the list to 11 key topics.

Validation

Following four internal management workshops, our material topics have remained unchanged from last year with our six priority topics remaining.



While our six priority ESG topics are at the heart of our ESG strategy and are the areas where we want to step up our efforts, the other significant ESG topics are managed in the normal course of our business.

“

More stringent ESG reporting regulations are on the way, but this should not be any organization’s primary driver for corporate sustainability. Increasingly we can see the benefits of developing and adopting an ESG framework that includes an ongoing cycle of assessing ESG issues, defining priorities, implementing with commitment, measuring progress, and reporting to stakeholders. Given that we are here to drive innovation to power a cleaner tomorrow, there is much to be said for Westport Fuel Systems defining our ESG commitments and targets, today.



Jeremy Chan
Associate General Counsel, Westport Fuel Systems ”



Environment

To reduce global emissions, the time to act is now. Protecting the environment is built into our core principle of driving innovation to power a cleaner tomorrow. Every day we commit to increasing our efforts through our research, our innovation, our technologies and our products that all contribute to cleaner and affordable transportation solutions.

Managing and reducing our own carbon footprint is an important part of our efforts on the journey of becoming stewards of the environment. We continue to plan, monitor and track our efforts in this area, with the goal of continuous improvement.



Decarbonizing transportation



Scott Baker



Stephen Ptucha

Road freight accounts for approximately 5% of global CO₂ emissions, and 53% of CO₂ emissions within global trade-related transport¹. According to Eurostat and the European Environment Agency data, in 2019, the European Union had a total of 3,610 million tonnes of CO₂ emissions, of which road transport was 784 million tonnes. The share of CO₂ emissions from medium and heavy duty commercial vehicles was approximately 27%. We are focused on decarbonizing transportation by designing, engineering and manufacturing products that enable customers to transition from high-carbon gasoline and diesel fuels, to clean, low-carbon gaseous fuels in ways that are cost-effective while meeting the demands of the industry.

Q&A: The road towards zero emissions

Scott Baker, Westport Fuel Systems' Vice-President, Engineering and General Manager, Vancouver Operations, and Stephen Ptucha, Westport Fuel Systems' Director Product Management and Planning answer questions about Westport Fuel Systems' range of products and how they hold the keys towards transitioning to a cleaner fuel economy in the commercial transportation sector.

Q. The High Pressure Direct Injection 2.0 (HPDI 2.0) technology is closely linked to Westport Fuel Systems value proposition. Can you explain this connection?

A. The value proposition for our products has always been multi-pronged regardless of the end-use market or type of system or componentry: it's about emissions reduction and operating cost reduction, and ultimately Total Cost of Ownership (TCO) or life cycle cost reduction, and recognizing that in most jurisdictions around the world, natural gas is generally a more affordable fuel than diesel or gasoline. Westport Fuel Systems was essentially formed with the intent of commercializing the HPDI technology to enable diesel engines to utilize natural gas, including RNG/biomethane, as the primary fuel source. What the HPDI 2.0 technology enables, is a diesel engine with all the desirable, high efficiency attributes of power, torque and durability, to operate on a cleaner, lower carbon fuel. This is driving best-in-class carbon reductions for engines while also satisfying the TCO reduction and operational performance criteria that heavy-duty fleets demand.

Q. Weighing TCO against the opportunity to reduce carbon emissions in commercial applications is a major consideration. How does Westport Fuel Systems approach this challenge for so many customers?

A. When you compare the application of our products to others, whether it's battery electric vehicles (BEV) or even fuel cell-related vehicles, the TCO for the end user is an important

1. <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/road-freight-global-pathways-report>
<https://www.iea.org/topics/transport>

consideration as to which pathway they select. Economics is one driver, fuel efficiency is another, and yet another critical driver is having the infrastructure in place that allows these applications or products to be used. Certain products and services meet commercial transportation needs better than others, whether it's light-duty, medium-duty or heavy-duty applications, and our diverse portfolio of products can address the TCO concerns of a wide variety of end users.

Q. There is a lot of buzz about BEV as the better path towards decarbonization. How viable is BEV as a solution in the transportation industry?

A. Currently, there are warning signs that it will be very challenging for BEV to be the solution towards decarbonization for heavy-duty commercial vehicles. First, a BEV truck is roughly three times as expensive as a diesel truck and the range just isn't there for the needs of long-haul commercial drivers. The other issue is about vehicle charging capacity. Existing electricity grids in many locations will simply not be able to meet the power demands for the number of trucks on the road, and it is already being reported that in some regions there is a lack of grid capacity in which to build vehicle charging infrastructure.

Q. Tell us about Westport Fuel Systems' initial testing using hydrogen with the HPDI technology and why this is a significant advancement?

A. The HPDI fuel system and the associated combustion are well suited to high-efficiency operation with a broad range of fuels. Although the HPDI fuel system was developed and commercialized for natural gas applications, it is inherently capable of also using hydrogen as the primary fuel source. We conducted extensive analytical combustion modelling of hydrogen with a variety of fuel system technologies, which predicted that HPDI would be the most efficient and highest-performing mechanism to burn hydrogen in an internal combustion engine, and in fact with fuel cell-like thermal efficiency. Following this analysis, in early 2021 we began engine testing with the H₂ HPDI technology, which very quickly fully substantiated our impressive and compelling analytical modelling results. Through this engine testing we demonstrated that H₂ HPDI efficiently delivers deep decarbonization of heavy-duty transportation applications that might otherwise be very challenging to cost-effectively decarbonize. This was accomplished while retaining and potentially improving upon the tried-and-true diesel engine performance that heavy-duty applications globally have come to depend upon. Specifically, we demonstrated 97% tailpipe CO₂ reduction, 5-10% relative increase in brake thermal efficiency, and 15-20% increase in power density, in comparison with the base diesel engine. Our HPDI technology originally transitioned diesel engines from diesel fuel to natural gas and with the advent of H₂ HPDI, we can now transition heavy-duty transportation to zero or near-zero carbon emissions by once again changing the fuel – this time to zero-carbon hydrogen.

Stories from the road: drivers converting to LPG*

Given the ease of converting a passenger car to an LPG fuel system, drivers are no longer limited in their personal preference when it comes to selecting their car. Customers are seeing the benefits of driving a car that runs on LPG instead of diesel or petrol from both a cost and environmental perspective.



Berry: Leading by example

People keep asking me if an Audi A5 as a lease car on LPG is possible and I tell them that that it's certainly possible! I've been driving on LPG for a few months now in my new Audi A5 Sportback 2.0 TFSI, which I lease from Arval. As a manager at BK Gas B.V. I would like to lead by example. The brand-new Audi A5 has almost 200 hp; I selected it because I think it looks sporty, but mainly because it drives very well.

Westport Fuel Systems in the Netherlands has developed a VSI-2.0 DI LPG system so that this car can also run on gas. My employer also saves more than 5,000 euros on a 4-year lease because of the fuel price difference compared to diesel.

Perhaps most importantly, because I run on LPG, my drive is much cleaner. My Audi A5 hardly emits particulate matter and the CO₂ footprint is 21% lower than that of a comparable petrol or diesel car.

For me personally, the car still drives just as nice and fast. I can actually refuel everywhere but in the unlikely event that I have an empty LPG tank, I can still continue on petrol. The fuel switch and the filling point are also neatly concealed, and the LPG tank is located in the place of the spare wheel, so that there is no consequence to comfort nor loss of space in the car. I'm at ease knowing this is an advantage for my employer, for the environment and for me.

I can recommend driving on LPG to anyone: it's an excellent alternative to driving on petrol or diesel and there is a huge choice of cars to run on LPG these days.

* Testimonials are edited for clarity and length

Marcel: Making my way back to LPG!

Marcel is the owner of the driving school Marcel Kluit Driving School in Heemskerk, the Netherlands. He converted his BMW X2 training car from petrol to LPG (autogas) because of the rising price of petrol. Here's is Marcel's story:

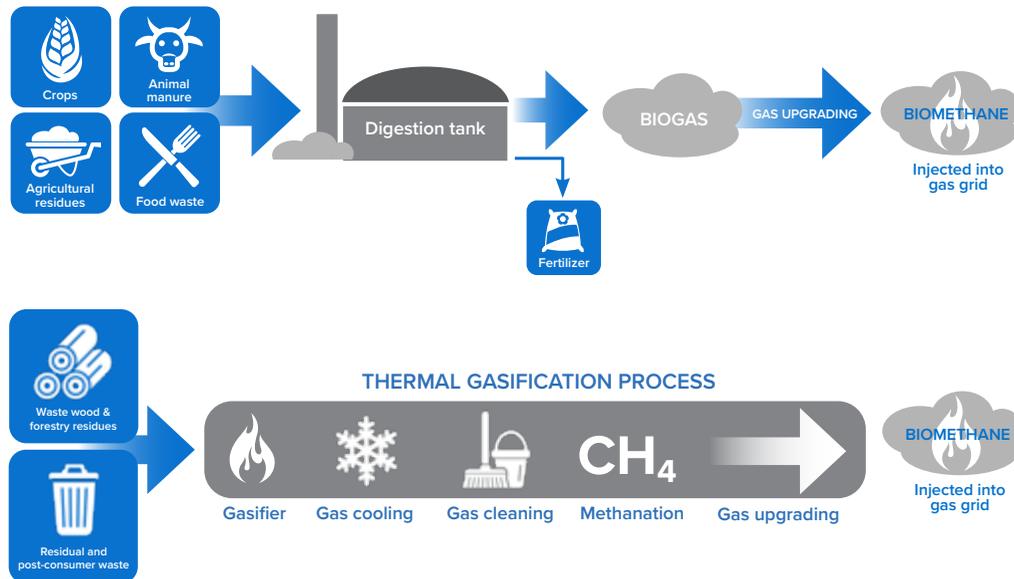
Like all Dutch people who own a car, I noticed that petrol prices have risen rapidly, and are still rising. That is why I finally opted for a training car that ran on LPG. I hesitated for a long time, because of some negative experiences with an LPG car in the past. While I experienced the advantages of low fuel costs, too often I was at the garage with defects in the cars, so I only drove diesel for the next 20 years.

Positive comments from colleagues in the driving school industry made me curious about LPG again. The training cars of colleagues had already driven quite a few kilometres on LPG and so far, produced little or no problems, so I thought I'd give it another try. I contacted the LPG installation company and told them which model of cars were of interest for me to convert to LPG and they then consulted on that list with Westport Fuel Systems. A few of those cars turned out to be able to run on LPG with a Prins LPG system for cars with a DI (direct injection) engine. In the end, I chose the BMW X2 as a new training car. The savings compared to gasoline for me are about 400 euros per month, so almost 5,000 euros per year!

Driving on LPG is identical to driving on petrol, I notice no difference. The power appears to be slightly less: I did a sprint from 0 to 100 km/h on petrol timed at 11.7 seconds and on LPG, it was 12.8 seconds. However, this difference is negligible if you drive in a 'normal' way. The consumption is about 15% higher on LPG (about 1 in 11) compared to 1 in 13 on petrol, but that is of course more than compensated for by the much lower LPG price. All in all, I can recommend LPG to everyone, and certainly for colleagues who drive considerable kilometres with their training cars.

Nothing goes to waste: the circularity of renewable natural gas (RNG)/biomethane

Biomethane, in terms of its chemical composition, is indistinguishable from the methane that comes from underground; however, unlike methane derived from fossil sources, biomethane is sourced from organic matter that society normally throws away like landfill waste, wastewater from treatment plants and agricultural waste. By using biomethane as a fuel, we are not only making use of something that would otherwise be disposed of, but additionally, if that gas was not recovered – or captured – it would escape into the atmosphere as methane. The accounting associated with capturing, processing and consuming it as a fuel and then converting it through an engine from methane to CO₂, results in a net-zero or in some cases, a net-negative CO₂ full fuel cycle GHG contribution.

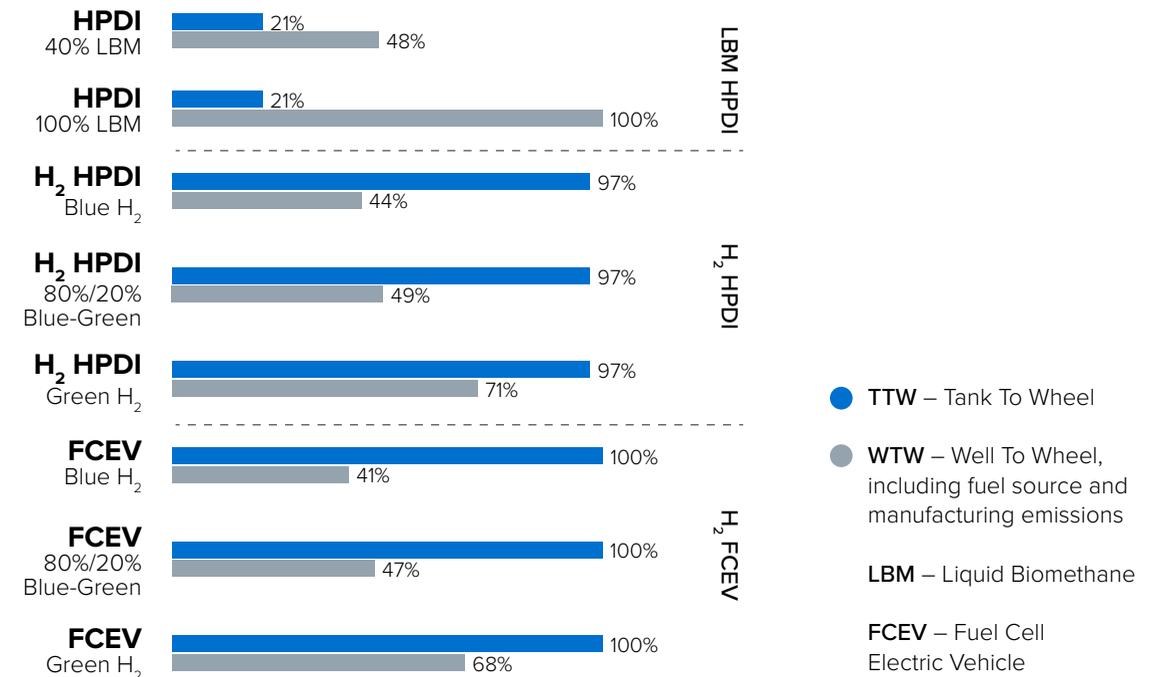


Hydrogen pathway to zero emissions

Our research and innovative technologies are key to accelerate change. Results from our ongoing advanced research utilizing hydrogen as a fuel in internal combustion engines for long-haul, heavy-duty applications were positive. The results demonstrate that hydrogen, when used in our HPDI 2.0 fuel system, delivers efficiency on par with fuel cells and diesel with near-zero GHG emissions and, in time, a much lower cost compared to fuel cell vehicles or battery electric vehicles.

These promising results indicate that hydrogen could be a viable alternative as a clean, affordable high-performance fuel that is ultimately better than using fossil fuels. Further, green hydrogen offers the best-case scenario when we explore the various types of hydrogen. It can effectively and efficiently be used in transportation without the utilization of fossil fuels and GHG emissions which are associated with steam methane reforming.

HPDI technology, with either biomethane or hydrogen, delivers industry-leading CO₂ reductions for long-haul road freight



Shades of hydrogen: a brief explanation of grey, blue and green H₂

Even though hydrogen is an invisible gas, there are different colours assigned to various types depending on how each one is produced. The following describe three common forms of hydrogen:

Grey hydrogen – This is the most common form of hydrogen production. It's created from natural gas, or methane, using steam methane reformation but without capturing the greenhouse gases made in the process.

Blue hydrogen – Produced mainly from natural gas, using steam reforming, which brings together natural gas and heated water in the form of steam. CO₂ is produced during this process, but is captured, stored or reused.

Green hydrogen – A small percentage of the overall hydrogen due to the high cost of production, clean electricity from renewable energy sources like solar or wind power are used to separate hydrogen and oxygen molecules through electrolysis. This process emits zero CO₂. Green hydrogen is required for both fuel cell and hydrogen HPDI technologies to reduce emissions.

A partnership in decarbonization

We recognize that only through collaboration will the world achieve its ambitious emissions reductions and reach net-zero targets. Our business model positions us to work with a myriad of global manufacturers, after-market suppliers and distributors, affording us the opportunity to partner with leading organizations on the path towards decarbonization.

In early 2021, we announced our research project with Scania, the world-leading provider of transport solutions that include trucks and buses for heavy transport applications, industrial and marine engines, and an extensive product-related service offering.

With our core competence and expertise of working with gaseous fuels, we wanted to test hydrogen use in the latest Scania commercial vehicle internal combustion engine with our HPDI 2.0 fuel system as another cost-competitive pathway to reduce CO₂ emissions from transportation. This evolution of our patented technology could provide an economic, competitive alternative to fuel cells while providing a similar greenhouse gas emission reduction profile. H₂ HPDI combustion modelling conducted by Westport Fuel Systems in collaboration with Scania, based on applying H₂ HPDI to Scania's latest-generation, highly-advanced, diesel engine platform, predicts 52.5% thermal efficiency, significantly exceeding the long-targeted 50% brake thermal efficiency threshold. Brake thermal efficiency is a measure of the fuel efficiency of internal combustion engines. The higher the brake thermal efficiency, the lower the fuel consumption and greenhouse gas emissions. We are currently underway with H₂ HPDI engine testing, the results of which we expect to publicize later in 2022.

Hydrogen Council

In early 2022, we joined the Hydrogen Council, a global CEO-level advisory body providing a long-term vision of the important role of hydrogen technologies in an energy transition to cleaner solutions. We see this membership as a natural progression given our hydrogen-focused initiatives that include our HPDI 2.0 technology, research and partnerships, which all have the potential to play a key role in the hydrogen pathway towards decarbonizing the transportation sector.



David M. Johnson, Chief Executive Officer, Westport Fuel Systems, speaking at the Hydrogen Council CEO event in Washington, D.C., USA in June 2022

Our carbon footprint

It is incumbent upon us to be accountable, and to minimize our own carbon footprint as we deliver clean transportation solutions to our customers.

Our approach is anchored in our Environmental Policy, which outlines operational standards aimed at protecting the environment, preventing pollution and being an industry leader in mitigating the environmental impacts of fuel system research, development, testing, manufacturing and assembly.

While our baseline environmental performance standard is compliant with relevant international, national and sub-national regulations, we strive to go beyond minimum requirements. For example, although there is no requirement to obtain ISO certification, our newest facility in Słupsk, Poland is currently working towards the 14001 Environmental Management Systems standards.

Our efforts to reduce our carbon footprint are congruent with our efforts to decarbonize the transportation sector and we recognize the need to enhance these efforts as we grow. We have committed to developing a Climate Action Plan that outlines our path to net-zero GHG emissions and aligns our climate-related disclosures with TCFD recommendations. In 2021, we accomplished the following to advance this goal:

- Working with S&P Global, we identified Scope 1 and Scope 2 emissions and created a clear path to our own science-based, net-zero GHG emissions targets.
- For the first year, we disclosed to the CDP as a way to better understand TCFD requirements. A score was not generated as this was a preliminary disclosure exercise completed through a condensed questionnaire.
- We advanced building the core elements of the TCFD-recommended climate-related disclosures through the further development of the following:
 - Scope 3 emissions data gathering
 - Embedding ESG risks through the Enterprise Risk Management framework
 - Identifying a next step to engage in both a physical and transition risk assessment

Reducing our footprint while sharing resources to benefit all



As we continually look to reduce our carbon footprint, many of our facilities are exploring alternative energy sources. In Italy, we have integrated solar energy at our locations to offset our electricity needs and one location is capturing methane that would normally be released into the atmosphere, using it as a renewable energy source. In the Netherlands, we are generating more solar power than our facility requires. We are transferring our knowledge and success with solar to our newly acquired facility in Poland.

The second activity to help offset emissions that is currently being explored is to connect the power generated by the solar installation in Słupsk to a local renewable power and energy cooperative. The Słupsk Bioenergy Cluster links 20 participating businesses and city facilities, 40,000 electricity users and 120,000 wastewater customers, all part of an innovative renewable energy-sharing and waste-recycling system¹. Managed locally and coordinated by the municipalities, the purpose of this cluster which involves various stakeholders including state and private participants who generate various sources of green energy, is to exchange and share the green power that is generated in an efficient manner.

With this kind of connectivity in place, the energy the site produces during idle times, such as over the weekend or during holidays when machines aren't operating, can be used locally. In addition to contributing to the needs of the community in which we operate, this cluster model is one that demonstrates the operationalization of energy transition and the role that organizations like Westport Fuel Systems can take to do their part for a cleaner energy world.

¹ <https://www.sei.org/publications/slupsk-bioenergy-cluster-a-new-paradigm-for-a-local-circular-economy-in-renewable-energy-and-waste-recycling-in-poland/>



2021 performance

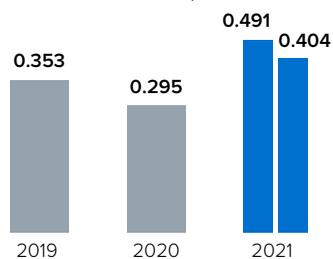
Westport Fuel Systems is taking responsibility and playing our part in the transition to a low-carbon energy future. We are engaged to reduce our emission footprint with initiatives such as the integration of solar energy to reduce our electricity needs (see “Reducing our footprint while sharing resources to benefit all” on page 20). To this end, we are committed to progressing toward an economy that is driven by low-carbon power sources where possible.

Recognizing the global footprint of our business, we have adjusted our emission calculation methodology by: (a) utilizing an updated GHG Protocol emission calculation tool (March 2021) for our Scope 1 emissions; and (b) replacing a single emission factor (Canada) with country specific emission factors published by the International Energy Agency (IEA) for our Scope 2 emissions.

Accordingly, following the GHG Protocol Corporate Accounting and Reporting Standard, Westport Fuel Systems has recalculated and restated its Scope 1 and 2 emissions for 2019 and 2020 as a result of the change in calculation methodology and base year recalculations triggered by a significant structural change (the acquisition of Stako as noted in the next paragraph) in the organization in 2021. We believe these changes enhance our transparency and provide a more accurate year-over-year comparison.

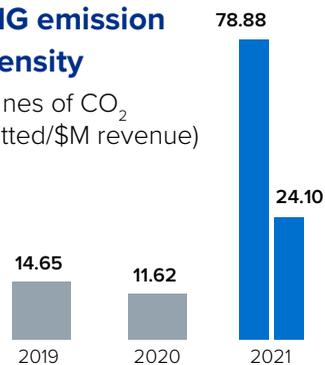
Energy intensity

(thousand GJs energy consumed/\$M revenue)



GHG emission intensity

(tonnes of CO₂ emitted/\$M revenue)



1. The Energy intensity and GHG emission intensity figures for all three years were recalculated to include Poland.
2. According to the IEA's CO₂ emission factors, countries in which Westport Fuel Systems operates have lowered their respective emission factors year over year which in turn results in a lower GHG intensity.
3. Westport Fuel Systems' annual revenue between 2020 and 2021 increased by 24%, energy consumption by 23% and GHG emissions by 16%.

Between 2019 and 2021, our annual revenue increased by 4%; however, our total energy consumption decreased by 10%, which explains why our energy intensity and GHG emissions intensity have decreased.

GHG emissions

(tonnes CO₂-equivalent)

	2019	2020	2021	% Change 2020-2021
Total Scope 1 direct emissions	4,115.91	2,690.33	3,534.07	31%
Total Scope 2 indirect emissions	6,205.08	5,028.26	5,428.45	8%
Total GHG impact	10,320.98	7,718.59	8,962.52	16%

In accordance with the GHG Protocol, when significant structural changes occur during the year, base year emissions should be recalculated for the entire year and the current year emissions should be adjusted to reflect the change as if it occurred at the beginning of the year. In 2021, we divested our aftermarket conversion facility in Dallas, Texas, and acquired the Stako manufacturing plant in Słupsk, Poland, which manufactures fuel storage tanks. Industries in Poland derive much of their electricity needs from largely coal-producing power plants. Given the relative significance of energy consumption and the high emission factor for Poland, Westport Fuel Systems has assessed this change as significant. With respect to the divestment of the Dallas operations, given the relative insignificance of the energy consumption and low emission factor, we assessed this change to be insignificant. Accordingly, the decision was made to recalculate the base year emissions to include Poland as it is a significant part of Westport Fuel Systems, whereas the divested assets in Dallas, Texas, was not.

Energy consumption

	2019	2020	2021	% Change 2020-2021
Direct energy consumption (GJ)				
Compressed natural gas (CNG)	64,931	41,049	55,261	35%
Liquefied natural gas (LNG)			453	
Liquefied petroleum gas (LPG-Propane)	4,500	5,071	4,591	-9%
Renewable natural gas (RNG-Methane)	223	74	42	-43%
On-site solar electricity		382	1,118	193%
Diesel	6,509	2,984	4,580	53%
Gasoline	1,770	1,714	2,074	21%
Net direct consumption	77,933	51,274	68,120	33%
Indirect energy consumption (GJ)				
Purchased electricity	60,047	48,811	55,009	13%
Net indirect consumption	60,047	48,811	55,009	13%
Total energy consumption	137,981	100,084	123,129	23%

1. The IEA emission factors used in Scope 2 emission calculations were: a. 2019, 2020 – re-stated and re-calculated using IEA emission factors (2017, 2018); b. 2021 – stated with IEA emission factors (2019).
2. In both tables above: a. The baseline year was recalculated to include Poland 2019-2021 (direct and indirect energy consumption as well as Scope 1 and Scope 2 emissions were calculated including full 3-year data from Poland); b. The figures related to the Dallas, Texas, divestiture was prorated in 2021 to recognize when Westport Fuel Systems owned the entity. 2021 energy usage estimates are based on 2020 actuals.

Our consumption of CNG, diesel and therefore overall net direct energy consumption increased in 2021 as compared to 2020 primarily due to the resumption of operational activities following the lifting of COVID-19 restrictions. If we consider 2019 and 2021 as comparable years, our overall energy consumption has decreased, while consciously using more clean renewable solar energy.



Social

We are in the business of powering a cleaner, prosperous tomorrow for all and having a positive impact on people's lives, in communities and in the transportation sector. Alongside this impact is a responsibility to foster a culture of safety and a diverse and inclusive workplace that helps ensure our people are kept safe.

This responsibility extends to the organizations and individuals who are a part of our supply chain, ensuring that our partners are aligned with our expectations and those of our customers.



Occupational health and safety

At Westport Fuel Systems, we believe that every workplace injury is preventable and we have continued to improve our safety programs through a combination of workplace training in hazard recognition, workplace inspections and thorough investigations whenever a workplace incident occurs. Due to differing regulations around the world, each site focuses on ensuring it will meet or exceed its safety-related regulatory compliance. Employees are encouraged to report safety concerns to managers, supervisors, or in many locations, their safety committee members.

In 2021, we took the following steps to establish a consistent approach to health and safety with the goal of continuously improving our performance in this area:

- **Global Health and Safety Policy** – This policy, currently under development, will align all jurisdictions with our expectations of health and safety performance. The policy is expected to be approved at the Board level and published in 2022.
- **Global Health, Safety and Environment Committee** – Bringing together Westport Fuel Systems health, safety and environment representatives under the leadership and direction of our Vice-President of Engineering and Executive Vice-President of Operations, this effort was launched as a platform to facilitate collaboration and to encourage dialogue about workplace best practices in safety, and to support our focus of continual improvement in our safety performance. Every site across our jurisdictions is now using standardized health and safety metrics to synchronize reporting and to help maintain a best-in-industry safety record.
- **Strengthening internal reporting** – Standardized health and safety metrics were integrated into Executive Council reporting, including a summary of current health and safety metrics, campaigns and training in place to reduce safety issues.



Building a culture of safety

Westport Fuel Systems' first annual Safety Week

In early 2022, we launched the first Westport Fuel Systems Global Safety Week in tandem with the North American Occupational Safety and Health (NAOSH) week. The intent was to remind our workforce, through an email campaign, about easy, simple things that can be done every day, at work and at home, to improve personal safety as well as the safety of our co-workers, family members and the general public.

The inaugural message reminded employees about the importance to “Take Two,” and to take a few minutes to identify potential hazards prior to starting tasks and ensuring that effective corrective actions can be implemented to mitigate the risk of injury or incident. Other messages during the week-long campaign focused on recognizing the risks in everyday activities, workplace support for good mental health, and the importance of being prepared for emergency situations like extreme weather, medical emergencies, fire, spills and earthquakes.

Safety perspective

In 2021, Westport Fuel Systems acquired Stako sp. z o.o., (“Stako”), a leading manufacturer of LPG fuel storage. Along with extensive manufacturing and operational excellence, Westport Fuel Systems benefits from the expertise of Arkadiusz “Arek” Kubasik, the Fuel Storage Business Unit Leader at the facility who has worked at the Słupsk site in Poland for the past 22 years.



“We have about 300 employees working in a manufacturing environment producing steel tanks, with cutting, stamping, welding, plus a lot of in-house transportation activity like the use of forklifts,” said Arek. “With that many moving parts, we take a serious approach to employee safety training, including

tracking ‘near misses’ so we can identify hazards and make the necessary precautionary adjustments.”

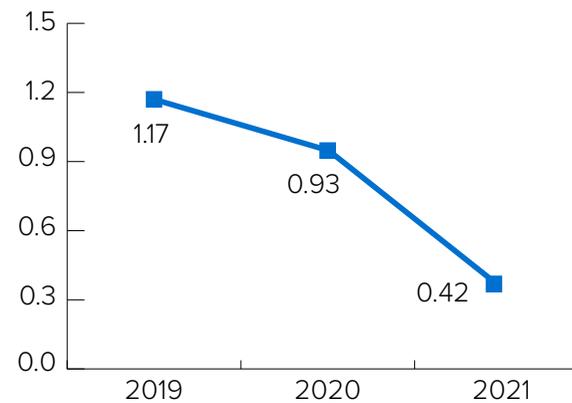
Extensive and specialized training includes approximately 100 work-station specific standards and procedures as well as basic safety training that is provided during employee onboarding and repeated continuously, helping to reinforce a culture of safety. There are specific procedures in place for temporary workers and external contractors to ensure they are working within Westport Fuel Systems’ expectations and standards, and so that everyone remains safe while working at the facility.

Tracking and recording the number of recordable incidents is just one of the KPIs that informs the plant’s safety performance. While the goal is of course zero incidents, the best record at the Poland facility is an impressive 499 days without any incidents resulting in injury. This site’s exemplary performance and overall commitment to health and safety provides the opportunity to learn and adopt new practices for continuous improvement at other locations.

2021 performance

By proactively identifying and managing risks, reviewing leading practices and integrating lessons learned into our health and safety planning, we aim for incident-free operations. With approximately 1,800 employees, reportable injuries dropped again, from 12 in 2020 to seven in 2021, and our recordable injury rate (RIR) dropped, from 0.93 (2020) to 0.42 in 2021.

Westport Fuel Systems Recordable Injury Rate



Adapting to changes in the workplace

As the COVID-19 pandemic persisted through 2021, we ensured that safety protocols were maintained in each jurisdiction. For employees whose roles allowed them to work from home, the guidelines and expectations set out in 2020 remained in place and remote work, technology and ergonomics support, as well as increased internal communications, continued throughout 2021.

We have opened our doors to those who are working from home to come back to the office, when and if they feel comfortable, and we are carefully monitoring government mandates and recommendations to ensure the gradual return to the office is as safe as possible.

Diversity, equity and inclusion (DE&I)

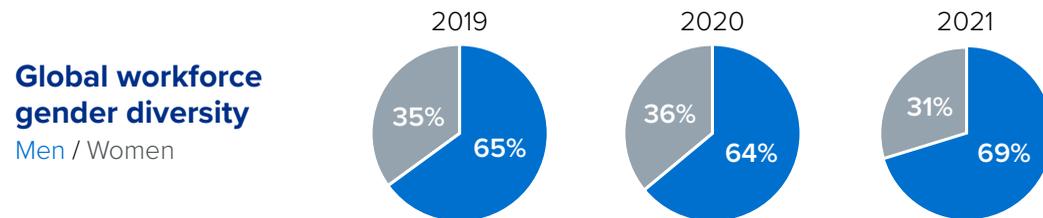
A diverse and inclusive culture encourages the exchange of different perspectives, creative problem-solving and enriches our discussions, all of which allow us to gain a broader understanding of customers from different markets and improve our business performance overall. We also know that the best talent wants to work in an environment where differences- whether cultural or opinion-based- are respected and valued.

Our global Diversity Policy articulates our position on diversity and sets out guidelines for promoting diversity and inclusion across our organization, beginning with the Board of Directors. This includes the requirement that all employees be treated fairly and with respect and dignity; maintaining zero tolerance for discrimination, bullying or harassment in the workplace; and complying with our Code of Conduct and Respectful Workplace Policy.

In keeping with the Diversity Policy, the Board’s Nomination and Corporate Governance Committee periodically assesses the size and composition of the Board with a view to ensuring that it reflects a diverse mix of knowledge, experience, education, skills, gender, age, ethnicity and geographic location, and meets our Board diversity targets.

Based on job specifications and our objectives of DE&I, we will actively seek diverse candidates from a variety of backgrounds as represented and available in the talent pool that we hire from to improve gender balance.

Our global workforce gender diversity ratio decreased in 2021 primarily due to the additional employees who joined us after our acquisition of Stako in Poland.

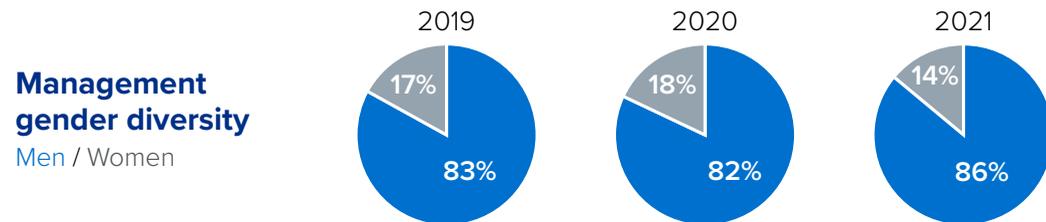


Solomon Samuel
Vice President, Global Human Resources

Management decisions, in terms of compensation, learning and development and career advancement, will be based on meritocracy, while giving due consideration from a DE&I standpoint. We will promote and support a workplace that is respectful, fair and inclusive for all our employees.

To better understand how we are placed compared to our peers in gender equality, we underwent the Bloomberg Gender-Equality Index assessment, for the first time in 2021, and are now reviewing our next steps after completing the rating exercise. Examples of activities already undertaken in this context include the following:

- Active hiring, leading to the formation of teams in our Canadian and Italian operations, with employees from different cultures and regions, all working together to bring their unique worldviews, skills, and cultural experiences together to solve problems and increase productivity
- Working with vendors and suppliers from the underrepresented segments of society such as a local organization in Italy that employs differently-abled individuals, such as those with Down syndrome, individuals previously incarcerated and individuals who have recovered from drug addiction



Our global workforce

As of December 31, 2021, our workforce worldwide was 1,797, which includes direct employees, individuals contracted directly for twelve months or longer and temporary or seasonal workers. This is compared to a previous year total workforce of 1,336 individuals. The table summarizes our total workforce, including new hire and turnover rates.

	North America	Latin America	Europe	Asia Pacific	Total
Total Workforce	222	91	1,379	105	1,797
Total Direct Employees	208	91	1,187	53	1,539
Employees: Males	81%	93%	64%	92%	69%
Employees: Females	19%	7%	36%	8%	31%
New Hires	61	3	162	3	229
New Hire Rate	20.75%	3.17%	11.22%	3.64%	16.80%

Learning and development

Our employees are the driving force behind our competitive advantage and sustainable growth. We employ a highly competent and experienced team of engineers, manufacturing technicians and business specialists from around the world. And we commit to helping them learn, grow and achieve their career goals.

In an effort to advance our commitment to safety, in 2021, we continued to focus our learning and development initiatives on safety training to ensure our employees have the skills and abilities to not only recognize hazards, but to be able to integrate effective work processes that keep everyone safe.

The total number of training hours for our direct employees increased to 12,131 hours in 2021 or an average of 7.88 hours per employee, compared to 7,167 hours, or an average of 6 hours per person in 2020.



On Executive Leadership development: Westport Fuel Systems Ways of Working

In 2021, Westport Fuel Systems' Executive Leadership Team embarked on a leadership development journey with a vision to shape Westport Fuel Systems' Leadership Capability framework. This will guide the development roadmap for the leaders today and build a strong leadership pipeline for tomorrow. The program will be an enabler to effectively build a high-performance culture and establish a foundation for strategically developing the talent we have.

With a robust sponsorship and involvement from our CEO, David Johnson, we brought the Executive Leadership Team together to co-create the framework in September 2021 at the Global Leadership Summit in Cherasco, Italy. We used multiple assessment tools at the team level to facilitate the discussion during the leadership workshop. As part of the roadmap, the Westport Fuel Systems Ways of Working (WoW) was conceptualized. At the end of 2021, we launched individual leadership assessments including 360-degree feedback for the Executive Leadership Team to understand the Westport Fuel Systems Strategic Leadership Profile and identify areas of strengths and development (leadership behaviours) for this team.

The next step is to embed these frameworks (Leadership Capability and WoW) across the organization and continue to work on the roadmap and towards our next milestone in 2022.

Responsible sourcing

The success of our business is largely dependent on our essential partners like our suppliers who help us achieve our goal of delivering innovative transportation solutions for a cleaner world.

The supply chain issues that reverberated around the world as a result of the COVID-19 pandemic are still being felt by nearly every industry including our own. In addition to shortages and delays, the nefarious elements related to human rights that have always existed, including unfair working conditions and wages and forced labour, were exposed to a heightened degree. As ESG becomes a principal focus for many organizations, our customers are scrutinizing their supply chains to ensure they have as much visibility as possible on the provenance of the goods they are purchasing.

As a priority topic identified in our materiality assessment, in part because of the extent to which we purchase what we sell, we recognized the need to do more work on the responsible sourcing front. In 2021, supported by management, the Global Operations Strategy was updated to embed ESG efforts into operational practices which included a responsible sourcing effort.

The following is a summary of our 2021 achievements and our priorities for 2022 towards strengthening our responsible sourcing activities and our expectations of suppliers:



2021 performance:

- Worked with suppliers to increase awareness and accuracy of conflict minerals reporting requirements
- Planned the harmonization of the different supplier quality manuals used in our plants
- Strengthened our Supplier Quality General Agreement to include terms and conditions related to Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, our Code of Conduct, conflict minerals and Human Rights Policy.
- Created a third-party due diligence handbook and provided training that includes a number of guidance materials, including a due diligence questionnaire, to provide structure for the company to understand how we manage third-party risk

2022 priorities and performance:

- **Revise Terms and Conditions and supplier contracts** to include ESG language, criteria and expectations, ensuring these expectations would also be embedded into third-party contracts
- **Apply ESG criteria to purchasing** to include parameters for selection of suppliers, auditing supplier performance, and in particular their ESG performance
- **Unify supplier quality manual** to integrate Code of Conduct and ESG expectations across our supply base
- **Increase engagement with more functions across the organization** that have limited involvement in purchasing and sourcing to understand the training requirements that are needed to fully execute changes
- **Incorporate our new Human Rights Policy** in the revised Terms and Conditions and Supplier Contracts to reinforce expectation of all of our suppliers
- **Obtained REACH certification** to identify to customers that we have good materials management in place, and are in compliance of the REACH requirements and regulations for each chemical we import, use or manufacture in our European Union plants
- **Improved our overall sustainability management systems**, recognized by EcoVadis, with a Silver rating, placing us in the top 25% of participating organizations



Strengthening our 3TG minerals supply chain

As part of our commitment to responsible sourcing, we support industry efforts to keep conflict minerals out of our supply chain and are stepping up our own efforts to protect the victims of armed conflict in the Democratic Republic of Congo (DRC) and surrounding countries.

Tin, tungsten, tantalum and gold (3TG) minerals used in automotive vehicles and parts are considered *conflict minerals* because they're commonly mined in the DRC.

Each year, we perform due diligence to determine whether any products we make or buy contain 3TG minerals and file a [report](#) confirming our compliance with the U.S. Securities and Exchange Commission's (SEC) conflict minerals rule.

We plan to launch enhanced due diligence initiatives, leveraging publicly available data and materials to determine if there are any reported or presumed infractions linked to our existing and potential suppliers. Additionally, we are currently developing ESG-related terms and conditions into our supplier contracts.

We continue to support efforts such as the Automotive Industry Action Group's 2020 [call to action](#) to all companies in the automotive supply chain to achieve a transparent, conflict-free mineral supply chain for the industry. We also work with suppliers to increase awareness and accuracy of conflict minerals reporting requirements and, through our alignment with the Responsible Minerals Initiative (RMI, formerly the Conflict-Free Sourcing Initiative), recommend compliance tools and back cross-industry efforts to identify and validate conflict-free smelters and refiners.

To strengthen our approach to responsible sourcing, we intend to:

- Continuously improve our conflict minerals reporting
- Improve due diligence within our suppliers' smelters, leveraging support from the RMI

Connecting ESG performance to corporate financial health

Westport Fuel Systems Italia is a subsidiary of Westport Fuels Systems in Italy. In 2021, as a part of a loan refinancing process with UniCredit, an ESG assessment was conducted by [RINA](#), an independent entity that offers certification and conformity assessment services to public and private organizations that are committed to sustainability, environmental protection and the fight against climate change.

The ESG assessment was carried out through a scoring method, weighted on the applicable business sector and based on a consolidated set of Global Reporting Initiative (GRI) indicators.

The overall score of 64.2% assigned to Westport Fuel Systems Italia was deemed to be at a level where UniCredit issued refinancing at a lower rate of interest on the condition of mutually agreed-upon ESG covenants and corresponding KPIs.

Although many would agree that organizations with strong ESG performance tend to have lower risk, the link to financial performance is not always apparent to stakeholders. In this case, however, it is clear that our ESG performance is recognized not only by regulators, customers and other stakeholders, but by financial institutions, who reward businesses like Westport Fuel Systems with a lower cost of capital. This allows us to grow our business, provide value to our stakeholders and continue to drive a cleaner, more prosperous tomorrow for all.



Governance

Creating a culture of integrity is only possible when strong and effective governance is in place. By protecting the rights of individuals, managing risk and consistently demonstrating ethical and responsible behaviour, we establish trust among our stakeholders as we build a dynamic, successful and sustainable business that is in line with our values.





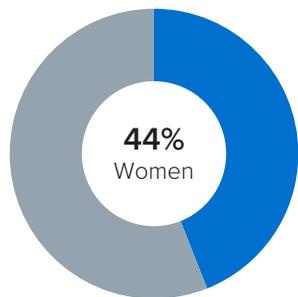
Corporate governance

Every day our collective commitment towards the values of integrity, respect and perseverance is reflected in our actions. With their vast experience, our Board of Directors and its Standing Committees establish the practices and responsibilities that help the company achieve its goals and maximize sustainable shareholder value while considering our responsibilities as a good corporate citizen to all stakeholders.

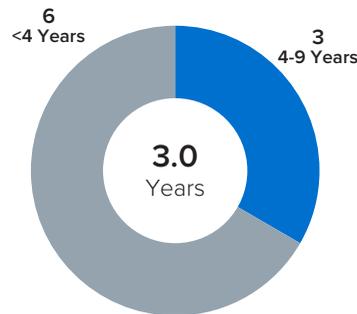
Elected by Westport Fuel Systems' shareholders, the Board of Directors is responsible for overseeing the business and affairs of our company. Governance policies and practices are consistent with our values and with the various rules and requirements applicable to our business.

Board at a glance

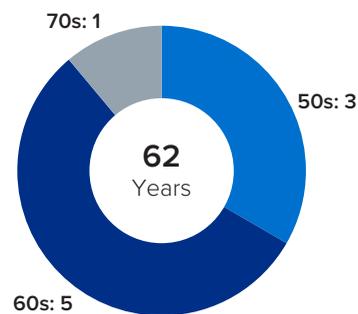
Gender diversity



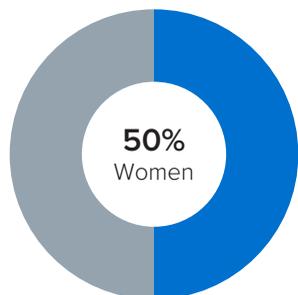
Average tenure



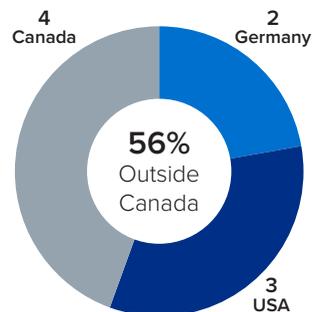
Average age



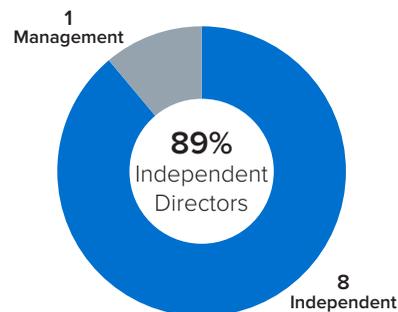
Committee chairs



Nationality



Independence



89% of directors are independent

44% female director representation, exceeding the Diversity Policy's 30% minimum and meeting the target commitment for two consecutive years

Board skill diversity

Directors must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which the corporation operates. The corporation maintains a skills matrix to identify those areas which are necessary for the Board to carry out its mandate effectively and to determine the appropriate mix of directors on each of the standing committees. The Nominating and Corporate Governance Committee reviews the matrix annually to confirm it continues to reflect the most relevant skills, experience and competencies.

Westport Fuel Systems Board skills are positioned for further enhancement as a result of changes in residency requirements of directors. In 2021, Alberta removed the Canadian residency requirements for directors of companies governed by the Business Corporations Act (Alberta) (ABCA), under which Westport Fuel Systems is incorporated. Previously, the ABCA required at least 25% of an Alberta corporation's directors to be resident Canadians; to promote economic growth and job creation, the Government of Alberta removed this condition. As a growing publicly listed company in Canada and the United States with substantial presence in foreign markets including Europe and Asia, we believe that our amendment to the by-laws reflecting this change will provide greater flexibility as we continue to expand internationally and position the Board for future recruitment and renewal opportunities.

Our Directors have a strong set of skills and expertise in many areas. While individual directors may have significant experience in multiple areas, for the purpose of simplicity the following table identifies only the top five primary areas of expertise as self-assessed by each nominated director

Board tenure

Since 2020, five new Board members have been appointed. As of March 11, 2022, no Director has served for more than 8.5 years, with the average tenure being 2.81 years as of December 31, 2021.

Strategic planning oversight

The Board and executive management dedicate at least one Board meeting per year to strategic planning to discuss emerging trends, the competitive environment, risk issues and any significant business issues and product portfolio adjustments within the context of the corporation's strategic direction. Strategic, financial and capital plans are developed by executive management and reviewed by the Board for alignment of resource allocation and risk appetite before approval.

During the year, the Board monitors executive management's progress and receives regular updates from the CEO and other members of the Executive Management team on strategic developments and performance against the strategic plan, including the oversight of amendments in light of any new market, regulatory or competitive conditions.

Director skills matrix

Areas of Expertise	Michele J. Buchignani	Brenda J. Eprile	Rita Forst	Anthony Guglielmin	Daniel M. Hancock	Philip B. Hodge	David M. Johnson	Karl-Viktor Schaller	Eileen Wheatman
Accounting/Audit/Financial Expertise									
Capital Markets									
C-Suite Leadership									
Digital, Technology and Information Security									
Engineering Experience									
Global Experience									
Governance/Board									
Mergers and Acquisitions									
Manufacturing Experience									
Marketing/Sales/Brand Management									
Regulatory and Legal									
Relevant Industry Experience									
Risk Management									
Strategic Planning and Execution									
Sustainability/ESG									
Talent Management and Compensation									

Expert Proficient Competent



Board committee composition

All members of the main board committees are independent, non-executive directors. The Board has delegated specific responsibilities to each of its four committees.

Audit Committee	Human Resources and Compensation Committee	Nominating and Corporate Governance Committee	Technical and Product Strategy Committee
<ul style="list-style-type: none"> Oversight of Westport Fuel Systems’ accounting and financial reporting processes and audits of its financial statements Oversight of risk identification assessment and risk management processes, the design, implementation and operation of an effective system of internal control over financial reporting by Westport Fuel Systems management, including climate-related and social risks Compliance with legal and regulatory requirements and the promotion of legal and ethical conduct Reviewing the work and performance of Westport Fuel Systems’ external auditors and providing oversight of continuous disclosure reporting Recommend to the Board of Directors the approval of the audited annual financial statements and related MD&A 	<ul style="list-style-type: none"> Primary responsibility for establishing Westport Fuel Systems’ compensation philosophy and principles including designing, developing and overseeing the operation of Westport Fuel Systems’ executive compensation program Responsible for executive oversight, including goal setting and performance evaluation for the CEO (working with the Board Chair) Executive succession planning and the review of the corporation’s talent development (working with the CEO) and director compensation 	<ul style="list-style-type: none"> Primary responsibility of establishing and monitoring Westport Fuel Systems’ corporate governance practices including assessing the effectiveness of the Board of Directors, the standing committees and individual directors, evaluating and recommending the appointment of directors, succession planning, reviewing and organizing ongoing director education as well as overseeing legal and regulatory compliance and shareholder engagement 	<ul style="list-style-type: none"> Oversight of responsibilities with respect to Westport Fuel Systems’ technology and product planning activities in order to inform and support Westport Fuel Systems’ overall business strategy Reviewing and monitoring specific industry and other trends that could have a significant impact on Westport Fuel Systems’ technology, product and overall business strategies Assisting the Board in overseeing Westport Fuel Systems’ investment in technology and research and development initiatives and providing guidance to Westport Fuel Systems’ management in this regard Assessing the scope and quality of Westport Fuel Systems’ technology strategies, intellectual property and product portfolio and reporting to the Board on how such matters impact the development and implementation of Westport Fuel Systems’ overall business strategy

Among our governance practices:

- The Board must have a majority of independent directors. As of the date of this report, all directors except our CEO are considered to be independent.
- Annual election of directors including our third annual “say-on-pay” vote was held at May 5, 2022 AGM as a mechanism for shareholders to cast an advisory vote on our approach to executive compensation.
- Our director orientation program was taken to support the onboarding of two new members of the Board in 2021 and 2022, respectively. The orientation was hosted virtually, with presenters from the Board, executive management and outside legal counsel.
- Directors participate in continuous learning activities as part of the company’s Continuing Education Program, which is overseen by the Nominating and Corporate Governance Committee. Continuing education covers a range of topics including best practices in corporate governance, latest business and product information, and ESG matters including cyber security education and training, which was held at the March 2022 Board meeting.
- Our Board Committee Charters were updated in March 2022 to embed ESG responsibilities for the Human Resources and Compensation Committee, Nominating and Corporate Governance Committee and Technical and Product Strategy Committee. Proposed ESG edits to the Audit Committee Charter were put forward; however, the Committee will provide an update in 2023 as it considers amendments that align to new and proposed SEC/CSA/CSRD regulations which include significant updates to ESG reporting.

More information about our governance practices can be found in our [2021 Management Information Circular](#) and on our [website](#).

Enterprise risk management



Rohan Athaide
Vice President,
Risk Management
and Assurance

An important part of Westport Fuel Systems' ESG strategy is a commitment to sound risk management and continuous improvement in this area to ensure we are responding to the emerging risks that can have an impact on our business.

Based on the output of the ESG materiality assessment, external research and guidance from the international Committee of Sponsoring Organizations (COSO), an ESG risk assessment was conducted in 2021 that helped to articulate the specific risks and control activities we have in place, identify where gaps exist and areas for improvement, and allow us to start embedding risk management into our priority areas such as climate, cyber security and sourcing.

This elevated approach to identifying a broader range of risks will not only help us to better understand our exposure to potential loss, but it will help us to better prepare, respond and mitigate against those circumstances that would otherwise impact our business continuity. Please see "Risk Factors" in our Annual Information Form, for the year ended 2021.



Additional risk management activities in 2021 included:

- **Risk management education** – Multiple discussions and group meetings were held to align all business unit leaders to consistently evaluate our risks using the same approach and criteria.
- **Third-party due diligence handbook** – A new policy was developed, along with corresponding guidance materials, to provide structure throughout the company regarding our risk exposure and managing our risks associated with third parties.
- **Technology** – Using RiskRate, a risk monitoring, assessment, screening and due diligence tool from compliance firm NAVEX, consolidated reports are generated that provide information about any adverse media alerts, or any sanctions against companies, parent companies or individuals associated with a third party. RiskRate reviews over 200,000 media sources daily and provides updates in real time if there are any status changes. The tool is also aligned with recommendations from the Foreign Corrupt Practices Act (FCPA).
- **Interaction with Government Officials Policy** – In accordance with the FCPA and third-party management, this policy is to drive consistency and provide visibility into interactions with government officials, specifically to understand the nature of those interactions. As with the RiskRate reports, should there be any flagged issues, these are reported to the Compliance Committee.

The year ahead

While 2021 provided a renewed and more rigorous approach to enterprise risk management, we will continue to drive these practices and have set the following priorities for 2022:

- **Integrated assurance assessment** – To comprehensively understand all the assurance activities that take place for our company and identify any gaps, and particularly to have a greater understanding of areas where we can make more effective use of our resources.
- **Country risk assessment** – As we continue to conduct a variety of risk assessments, including ones related to the FCPA and anti-fraud components, we will also identify the key countries where we want to build our business and gain a deeper understanding of local political, economic and security landscapes and the associated risks in those jurisdictions, and determine mitigation actions if needed.
- **Global risk matrix** – To continue driving a culture of risk ownership, a global risk matrix was developed to define the severity of risks using various criteria, assessing probabilities and determining the velocities of those risks. This matrix enables consistent evaluation of risks, which are subsequently consolidated and presented to the Board level on a quarterly basis.

Cyber security

As part of our overall risk management goals and in keeping with our cyber resilience efforts, the management task force that was formed by our IT department in 2020 continues to define our cyber resilience framework, identify and measure risks, build the business continuity strategy and tactics disaster recovery plans, captures key business information security risks beyond IT and reports any incidents. The task force provides regular updates to the Audit Committee with analysis, mitigation strategies and incident reporting that is ultimately reported to the Board.

In 2020, the task force initiated a technology disaster recovery initiative which included establishing disaster recovery plans for all sites followed by testing the effectiveness of these plans across “mission critical” systems. During 2021 each global site completed their full disaster recovery planning, with testing launched and to be completed in 2022.

Westport Fuel Systems strives to be at the forefront when it comes to cyber security, which resulted in several cyber security initiatives in 2021 that included:

- Developing and launching new quarterly training for all global employees. This quarterly training is in addition to interactive cyber security modules that employees take, and must pass, before completing their onboarding.
- Drafting a formal cyber security framework following industry best practices
- Launching vulnerability management and assessment tool at each location to monitor and identify potential risks to the organization
- Partnering with external service providers to conduct a penetration testing exercise starting with our Westport Fuel Systems Italia sites and planned for expanding the exercise to all Westport Fuel Systems locations
- Implementing Multi-Factor Authentication (MFA) for the global Westport Fuel Systems user community

In early 2022, in conjunction with our IT leader, we hosted cyber security training sessions for the Board through an external advisor from KPMG to identify the macro cyber security trends, issues and principles that guide a more holistic and enterprise-wide approach to mitigating cyber risk. Understanding issues such as the root causes of data breaches and the mitigation activities that are available is an important step in creating alignment at the Board level about the oversight, and breadth and depth of measures that are needed to protect the company and its stakeholders.





Business ethics and human rights

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 and continued success in the marketplace and are a source of pride for our team.

Our Code of Conduct (“Code”) sets out the principles, rules and expectations for conducting business to the highest of standards, openness, honesty and accountability, and guides our decisions and actions. It’s designed to help our global team comply with applicable laws, regulations and company policies; maintain the highest standard of ethical conduct; and avoid even the appearance of anything improper in connection with our business activities. All directors, officers and employees receive annual Code training and certification. The Code is disclosed on our website at <https://wfsinc.com/about/commitment-to-integrity/>.

Along with the Code, our Anti-Corruption and Prevention of Bribery Principles and our Whistleblower Policy promote integrity and ethical behaviour and encourage employees to report any potential violations of our policies without fear of reprisal. 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.

An active ethics and compliance program includes regular employee ethics training, Code training and certifications by employees. Annual training on the Code and related policies are tailored to an individual’s role and potential level of exposure to corruption risk. All directors, officers and employees must certify annually that they have read and understood the Code.

2021 Human Rights Policy

As an organization, we have always maintained the highest standards related to human rights; however, the creation of a stand-alone Board-approved Human Rights Policy was a key step in our focus and resolve on this important topic. The policy allows us to strengthen and embed our ESG commitment across multiple areas of our operations including human resources, supply and value chains, and responsible sourcing, which further bolsters our commitments in the social sphere.

This important policy was created in response to insights from our materiality assessment which stated that our stakeholders are seeking a more specific stance on human rights, and in particular alignment to globally recognized frameworks. All human resources business partners have completed awareness training and this training will be cascaded to managers across the organization. The policy includes clearly established channels for reporting, in case of any observed or suspected violations. It is published in Global Zone and also on our external website.

Employee sign-off and certification of the updated Code with language to reflect the new human rights stand-alone policy was 98%.



Performance Data





GRI and SASB content index

We prepared this report in accordance with the GRI Universal Standards and the Sustainability Accounting Standards Board’s (SASB) Sustainability Accounting Standards for the Auto Parts and Electrical & Electronic Equipment industry classifications. 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 list of disclosures and other information on the GRI reporting framework and <https://www.sasb.org/> for the full list of disclosures under the Auto Parts and Electrical & Electronic Equipment SASB Sustainability Accounting Standards.

GRI 2: General Disclosures 2021

GRI Disclosure	Disclosure Response	Page(s)
The Organization and its Reporting Practices		
2-1 Organizational details	<ul style="list-style-type: none"> Westport Fuel Systems Inc. (WFS) 101-1750 W75th Avenue, Vancouver, BC, Canada About Westport Fuel Systems WFS Website – Locations 2021 Annual Information Form 	4 1
2-2 Entities included in the organization’s sustainability reporting	<ul style="list-style-type: none"> 2021 Annual Report 	6-7
2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> Calendar year 2021 unless otherwise noted Annual Sustainability and ESG Westport Fuel Systems Inc. 101-1750 W75th Avenue, Vancouver, BC V7E 0A7 sustainability@wfsinc.com 	6
2-4 Restatements of information	<ul style="list-style-type: none"> We have recalculated and restated our Scope 1 and 2 emissions. 	21
2-5 External assurance	<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. 	

GRI Disclosure	Disclosure Response	Page(s)
Activities and Workers		
2-6 Activities, value chain, and other business relationships	<ul style="list-style-type: none"> Total workforce of 1,797 people Total of 14 operating sites as of December 31, 2021 2021 revenue: \$312M+ USD Total market capitalization at December 31, 2021: ~\$404.8M USD About Westport Fuel Systems Our global workforce Responsible sourcing 2021 Annual Information Form 	4 26 27 2-5, 14, 17-18
	<ul style="list-style-type: none"> On May 28, 2021, WFS completed the Stako acquisition. On February 7, 2022, we agreed to sell 100% of our shares in CWI to Cummins Inc. along with our interest in the joint venture's intellectual property. 2021 Annual Report 	6
2-7 Employees	<ul style="list-style-type: none"> As of December 31, 2021, our workforce worldwide was 1,797 individuals, which includes direct employees, individuals contracted directly for 12 months or longer, and temporary or seasonal workers. Our global workforce 2021 Annual Information Form 	4 19
Governance		
2-9 Governance structure and composition	<ul style="list-style-type: none"> Governance 2021 Management Information Circular WFS Website – Committee composition WFS Website – Committee Charter details WFS Website – Board of Directors Charter WFS Website – Leadership 	30-32 12-22, 32-35



GRI Disclosure	Disclosure Response	Page(s)
2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> • WFS Website – Board of Directors Charter • Nominating and Corporate Governance Committee Charter • 2021 Management Information Circular 	34
2-11 Chair of the highest governance body	<ul style="list-style-type: none"> • WFS current Chair of the Board of Directors, Mr. Daniel Hancock, who has been an independent director since 2017. • 2021 Management Information Circular 	13
2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> • Consultation between external stakeholders and the Board of Directors occurs both formally and informally each year. In addition, institutional holders and analysts can discuss ESG topics with leadership during quarter results conference calls, at investor conferences and during scheduled sessions. • 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. • Stakeholder engagement • Materiality assessment 	13 14
	<ul style="list-style-type: none"> • 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. • As part of its overall stewardship of WFS, the Board oversees the conduct of WFS’s business by management and reviews WFS’s financial objectives, strategic plans and activities. The Directors shall exercise their business judgment to act in what they reasonably believe to be the best interests of WFS and its shareholders in terms of corporate governance, fiduciary responsibilities, compliance with applicable law, and maintenance of appropriate financial or other controls. • Typically, matters before the Board will be decided by a majority vote of the Directors present at the meeting, provided that minimum quorum is met. Notwithstanding the previous sentence, the approval of any annual capital and operating budget(s) shall require the approval of not less than two-thirds of the members of the Board. • Board of Directors Charter 	4–6
	<ul style="list-style-type: none"> • ESG governance 	9
	<ul style="list-style-type: none"> • ESG strategy 	10

GRI Disclosure	Disclosure Response	Page(s)
	<ul style="list-style-type: none"> • The Board of Directors ensures proper risk management systems are in place in order to monitor the integrity of internal controls and critical information systems. Our full Board is responsible for risk oversight and has designated committees to have particular oversight of certain key risks. The Audit Committee has responsibility to review the effectiveness of systems pertaining to financial reporting. Our Board oversees management as it fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate actions. • Enterprise risk management • Board of Directors Charter • Audit Committee Charter • 2021 Management Information Circular 	33 5 3–5 29–31
2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> • ESG governance • Governance • WFS Website – Committee composition • 2021 Management Information Circular • WFS Website – Committee Charter details 	9 30–32 17–19
2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> • Our nine-member Board is committed to effective corporate governance and fulfilling its duties of stewardship and accountability. 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. • The Audit Committee has primary responsibility for oversight over the adequacy and effectiveness of the reporting systems and related internal controls developed and implemented by management in connection with disclosures relating to ESG matters and other non-financial data included in WFS ESG reports. • Governance • 2021 Management Information Circular 	30–32 54
2-15 Conflicts of interest	<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. • 2021 Management Information Circular • 2021 Annual Information Form 	55–56 38
2-16 Communication of critical concerns	<ul style="list-style-type: none"> • Contacting the Board at boardchair@wfsinc.com • WFS Website – Ethics Hotline • During the fiscal year 2021, there were no critical concerns raised. 	



GRI Disclosure	Disclosure Response	Page(s)
2-17 Collective knowledge of the highest governance body	<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 by management and reviewing the company ESG Report and the Audit Committee’s oversight of its process each year. Board skill diversity 	31
2-18 Evaluation of the performance of the highest governance body	<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. 2021 Management Information Circular Board committee composition 	36, 39–44 32
2-19 Remuneration policies	<ul style="list-style-type: none"> 2021 Management Information Circular 	36–37
2-20 Process to determine remuneration	<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 2021 Annual General Meeting, Westport Fuel Systems conducted its third annual Say on Pay vote. More than 88% of voting shareholders were in favour of our executive compensation. 2021 Management Information Circular 	10, 36, 40
Strategy, Policies and Practices		
2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> Message from our Board Chair and CEO 	5
2-23 Policy commitments	<ul style="list-style-type: none"> Our purpose What we stand for Enterprise risk management 2021 Management Information Circular WFS Website – Commitment to Integrity Code of Conduct 	2 8 33 29–31
2-24 Embedding policy commitments	<ul style="list-style-type: none"> ESG governance ESG strategy 	9 10
2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> WFS Website – Ethics Hotline Whistleblower Policy Code of Conduct 	

GRI Disclosure	Disclosure Response	Page(s)
2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> Business ethics and human rights WFS Website – Commitment to Integrity WFS Website – Ethics Hotline 2021 Management Information Circular Whistleblower Policy Human Rights Policy Code of Conduct 	35 27–29
2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> Westport Fuel Systems has not paid any significant fines and was not otherwise sanctioned for non-compliance with environmental laws or regulations in the reporting period. During the reporting period, Westport Fuel Systems received no sanctions for non-compliance with laws and/or regulations in the social and economic area. 	
2-28 Membership associations	<ul style="list-style-type: none"> Stakeholder engagement 	13
Stakeholder Engagement		
2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> Stakeholder engagement Materiality assessment Westport Fuel Systems is currently implementing an employee engagement process in order to better understand the engagement of its workforce. More details to be released in future ESG reports. 	13 14

GRI 3: Material Topics 2021

GRI Disclosure	Disclosure Response	Page(s)
3-1 Process to determine material topics	<ul style="list-style-type: none"> Our approach Stakeholder engagement Materiality assessment 	7 13 14
3-2 List of material topics	<ul style="list-style-type: none"> There are no significant changes from the previous reporting period. Materiality assessment 	14



Topic-Specific Standards

GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
GRI 201 Economic Performance		
3-3 Management of material topics	<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 Canadian filings site, SEDAR, and can be found at https://investors.wfsinc.com/investors/default.aspx. 2021 Annual Report 	1
201-1 Direct economic value generated and distributed (EVG&D)	<ul style="list-style-type: none"> 2021 Annual Report 	30
201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> 2021 Annual Information Form 	20, 22, 27–28
201-3 Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> Westport Fuel Systems does not offer any pension plans and does not have any post-retirement plan obligations. 	
201-4 Financial assistance received from government	<ul style="list-style-type: none"> No financial assistance received from governments and the shareholding structure is void of government presence. 2021 Annual Information Form 	10
GRI 202 Market Presence		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. What we stand for Stakeholder engagement Materiality assessment Responsible sourcing Governance 	8 13 14 27–28 29
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<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. Quantitative information is currently unavailable. Identifying an approach to collecting this information may be considered for future reporting. Significant locations include the corporate head office, support offices, production facilities and tech centres. About Westport Fuel Systems 	4

GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
202-2 Proportion of senior management hired from the local community	<ul style="list-style-type: none"> Most employees are hired locally within greater regional areas or within similar countries. When hiring for C-suite or direct reports to the C-suite (senior management) and any Vice President roles, we may consider qualified candidates from across the globe. Additional quantitative data is currently unavailable. An approach to collecting additional information will be considered for future reporting. WFS defines local communities as those located in greater regional areas or within the same country as the WFS hiring office. Significant locations include the corporate head office, support offices, production facilities and tech centres. About Westport Fuel Systems 	4
TR-AP-410a.1 Revenue from products designed to increase fuel efficiency and/or reduce emissions	<ul style="list-style-type: none"> 2021 Fiscal Year Revenue was over \$312M USD 	
TR-AP-000.A Number of parts produced	<ul style="list-style-type: none"> Presented below is the total volume of main product categories produced at each of our production plants: <ul style="list-style-type: none"> Cherasco: 1.664.249 pcs Slupsk: 549.657 pcs Brescia: 370.715 pcs Buenos Aires: 185.001 pcs Albinea: 168.354 pcs Eindhoven: 146.987 pcs 	
TR-AP-000.B Weight of parts produced	<ul style="list-style-type: none"> The weight of our total parts produced is currently unavailable and will form part of our future improved transparency and accurate data disclosure. 	
GRI 204 Procurement Practices		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. What we stand for Stakeholder engagement Materiality assessment Responsible sourcing Governance 	8 13 14 27–28 29



GRI Disclosure/SASB Metric	Disclosure Response	Page(s)																								
204-1 Proportion of spending on local suppliers	<table border="1"> <thead> <tr> <th></th> <th>Total spend</th> <th>Total spend on local suppliers</th> <th>Percent spend on local suppliers</th> </tr> </thead> <tbody> <tr> <td>Brescia</td> <td>€ 34,505,441</td> <td>€ 23,218,497</td> <td>67.29%</td> </tr> <tr> <td>Cherasco</td> <td>€ 68,480,963</td> <td>€ 59,669,586</td> <td>87.13%</td> </tr> <tr> <td>Eindhoven</td> <td>€ 12,109,608</td> <td>€ 9,396,887</td> <td>77.60%</td> </tr> <tr> <td>HPDI Plant</td> <td>€ 54,691,574</td> <td>€ 298,373</td> <td>0.55%</td> </tr> <tr> <td>Slupsk</td> <td>€ 12,176,856</td> <td>€ 12,176,856</td> <td>100%</td> </tr> </tbody> </table>		Total spend	Total spend on local suppliers	Percent spend on local suppliers	Brescia	€ 34,505,441	€ 23,218,497	67.29%	Cherasco	€ 68,480,963	€ 59,669,586	87.13%	Eindhoven	€ 12,109,608	€ 9,396,887	77.60%	HPDI Plant	€ 54,691,574	€ 298,373	0.55%	Slupsk	€ 12,176,856	€ 12,176,856	100%	
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	HPDI Plant	€ 54,691,574	€ 298,373	0.55%																						
Slupsk	€ 12,176,856	€ 12,176,856	100%																							
<ul style="list-style-type: none"> WFS defines local suppliers as those based in areas that are local to the facility and from where a procurement order (issued by a WFS plant) does not incur customs. Significant locations include the corporate head office, support offices, production facilities and tech centres. About Westport Fuel Systems 	4																									
RT-EE-510a.1 Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	<ul style="list-style-type: none"> Business ethics and human rights Code of Conduct Anti-Corruption & Prevention of Bribery Principles 	35 16–18																								
TR-AP-440a.1 Description of the management of risks associated with the use of critical materials	<ul style="list-style-type: none"> 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”. 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. 2020 Conflict Minerals Report 																									
RT-EE-440a.1 Description of the management of risks associated with the use of critical materials	<ul style="list-style-type: none"> Disclosed under TR-AP-440a.1 																									

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GRI 205 Anti-corruption		
3-3 Management of material topics	<ul style="list-style-type: none"> In early 2022, we implemented a country risk assessment process to support our understanding of all risks related to countries in which we conduct business, and to determine any additional mitigation actions which require implementation. Our process started with the completion of a summary analysis to prioritize the timing of the individual country risk assessments, the latter of which commenced in the second quarter of 2022. In addition, we maintain an Internal Controls over Financial Reporting (ICFR) Program which confirms the design and operating effectiveness of internal controls on an annual basis. This assessment concluded that the related control environment was effective in 2021. Note, while the ICFR Program is not conducted specifically for the purpose of corruption risk, there are elements of it that indirectly assess elements of corruption. Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Anti-Corruption & Prevention of Bribery Principles Whistleblower Policy Stakeholder engagement Materiality assessment Business ethics and human rights Code of Conduct 	13 14 35 16–17
205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> All employees have continued to receive anti-corruption training through the annual Code of Conduct training, most recently completed in March 2022 with a 98% completion rate. Specific anti-corruption training is provided to new employees including an in-depth two-hour training session for employees within specific higher-risk categories. The anti-corruption training program is being refreshed for roll-out in 2022. 	
205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> 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. See response to GRI 205-1 Business ethics and human rights Code of Conduct 	35 4



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205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> During 2021 there were zero incidents of corruption. 	
RT-EE-510a.2 Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	<ul style="list-style-type: none"> There were no legal actions taken for bribery or corruption. 	
GRI 206 Anti-competitive Behaviour		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement methods, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Anti-Corruption & Prevention of Bribery Principles Whistleblower Policy Stakeholder engagement Materiality assessment Business ethics and human rights Code of Conduct 	13 14 35 17–18
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> There were no legal actions taken for anti-competitive behaviour, anti-trust or monopoly activities. 	
TR-AP-520a.1 Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	<ul style="list-style-type: none"> There were no legal actions taken for anti-competitive behaviour, anti-trust or monopoly activities. 	
RT-EE-510a.3 Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	<ul style="list-style-type: none"> During 2021 there were zero incidents of corruption. 	
GRI 302 Energy		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Environment 	13 15

GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
302-1 Energy consumption within the organization	<ul style="list-style-type: none"> Total electrical energy consumed is 124,963 GJ with 1,179 GJ coming from renewables (on-site solar). 2021 performance 	21
TR-AP-130a.1 (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<ul style="list-style-type: none"> Total energy consumed was 124,963 GJ with 43.84% coming from the grid (purchased electricity) and approximately 1% was renewably generated. 2021 performance 	21
RT-EE-130a.1 (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<ul style="list-style-type: none"> Disclosed under TR-AP-130a.1 	
302-3 Energy intensity	<ul style="list-style-type: none"> 2021 performance 	21
302-4 Reduction of energy consumption	<ul style="list-style-type: none"> 2021 performance 	21
GRI 305 Emissions		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Environment 	13 15
305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Gross Scope 1 emissions were 3,672.31 tonnes CO₂e. 2020 was selected as the base year. The combination of the return of operations in our facilities coupled with the addition of Stako has resulted in Westport's Scope 2 emissions seeing a significant increase from 2020 to 2021. CO₂ emissions were calculated using tools provided by the Greenhouse Gas Protocol, specifically the tool cited from World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6. 2021 performance 	21
EM-MM-110a.2 Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and analysis of performance against those targets	<ul style="list-style-type: none"> Working with S&P Global, WFS identified short-term targets for Scope 1 and Scope 2 emissions and created a clear path to our own science-based, net-zero GHG emissions targets. WFS disclosed to the CDP as a way to better understand TCFD requirements. A score was not generated as this was a preliminary disclosure exercise completed through a condensed questionnaire. ESG strategy 	10



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EM-MM-110a.1 (1) Gross global Scope 1 emissions, (2) Percentage covered under emissions-limiting regulations	<ul style="list-style-type: none"> Gross Scope 1 emissions were 3,672.31 tonnes CO₂e. CO₂ emissions were calculated using tools provided by the Greenhouse Gas Protocol, specifically the tool cited from World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6. Information pertaining to the percentage of Scope 1 emissions covered under emissions-limiting regulations is currently unavailable. Identifying an approach to collecting this information will be considered for future reporting. 	
305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Gross Scope 2 emissions were 16,244.22 tonnes CO₂e. CO₂ emissions from use of purchased electricity are calculated using tools provided by the World Resources Institute "CO₂ emissions from purchased electricity (indirect emissions) https://www.wri.org/working-9-5-climate-change. See response to GRI 205-1 2021 performance 	21
305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> GHG emissions for Scope 3 are currently unavailable, however, efforts are in place to disclose in the future. 	
305-4 GHG emissions intensity	<ul style="list-style-type: none"> GHG intensity was 78.88 tonnes CO₂-eq/US\$ Million of Revenue including both Scope 1 and 2 CO₂ emissions. A 2020 baseline was chosen to compare year over year emissions reduction. WFS is working to formally identify a baseline year for future reporting. 2021 performance 	21
305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> Without our operation in Poland, GHG emissions in 2021 increased by 1,547.61 tonnes CO₂-eq or 21% compared to 2020. Including Poland operations, GHG emissions in 2021 increased by 12,588.32 tonnes CO₂-eq or 272% compared to 2020. A 2020 baseline was chosen to compare year over year emissions reduction. WFS is working to formally identify a baseline year for future reporting. 2021 performance 	21
305-6 Emissions of ozone-depleting substances (ODS)	<ul style="list-style-type: none"> WFS does not produce, import, or export ozone-depleting substances (ODS). 	

GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
GRI 307 Environmental Compliance		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Materiality assessment Environment 	13 14 15
307-1 Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Westport Fuel Systems has not paid any significant fines and was not otherwise sanctioned for non-compliance with environmental laws or regulations in the reporting period. 	
GRI 401 Employment		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Materiality assessment Social 	13 14 22
401-1 New employee hires and employee turnover	<ul style="list-style-type: none"> Our global workforce 	26
RT-EE-000.B Number of employees	<ul style="list-style-type: none"> As of December 31, 2021, our workforce worldwide was 1,797 individuals, which includes direct employees, individuals contracted directly for 12 months or longer, and temporary or seasonal workers. 	
GRI 403 Occupational Health and Safety		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Materiality assessment Occupational health and safety 	13 14 23
403-1 Occupational health and safety management system	<ul style="list-style-type: none"> Each of our operating sites have site-based occupational health and safety management systems which, at minimum, comply with all jurisdictional requirements and in most cases exceed minimum requirements based on level of health and safety risk at each site. At this time, we have not sought third-party certification of our occupational health and safety management systems. 	



GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
403-2 Hazard identification, risk assessment and incident investigation	<ul style="list-style-type: none"> Each entity has a formal health and safety policy which describes the occupational health and safety processes for risk identification, work-related hazards and hazardous situation reporting and procedures for incident and near-miss investigation. 	
403-3 Occupational health services	<ul style="list-style-type: none"> All occupational health and safety systems apply to both employees and workers who are not employees but whose work is controlled by the organization. Privacy and confidentiality are maintained through all reporting mechanisms. 	
403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> 96% of our workforce (including employees, contractors and temporary workers) are covered by a formal, site-based joint health and safety committee (JHSC). Each JHSC consists of both management and employee personnel for consultation and communication on occupational health and safety needs. Only employees who are remote workers or work at offices with less than 20 total employees are not covered by any JHSC. For employees not covered by a JHSC there are processes in place to support direct communication to management regarding occupational health and safety concerns. 	
403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> Annual training on a variety of occupational health and safety topics occurs throughout the organization, including during employee onboarding and throughout their role. More frequent or specialized training is available for roles which are identified as higher-risk roles to occupational health and safety hazards. All training is provided free of charge and during paid working hours. As we improve our reporting systems, we will consider further disclosure of specific training subjects in future reporting. Safety perspective 	24
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> Prevention and mitigation of occupational health and safety risks from our operations are controlled through our occupational and health and safety management system and JHSCs. WFS is currently working on a Global Health and Safety Policy that will be put into effect in 2022. 	
403-8 Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> Only employees who are remote workers or work at offices with less than 20 total employees are not covered by any JHSC. For employees not covered by a JHSC there are processes in place to support direct communication to management regarding occupational health and safety concerns. The occupational health and safety management system is not currently audited or certified externally. We are taking steps to improve and standardize our approach to health and safety. Occupational health and safety 	23

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403-9 Work-related injuries	<ul style="list-style-type: none"> There were no fatalities in 2021. Out of the 3,369,191 total hours worked in 2021, there were six reportable injuries. Based on 200,000 annualized working hours, the total recordable injury frequency rate was 0.36. This is in line with our Vancouver best-in-class target of 0.42. Of these six reportable injuries, two occurred in our Argentina facility and four occurred in our Cherasco, Italy facility. All of our other 10 facilities had no Lost Time Injury (LTI). Work-related injuries are not currently tracked for workers who are not employees. As we improve and standardize our approach, we will consider disclosing this data in future reporting. Occupational health and safety 	23
RR-FC-320a.1 (1) Total recordable incident rate (TRIR), (2) Fatality rate	<ul style="list-style-type: none"> Total recordable injury rate in 2021 was 0.42. There were no fatalities in 2021. Work-related injuries are not currently tracked for workers who are not employees. As we improve and standardize our approach we will consider disclosing this data in future reporting. 	
GRI 404 Training and Education		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement methods, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Learning and development 	13 26
404-1 Average hours of training per year per employee	<ul style="list-style-type: none"> Global average hours of training per employee for 2021 was 7.88 hours. Learning and development Additional disclosure of training hours based on gender and employee category are unavailable at this time. As we expand our reporting systems we will consider disclosing in the future. 	26
404-2 Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> Training that took place in 2021 was largely focused on safety, and compliance and business ethics. Learning and development 	26



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GRI 405 Diversity and Equal Opportunity		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. 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. Stakeholder engagement Materiality assessment Diversity, equity and inclusion Diversity Policy 	13 14 25
405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> Diversity, equity and inclusion Corporate governance Information on racial/ethnic group representation, employee category or age group is currently unavailable. As we expand our reporting systems we will consider disclosing in the future. 	25 30
TC-SI-330a.3 Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	<ul style="list-style-type: none"> 1) Management diversity at December 31, 2021 was 86% male, 14% female. 3) Global workforce diversity at December 31, 2021 was 69% male, 31% female Information on racial/ethnic group representation, employee category or age group is currently unavailable. As we expand our reporting systems we will consider disclosing in the future. 	
GRI 407 Freedom of Association and Collective Bargaining		
3-3 Management of material topics	<ul style="list-style-type: none"> 2021 Annual Information Form Code of Conduct Diversity Policy 	19
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> Within our operations there are no locations at risk of losing the right to freedom of association and collective bargaining. Risks within our supply base are unavailable as they are not currently reported on. As we expand our reporting systems we will consider disclosing this in the future. 	

GRI Disclosure/SASB Metric	Disclosure Response	Page(s)
GRI 412 Human Rights Assessment		
3-3 Management of material topics	<ul style="list-style-type: none"> Through regular stakeholder engagement methods, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. ESG strategy Stakeholder engagement Materiality assessment Business ethics and human rights Human Rights Policy Code of Conduct 	10 13 14 35 23
412-1 Operations that have been subject to human rights reviews or impact assessments	<ul style="list-style-type: none"> ESG strategy Business ethics and human rights As we expand our reporting systems we will consider disclosing additional information in the future. 	10 35
412-2 Employee training on human rights policies or procedures	<ul style="list-style-type: none"> Human rights training is embedded within our Code of Conduct and related Code of Conduct training and certification which is required by all members of our workforce (employees, contractors and temporary workers). 	
GRI 415 Public Policy		
3-3 Management of material topics	<ul style="list-style-type: none"> The company has established an Interaction with Government Officials Policy which, among other things, describes expectations of the business when conducting business with government officials, ensuring compliance with applicable local, national and international laws and regulations covering all jurisdictions in which the company operates. This policy was reviewed and implemented through the company Compliance Committee and is subject to re-review on a defined basis. 	
415-1 Political contributions	<ul style="list-style-type: none"> The company has established its Interaction with Government Officials Policy which states that no political contributions are permitted. 	
GRI 416 Customer Health and Safety		
3-3 Management of material topics	<ul style="list-style-type: none"> The executive-level Product Safety and Compliance Committee, formed in 2020, is responsible for oversight of safety- and compliance-related risk assessments, risk acceptance, and risk mitigation efforts as well as proactive measures associated with WFS products and services, throughout the company, and sold or otherwise provided to third-party customers. Through regular stakeholder engagement methods, we have identified a list of top initiatives and focus areas for 2021 which will help WFS effectively tackle the most material topics. Stakeholder engagement Materiality assessment 	13 14



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GRI 418 Customer Privacy		
3-3 Management of material topics	<ul style="list-style-type: none">Cyber security	34
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none">During the reporting period we received no complaints nor had any significant breaches of data privacy or losses of customer data.	
GRI 419 Social-economic Compliance		
3-3 Management of material topics	<ul style="list-style-type: none">Business ethics and human rights	35
419-1 Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none">During the reporting period, Westport Fuel Systems received no sanctions for non-compliance with laws and/or regulations in the social and economic area.	
Waste		
TR-AP-440b.1 Percentage of products sold that are recyclable	<ul style="list-style-type: none">Data on percentage of products sold that are recyclable is currently unavailable. As we expand our reporting systems we will consider disclosing in the future.	
TR-AP-440b.2 Percentage of input materials from recycled or remanufactured content	<ul style="list-style-type: none">Data on percentage of input materials from recycled or remanufactured content is currently unavailable. As we expand our reporting systems we will consider disclosing in the future.	



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