



*Powering a cleaner, prosperous tomorrow for all*  
**2020 Environmental, Social and Governance Report**







# Our purpose

At Westport Fuel Systems, we aspire to create a world where climate change is substantially slowed 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.

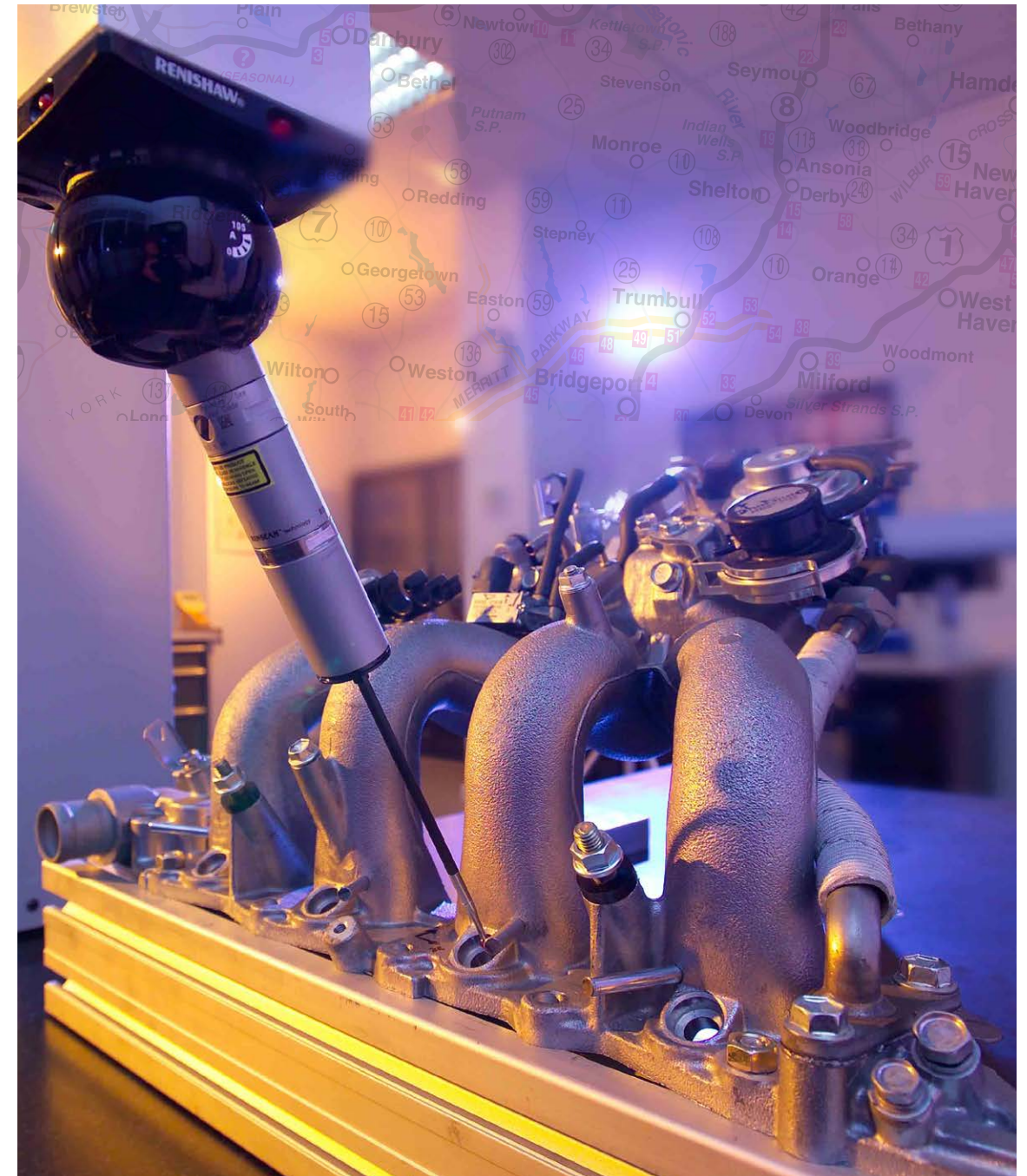
This challenge involves everyone in our organization making a daily commitment to build transportation solutions which improve the health of the environment, the safety of people and the prosperity of communities.

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

At a time marked globally by extraordinary difficulties and uncertainties, Westport Fuel Systems remains focused on our commitment to decarbonize transportation, clean our air and create a better future.

We are here to enable our customers to lead with affordable, sustainable and efficient transportation solutions.

**We are here to power a cleaner, prosperous tomorrow for all.**





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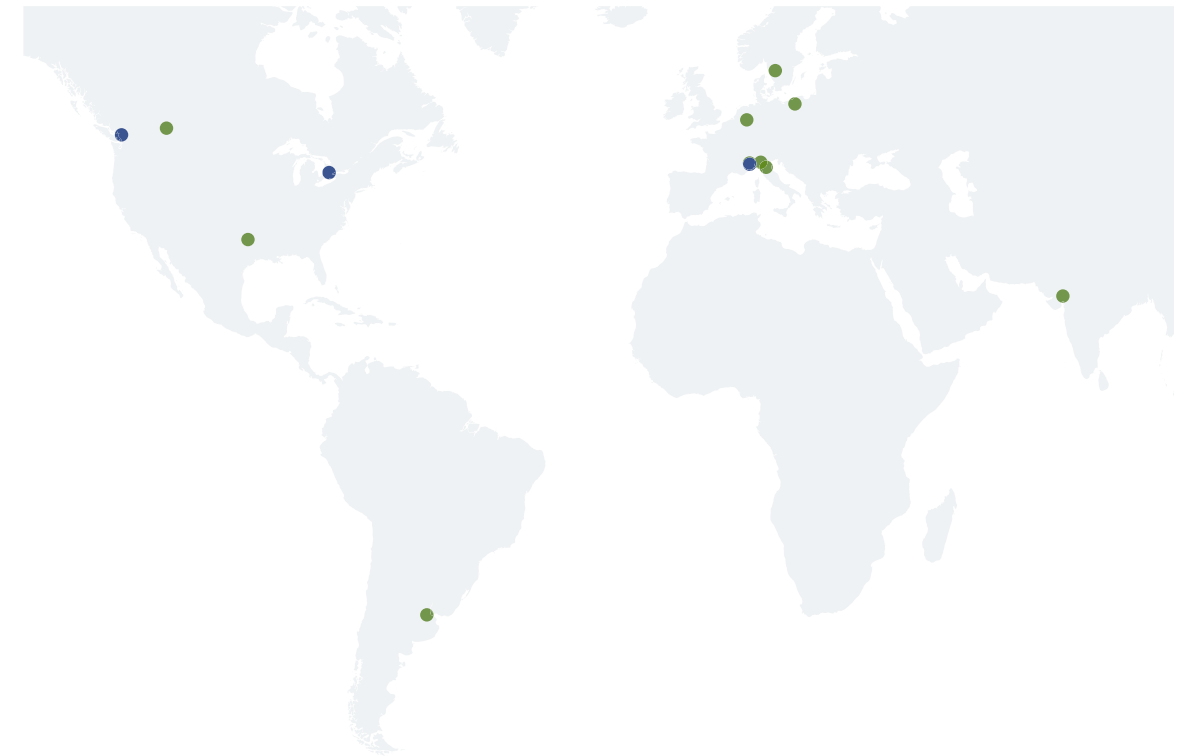




# About Westport Fuel Systems

Westport Fuel Systems (TSX | Nasdaq: WPRT) is driving innovation to power a cleaner tomorrow. We are a leading supplier of advanced fuel delivery components and systems for clean, low-carbon fuels such as natural gas, renewable natural gas, propane and hydrogen to the global automotive industry. Westport's technology delivers the performance and fuel efficiency required by transportation applications, and the environmental benefits that address climate change and urban air quality challenges.

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](http://www.wfsinc.com).



**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  
Slupsk, Poland\*\*

\* Sold April 30, 2021

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

**Tier 1**  
automotive supplier

**>1,400** patents  
and applications

**12** brands selling  
in **70** countries  
(as of August 10, 2021)

**\$252M+**  
in sales in 2020

**>100**  
global distributors

**1,336**  
employees  
(as of December 31, 2020, figure adjusted from previously reported Annual Information Form (AIF) to include additional temporary and consultant workers)





# Message from our Board Chair and CEO

With COVID-19 turning the world upside down in 2020, we were reminded of the need for urgent action on social and environmental issues, which, if left unchecked, can threaten lives and livelihoods in very real ways.

As a company created to bring environmental solutions to the transportation sector, Westport Fuel Systems aims to be part of broader societal efforts to make the world a greener, more resilient place. Our aspirations are captured in our newly adopted purpose – *to power a cleaner, prosperous tomorrow for all* – and accompanying statement (see [page 2](#)).

Our greatest contribution will always be through our products and services, which address the challenges of urban air quality and climate change by enabling customers to make the switch from high-carbon gasoline and diesel fuels to cleaner, lower-carbon and cost-competitive alternative fuels. The more of our products that we can get into vehicles, the better it will be for human health, the environment and the economy.

That said, the first order of business in 2020 was dealing with the immediate impacts of the pandemic. We cannot say enough about the way our employees rose to the challenges, going to great lengths to ensure the safety of our colleagues, customers and communities, and to maintain our business and commitments. Despite having to suspend operations at our main production facilities in Italy in the second quarter, and to work in new and different ways, we made substantial progress on our business objectives, including engine certification of our High-Pressure Direct Injection (HPDI) product in China, growth in key geographies like Europe and India, and a strengthened balance sheet and overall liquidity.

We're also very pleased with the progress made to elevate our environmental, social and governance (ESG) performance and strengthened reporting transparency. Addressing material ESG topics is fundamental to our business strategy, and we recognize that having robust systems and processes in place to mitigate ESG risks and capitalize on opportunities is critical for our long-term success.

In addition to making several strategic hires, including a vice-president of risk management and compliance, we launched an ESG Steering Committee of senior executives to help embed ESG into our business and management processes. Steps like these will put us in a good position to improve our climate-related disclosure, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In early 2021, our Board approved our first-ever formalized ESG strategy, which is focused on the actions we feel we can – and should – take to amplify our positive impact on our value chain and in society. Developed with input from internal and external stakeholders, the strategy identifies four focus areas: climate action; safe, diverse and inclusive culture; responsible sourcing; and commitment to integrity. Having established priorities and key initiatives in each of these areas, our next step will be to set meaningful targets.

We hope you enjoy reading this report. We're proud of our team's accomplishments in an extraordinary year and pleased to be able to share what we're doing to decarbonize transportation, clean our air and create a better future.

Sincerely,



**Daniel M. Hancock**  
Board Chair



**David M. Johnson**  
Chief Executive Officer





# About this report

This is our third annual Environmental, Social and Governance (ESG) report, which covers the 2020 calendar year.

Our previous report (for 2019) was published in August 2020. Unless otherwise noted, the information presented here is as at December 31, 2020, 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 informed by the findings of a materiality assessment conducted in early 2021. See [page 14](#) for our process and priority topics.

We have followed the Global Reporting Initiative (GRI) Standards: Core option in preparing this report and addressed metrics related to the Sustainability Accounting Standards Board (SASB) standards that apply to us – including those pertaining to the Auto Parts Standard.

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](mailto: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***

An odourless, gaseous mixture of hydrocarbons, 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)***

Also known as biomethane, RNG is made from multiple sources including organic waste such as livestock manure and landfill. It drastically reduces carbon emissions, and unlike conventional natural gas, RNG is not a fossil fuel and does not involve drilling.

### ***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)***

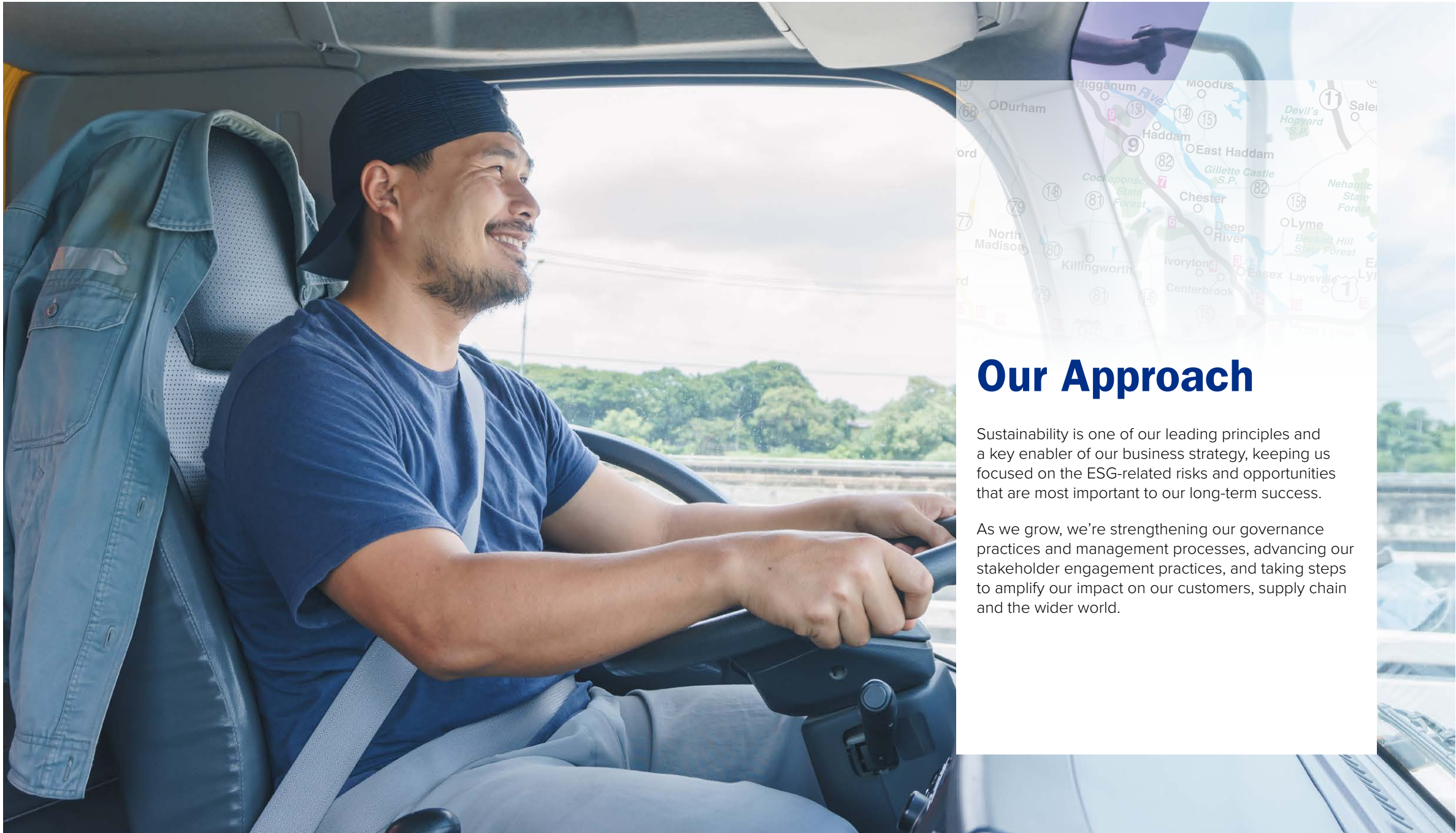
Produced by super-cooling natural gas to turn it into a liquid, LNG is typically used in heavy-duty vehicles when extended driving range is required.

### ***Hydrogen***

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 environmental attributes of these fuels on [page 17](#).





# Our Approach

Sustainability is one of our leading principles and a key enabler of our business strategy, keeping us focused on the ESG-related risks and opportunities that are most important to our long-term success.

As we grow, we’re strengthening our governance practices and management processes, advancing our stakeholder engagement practices, and taking steps to amplify our impact on our customers, supply chain 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 by which we capture business opportunity and realize value. We relentlessly serve our customers.

## DELIVERY EXCELLENCE

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

## TEAMWORK AND COLLABORATION

We enable our people through enriched collaboration and partnerships, leveraging our diverse global experience and viewing the company in its entirety – as our stakeholders do.

## SUSTAINABILITY

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







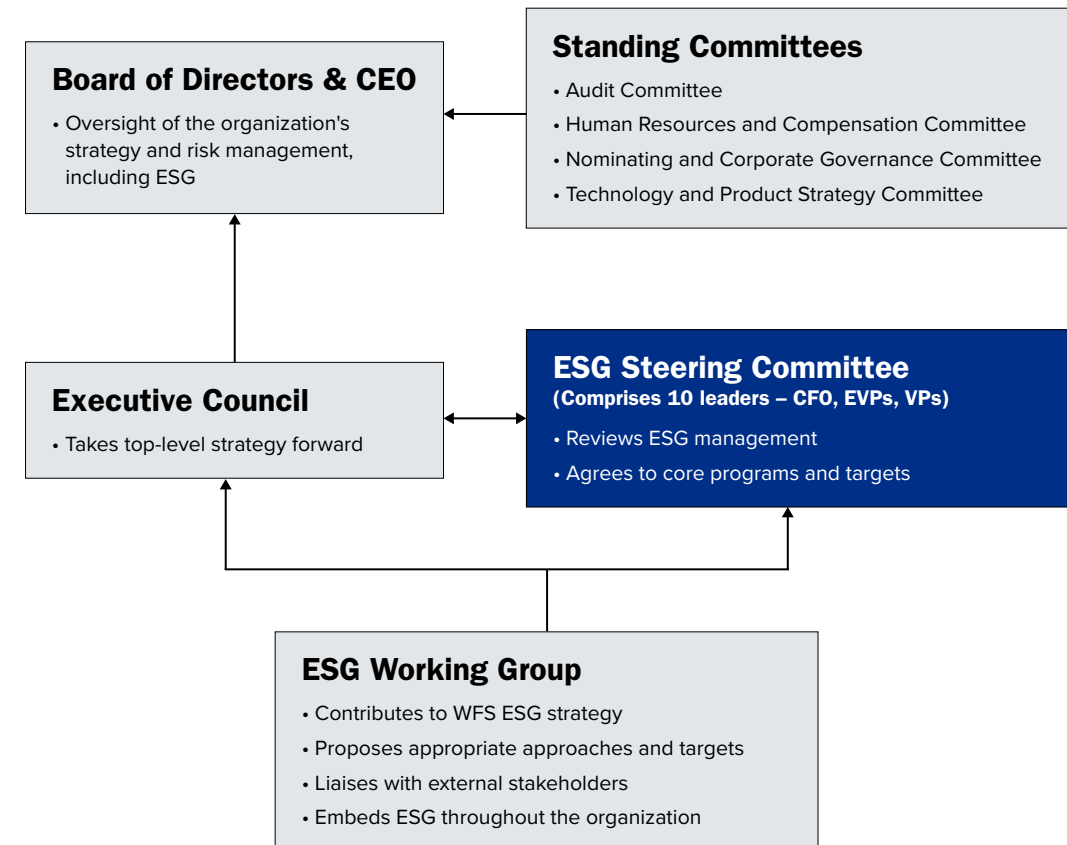
# ESG governance

A strong ESG strategy and performance require an effective and accountable internal governance structure. Our approach to ESG governance engages our Board and employees at all levels of the company.

Our eight-member Board is committed to effective corporate governance and to fulfilling its stewardship and accountability duties. These 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, as well as incorporating ESG considerations into the development of strategy for the company.

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 is undertaking its oversight functions in this area with input from its standing committees on matters that fall within their particular responsibilities and expertise. For example, the Audit Committee is responsible for internal controls related to reporting measures, the Human Resources and Compensation Committee is charged with executive compensation and human capital matters, and the Nominating and Corporate Governance Committee conducts director continuing education and brings information about emerging issues and practice, regulatory matters and reporting standards, amongst other things, to the Board. We anticipate the new Technology and Product Strategy Committee will assist the Board in determining overall ESG strategy in light of emerging technologies and new product development. Given that this is a rapidly evolving area within corporate governance, the Board continues to evaluate its approach to ensure emerging risks are identified and addressed.

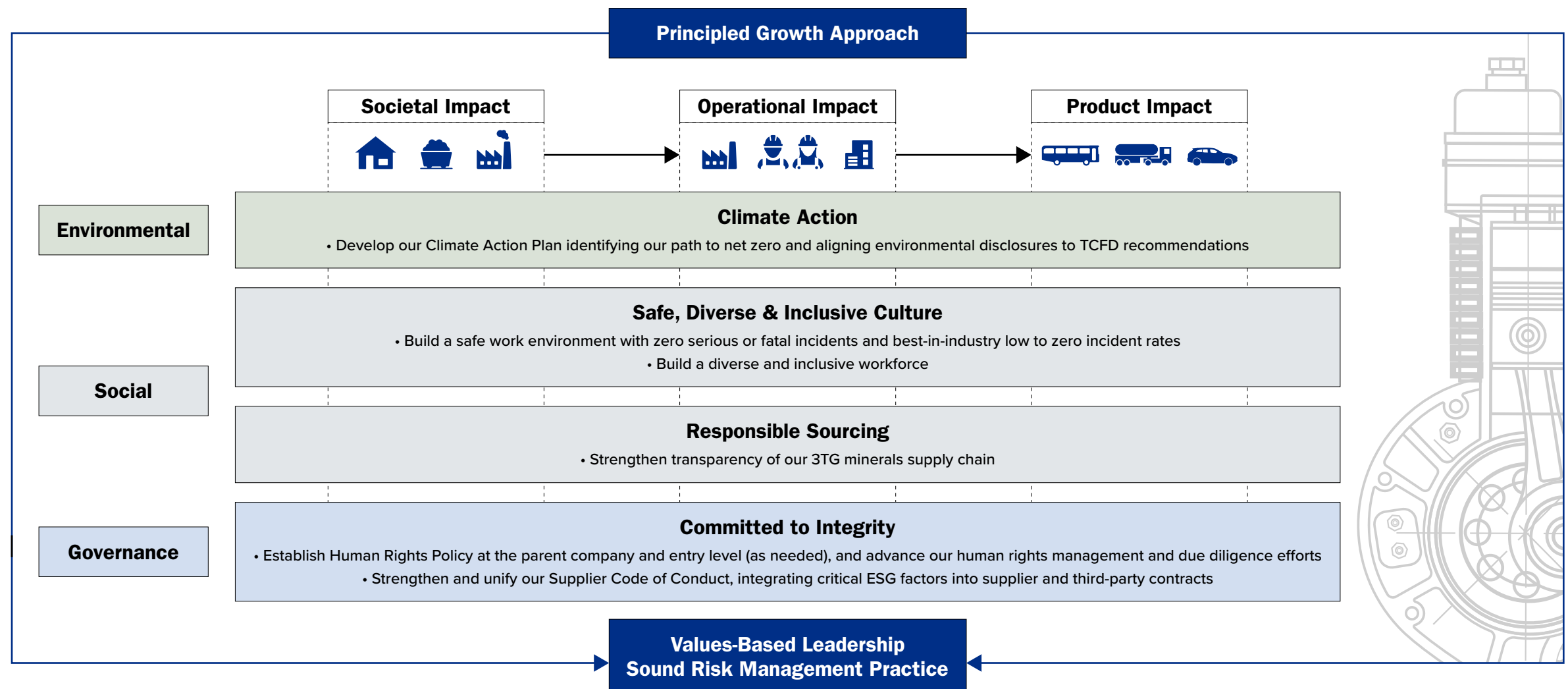
In early 2021, we launched the ESG Steering Committee, which is led by our CEO and includes our CFO, executive vice-presidents and vice-presidents from across our businesses, regions and functions. The 10-member committee oversees ESG management, approves core programs and targets, and works to integrate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





# ESG strategy

Our ESG strategy is focused on taking concrete steps to ensure that the way we do business has positive impacts throughout our value chain. Approved by the Board in early 2021, the strategy is aligned with our business strategy and informed by external research, recent materiality assessment outcomes, and ongoing internal and external stakeholder engagement.







# Risk management

Underpinning Westport’s ESG strategy is a commitment to sound risk management. To drive continuous improvement in this area, we appointed our first-ever Vice-President, Risk Management and Assurance, Rohan Athaide, in May 2020.

## What have been your top risk management priorities since joining the organization?

While risk management has already been occurring in the company through a number of different means, the Board and senior management recognized the need to build an enterprise risk management framework that would add more structure, discipline and consistency to our processes and ensure we have the right governance principles in place.

Thus far, we’ve conducted a current/future state assessment of what we’re building, created a risk escalation process that has been reviewed by the Board’s Audit Committee, and established a risk matrix to facilitate risk assessments in various areas of our business.

## How is ESG risk being embedded into the enterprise risk management process?

We recently initiated an ESG risk assessment, using the output of the ESG materiality assessment, external research and guidance from the international Committee of Sponsoring Organizations (COSO) to clearly articulate the specific risks and control activities we have in place, and to identify where gaps exist and where we want to improve.

These ESG risks and related activities are being evaluated through our enterprise risk management process and, as such, will be given greater visibility, structure and consideration in terms of both the risks and opportunities they present for our company. This will be especially important for our climate change related risks, which can range from the impact of the low-carbon transition on the sale of our products to the impact of extreme weather events on our supply chain. We see this as a first step towards being able to issue a climate report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the coming year.

It’s also worth noting that our identification of key risks through the ESG risk assessment process played a role in defining our new ESG strategy and what we need to focus on from an ESG perspective to enable our business strategy.



**Rohan Athaide**  
Vice-President,  
Risk Management and Assurance



# Building cyber resilience

Information technology (IT) plays an important role in the operation of our business and we continually develop and enhance internal controls, policies and procedures to protect systems, servers, computers, software, data and networks from attack, damage or unauthorized access.

The IT leadership group recently formed a management task force to define the company’s cyber resilience framework,

identify and measure risks, enhance our business continuity strategy and disaster recovery plans, capture key business information security risks beyond IT and report any incidents.

In 2020, the task force initiated disaster recovery testing on mission critical systems at some of our operating sites. This exercise will continue into 2021 to ensure all critical IT data centres and redundancy systems are thoroughly tested. The task force provides regular updates to the Board’s Audit Committee, with analysis, mitigation strategies and incidents reported to the full Board.



# The world around us

To succeed in a world that never stands still, we monitor trends and adapt our strategies based on the risks and opportunities presented by social, economic, political, environmental and technological developments. Here are a few of the external factors driving Westport’s growth and shaping our approaches:

## ESG trends

ESG factors – like climate change, diversity and human rights – are some of the most significant drivers of change in the world today, with major implications for businesses. In 2020, the COVID-19 pandemic and incidents of racial injustice and intolerance have created even greater impetus to build greener, more inclusive and sustainable economies and societies that are more resilient in the face of environmental and social challenges.

## Regulatory developments

Global trends in greenhouse gas (GHG) emission reduction regulations and increasingly stringent urban air quality requirements are driving the adoption of cleaner fuelled vehicles and strengthening our business potential.

Many countries are enacting transport regulations to live up to their commitments under the Paris Climate Agreement, which seeks to limit global temperature rise to well below 2 degrees Celsius. For example, the European Parliament has passed CO<sub>2</sub> emission standards requiring heavy-duty truck original equipment manufacturers (OEM) to achieve a fleet average reduction of 15% by 2025 and 30% by 2030 compared to a 2019 baseline. The European Commission also announced their first major climate milestone targeting 55% emission reduction by 2030 with a variety of measures outlined in their “Fit for 55” package<sup>1</sup>.

In response to documented health concerns arising from urban air pollution and the role of transportation, several jurisdictions have introduced new bans and targets that place restrictions on the use of high-emission vehicles and offer preferred access for next-generation low-emission vehicles. Currently, these bans and targets cover passenger and delivery vehicles, and while blanket bans on diesel vehicles have not been imposed, there are regions implementing aggressive policies to restrict their use.

## Clean fuel availability

Where clean fuel\* availability was once an issue, the rise in demand for cleaner transportation solutions in many developed and emerging markets has led to rapid growth in the supporting refuelling infrastructure<sup>2</sup>:

China has the largest existing infrastructure with **6,500 LNG** stations

Europe has more than **4,000 CNG, 400 LNG** and **47,000 LPG** stations and growing

India is planning **10,000 CNG** stations within this decade

The U.S. has **1,680 CNG** and **144 LNG** stations and growing

What’s more, fuels like renewable natural gas are now readily available and increasing as a share of total natural gas used. For example, 92% of all on-road fuel used in natural gas vehicles in California in 2020 was RNG<sup>3</sup>.

\* A glossary of key alternative fuel terms can be found on [page 6](#).

<sup>2</sup> [https://s26.q4cdn.com/361830528/files/doc\\_presentations/2021/05/WestportDeckMay20V1.pdf](https://s26.q4cdn.com/361830528/files/doc_presentations/2021/05/WestportDeckMay20V1.pdf)

<sup>3</sup> Source: Report produced in June 2021 by Natural Gas Vehicles for America and The Coalition for Renewable Natural Gas.

<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3541](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541)





# Sustainable Development Goals

The global community has rallied around the United Nations Sustainable Development Goals (SDGs), which are a call for all countries to work together to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. We want to do our part to support delivery of the SDGs and have identified eight goals that are most relevant to our business and where 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 production and consumption**



**Affordable and clean energy**



**Climate action**



**Decent work and economic growth**



**Peace, justice and strong institutions**

## Fuelling change in India

In India, where urban air pollution has taken a heavy toll on human health, the government introduced stringent new vehicular emissions standards, which took effect on April 1, 2020.

The Bharat Stage VI (BS-VI) standards require all new vehicles sold from that date forward to meet emissions limits that are at par with the Euro 6 standard adopted in European countries. This was a major change, leapfrogging from the existing Stage IV standard directly to Stage VI, and reducing emission limits for particulate matter and nitrogen oxides (NOx) by as much as 70–80% depending on the type of vehicle<sup>1</sup>.

The new standard also requires a wide list of technology modifications, the most significant being making on-board diagnostics mandatory to help monitor the pollution caused by a vehicle in real time.

As one of the cleanest burning and most affordable fuels available in the Indian market, compressed natural gas (CNG) is playing an important role in the transition. To support its adoption, the government has committed to expanding the number

of CNG stations across the country to 10,000 by the end of the decade.

“As the main supplier of CNG fuel technologies to the Indian market, this represents a significant opportunity to grow our business,” says Alessandro Bonetta, OEM Light Duty Business Unit Leader Senior Director, Westport Fuel Systems. “We’ve already launched more than 20 new vehicle platforms, which are selling well and making an immediate impact on air quality. It’s satisfying to know that we’re helping power a cleaner tomorrow for the people of India.”



<sup>1</sup> <https://www.transportpolicy.net/standard/india-light-duty-emissions/> and <https://www.transportpolicy.net/standard/india-heavy-duty-emissions/>



# Materiality assessment

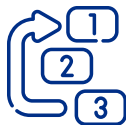
To help us gauge the ESG topics of greatest importance to our business and to our stakeholders, we conducted a formal materiality assessment in early 2021 based on the approach proposed by the GRI.



## Identification

From a pool of 100+ potential ESG topics, we identified 20 significant topics through:

- Review of peer companies' reports
- Regulatory landscape review



## Prioritization

We narrowed the list to 11 topics through:

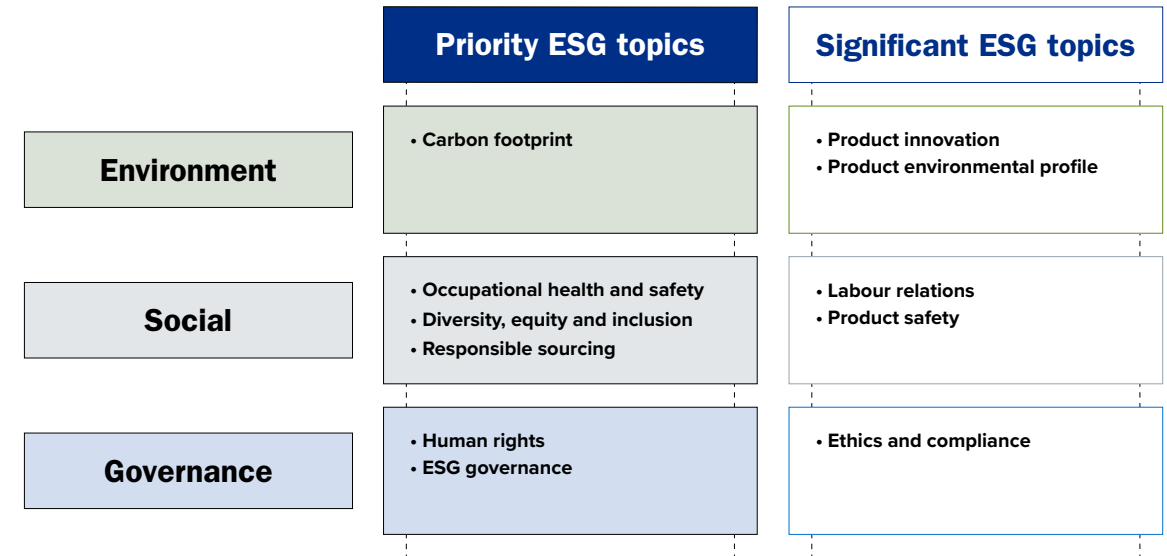
- Internal and external stakeholder surveys (209 respondents)
- Review of customer-requested ESG surveys
- Review of rating agency expectations



## Validation

We identified six priority topics through:

- Four internal management validation workshops conducted with the ESG Steering Committee



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.

“

**This year we expanded our materiality assessment to ensure we better captured the input of our stakeholders and clearly understood the material ESG areas affecting Westport Fuel Systems and present challenges and opportunities to becoming a better corporate citizen. We know that getting more of our products in the hands of our customers is the best way to support cleaner air and mitigate climate change through an affordable and tangible transition to cleaner transportation. Combining this with operational programs that drive a path to net zero emissions and foster a safe, diverse and inclusive culture are key to driving sustainable performance and meaningful contributions to our stakeholders.**



Richard Orazietti  
CFO

”





# 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 2020:

Stakeholder group	How we engage	Top 2020 initiatives/topics
Academia	<ul style="list-style-type: none"><li>Regular dialogue</li><li>Topic-specific conferences and events</li></ul>	<ul style="list-style-type: none"><li>New technology initiatives which promote cleaner transportation</li><li>Carbon footprint reduction</li></ul>
Customers and OEM partners	<ul style="list-style-type: none"><li>Distributor network</li><li>Key account management</li><li>Reviews and meetings</li><li>Market research</li><li>Corporate website</li><li>Digital media</li><li>ESG survey</li></ul>	<ul style="list-style-type: none"><li>Responsible sourcing</li><li>Human rights</li><li>Carbon footprint reduction</li><li>Occupational health &amp; safety initiatives</li><li>Product safety</li></ul>
Employees	<ul style="list-style-type: none"><li>Health and safety committees</li><li>Townhall meetings</li><li>Internal communication channels</li><li>Union representatives</li><li>Performance feedback processes</li><li>Internal ESG survey</li></ul>	<ul style="list-style-type: none"><li>Training and development</li><li>Product environmental profile</li><li>Product safety</li><li>Health and safety</li><li>Cyber security</li><li>Diversity and inclusion</li></ul>
Government policy makers and regulators	<ul style="list-style-type: none"><li>Global advocacy and relationship building</li><li>Policy and regulatory development</li><li>Facility visits and targeted outreach</li><li>Collaborative partnerships</li></ul>	<ul style="list-style-type: none"><li>Education to government officials on the key role RNG and other renewable fuels play in the transition of the transportation section to lower carbon</li></ul>
Industry associations	<ul style="list-style-type: none"><li>Technical working groups and committees</li><li>Corporate memberships</li><li>Service on boards of directors and advisory boards</li></ul>	<ul style="list-style-type: none"><li>New product innovations</li><li>Support of lower carbon, cleaner transportation</li><li>Success stories</li></ul>
Shareholders and investors	<ul style="list-style-type: none"><li>Quarterly earnings communications</li><li>Analyst conference calls</li><li>Shareholder meetings, annual report and regulatory filings</li><li>Investor relations conference</li><li>“Say-on-Pay” Advisory Vote</li></ul>	<ul style="list-style-type: none"><li>Overall ESG score performance</li><li>Recognition of climate risk in our financial reporting</li><li>Reporting to SASB and TCFD</li></ul>

Stakeholder group	How we engage	Top 2020 initiatives/topics
Local communities	<ul style="list-style-type: none"><li>Community outreach mechanisms</li><li>Emergency response plans</li></ul>	<ul style="list-style-type: none"><li>Ensuring protection of environmental and social aspects of the community</li></ul>
Media	<ul style="list-style-type: none"><li>Press releases</li><li>Media releases</li><li>Corporate website/digital media</li><li>Corporate spokespeople</li></ul>	<ul style="list-style-type: none"><li>News on how we are progressing our mission</li><li>New product launches</li><li>How our work contributes to society at large</li></ul>

Westport participated in these key industry and academic consortia in 2020 and 2021:

- Assogasliquidi  
British Columbia Tech Association  
Canadian Chamber of Commerce  
Canadian Natural Gas Vehicle Association  
CAPEC – Compressed Natural Gas and Related Equipment Producers of Argentina  
Energigas Sweden  
German Association of Liquid Gas  
Italian Association of Hydrogen and Fuel Cells  
Liquid Gas Europe – The European LPG Association
- National Association of the Automobile Industry  
National Association of Corporate Directors  
National Federation of Methane Distributors and Transporters  
Natural Gas Vehicle Association Europe  
Natural Gas Vehicle Italy  
Natural Gas Vehicles America  
Research Association for Combustion Engines  
UK Low Carbon Vehicle Partnership  
Vancouver Board of Trade  
The Vloeibaar Gas Association (VVG)  
World Liquefied Petroleum Gas Association





# Environment

With roots tracing back to early public concern about urban smog and air quality issues, Westport Fuel Systems is now powering the shift to affordable, sustainable and efficient transportation solutions that both mitigate climate change and clean the air.

We're also committed to maintaining high standards of environmental stewardship in our operations, including reducing our own carbon footprint. In connection with our ESG strategy, we are taking a deeper look at potential climate-related mitigation activities.







# Decarbonizing transportation

According to the United Nations, 2011-2020 was the warmest decade ever recorded, bringing with it massive wildfires, hurricanes, droughts, floods and other climate disasters across continents. While the world took a significant step toward limiting global temperature rise by adopting the Paris Climate Agreement in 2015, the hard work to reduce CO<sub>2</sub> emissions – the main cause of human-induced climate change – is underway across countries and industries.

With transportation accounting for about 23% of global CO<sub>2</sub> emissions, we're focused on decarbonizing a sector that is one of the most difficult because of the challenge of replacing energy-dense fossil fuels in a cost-effective way that meets the demands of the industry.

We design, engineer and manufacture products that enable customers to switch from high-carbon gasoline and diesel fuels to clean, low-carbon gaseous fuels – helping them meet their carbon reduction goals and be part of the climate solution, without sacrificing performance or affordability. We supply our products and services through a global network of distributors, OEMs and delayed OEM programs.

Westport has a big advantage over alternatives like electric vehicles, which are expected to be years away for long-haul applications, as our solutions are more affordable, commercially available and viable today – making an impact in everything from three-wheeled vehicles (i.e., *tuk tuks* and auto rickshaws) in Delhi to buses in Los Angeles to heavy-duty trucks across Europe.

**By enabling our customers to use clean, alternative transportation solutions using fuels like natural gas, renewable natural gas and hydrogen, we help:**

## Improve air quality

Clean fuels reduce emissions of particulate matter and the nitrogen oxides that contribute to smog.

Natural gas, for example, emits virtually no particulate matter and very low levels of nitrogen oxides. In the U.S., over 55% of NO<sub>x</sub> total emissions are attributed to the transportation sector<sup>1</sup>. Leveraging natural gas engines, such as those produced through our Cummins Westport joint venture, can reduce heavy-duty NO<sub>x</sub> emissions by 90%<sup>2</sup>.

<sup>1</sup> <https://www.epa.gov/transportation-air-pollution-and-climate-change/smog-soot-and-local-air-pollution>

<sup>2</sup> <https://www.cumminswestport.com/models/isx12n>

## Reduce CO<sub>2</sub> emissions\*



Natural-gas-powered cars and trucks emit about **20% less CO<sub>2</sub>** than those that run on gasoline or diesel.



Less expensive than electric vehicles and other options, LPG-powered vehicles **reduce CO<sub>2</sub> emissions by about 10%** and offer significant fuel savings – the price of LPG is about 30% less than that of gasoline and 70% less than diesel.



Renewable natural gas reduces carbon at the source *and* on the road. It's made from methane, which occurs naturally in landfills, dairy farms, waste water treatment plants and the like. Rather than entering the atmosphere, the methane is captured and repurposed as transportation fuel. As a result, RNG can be **carbon negative**, which means that it avoids more emissions than it generates.



Hydrogen fuel offers the promise of **zero carbon emissions** and is the focus of R&D investment around the world. At Westport, we're already testing heavy-duty truck engines on hydrogen.

Our greatest opportunity for positive impact within the transportation sector is to grow the number of our products in use today.

\* A glossary of key alternative fuels terms can be found on [page 6](#).

“

**LPG is a key pillar of the KIA commercial strategy in Italy, representing more than 30% of total sales and available for all models where compatible with original engines. With electric vehicles struggling to reach significant numbers in Italy, LPG is playing a critical role in helping us achieve our European carbon targets.**



**Giuseppe Bitti**  
Managing Director, KIA Motors Italia

”



# Our carbon footprint

While delivering clean transportation solutions to our customers, we also have a responsibility to minimize our own carbon footprint.

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. To this end, all of our primary production facilities and our technology centres in Cherasco and Vancouver are certified to the [ISO 14001 environmental management standard](#).

Our focus on reducing our carbon footprint is a natural step in our efforts to decarbonize the transportation sector. We're in the process of creating a Climate Action Plan that will outline our path to net zero GHG emissions and align our climate-related disclosures with TCFD recommendations.

Key initiatives include:

- Creating a clear path to achieve a science-based net-zero GHG emissions target by 2050, leveraging experts to help us develop a plan that makes sense for our operations and investment level
- Identifying short-term targets for Scope 1 and 2 emissions
- Launching disclosure to the CDP as a starting point for increased climate disclosure
- Developing a plan for building the core elements of the TCFD-recommended climate-related disclosures in our reporting

## 2020 performance

During 2020, we were able to reduce our Scope 1 emissions by 39.35% and our Scope 2 emissions by 21.43% for a total of 1,539 tonnes CO<sub>2</sub>-equivalent.

Overall energy intensity declined by 16.43% and GHG intensity by 20.68% compared to 2019. While this was largely due to the completion of site-based projects targeting reduced energy consumption and GHG emissions, such as the installation of solar panels and improved HVAC systems. Some benefit was also realized as a result of facility closures and increased working from home requirements due to COVID-19.

## We reduced CO<sub>2</sub> emissions from our operations equivalent<sup>1</sup> to:

**Removing  
471**



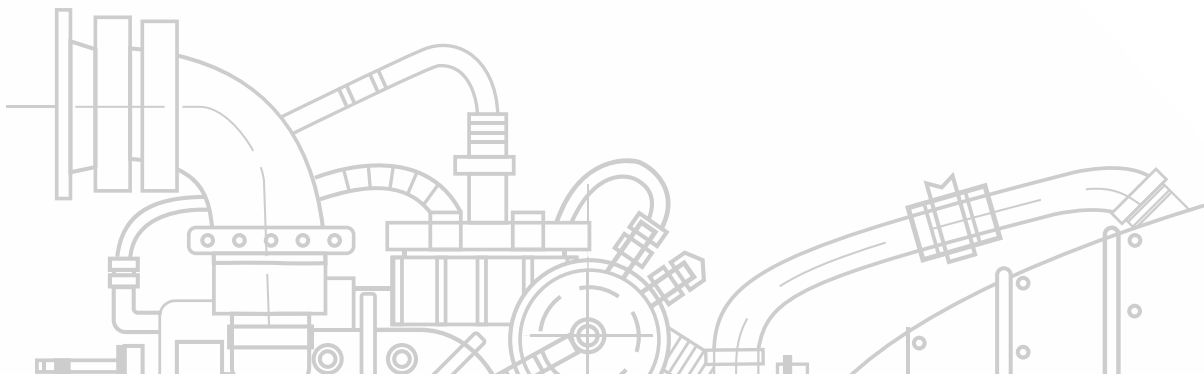
gasoline-powered  
passenger vehicles  
from service

**Preventing  
655,623**



litres of gasoline  
from being  
consumed

<sup>1</sup> Source: <https://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/calculator/ghg-calculator.cfm>

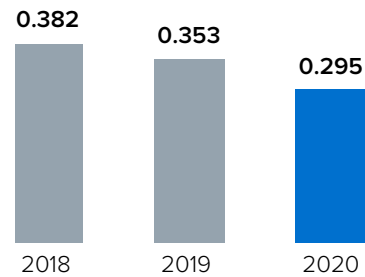






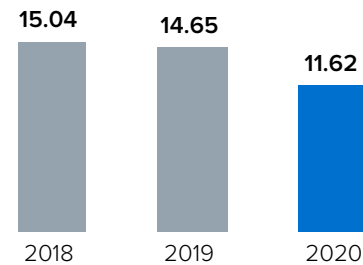
## Energy intensity

('000 GJs energy consumed/\$M revenue)



## GHG emissions intensity

(tonnes CO<sub>2</sub>-equivalent emitted/\$M revenue)



## GHG emissions<sup>1</sup>

(tonnes CO<sub>2</sub>-equivalent)

	2018	2019	2020	% Change
Total Scope 1 direct emissions	2,800	3,240	1,965	-39.35%
Total Scope 2 indirect emissions	1,266	1,232	968	-21.43%
<b>Total GHG impact</b>	<b>4,066</b>	<b>4,472</b>	<b>2,933</b>	<b>-34.41%</b>

<sup>1</sup> CO<sub>2</sub> calculations have been made 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. GHG emissions from use of electricity is calculated using tools provided by the World Resources Institute: "CO<sub>2</sub> emissions from purchased electricity (indirect emissions)" <https://www.wri.org/working-9-5-climate-change>

# Energy consumption

We saw significant reductions in CNG and diesel consumption as a number of company vehicles were not being used due to COVID-19 travel restrictions, safety protocols at customer and supplier facilities for on-site visitors, and employees working from home. We also continued to eliminate diesel-based vehicles in our company fleets, replacing them with cleaner CNG or LPG powered vehicles.

	2018	2019	2020	% Change
<b>Direct energy consumption</b>				
Compressed natural gas (CNG)	41,635 GJ	47,076 GJ	26,060 GJ	-44.64%
Liquefied natural gas (LNG)	1,736 GJ	–	–	–
Liquefied petroleum gas (LPG)	4,876 GJ	4,500 GJ	5,071 GJ	+12.69%
Renewable natural gas (RNG)	438 GJ	223 GJ	74 GJ	-66.82%
On-site solar electricity	–	–	382 GJ	+100.00%
Diesel	3,770 GJ	6,509 GJ	2,984 GJ	-54.16%
Gasoline	1,854 GJ	1,770 GJ	1,714 GJ	-3.16%
Net direct consumption	54,309 GJ	60,079 GJ	36,285 GJ	-39.60%
<b>Indirect energy consumption</b>				
Purchased electricity	49,015 GJ	47,711 GJ	38,120 GJ	-20.10%
Net indirect consumption	49,015 GJ	47,711 GJ	38,120 GJ	-20.10%
<b>Total energy consumption</b>	<b>103,324 GJ</b>	<b>107,790 GJ</b>	<b>74,405 GJ</b>	<b>-30.97%</b>

# Reducing our footprint site by site

Across our global operations, we share a commitment to doing what we can to minimize our environmental impacts. Here are four projects from 2020:

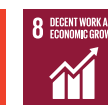
- Our Brescia manufacturing facility completed a retrofit initiative, which included installing low-energy LED lighting and motion-sensor lights that turn off automatically when an area is not in use.
- An energy audit conducted at our Cherasco facilities identified opportunities for improving energy efficiency, which prompted us to replace older equipment with more energy-efficient models and install solar panels that are capable of generating an average of 200,000 kWh of clean energy a year.
- The Cherasco logistics centre was redesigned to reduce space requirements by approximately 3,000 square metres and thereby save energy and maintenance costs. A new information system will reduce the use of paper and improve logistics performance. We also plan to upgrade the manufacturing plant's roof, windows and heating system.
- Our Eindhoven facility completed the installation of 650 rooftop solar panels in late 2019, which provided a shift to the facility consuming 84% in renewable electricity, a 90% reduction in purchased energy compared to 2019.



## Social

As a company working to power a cleaner, prosperous tomorrow for all, we have an incredible opportunity to make a positive impact in people's lives.

Our efforts start with taking care of our own employees and enabling them, through enriched collaboration and partnerships, to achieve their career aspirations.





# Diversity, equity and inclusion

We know that having a diverse and inclusive culture enriches our discussions and facilitates a broader exchange of perspectives, which in turn enhances decision-making, inspires innovation and improves business performance. It also improves our workplace by helping us attract, engage and retain the high-quality talent needed to achieve our goals.

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 requiring 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.

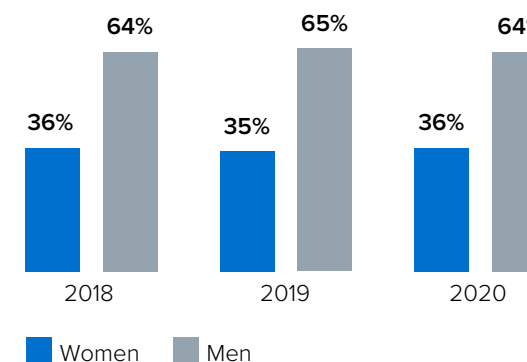
In keeping with the Diversity Policy, the Board’s Nomination and Corporate Governance Committee periodically assesses the size and composition of the Board with a view to ensuring that it reflects a diverse mix of knowledge, experience, education, skills, gender, age, ethnicity and geographic location,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

The Board’s focus on gender diversity led to increased representation of women on the Board – from 33% at year-end 2018 to 57% at year-end 2020. In early 2021, the Board formalized its commitment to having at least 30% female representation on the Board at all times.

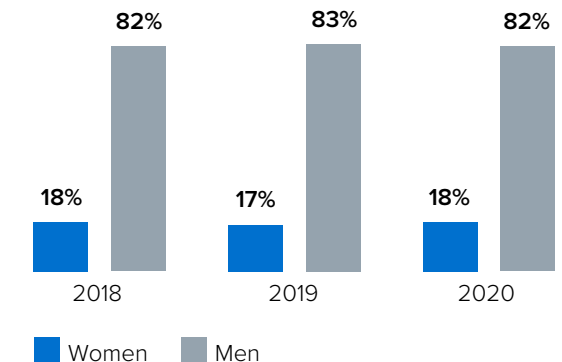
Recognizing that diversity isn’t simply about gender, the Board and senior management will be reviewing the company’s diversity practices in 2021 and assessing what more can be done to ensure we benefit from the broad range of perspectives made possible by diversity of thought, background and experience. Led by our Vice-President, Global Human Resources, the focus will be on:

- Defining what a diverse and inclusive workforce means to Westport and our employees by reviewing diversity metrics and pay equity, launching an employee engagement survey and conducting employee focus groups to identify how and where we need to improve
- Reviewing hiring practices to ensure we have diverse candidate pools and, where necessary, identify how we can improve the pool for the future

Global workforce gender diversity



Management gender diversity







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

## Our global workforce

As of December 31, 2020, our workforce worldwide was 1,336 individuals, which includes direct employees and individuals employed through third party agencies or contracts<sup>1</sup>. This is compared to a previous year total workforce of 1,289. The table summarizes our total workforce, including new hire and turnover rates.

### Our global workforce

	North America	Latin America	Europe	Asia Pacific	Global total
Total workforce	192	98	964	82	1,336
Total direct employees	183	98	850	56	1,187
New employee hires	27	8	76	1	112
New employee hire rate <sup>2</sup>	8.82%	8.42%	5.62%	1.14%	9.29%
Voluntary turnover rate <sup>3</sup>	12.21%	3.16%	10.51%	3.48%	9.87%



## 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.

Most formal training that took place in 2020 was focused on safety and compliance and limited due to COVID-19 restrictions. As a result, the total number of training hours for our direct employees declined to 7,167 hours, or an average of 6 hours per person, compared to 21,584 hours, or an average of 17 hours per person, in 2019.

<sup>1</sup> Total workforce of 1,336 differs from the previously reported total global workforce in the 2020 Annual Information Form due to a correction in classification of some workers.  
<sup>2</sup> Calculated as number of employees hired divided by average of beginning and end of year headcount.  
<sup>3</sup> Calculated as number of employees with voluntary resignation divided by average of beginning and end of year headcount.



# Occupational health and safety

Providing a safe and healthy workplace is the most fundamental obligation we have to our employees. Nothing else matters if we don't get this right. Our goals are zero serious or fatal incidents and best-in-industry incident rates.

Our commitment to health and safety is spelled out in our [Code of Conduct](#). All employees are responsible for acting in a way that protects themselves and others. They are expected to report immediately, without fear of reprisal, any situation that may pose a health, safety or environmental hazard.

Each site develops and implements its own safety management system, led by its health and safety manager and in compliance with local jurisdictional requirements. Formal joint management and employee health and safety committees support site safety efforts, helping to monitor, collect feedback and advise on programs and initiatives. Committee members conduct regular safety observations, as well as meeting monthly to discuss safety performance and unsafe events and review root cause analysis to support necessary preventative actions. At year-end 2020, 96% of employees worked in facilities with dedicated joint health and safety committees.

We're taking steps to standardize our approach to health and safety and improve our performance by:

- Developing a global health and safety policy, which will outline expectations for all sites
- Conducting a review of health and safety systems across our sites to understand our current management systems and assess whether certification to the ISO 45001 safety management system would add value
- Integrating standardized health and safety metrics into Executive Council reporting, including a summary of current health and safety metrics, campaigns and training in place to reduce safety issues

Employee wellness efforts are led by our Vice-President, Global Human Resources, with the most senior leader at each site responsible for occupational health and safety matters.





# Our COVID-19 response

In a year of extraordinary circumstances and challenges, our top priorities were to protect our employees, partners and visitors, while minimizing disruption to our customers.

In March 2020, we suspended operations at our main production facilities in Italy, the epicentre of the original outbreak in Europe. As the pandemic made its way around the world, our teams followed local government guidelines and protocols in each jurisdiction where we operate, and showed tremendous fortitude in safely resuming operations once lockdowns had ended.

Each site formed its own COVID-19 health and safety committee, consisting of employee, union and management representatives to formulate, own and implement site-specific measures in keeping with local guidelines. These included social distancing requirements, temperature checks, personal protective equipment, cleaning protocols, building occupancy and layout changes, and other measures to help mitigate the spread of COVID-19. Protocols were also introduced to guide the sites' responses should an employee exhibit COVID-19 symptoms or test positive, and to manage contact tracing.

For employees whose roles allowed them to work from home, we created guidelines setting out our expectations, provided remote work, technology and ergonomics support, and increased internal communications.

"We tried to help people cope with the stress of the circumstances, encouraging them to access our Employee Assistance Program counselling resources if needed. We also did our best to avoid layoffs where we could and minimize personal financial impacts with the help of government support programs," said Solomon Samuel, Vice-President, Global Human Resources.

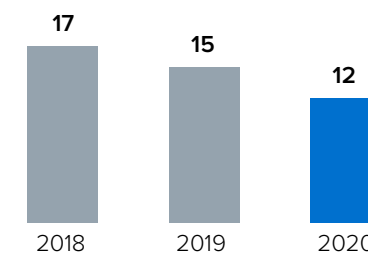
"With the world's focus shifting to vaccinations and economic recovery, we continue to prioritize looking after our people and retaining the talent needed to achieve our goals."

## 2020 safety performance

While safety performance improved in 2020, we recognize that it was in part due to reduced activity at our sites due to COVID-19 related operational shutdowns and employees working from home.

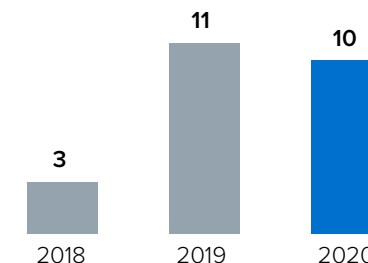
### Recordable injuries

Number of injuries:

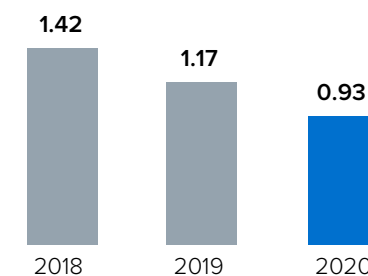


### Lost-time injuries

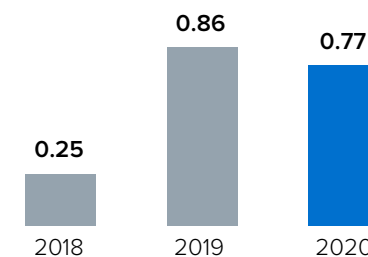
Number of lost-time injuries:



Recordable injury rate per 100 employees:



Lost-time injury rate per 100 employees:



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

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



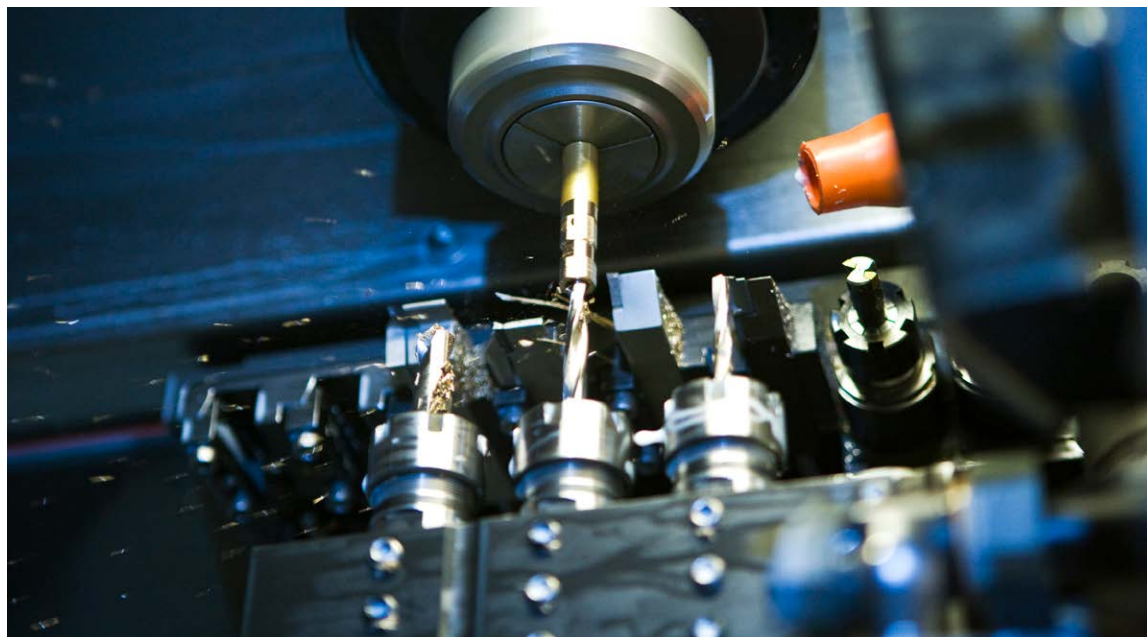


# Responsible sourcing

We consider our suppliers as essential partners in our efforts to deliver the clean transportation solutions the world needs. As such, we hold them to the same standards of conduct to which we hold ourselves. They are expected to comply with our Code of Conduct and with the Westport Fuel Systems Supplier Manual, which outlines our purchasing, supply chain and quality philosophies and processes from initial supplier evaluation through to the qualification of key Westport Fuel Systems suppliers. Our requirements form an integral part of our overall contractual relationships with our suppliers.

We believe that we can do a better job at describing our ESG expectations to our supply base and integrating ESG requirements into our supplier selection and performance evaluation processes. Led by our Vice-President of Global Operations and our Legal team, our first steps will include:

- Strengthening and unifying our Supplier Quality Manual to integrate Code of Conduct expectations
- Integrating our expectations of adherence to internationally recognized environmental, social and corporate governance standards into supplier and third-party contracts



## Strengthening transparency of 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 and are a major source of funding for warlords in the region.

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 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:

- Improve our conflict minerals reporting
- Establish a conflict minerals policy, which would formalize an extension of our expectations into our supply base
- Improve due diligence within our suppliers' smelters, leveraging support from the RMI



## Governance

Our stakeholders can count on us to demonstrate responsible behaviour, guided by values and leading principles which help us make ethical business decisions that respect their priorities and concerns.

As we grow our company, we're also taking steps to ensure that our products are produced in line with our values and that our entire value chain contributes to our impactful cause.





# Corporate governance

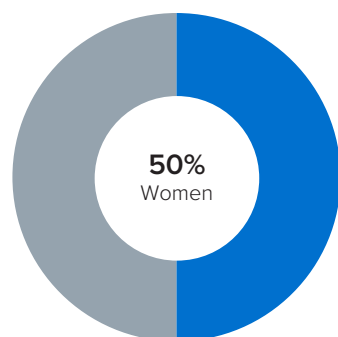
We believe that strong corporate governance is critical to the continued and long-term success of our company, fostering responsible decision-making and accountability within our organization and helping to maximize long-term shareholder value.

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.

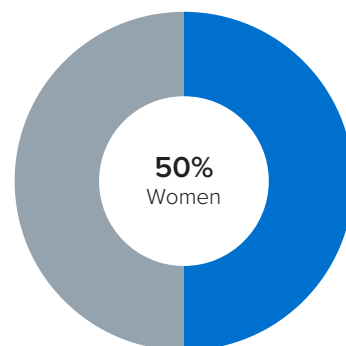
## Board at a glance

As of August 10, 2021

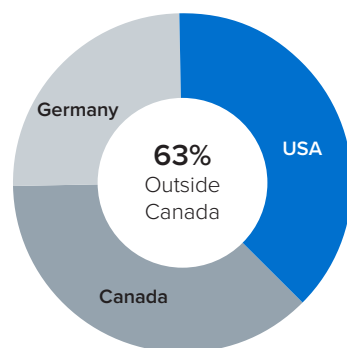
### Gender diversity



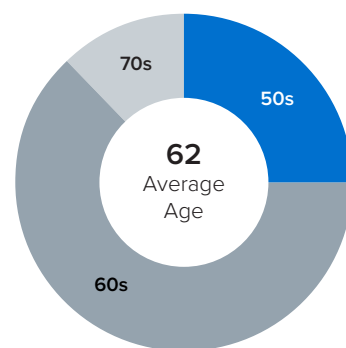
### Board committee chairs



### Nationality



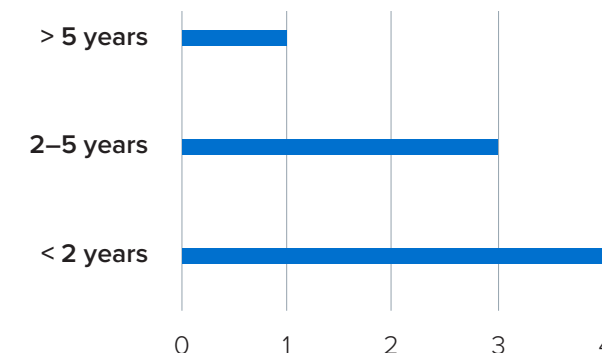
### Age



Gender parity of all directors since April 2020

**7** new directors over past five years, resulting in significant board refreshment

### Board tenure



**100%** of non-employee directors are independent

**30%** minimum female director commitment per Diversity Policy





# 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.

# Enterprise risk management

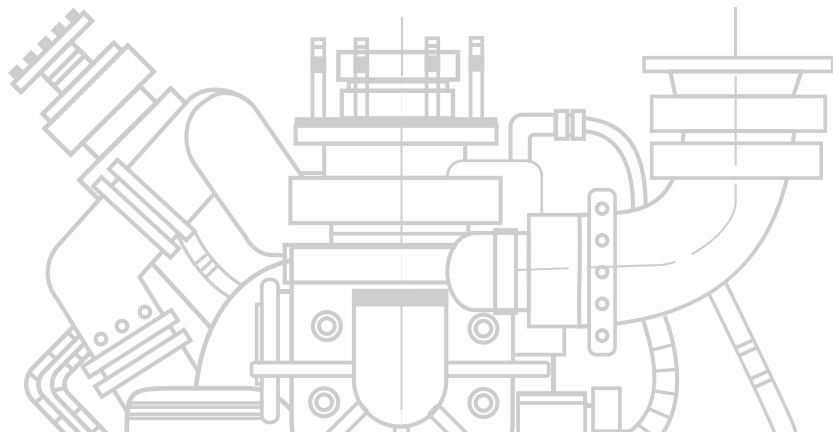
The Board is responsible for overseeing the identification and assessment of the significant business risks, including cyber risk and ESG, faced by the corporation and ensuring the establishment and management of appropriate systems and internal controls to manage those risks. The Board implements its risk oversight function in part and through delegation to its standing committees. In performing its oversight function, the Board and its standing committees maintain regular, active and open communication and discussions with executive management.

Assessing environmental and social practices and understanding the potential impact of ESG issues on the corporation’s operations and business is an important oversight activity for the Board. At present, the Board is undertaking its oversight functions in this area with input from its standing committees on matters that fall within their particular responsibilities and expertise. Given that this is a rapidly evolving area within corporate governance, the Board continues to evaluate this approach.

# 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. The Nominating and Corporate Governance Committee reviews the matrix annually to confirm it continues to reflect the most relevant skills, experience and competencies. The skills matrix is also used in determining the appropriate mix of directors on each of the standing committees.

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 committee composition

All independent, non-executive directors are members of the main board committees. 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"><li>• Oversight of Westport Fuel Systems’ accounting and financial reporting processes and audits of its financial statements</li><li>• 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</li><li>• Compliance with legal and regulatory requirements and the promotion of legal and ethical conduct</li><li>• Reviewing the work and performance of Westport Fuel Systems’ external auditors and providing oversight of continuous disclosure reporting</li><li>• Recommend to the Board of Directors the approval of the audited annual financial statements and related MD&amp;A</li></ul>	<ul style="list-style-type: none"><li>• 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</li><li>• Responsible for executive oversight, including goal setting and performance evaluation for the CEO (working with the Board Chair)</li><li>• Executive succession planning and the review of the corporation’s talent development (working with the CEO) and director compensation</li></ul>	<ul style="list-style-type: none"><li>• 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</li></ul>	<ul style="list-style-type: none"><li>• Oversight responsibilities with respect to Westport Fuel Systems’ technology and product planning activities in order to inform and support Westport Fuel Systems’ overall business strategy</li><li>• Reviewing and monitoring specific industry and other trends that could have a significant impact on Westport Fuel Systems’ technology, product and overall business strategies</li><li>• 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</li><li>• 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</li></ul>

## 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 second annual “say-on-pay” vote in 2021 as a mechanism for shareholders to cast an advisory vote on our approach to executive compensation.
- Our director orientation program underwent significant review and modification, including enhanced content and a more formalized structure. The orientation was hosted virtually with eight hours of content over two days and seven presenters from the Board, executive management and outside legal counsel. These changes were implemented to support the onboarding of three new directors in 2020 and to enhance operating site orientation as travel restrictions prevented on-site visits typically included in director onboarding.
- 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 environmental, social and governance matters.
- We amended the company’s Diversity Policy to formalize the establishment of a minimum target of 30% female directors on the Board.

More information about our governance practices can be found in our [2020 Management Information Circular](#) and on our [website](#).



# 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 and rules that guide our decisions and actions. It’s designed to help each of us, at every location, 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.

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.

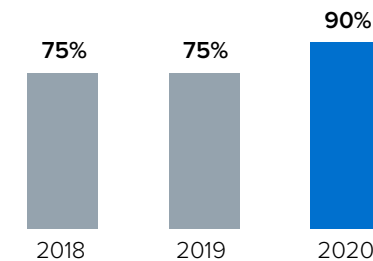
Annual training on the Code and related policies are tailored to an individual’s role and potential level of exposure to corruption risk. All directors, officers and employees must certify annually that they have read and understand the Code.

For those roles where a higher level of potential exposure to corruption risk is identified, mandatory training, including both structured classroom and online components, is 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.

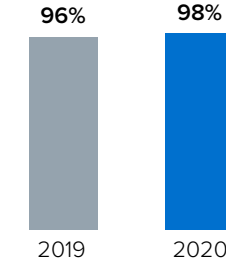
Our CEO and an executive-level Compliance Committee set a strong tone at the top, reinforcing Code of Conduct expected behaviours and working to instill a compliance culture. Having established the Compliance Committee in 2019, we finalized its charter and formalized its oversight structure in 2020 to ensure meaningful, value-added discussions, informed decision-making and actions.

While our Code commits us to respect, promote and protect human rights, we believe that we – and our industry – can and should do more to address supply chain issues such as forced labour, lack of living wages and restrictions to freedom of association. As a next step, we plan to develop a stand-alone human rights policy and related employee training and education, and establish a human rights management system and due diligence process.

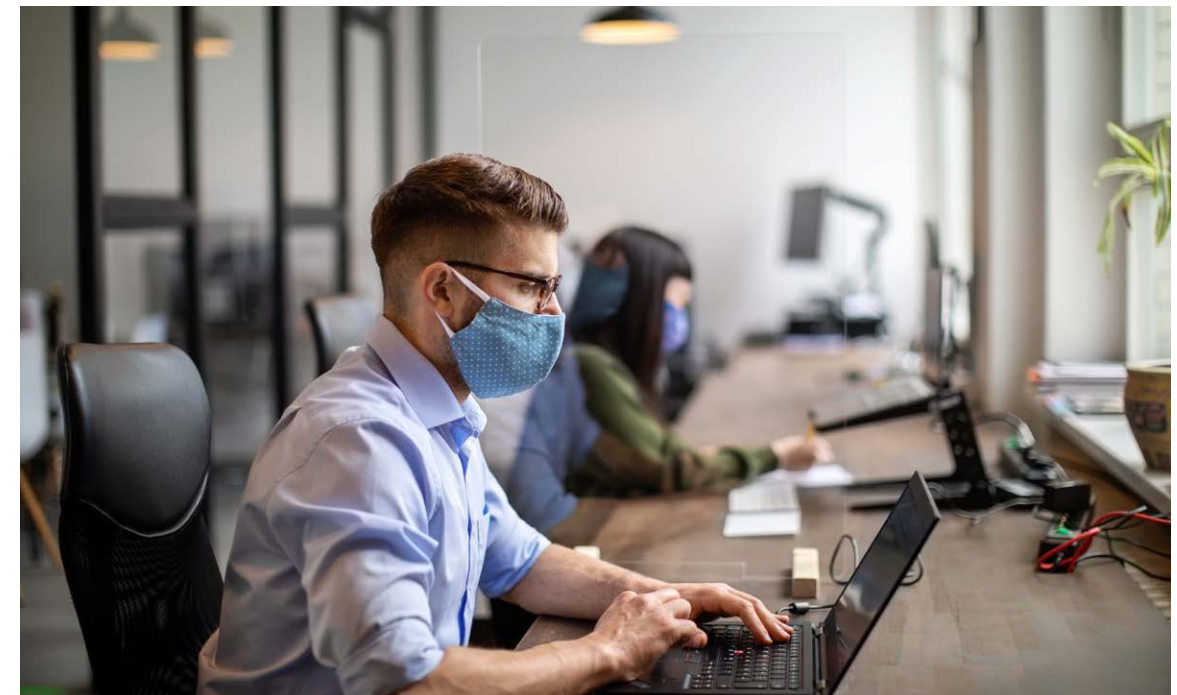
## Targeted employees trained in anti-bribery and corruption



## Targeted employees trained in cyber security



During 2020, there were no legal actions taken for corruption, anti-competitive behaviour, anti-trust or monopoly activities.









# GRI and SASB content index

We prepared this report in accordance with the GRI Standards: Core option 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 102: General Disclosures 2016

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
Organizational Profile		
102-1 Name of organization	<ul style="list-style-type: none"><li>Westport Fuel Systems Inc. (“WFS”)</li></ul>	
102-2 Activities, brands, products, services	<ul style="list-style-type: none"><li>About Westport Fuel Systems</li><li><a href="#">2020 Annual Information Form</a></li></ul>	4 10–15
102-3 Location of headquarters	<ul style="list-style-type: none"><li>101 – 1750 West 75th Avenue, Vancouver, BC, Canada</li></ul>	
102-4 Location of operations TR-AP-000.C Area of manufacturing plants	<ul style="list-style-type: none"><li>About Westport Fuel Systems</li><li><a href="#">2020 Annual Information Form</a></li><li><a href="#">WFS Website – Locations</a></li><li>Total manufacturing site size: 76,573 m²</li></ul>	4 14
102-5 Ownership and legal form	<ul style="list-style-type: none"><li><a href="#">2020 Annual Information Form</a></li></ul>	1
102-6 Markets served	<ul style="list-style-type: none"><li><a href="#">2020 Annual Information Form</a></li></ul>	10–15
102-7 Scale of the organization	<ul style="list-style-type: none"><li>Our Global Workforce</li><li>Total workforce of 1,336 people</li><li>Total of 13 operating sites as of Dec. 31, 2020</li><li>2020 revenue: \$252.5M</li><li>Total market capitalization at Dec. 31, 2020: ~\$767.9M</li></ul>	21
102-8 Employees and other workers	<ul style="list-style-type: none"><li>Our Global Workforce</li><li><a href="#">2020 Annual Information Form</a></li></ul>	21 15
102-9 Supply chain	<ul style="list-style-type: none"><li>Responsible Sourcing</li><li><a href="#">2020 Annual Information Form</a></li></ul>	25 12

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
102-10 Significant changes to organization and supply chain	<ul style="list-style-type: none"><li>On September 15, 2020, we announced signing definitive agreements with our joint venture partner in India, UNO MINDA Group, to sell the assets of Rohan BRC Gas Equipment Pvt. Ltd. to Minda Emer Technologies Ltd., a 50%/50% joint venture owned by Westport Fuel Systems and UNO MINDA.</li><li>On April 30, 2021, we entered into an Asset Purchase Agreement to sell the assets of our DOEM business operated out of Dallas, Texas.</li></ul>	
102-11 Precautionary principle or approach	<ul style="list-style-type: none"><li>Risk Management</li><li><a href="#">2020 Management Information Circular</a></li></ul>	11 22
102-12 External initiatives	<ul style="list-style-type: none"><li>UN Sustainable Development Goals (SDGs)</li><li>Task Force on Climate-related Financial Disclosures (TCFD)</li><li>Sustainability Accounting Standards Board (SASB)</li></ul>	
102-13 Membership of associations	<ul style="list-style-type: none"><li>Stakeholder Engagement</li></ul>	15
Strategy		
102-14 Statement from senior decision-maker	<ul style="list-style-type: none"><li>Message from Our Board Chair and CEO</li></ul>	5
102-15 Key impacts, risks and opportunities	<ul style="list-style-type: none"><li><a href="#">2020 Annual Information Form</a></li></ul>	26
Ethics and Integrity		
102-16 Values, principles, standards and norms of behaviour	<ul style="list-style-type: none"><li>Our Purpose</li><li>What We Stand For</li><li><a href="#">WFS Website – Commitment to Integrity</a></li><li><a href="#">Code of Conduct</a></li></ul>	2 8 2
102-17 Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"><li>Business Ethics and Human Rights</li><li><a href="#">WFS Website – Commitment to Integrity</a></li><li><a href="#">Whistleblower Policy</a></li><li><a href="#">2020 Management Information Circular</a></li></ul>	30 23



GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>Governance</b>		
<b>102-18</b> Governance structure	• ESG Governance	9
	• <a href="#">WFS Website – Corporate Governance</a>	22
<b>102-19</b> Delegation of authority	• ESG Governance	9
	• <a href="#">Board of Directors Charter</a>	
<b>102-20</b> Executive-level responsibility for economic, environmental and social topics	• <a href="#">Audit Committee Charter</a>	
	• ESG Governance	9
<b>102-21</b> Consulting stakeholders on economic, environmental and social topics	• Stakeholder Engagement	15
	• 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.	
<b>102-22</b> Composition of the highest governance body and its committees	• Stakeholders who have general feedback and input on our ESG Report can reach us at <a href="mailto:sustainability@wfsinc.com">sustainability@wfsinc.com</a> or by way of the submission form on our sustainability website.	
	• <a href="#">WFS Website – Corporate Governance</a>	9
<b>102-23</b> Chair of the highest governance body	• <a href="#">WFS Website – Leadership</a>	
	• <a href="#">2020 Management Information Circular</a>	9
<b>102-24</b> Nominating and selecting the highest governance body	• WFS current Chair of the Board of Directors, Mr. Daniel Hancock, who is not an officer of the company.	9
	• <a href="#">2020 Management Information Circular</a>	
<b>102-25</b> Conflicts of interest	• <a href="#">Board of Directors Charter</a>	24
	• <a href="#">Nominating and Corporate Governance Committee Charter</a>	
<b>102-25</b> Conflicts of interest	• <a href="#">2020 Management Information Circular</a>	45
	• <a href="#">2020 Annual Information Form</a>	25

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>102-26</b> Role of highest governance body in setting purpose, values and strategy	• 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.	4
	• <a href="#">Board of Directors Charter</a>	
<b>102-27</b> Collective knowledge of highest governance body	• 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.	28
	• <a href="#">Board Skill Diversity</a>	
<b>102-28</b> Evaluating the highest governance body’s performance	• The Nominating and Corporate Governance Committee coordinates and oversees an annual self-evaluation process with the Board of Directors to evaluate the effectiveness of the Board, Committees and individual Committee Chairs.	25
	• <a href="#">Board of Directors Charter</a>	
<b>102-29</b> Identifying and managing economic, environmental and social impacts	• <a href="#">2020 Management Information Circular</a>	
	• ESG Governance	9
<b>102-30</b> Effectiveness of risk management processes	• 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. The Audit Committee has responsibility to review the effectiveness of systems pertaining to financial reporting.	11
	• Risk Management	
<b>102-31</b> Review of economic, environmental and social topics	• <a href="#">Board of Directors Charter</a>	22
	• <a href="#">Audit Committee Charter</a>	
<b>102-31</b> Review of economic, environmental and social topics	• <a href="#">2020 Management Information Circular</a>	22
	• ESG Governance	9



GRI Disclosure/SASB Metric	Reference or Response	Page(s)
102-32 Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"><li>Our eight-member Board is committed to effective corporate governance and fulfilling its duties of stewardship and accountability. These responsibilities include oversight of public statements, including the ESG Report, 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.</li><li>Governance</li><li>ESG Governance</li></ul>	28–29 9
102-33 Communicating critical concerns	<ul style="list-style-type: none"><li>Ethics Hotline – <a href="https://westport.ethicspoint.com">westport.ethicspoint.com</a></li><li>Contacting the Board at <a href="mailto:boardchair@wfsinc.com">boardchair@wfsinc.com</a></li></ul>	
102-34 Nature and total number of critical concerns	<ul style="list-style-type: none"><li>During the fiscal year 2020, there were no critical concerns raised.</li></ul>	
102-35 Remuneration policies	<ul style="list-style-type: none"><li><a href="#">2020 Management Information Circular</a></li></ul>	27
102-36 Process for determining remuneration	<ul style="list-style-type: none"><li><a href="#">2020 Management Information Circular</a></li></ul>	27
102-37 Stakeholder's involvement in remuneration	<ul style="list-style-type: none"><li>"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 their second annual "say-on-pay" vote. More than 90% of voting shareholders were in favour of our executive compensation.</li><li><a href="#">2020 Management Information Circular</a></li></ul>	8
Stakeholder Engagement		
102-40 List of stakeholder groups	<ul style="list-style-type: none"><li>Stakeholder Engagement</li></ul>	15
102-41 Collective bargaining agreements	<ul style="list-style-type: none"><li>As of December 31, 2020, 68% of our workforce is covered under collective bargaining agreements.</li></ul>	
102-42 Identifying and selecting stakeholders	<ul style="list-style-type: none"><li>Materiality Assessment</li></ul>	14
102-43 Approach to stakeholder engagement	<ul style="list-style-type: none"><li>Stakeholder Engagement</li><li>Materiality Assessment</li><li>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.</li></ul>	15 14

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
102-44 Key topics and concerns raised	<ul style="list-style-type: none"><li>Materiality Assessment</li></ul>	14
Reporting Practice		
102-45 Entities included in the consolidated financial statements	<ul style="list-style-type: none"><li><a href="#">2020 Annual Report</a></li></ul>	8
102-46 Defining report content and topic boundaries	<ul style="list-style-type: none"><li>About this Report</li></ul>	6
102-47 List of material topics	<ul style="list-style-type: none"><li>Materiality Assessment</li></ul>	14
102-48 Restatements of information	<ul style="list-style-type: none"><li>There were no restatements of information in this report.</li></ul>	
102-49 Changes in reporting	<ul style="list-style-type: none"><li>There are no significant changes from the previous reporting period.</li></ul>	
102-50 Reporting period	<ul style="list-style-type: none"><li>Calendar year 2020 unless otherwise noted.</li></ul>	
102-51 Date of most recent report	<ul style="list-style-type: none"><li>This report is dated August 10, 2021. Prior to this, our previous sustainability report was issued August 11, 2020.</li></ul>	
102-52 Reporting cycle	<ul style="list-style-type: none"><li>Annual</li></ul>	
102-53 Contact point for questions regarding the report	<ul style="list-style-type: none"><li>Sustainability and ESG Westport Fuel Systems Inc. 101 – 1750 West 75th Avenue, Vancouver, BC, Canada <a href="mailto:sustainability@wfsinc.com">sustainability@wfsinc.com</a></li></ul>	
102-54 Claims of reporting in accordance with GRI Standards	<ul style="list-style-type: none"><li>This report has been prepared in accordance with the GRI Standard: Core option.</li></ul>	
102-55 GRI Content Index	<ul style="list-style-type: none"><li>Performance Data</li></ul>	31–40
102-56 External assurance	<ul style="list-style-type: none"><li>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.</li></ul>	



Topic-Specific Disclosures

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
GRI 202: Market Presence 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• Materiality Assessment</li><li>• Governance</li><li>• <a href="#">2020 Management Information Circular</a></li><li>• <a href="#">2020 Annual Information Form</a></li></ul>	14
103-2 The management approach and its components		26–29
103-3 Evaluation of the management approach		27
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<ul style="list-style-type: none"><li>• 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.</li><li>• Quantitative information is currently unavailable. Identifying an approach to collecting this information may be considered for future reporting.</li></ul>	15
202-2 Proportion of senior management hired from the local community	<ul style="list-style-type: none"><li>• 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.</li><li>• Additional quantitative data is unavailable at this time but will be considered for future disclosures.</li></ul>	
TR-AP-410a.1 Revenue from products designed to increase fuel efficiency and/or reduce emissions	<ul style="list-style-type: none"><li>• 2020 fiscal year revenue was \$252.5M</li><li>• The number of parts produced at our manufacturing sites during 2020 was 12,777,507.</li><li>• The weight of our total parts produced is currently unavailable and will form part of our future improved transparency and accurate data disclosure.</li><li>• <a href="#">2020 Annual Report</a></li></ul>	
TR-AP-000.A Number of parts produced		
TR-AP-000.B Weight of parts produced		28
GRI 204: Procurement Practices 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• Materiality Assessment</li><li>• Governance</li><li>• Business Ethics and Human Rights</li></ul>	14
103-2 The management approach and its components		28–29
103-3 Evaluation of the management approach		30
204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"><li>• This information is under review for data quality validation and appropriateness of disclosure based on business requirements. If deemed appropriate to disclose, we will consider for future reports.</li></ul>	

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>TR-AP-440a.1</b> Description of the management of risks associated with the use of critical materials	<ul style="list-style-type: none"><li>• 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.</li><li>• <a href="#">2020 Conflict Minerals Report</a></li></ul>	
<b>GRI 205: Anti-Corruption 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• Business Ethics and Human Rights</li><li>• <a href="#">Code of Conduct</a></li><li>• <a href="#">Anti-Corruption and Prevention of Bribery Policy</a></li></ul>	30
<b>103-2</b> The management approach and its components		16–18
<b>103-3</b> Evaluation of the management approach		
<b>RTE-EE-510a.1</b> Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour		
<b>205-2</b> Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"><li>• Business Ethics and Human Rights</li><li>• <a href="#">Code of Conduct</a></li><li>• For those roles where a higher level of potential exposure to corruption risk is identified, mandatory training, including both structured classroom and online components, is 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.</li></ul>	30



GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>205-3</b> Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"><li>During 2020, there were zero incidents of corruption.</li></ul>	
<b>RT-EE-510a.2</b> Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption		
<b>GRI 206: Anti-Competitive Behaviour 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>Business Ethics and Human Rights</li><li><a href="#">Code of Conduct</a></li><li><a href="#">Anti-Corruption and Prevention of Bribery Policy</a></li></ul>	30 17
<b>103-2</b> The management approach and its components		
<b>103-3</b> Evaluation of the management approach		
<b>RTE-EE-510a.1</b> Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour		
<b>206-1</b> Legal actions for anti-competitive behaviour, anti-trust and monopoly activities	<ul style="list-style-type: none"><li>There were no legal actions taken for anti-competitive behaviour, anti-trust or monopoly activities.</li></ul>	
<b>TR-AP-520a.1</b> Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations		
<b>GRI 302: Energy 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>Environment</li></ul>	16–19
<b>103-2</b> The management approach and its components		
<b>103-3</b> Evaluation of the management approach		

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>302-1</b> Energy consumption within the organization	<ul style="list-style-type: none"><li>2020 Performance</li><li>Total electrical energy consumed is 38,502 GJ with approximately 1% renewably generated.</li></ul>	19
<b>TR-AP-130a.1</b> Total energy consumed, percentage grid electricity, percentage renewable energy		
<b>302-3</b> Energy intensity	<ul style="list-style-type: none"><li>2020 Performance</li></ul>	19
<b>302-4</b> Reduction of energy consumption	<ul style="list-style-type: none"><li>2020 Performance</li></ul>	19
<b>GRI 305: Emissions 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>Environment</li></ul>	16–19
<b>103-2</b> The management approach and its components		
<b>103-3</b> Evaluation of the management approach		
<b>EM-MM-110a.2</b> 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"><li>ESG Strategy</li><li>The company is in the process of developing a Climate Action Plan which will identify specific enterprise-wide targets for reduction of Scope 1 emissions.</li></ul>	10
<b>305-1</b> Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"><li>2020 Performance</li><li>Gross Scope 1 emissions were 1,965 tonnes CO<sub>2</sub>e.</li><li>CO<sub>2</sub> 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.</li><li>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.</li></ul>	19
<b>EM-MM-110a.1</b> (1) Gross global Scope 1 emissions, (2) Percentage covered under emissions-limiting regulations		
<b>305-2</b> Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"><li>2020 Performance</li><li>CO<sub>2</sub> emissions from use of purchased electricity are calculated using tools provided by the World Resources Institute: “CO<sub>2</sub> emissions from purchased electricity (indirect emissions)” <a href="https://www.wri.org/working-9-5-climate-change">https://www.wri.org/working-9-5-climate-change</a>.</li></ul>	19
<b>305-3</b> Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"><li>GHG emissions for Scope 3 are currently unavailable; however, efforts are in place to disclose in the future.</li></ul>	



GRI Disclosure/SASB Metric	Reference or Response	Page(s)
305-4 GHG emissions intensity	<ul style="list-style-type: none"><li>GHG intensity was 11.62 tonnes CO<sub>2</sub>-eq./\$M of revenue, including both Scope 1 and 2 CO<sub>2</sub> emissions.</li></ul>	
305-5 Reduction of GHG emissions	<ul style="list-style-type: none"><li>GHG emissions in 2020 were reduced by 1,539 tonnes CO<sub>2</sub>-eq. or 34.41% compared to 2019.</li><li>A 2019 baseline was chosen to compare year-over-year emissions reductions. WFS is working to formally identify a baseline year for future reporting.</li></ul>	
GRI 307: Environmental Compliance 2016		
103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	<ul style="list-style-type: none"><li>Environment</li></ul>	16–19
307-1 Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"><li>Westport Fuel Systems has not paid any fines and was not otherwise sanctioned for non-compliance with environmental laws or regulations in the reporting period.</li></ul>	
GRI 401: Employment 2016		
103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	<ul style="list-style-type: none"><li>Social</li><li>Westport Fuel Systems is currently implementing an employee engagement process to better understand the engagement of its workforce. More details to be released in future ESG reports.</li></ul>	20–24
401-1 New employee hires and employee turnover	<ul style="list-style-type: none"><li>Our Global Workforce</li></ul>	21
GRI 403: Occupational Health and Safety 2018		
103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	<ul style="list-style-type: none"><li>Occupational Health and Safety</li></ul>	23
403-1 Occupational health and safety management system	<ul style="list-style-type: none"><li>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.</li></ul>	

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
403-2 Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"><li>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.</li></ul>	
403-3 Occupational health services	<ul style="list-style-type: none"><li>All occupational health and safety systems apply to both employees and workers who are not employees but whose work is controlled by the organization. Our <a href="#">Privacy Policy</a> ensures privacy and confidentiality are maintained through all reporting mechanisms.</li></ul>	
403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"><li>96% of our workforce (including employees, contractors and temporary workers) are covered by a site-based formal 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.</li><li>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.</li></ul>	
403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"><li>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.</li><li>All training is provided free of charge and during paid working hours.</li><li>As we improve our reporting systems, we will consider further disclosure of specific training subjects in future reporting.</li></ul>	
403-6 Promotion of worker health	<ul style="list-style-type: none"><li>This information is currently unavailable. As we improve our reporting systems, we will consider further disclosure of specific training subjects in future reporting.</li></ul>	

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>403-7</b> Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"><li>Prevention and mitigation of occupational health and safety risks from our operations are controlled through our occupational health and safety management system and joint health and safety committees.</li><li>During 2020, an executive-level Product Safety and Compliance Committee was formed 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.</li></ul>	
<b>403-8</b> Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"><li>Occupational Health and Safety</li><li>Only employees who are remote working 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.</li><li>The occupational health and safety management system is not currently audited or certified externally. See Occupational Health and Safety for steps we are taking to improve and standardize our approach to health and safety.</li></ul>	23
<b>403-9</b> Work-related injuries  <b>RR-FC-130a.1</b> (1) Total recordable incident rate (TRIR), (2) Fatality rate	<ul style="list-style-type: none"><li>Occupational Health and Safety</li><li>Total recordable injury rate in 2020 was 0.93 per 100 employees.</li><li>There were no fatalities in 2020.</li></ul>	23
<b>GRI 404: Training and Education 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary <b>103-2</b> The management approach and its components <b>103-3</b> Evaluation of the management approach	<ul style="list-style-type: none"><li>Learning and Development</li></ul>	22
<b>404-1</b> Average hours of training per year per employee	<ul style="list-style-type: none"><li>Learning and Development</li><li>Global average hours of training per employee for 2020 was 5.61 hours.</li><li>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.</li></ul>	22

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
<b>404-2</b> Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"><li>Learning and Development</li><li>Additional information is currently unavailable. As we improve our reporting systems, additional disclosure in this area will be considered for future reporting.</li></ul>	22
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary <b>103-2</b> The management approach and its components <b>103-3</b> Evaluation of the management approach	<ul style="list-style-type: none"><li>Diversity, Equity and Inclusion</li><li>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.</li><li><a href="#">Diversity Policy</a></li></ul>	21
<b>405-1</b> Diversity of governance bodies and employees  <b>TC-SI- 330a.3</b> 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"><li>Diversity, Equity and Inclusion</li><li>Board of Directors at Dec. 31, 2020 is 43% male, 57% female</li><li>Management diversity at Dec. 31, 2020 is 82% male, 18% female</li><li>Global workforce diversity at Dec. 31, 2020 is 64% male, 36% female</li><li>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.</li></ul>	21
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
<b>103-1</b> Explanation of the material topic and its boundary <b>103-2</b> The management approach and its components <b>103-3</b> Evaluation of the management approach	<ul style="list-style-type: none"><li>Code of Conduct</li><li>Diversity Policy</li><li><a href="#">2020 Annual Information Form</a></li></ul>	31
<b>407-1</b> Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"><li>Within our operations there are no locations at risk of losing the right to freedom of association and collective bargaining.</li><li>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.</li></ul>	

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
GRI 412: Human Rights Assessment 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• ESG Strategy</li><li>• Code of Conduct</li></ul>	10 23
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
412-1 Operations that have been subject to human rights reviews or impact assessments	<ul style="list-style-type: none"><li>• ESG Strategy</li><li>• Business Ethics and Human Rights</li><li>• As we expand our reporting systems, we will consider disclosing additional information in the future.</li></ul>	10 30
412-2 Employee training on human rights policies or procedures	<ul style="list-style-type: none"><li>• 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).</li></ul>	
GRI 415: Public Policy 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• 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.</li><li>• This policy was reviewed and implemented through the company Compliance Committee and is subject to re-review on a defined basis.</li></ul>	
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
415-1 Political contributions	<ul style="list-style-type: none"><li>• The company has established an Interaction with Government Officials Policy which states that no political contributions are permitted.</li></ul>	
GRI 416: Customer Health and Safety 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• During 2020, an executive-level Product Safety and Compliance Committee was formed 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.</li></ul>	
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
TR-AP-250a.1 Number of recalls issued, total units recalled	<ul style="list-style-type: none"><li>• During 2020, we had two product recalls issued, totaling 171,880 units recalled.</li></ul>	

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
416-1 Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"><li>• As we expand our reporting systems, we will consider disclosing additional information in the future.</li></ul>	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"><li>• There were no incidents of non-compliance during 2020.</li></ul>	
GRI 418: Customer Privacy 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• Building Cyber Resilience</li></ul>	11
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"><li>• During the reporting period, we received no complaints nor had any significant breaches of data privacy or losses of customer data.</li></ul>	
GRI 419: Socioeconomic Compliance 2016		
103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"><li>• Business Ethics and Human Rights</li></ul>	30
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
419-1 Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"><li>• During the reporting period, Westport Fuel Systems received no sanctions for non-compliance with laws and/or regulations in the social and economic area.</li></ul>	





Additional Information – Not Related to Priority Topics

GRI Disclosure/SASB Metric	Reference or Response	Page(s)
GRI 201: Economic Performance 2016		
103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	<ul style="list-style-type: none"><li>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 <a href="https://investors.wfsinc.com">https://investors.wfsinc.com</a>.</li><li><a href="#">Letter to Shareholders – 2020 Annual Report</a></li><li><a href="#">2020 Annual Report</a></li></ul>	1
201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"><li><a href="#">2020 Annual Report</a></li></ul>	28
201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"><li><a href="#">2020 Annual Information Form</a></li></ul>	26
201-3 Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"><li>Westport Fuel Systems does not offer any pension plans and does not have any post-retirement plan obligations.</li></ul>	
Waste		
TR-AP-150a.1 (1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	<ul style="list-style-type: none"><li>Brescia, Italy: (1) 418 tonnes total waste, (2) 23%, (3) 78%</li><li>Cherasco, Italy: (1) 456 tonnes total waste, (2) 2%, (3) 98%</li><li>WFS does not currently report on waste at all our facilities. As we expand our reporting systems, we will consider disclosing in the future.</li></ul>	
TR-AP-440b.1 Percentage of products sold that are recyclable	<ul style="list-style-type: none"><li>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.</li></ul>	
TR-AP-440b.2 Percentage of input materials from recycled or remanufactured content	<ul style="list-style-type: none"><li>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.</li></ul>	



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