



Ballard Power Systems
Corporate Division
Policy - POL5000019100205

Revision: 0B
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Dept: Legal & IP

TITLE: Anti-Corruption Policy

Revision Record

Rev	CO	Description	Revised by	Date
0A	CO25705	Initial Release	Kerry Hillier	January 17, 2018
0B	CO29229	Added sections dealing with: gifts, meals, travel and entertainment; charitable donations; and political contributions and lobbying.	Kerry Hillier	June 4, 2019

Created by: Kerry Hillier

Date: September 13, 2017

Approved by: Board of Directors

Date: [June 4, 2019]

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1.0 Purpose

Ballard requires compliance with the highest ethical standards and all anti-corruption laws applicable to it in the conduct of its business. Ballard values integrity and transparency and has zero tolerance for corrupt activities of any kind, whether committed by Ballard employees or by third parties acting for and on behalf of Ballard. This Policy forms the cornerstone of how we conduct business and work together to achieve these goals.

2.0 Scope

Ballard Personnel

Protecting Ballard's reputation and compliance with applicable anti-corruption laws is every employee's responsibility. The behavior and characteristics set out in this Policy are expected of every Ballard employee, officer and director. All managers and supervisory personnel are expected to monitor continued compliance with this Policy to ensure compliance with the highest moral, ethical, and professional standards of Ballard.

Third parties acting for and on behalf of Ballard, through the provision of services, processes or any business activity, will be required to act consistently with this Policy when acting on our behalf.

Management Responsibilities

Senior management of Ballard will be responsible for enforcing compliance with this Policy and ensuring that Ballard employees responsible to them are aware of this Policy and the need for compliance.

For the purposes of providing legal advice and advising Ballard management of potential legal liability regarding anti-corruption laws, the Compliance Officer has the following responsibilities:

- (a) Communicates policy to all Ballard employees, including business managers, executives, and board members.
- (b) Investigate possible violations or legal issues brought to attention.
- (c) Informs the CEO of possible violations or legal issues brought to their attention.
- (d) Ensure appropriate action is taken to address possible violations or legal issues brought to their attention.
- (e) Review recent developments and changes to anti-corruption laws, and communicates them to Ballard employees and third parties.

Other Policies and Procedures

In some cases Ballard has specific individual policies and/or procedures that deal exclusively with certain issues raised in this Policy. All our employees must review such individual policies as they cover a broader range of information relating to the specific issue.

3.0 Definitions

In this Policy,

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“**Ballard**” means Ballard Power Systems Inc. and each other member of the Ballard group of companies (including Ballard-controlled joint venture companies). References to “**the Corporation**” refer specifically to Ballard Power Systems Inc.

“**anti-corruption laws**” means all anti-bribery and corruption laws applicable to Ballard in the conduct of its business, including:

- the laws and regulations of Canada, particularly the Corruption of Foreign Public Officials Act (CFPOA);
- the laws and regulations of the United States, particularly the Foreign Corrupt Practices Act (FCPA); and
- the anti-corruption laws and regulations of other countries in which Ballard operates.

“**foreign public official**” means:

- any officer or employee (including any person nominated or appointed to be an officer or employee) of a government or department, agency, board, commission, corporation or other body of a government;
- any person acting in an official capacity on behalf of a government or any department, agency, board, commission, state-owned enterprise or other body of a government;
- any officer or employee of a company or business owned, operated, controlled or financed by a government;
- any officer or employee of a public international organization, such as the World Bank or the United Nations;
- any officer or employee of a political party or any person acting in an official capacity on behalf of a political party; and/or
- any candidate for political office.

“**government**” means a department, agency, board, commission, subdivision or other body of any national, state or local government, including:

- regulatory agencies;
- hospitals or other health facilities which are owned or operated by a government;
- state-owned enterprises; and
- businesses, corporations, companies or societies owned, operated, controlled or financed by a government.

“**payment**” means direct or indirect payments, offers to pay, promises to pay or agreeing to give or offer money or anything of value.

“**anything of value**” includes, but is not limited to:

- cash or cash equivalents,
- transfer of stock, bonds or any other property,
- excessive discounts or rebates,

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- use of materials, facilities or equipment,
- gifts and entertainment (including, but not limited to, beverages, recreation, lodging, transportation and tickets),
- employment offers, including to relatives of foreign public officials,
- political contributions,
- charitable donations,
- subsidies,
- per diem payments,
- sponsorships, scholarships or letters of recommendation, including to relatives of foreign public officials,
- the providing of services of any type,
- the assumption or forgiveness of any indebtedness,
- any other reward, advantage of benefit of any kind.

“lobbying” describes interactions with policy makers and other external stakeholders, by Ballard personnel or by contractors, agents or consultants on Ballard’s behalf, with the intent to represent Ballard’s perspective in the policy making process.

“third parties” means contractors, agents, consultants or suppliers who are our agents or who are working on our behalf or in our name, through the provision of services, processes or any business activity, and includes, but is not limited to:

- independent contractors,
- distributors,
- sales agents,
- vendors and suppliers,
- freight forwarders and customers brokers,
- travel agents,
- service providers.

4.0 Bribery and Facilitation Payments

Bribes

Ballard employees, officers and directors will not make, offer to make, or agree to make or offer any improper "payments" or provide "anything of value" to any individual, or at the request of any individual, for the purpose of influencing, inducing, or rewarding any act, omission or decision of a foreign public official to secure an improper advantage, or obtain or retain business.

Any "quid pro quo" arrangements whereby payment is made, offered or promised with the expectation of receiving in return an improper benefit or advantage are strictly prohibited.

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Facilitation Payments

Facilitation payments are made to foreign public officials to expedite or secure the performance of a routine act that is part of the official's ordinary duties, such as

- obtaining licenses, permits, or other documents to qualify to do business in a foreign country;
- processing visas or secure customs clearance; or
- securing services normally provided, such as utilities or police services.

Facilitation payments are strictly prohibited under this Policy.

Third Parties

Anti-corruption laws do not always differentiate between conduct of Ballard and conduct of third parties acting for and on behalf of Ballard. Therefore, it is Ballard's obligation to "know its partners" and to ensure that any third parties with and through whom Ballard conducts business acknowledge and agree to comply with principles of this Policy.

Bribes and facilitation payments may not be made through third parties. Ballard personnel must be diligent in selecting and monitoring third parties and joint venture partners. Third parties will be made aware of this Policy as it applies to Ballard in their dealings with us.

Ballard has processes in place relating to the engagement of sales agents and representatives; acceptable terms of contracts with them (including the length, commissions payable and compliance by the agent with Ballard policies); and regular monitoring. Consult with Legal before engaging any sales agents or representatives.

Ballard's Supplier Manual and Supplier Code of Conduct will also continue to apply to suppliers.

Joint venture companies not under Ballard control and joint venture partners are encouraged by Ballard to adopt a similar policy, and adequate procedures, to prevent corrupt activities.

5.0 Permitted Payments

This Policy does not prevent Ballard personnel from conducting legitimate business with private parties and the government, as long as the conduct complies with Ballard's policies and procedures. Ballard in many instances interacts with government officials in the context of the promotion of Ballard's products and services, in the execution of a contract with a government entity, in cooperation on industry matters, and, in general, in the legitimate conduct of its business. Reasonable and bona fide expenditures, such as actual travel and lodging expenses directly related to such activities are permissible provided they are permitted by Ballard policies, are lawful under written laws and regulations of the government official's country and have the appropriate prior review and approval.

Gifts, Meals, Travel and Entertainment

Entertainment and gifts are a high-risk area for corruption. It is never permissible to provide gifts, meals, travel, or entertainment in order to improperly influence anyone, particularly a foreign public official, in exchange for any improper favor or benefit. In addition, gifts of cash or cash equivalents, such as gift cards, are never permissible.

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Providing hospitality is certainly acceptable, provided it is directly related to a legitimate business purpose, such as the promotion, demonstration or explanation of Ballard products or services; or the negotiation, execution or performance of a transaction or contract. Generally, the provision of gifts (preferably, Ballard branded gifts), meals, travel and entertainment to a foreign public official is permissible, provided that:

- There is no expectation that it is being given in exchange for any return favor or business advantage from the government (quid pro quo);
- It is infrequent, modest, and reasonable in amount under the circumstances;
- It conforms with applicable law, local custom and business practice;
- It does not give the appearance of creating an obligation for the recipient;
- It is reported and documented accurately in Ballard’s books and records;
- It cannot be construed as a bribe or payoff, or result in embarrassment to Ballard in any way; and
- It was not solicited by the recipient.

Any such hospitality must be appropriate, transparent, pre-authorized (when necessary) and not in violation of anti-corruption laws or Ballard policies. Refer to the Commitment and Expenditure Policy and the Travel and Employee Expense Reporting Policy for further information and guidance.

Charitable Donations

Ballard does not routinely make financial contributions to charitable causes. However, we support employee’s personal participation and contribution to charity on their own initiative.

On an exception basis where there may be opportunities for brand visibility, promoting customer opportunities, progressing commercial objectives and/or substantive employee participation, the Corporation may consider providing financial support to registered charities or charitable events.

It is never permissible to provide a donation to improperly influence a foreign public official, or in exchange for any improper favor or benefit. Donations are permissible, provided that:

- They are not made directly to an individual foreign public official, and there is no indication that the donation will be redirected to an individual official’s personal use;
- They are reported and documented accurately in Ballard’s books and records;
- Donations to private charities are not made in the name or in honor of a foreign public official; and
- The donation is acceptable under local law.

Charitable donations require the approval of the Chief Executive Officer or the Chief Financial Officer.

6.0 Political Contributions & Lobbying

Ballard does not make financial contributions to political causes. Political donations in any form are expressly prohibited.

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Ballard may engage in lobbying activities to provide policy makers with data and insights to enable widely informed decision-making conducive to a sustainable clean energy sector and fuel cell business.

Lobbying should not be misused for any corrupt or illegal purposes, or to improperly influence any decision. Lobbying should be conducted based on the values of transparency, honesty and integrity. Any proposed lobbying activity must be approved by the Corporation's CEO, CFO and General Counsel.

7.0 Record Keeping

Payments for bribes are often made possible as a result of weak internal controls over financial reporting as such payments are typically inaccurately recorded in the books and records of a corporation.

The CFPOA contains a books and records offence for concealing bribery in the accounting records of the company, including by keeping secret accounts, falsely recording or inadequately identifying transactions, entering liabilities with incorrect identification of their object, using false documents or destroying documents or accounting books and records. The FCPA has a similar provision.

Ballard's corporate policy requires that each one of our subsidiaries, branches, and overseas offices maintain books and records that accurately reflect all transactions of Ballard as a whole. In addition, each Ballard entity and each Ballard office is responsible for maintaining an adequate system of internal accounting control. Basically, Ballard corporate policy requires that each transaction entered into by a Ballard entity have proper authorization and initial approval, then proper and complete accounting and reporting of the transaction. The handling of each transaction is subject to Ballard's internal audit verification, with reporting of exceptions to management and the Chief Financial Officer.

Any attempt to conceal, falsify or destroy evidence of an improper payment to a foreign public official is strictly prohibited under this Policy.

8.0 Reporting

Ballard personnel must report actual, potential, or suspected corruption in Ballard or by any individual or organization with whom Ballard does business. Failure to do so may result in liability for Ballard and for and the individuals involved. Ballard personnel must report any request for an improper payment, or any indication that a person might be making corrupt payments or that a person has an intention or plan to violate this Policy. Ballard personnel must also report any information or knowledge of any hidden fund or asset, of any false or artificial entry in Ballard's books and records, or any payment that circumvents Ballard's internal financial processes.

Actual knowledge that such corrupt practices will occur is not required. A person is considered to have "knowledge" if they (i) are aware that a corrupt payment is being made, (ii) are aware that a corrupt payment is likely to occur, or (iii) or have reason to know that a corrupt payment is likely to occur. Refusal to know, deliberate ignorance, conscious disregard, and willful blindness are treated as "knowledge" for purposes of this Policy. Ignoring or disregarding circumstances that could reasonably be considered sufficient warning that illegal conduct will occur may be treated as a violation of anti-corruption laws and this Policy.

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Refer to the Corporate Watch Policy for further information and guidance on making a report. Reports must be made immediately. If any instance of bribery or corruption is identified, an investigation will take place under the guidance of the Compliance Officer or his or her nominee. You can also contact Legal to seek advice on anti-bribery and corruption issues or to make suggestions for how we could improve our anti-corruption policy and procedures.

9.0 Due Diligence

To ensure that the requirements of this Policy are met in relation to third parties, Ballard has processes in place for conducting due diligence, execution of anti-corruption contractual provisions appropriate for the particular business transaction, and post-engagement or post-deal due diligence and monitoring. Consult with Legal before engaging any such third parties.

10.0 Violations

A violation of anti-corruption laws may carry severe civil and criminal consequences both for Ballard and the individuals involved. Under the FCPA, corporations are subject to criminal fines of up to \$2,000,000 and civil fines up to \$10,000 per violation. Individuals are subject to criminal fines up to \$100,000, imprisonment for up to five (5) years, or both. Individuals are also subject to civil fines up to \$10,000. Violations of the FCPA are not covered by Directors and Officers Insurance, and individuals cannot be indemnified by their employer for such violations. The maximum penalties for offences under the CFPOA include imprisonment for up to fourteen (14) years and millions in fines.

Unauthorized payments, or acts that create the appearance of promising, offering, giving or authorizing payments prohibited by this Policy, will not be tolerated. Compliance with this Policy is a condition of office or employment with Ballard. A violation of this Policy may be grounds for discipline, up to and including immediate dismissal.

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