

**Title: Audit Committee Mandate****Approved: March 6, 2019**

The Board has established an Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Corporation's accounting and financial reporting, the Corporation's systems of internal controls over financial reporting, the independence and performance of the Corporation's external and internal auditors, the identification and management of the Corporation's risks, the Corporation's Whistleblower Reporting processes, the Corporation's financial policies and the review and approval of related party transactions, as further described below.

In this Mandate, the "Corporation" means Ballard Power Systems Inc. and a "director" means a member of the Corporation's board of directors (the "Board"). "CGCC" means the Corporation's Corporate Governance & Compensation Committee.

**Composition and Eligibility**

- A) The Committee will have a minimum of three members, including the chair of the Committee. Following each annual meeting of shareholders of the Corporation the Board, upon the recommendation of the Corporate Governance & Compensation Committee, will appoint the members of the Committee, including the Committee chair. Any member may be removed or replaced at any time by the Board and will cease to be a member upon ceasing to be a director of the Corporation. Each member will hold office until the close of the next annual meeting of shareholders of the Corporation or until the member resigns or is replaced, whichever occurs first.
- B) Each member of the Committee will be an independent director as set out in applicable securities laws, rules and regulations, and standards of the stock exchanges on which the Corporation's securities are listed.
- C) All members of the Committee will be financially literate, as defined in accordance with applicable securities laws, rules and regulations, and standards of the stock exchanges on which the Corporation's securities are listed.
- D) At least one member of the Committee must be an audit committee "financial expert" as defined by applicable applicable securities laws, rules and regulations.
- E) Any member of the Committee who serves on more than three public company audit committees must inform the Chair of the Board, so that the Board may consider and discuss with such member any issues related to his or her effectiveness and time commitment.

**Meetings & Quorum**

- A) The Committee will meet at least quarterly and otherwise as necessary. Any member of the Committee may request additional meetings.
- B) Notice of the time and place of each meeting will be given to each member of the Committee either by telephone or other electronic means not less than 1 week before the time of the meeting. Meetings may be held at any time if all Committee members have waived or are deemed to have waived notice of the meeting. A Committee member participating in a meeting will be deemed to have waived notice of the meeting.
- C) The Board Chair will attend meetings of the Committee as an *ex officio* member. The Board Chair will be considered as a Committee member for purposes of establishing quorum and will be entitled to vote on matters considered at the meeting. Unless the Committee chair determines otherwise, any other directors who are not members of the Committee will not be allowed to attend meetings of the Committee.

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- D) The CEO, CFO, Controller and internal auditor will have direct access to the Committee and any of them may request a meeting of the Committee be called by notifying the chair of the Committee. They will receive notice of every meeting of the Committee and will normally be requested to attend, other than in cases where the Committee wishes to meet in-camera. Other executives or employees of the Corporation will attend at the request of the Committee Chair.
- E) Meetings will be chaired by the Chair of the Committee, or if the Chair is absent, by a member chosen by the Committee from among themselves.
- F) A majority of Committee members constitute a quorum necessary for the transaction of business at Committee meetings. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion.
- G) The Corporate Secretary or his or her nominee will act as Secretary to the Committee.
- H) All decisions made by the Committee may be made at a Committee meeting or evidenced in writing and signed by all Committee members, which will be fully effective as if it had been made or passed at a Committee meeting.
- I) As part of every regularly-scheduled meeting, the Committee will hold in-camera sessions with: (1) the external auditors and the internal auditors; (2) with the external auditors only; and (3) of the Committee itself, without management or management directors present. The Committee may also hold other in-camera sessions with such members of management present as the Committee deems appropriate.
- J) The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the director is a member of the Committee.

**Duties and Responsibilities****A) Financial Reporting Control Systems**

The Committee is responsible for monitoring the quality and integrity of the Corporation's accounting and financial reporting process through discussions with management, the external auditors and the internal auditors.

In discharging this responsibility, the Committee will review:

- (i) with management and the external auditors, the Company's significant accounting policies, including the impact of alternative accounting policies, and any proposed changes thereto; and key management estimates, risks and judgments that could materially affect the financial results;
- (ii) emerging accounting issues and their potential impact on the Company's financial reporting;
- (iii) with management any significant changes in financial risks facing the Corporation;
- (iv) management's report assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures and systems of internal control; and
- (v) the evaluation by either the internal or external auditors of management's internal control systems, and management's responses to any identified deficiencies or weaknesses.

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Prior to public disclosure, the Committee will review and approve (where authority has been delegated by Board to the Committee) or recommend to the Board for approval:

- (i) the audited annual consolidated financial statements and unaudited interim condensed consolidated financial statements of the Corporation;
- (ii) the interim and annual management's discussion and analysis of financial condition and results of operations (MD&A) of the Corporation; and
- (iii) all other material financial public disclosure documents of the Company and those of its subsidiaries that are reporting issuers, including prospectuses, material press releases with financial results, the Annual Information Form and management information circular.

**B) External Auditors**

The external auditors will report directly to the Committee and the Committee will:

- (i) recommend to the Board and the Corporation's shareholders the appointment of external auditors; determine their compensation; and monitor and evaluate their qualifications, resources, performance and independence;
- (ii) oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit to be performed, and performance against the audit plan;
- (iii) pre-approve all audit, audit-related and non-audit services to be provided to the Corporation or any of its subsidiaries, by the external auditors (and its affiliates), in accordance with applicable securities laws, rules and regulations;
- (iv) discuss with the external auditors the quality and acceptability of the Corporation's accounting policies, including:
  - a) all critical accounting policies and practices;
  - b) all alternative treatments of financial information that have been discussed with management, implications of their use and the external auditors' "preferred treatment";
  - c) any other material written communications between the external auditors and management;
- (v) review reports of the external auditors;
- (vi) review the quarterly and annual representation letters given by management to the external auditors;

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- (vii) at least annually, obtain and review a report by the external auditors describing:
  - a) the firm's internal quality-control procedures;
  - b) any material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental, regulatory or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and
  - c) all relationships between the external auditors and the Company.
- (viii) annually assess and confirm the independence of the external auditors and require the external auditors to deliver an annual report to the Committee regarding its independence, and hold discussions with the external auditors as to any relationship or services that may impact their objectivity or independence;
- (ix) ensure that the audit partners representing the external auditors meet the rotation requirements set out by applicable securities laws, rules and regulations, and standards of the stock exchanges on which the Corporation's securities are listed; and
- (x) review and approve hiring policies regarding partners, employees and former partners and employees of current and former external auditors in accordance with applicable securities laws, rules and regulations and the Corporation's policies.

**C) Monitoring Internal Auditors**

The internal auditors will report quarterly to the Committee on the results of internal audit activities and will also have direct access to the chair of the Committee when the internal auditors determine it is necessary. The Committee will:

- (i) annually approve the appointment of the internal auditor (or persons responsible for the function);
- (ii) review the scope of responsibilities and effectiveness of the internal audit team, its reporting relationships, activities, organizational structure and resources, its independence from management and its working relationship with the external auditors;
- (iii) oversee the work of the internal auditors including reviewing and approving the annual internal audit plan and updates thereto; and
- (iv) review the reports of the internal auditors on the status of significant internal audit findings, recommendations and management's responses and review any other reports of the internal auditors.

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The Committee will at least annually:

- (i) review with management and approve, or make recommendations to the Board to approve, the Corporation's capital structure strategy; financial policies and investment policies, including debt and equity components; current and expected financial leverage, interest rate and foreign exchange exposures; taking in consideration current and future business needs (including the Annual Operating Plan), capital markets and the Corporation's credit rating; and
- (ii) review compliance with financial policies;

E) Risk Management and Internal Controls

The Committee will:

- (i) at least annually, review the Corporation's risk assessment and risk management policies, including the Corporation's insurance coverage, and management's compliance with them;
- (ii) review with management, the external auditors and legal counsel, as necessary, any litigation, claim or other contingency, including any tax assessment, that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee;
- (iii) review and recommend to the Board for approval of the Corporation's delegation of financial authority;
- (iv) while ensuring confidentiality and anonymity, ensure management has established procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters or employee concerns regarding accounting or auditing matters or breaches of the Corporation's ethics policies ("Whistleblower Reporting");
- (v) review quarterly reports on any Whistleblower Reporting complaints received by the Corporation;
- (vi) at least annually, review management's compliance with the Corporation's ethics and Whistleblower Reporting policies;
- (vii) at least annually, review the Corporation's ethics and Whistleblower Reporting policies, and recommend changes to the Board for approval;
- (viii) review management's approach for safeguarding corporate assets, data and information systems, the adequacy of staffing of key financial functions (including succession plans for the Corporation's CFO and Controller) and their plans for improvements;
- (ix) review the appointment of the financial senior executives of the Corporation, prior to recommendation by the CGCC to the Board;
- (x) assist the Board with the oversight of the Corporation's compliance with applicable legal and regulatory requirements; and
- (xi) review other risk management matters from time to time as the Committee may consider suitable or the Board may specifically direct.

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A related party transaction is defined as a transaction or a series of transactions in which the Corporation or any of its subsidiaries is to be a party, which involves an amount exceeding U.S. \$120,000 in aggregate and in which any of the following persons have a direct or indirect material interest:

- a director or executive officer of the Corporation;
- any nominee for election as a director of the Corporation;
- any security holder of the Corporation known by the Corporation to own (of record or beneficially) more than 5% of any class of the Corporation's voting securities; and
- any member of the immediate family of any of the foregoing persons.

In carrying out its responsibilities in reviewing and approving related party transactions, the Committee will:

- (i) receive details of all related party transactions proposed by the Corporation, and actual and potential conflicts of interest relating thereto, to verify their propriety and that disclosure is appropriate;
- (ii) if a valuation or fairness opinion is required by any applicable statutes or regulations, supervise the preparation of such valuation or fairness opinion; and
- (iii) if approval of the Board of directors is necessary, provide a recommendation to the Board of directors with respect to the related party transaction.

G) Other

The Committee will:

- (i) annually review the audit of the expense reports of the Chair of the Board of Directors and the CEO;
- (ii) review the minutes of the Corporation's Disclosure Committee; and
- (iii) evaluate, at least annually, the adequacy of this Mandate and the Committee's performance, and report its evaluation and any recommendations for change to the Board.

**Authority**

- A) The Committee is authorized to request the presence, at any meeting, of senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting.
- B) The Committee is empowered to investigate any activity of the Corporation and all employees are to co-operate as requested by the Committee. The Committee may retain outside advisors having special expertise to assist it in fulfilling its responsibilities, and determine the appropriate level of remuneration for such outside advisors.
- C) The Committee may form and delegate authority to Committee members or subcommittees.
- D) Nothing contained in the above mandate is intended to assign to the Audit Committee the Board's responsibility to ensure the Corporation's compliance with

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applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee.