

The Ballard logo is displayed in white, bold, sans-serif capital letters within a blue rectangular box in the top-left corner of the page. The background of the entire page is a photograph of a railway track curving through a green, hilly landscape.

BALLARD™

2023

Report on the Fighting of
Forced Labour and Child Labour

Financial Year Ended December 31, 2023

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Ballard Power Systems Inc.
Fighting Against Forced Labour and Child Labour in Supply Chains Act Report
For the Year Ended December 31, 2023

1. Introduction

This Modern Slavery Act Report (the "**Report**") has been prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (the "**Act**"). This Report provides transparency on the continued efforts being taken by Ballard Power Systems Inc. (herein referred to as "**Ballard**", the "**Company**", "**we**", "**us**", or "**our**") to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods into Canada or the import of goods into Canada, for the financial year ending December 31, 2023.

This Report has been prepared by the management of Ballard and is approved by the Board of Directors.

Ballard is a public corporation (NASDAQ: BLDP; TSX: BLDP) listed on the Nasdaq Stock Market (NASDAQ) and on the Toronto Stock Exchange (TSX). At this time, we do not currently have mandatory reporting obligations related to modern slavery in any other jurisdictions and are not filing a joint report.

In March 2023, Ballard joined as a signatory to the United Nations Global Compact ("**UNGC**"), demonstrating our commitment to align our corporate strategy and business practices with the Ten Principles on human rights, labour, environment, and anti-corruption. In addition to this disclosure, and as part of our UNGC commitment, Ballard will report on its status and ongoing activities annually in a progress report, named Communication on Progress (CoP), to the UNGC.

2. Our Structure, Activities, and Supply Chain

Business Structure

Our principal business is the design, development, manufacture, sale, and service of Proton Exchange Membrane ("**PEM**") fuel cell products for a variety of applications, focusing on our power product markets of heavy duty motive (consisting of bus, truck, rail, and marine applications), material handling, and stationary power generation, as well as the delivery of technology solutions, including engineering services, product and systems integration services, and related technology transfer for a variety of PEM fuel cell applications.

Ballard's Board oversees the Company's approach to risk management, which includes risks related to human rights, and each committee of the Board oversees risks related to their specific committee mandate. Human rights risks, including risks related to modern slavery falls specifically within the mandate of the Company's Sustainability and Governance Committee (the "**SGC**"). Reporting to the President and Chief Executive Officer, our organization consists of seven lines of business and supporting activities with the global operations function, including supply chain and procurement activities occurring in Ballard, reporting to the Senior Vice President and Chief Operating Officer (the "**COO**") and workforce or human capital management reporting to the Senior Vice President and Chief People Officer (the "**CPO**"). In 2023, the Company employed 875 employees in Canada and an additional 246 globally.¹

Operational Activities

Ballard develops, imports, manufactures, assembles, tests, sells, distributes, and provides aftermarket service components for our products. This is supported through the procurement of both direct materials and services (those procured for direct use in the development, production, assembly, and sale of our products) and indirect materials and services (those procured for supporting activities such as software support, financial support, administrative activities, and marketing).

¹ In line with Canadian common law, employees include people employed on a full-time, part-time, or temporary basis in Canada or in any other jurisdiction, and do not include independent contractors.

Direct material procurement is managed within the global operations function with a centralized procurement team supporting purchases for Canada. Indirect material procurement is managed within each of our seven lines of business, administrated by our purchasing function. Further details on all relevant policies can be found in [section 3](#) of this report.

Direct materials are used for products in three distinct classes:

- **Fuel cell stacks:** Ballard provides FCgen® and FCveloCity® fuel cell stacks to original equipment manufacturer customers and system integrators that use the stacks to produce fuel cell systems for power solutions.
- **Fuel cell modules:** Ballard builds the stacks into self-contained FCwave™, FCmove™- HD, FCmove -HD+, FCmove – XD, FCmove – Rail, and FCveloCity®- HD or MD modules that are plug-and-play into larger fuel cell systems.
- **Membrane electrode assemblies:** Ballard produces FCgen® membrane electrode assembly (“MEA”) and FCveloCity® MEA that are incorporated in FCgen® and FCveloCity® fuel cell stacks.

These products contain electronic, electrical, and/or heating components that are necessary to their functionality. We purchase hundreds of components, including electronic boards, valves, heating elements, electrical connectors, and other hardware items, all of which are procured through a wide variety of commercial sources. As a downstream company (as described in the Organization for Economic Co-operation and Development (OECD) Guidance), Ballard does not typically purchase raw materials, and therefore our supply chain can be complex with many parties between our activities, the manufacturer of our required components, and the original source of raw materials. A significant portion of our upstream purchased raw materials includes steel, magnesium, plastic, or electronic modules. The majority of indirect materials include the operation, maintenance, and repair of our equipment, along with IT services, hardware and software, office expenses, and technical or consulting services.

Our Supply Chain

Our supply chain flow, displayed in figure 1, consists of three primary segments supporting the procurement of direct or indirect materials, services, or employment.

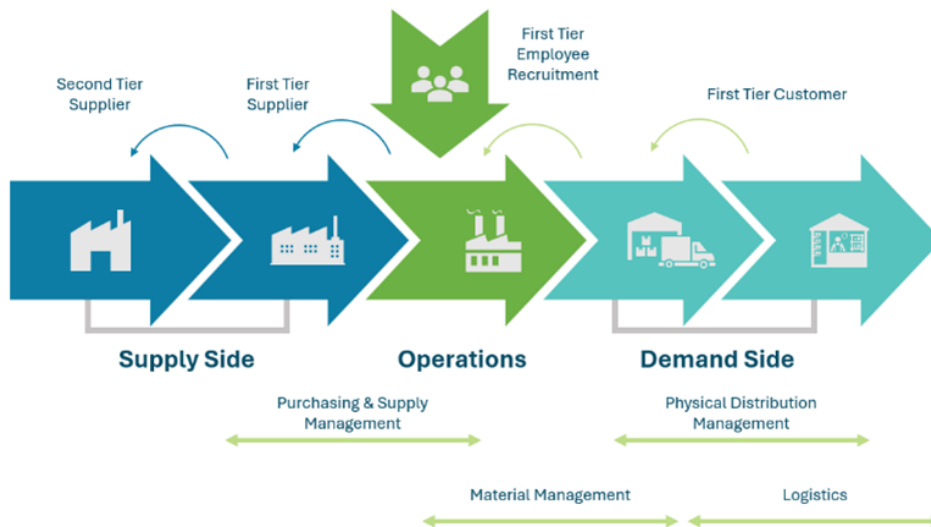


Figure 1: Ballard's Supply Chain Flow

- **Supply side** – referring to procurement from the various tiers of suppliers providing materials or services for the production of our products.

- **Operations** – referring to procurement and recruitment for activities which take place within our facilities, including both materials and human resources; and
- **Demand side** – referring to procurement related to the distribution of our products to customers.

During 2023, Ballard’s supply base for direct materials and services included an estimated 500 active suppliers providing a range of goods and services located in the following regions:

Region	# of Suppliers	% of Total Spend
Europe	36	41%
Canada	264	26%
USA	150	22%
Asia	28	7%
Others	21	4%

3. Our Policies and Due Diligence Processes

Policies and Processes Supporting the Operations Segment

Ballard has a comprehensive suite of established policies and procedures that outline our expectations of employees and contractors who undertake tasks on behalf of Ballard and ensure business is conducted in an ethical and legally compliant manner.² These policies and systems include:

Code of Ethics and Workplace Guidelines – comprehensive guideline for all employees to demonstrate exemplary behaviours and commit to the highest ethical standards, sound governance practices, and business and personal integrity. These guidelines outline the importance and expectation that all actions by Ballard and its employees, officers, and directors will comply with the human rights and civil liberties set out in the Universal Declaration of Human Rights (UDHR). A copy of our Code of Ethics can be found on our website at www.ballard.com/investors/governance.

Corporate Watch Policy (Whistleblower Protection) – Ballard employees must conduct all business activities in a way that is consistent with the Company’s standards of business conduct. Unethical and unlawful behaviour is wrong and can damage the company. This policy establishes the guidelines and procedures for assuring protections for employees and to identify and report misconduct that may be in breach of company policies, and/or cause harm to Ballard and its employees, suppliers and customers. We advise staff they have a responsibility to report and detect on any concerns including those related to forced labour and child labour.

Corporate Watch Hotline (Ethics Hotline) - Ballard has adopted a reporting system to receive any anonymous reports or allegations of wrongdoing. Individuals, including our employees and those outside our company, who become aware of wrongdoing or suspected wrongdoing are encouraged to make a report as soon as possible. Our third-party web reporting site and toll-free numbers can be found on our website at www.ballard.com/investors/governance.

Commitment and Expenditure Policy – This policy describes expectations on the management of corporate commitments and expenditures and applies to every member of the Ballard group of companies. It provides overriding guidance with respect to approval requirements for the procurement of goods and services, labour and contractors, expense reports, capital expenditures, revenue contracts, and other general contract commitments. This policy is also integral to the successful stewardship of Ballard’s assets and is designed to ensure accountability and protect Ballard from inappropriate commitments or expenditures.

Anti-Corruption Policy - Ballard requires compliance with the highest ethical standards and all anti-corruption laws applicable to the conduct of its business. Ballard values integrity and transparency and has zero tolerance for corrupt activities of any kind, whether committed by

² Where no link has been provided, such policies and procedures are made available to the Company's employees on an internal intranet site.

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. A copy of our Anti-Corruption Policy can be found on our website at www.ballard.com/investors/governance.

Harassment, Workplace Bullying & Anti-discrimination Policy - This Policy is aimed at reinforcing a workplace environment in which everyone is treated equitably, fairly, and with respect. All employees are expected to conduct business in a legal, ethical, and credible manner. In addition, there are certain attributes, which are expected of each Ballard employee and guide how we achieve our work. Above all, maintaining a high level of respect and dignity in the workplace and creating an environment where everyone can contribute to their fullest potential is, and will continue to be, a key ingredient to the success of Ballard. A copy of our policy can be found on our website at www.ballard.com/investors/governance.

Purchasing Policy - This document outlines the Company's policy and applies to all Ballard employees when ordering, receiving and paying for goods and services from a supplier. This policy is intended to ensure that adequate internal controls exist for the processing and payment of procured goods and services, that items are received within specific time constraints, optimal terms are negotiated with the supplier, and suppliers are paid within agreed terms.

Policies and Processes Supporting Employee Recruitment

Ballard has a set of established due diligence policies and procedures that outline our expectations around recruitment of employees, either permanent or temporary. These include:

Employee Identification, Criminal, and Background Check Procedure – All employees hired at Ballard, regardless of permanent or temporary status, are required to provide evidence of their identity, age, and legal status to work in Canada, all in compliance with appropriate privacy laws. In some cases, as defined in our procedure, employees may be subject to a criminal or background check as part of the hiring process. These processes are in place to help identify any red flags and mitigate the risk of forced or child labour in our recruitment process.

Diversity, Equity, and Inclusion Policy - Ballard strives for excellence in selecting and managing its workforce, regardless of differences and this Policy affirms the Company's commitment to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion. This policy reinforces that employees' differences are valued and respected and supports a working environment where all employees are included and valued for their contributions. Ballard is committed to ensure that the provision of our programs and services are fair and equal to all individuals, regardless of their identities. We will act in a manner that is consistent with the UDHR and/or any other applicable legislation. A copy of our policy can be found on our website at www.ballard.com/investors/governance.

Policies and Processes Supporting Supply and Demand Segments

Ballard has a set of established due diligence policies and procedures that outline our expectations of our suppliers and those advising, working, or producing on behalf of Ballard. These include:

Supplier Manual – Our supplier manual is intended to be the primary document that communicates Ballard's Supplier Development, Supply Chain and Quality philosophy to our Suppliers and helps align their business objectives with ours. It describes our due diligence expectations and Ballard's method of evaluating, approving, and monitoring suppliers. This includes second party audits, document reviews, and ongoing supplier development to reduce risk. A copy of our supplier manual can be found on our website at www.ballard.com/about-ballard/suppliers.

Supplier Conduct Principles – In addition to the contractual expectations outlined in our supplier manual, a supplier is also required to comply with the conduct requirements outlined in our Supplier Conduct Principles document. This includes areas of health and safety, respect and dignity, forced or involuntary labour, child labour, labour practices, protection of the environment, compliance to conflict minerals extraction declaration, compliance with laws and regulations, and maintaining highest ethical business practices. A copy of our supplier conduct principles can be found on our website at www.ballard.com/about-ballard/suppliers.

Declaration of Compliance with Ballard Supplier Conduct Principles (Annual Attestation)

– As part of our supply chain due diligence process, on an annual basis all direct suppliers are requested to sign a Declaration of Compliance with Ballard’s Supplier Conduct Principles. The supplier is attesting they have read and understood the Supplier Conduct Principles policy document, will make note of their compliance to each of the 12 principles, and that supporting evidence is available to support their responses. A copy of the declaration of compliance can be found on our website at www.ballard.com/about-ballard/suppliers.

Conflict Minerals Policy and Due Diligence – This policy and connected procedure was established to ensure Ballard is taking all reasonable steps to avoid purchasing and using conflict minerals, as defined by the United States (US) legislation, in its manufactured products. Conflict minerals include the metals tantalum, tin, tungsten and gold, which are the extracts of the minerals cassiterite, columbite-tantalite and wolframite, respectively. Conflict minerals extracted from the Democratic Republic of Congo (DRC) and surrounding regions are considered high-risk for forced labour and other human rights abuses. While Ballard does not directly source minerals from smelters, small quantities of these minerals can be found in our products and are procured through our tiered supply chain. To mitigate the risk of inadvertently supporting human rights abuses, Ballard has adopted a Conflict Minerals Due Diligence process including annual survey of our tier 1 suppliers and public disclosure of our due diligence process and risk assessment, in line with Rule 13p-1 and Form SD pursuant to the Securities Exchange Act of 1934, as amended. A copy of our latest disclosure alongside our conflict minerals policy can be found on our website at www.ballard.com/about-ballard/suppliers.

Standard Terms and Conditions – All purchase orders issued by Ballard, unless otherwise stated, are subject to our standard terms and conditions (STC). Included in our STC are conditions related to compliance with law and that no purchases shall be produced with forced labour. A copy of our standard terms and conditions can be found on our website at www.ballard.com/about-ballard/suppliers.

4. Forced Labour and Child Labour Risks

Modern Slavery Risk in Our Operations

Ballard considers there to be a low risk that our business has caused or contributed to adverse human rights impacts in our operations. This assessment is based on the fact that the vast majority of our operations are performed in Canada, a country with a lower prevalence for modern slavery risk according to the Global Slavery Index (GSI).³ This is not to say that slavery does not exist, to the contrary, Ballard acknowledges that the recent GSI 2023 reported approximately 69,000 people in Canada face modern slavery. However, Canada is highly regulated for labour practices, and we comply with all applicable legislation and have policies and procedures in place, as described above, in relation to recruitment and workplace relations. All of our employees are remunerated at no less than legislated minimum wages and individual remuneration reviews are conducted semi-annually.

Ballard utilizes labour hire services to source employees in our manufacturing facilities for production work. Employees performing base-skilled labour such as production workers may be considered vulnerable to modern slavery practices. However, we consider these risks to be mitigated by our engagement of reputable and registered labour hire agencies based in Canada.

Modern Slavery Risk in Our Supply Chain

Given the global nature of our business, Ballard recognizes the risk of modern slavery may occur in our supply chain, and that level of risk is influenced by vulnerable communities, geographic location of tiered suppliers, and product and service categories.

While the majority of our suppliers operate in countries where the risk of forced labour or child labour is lower, we have put in place measures to monitor the nature of these activities to ensure the risk of modern slavery is managed, including the following:⁴

³ Source: <https://www.walkfree.org/global-slavery-index/>

⁴ Majority of our suppliers considers both percentage of total spend and number of suppliers in each region.

- Any supplier interested in conducting business with Ballard must read, understand, and attest to the individual sections of our supplier code of conduct named Supplier Conduct Principles. These sections include requirements and expectations related to overall ethical and responsible business, including employee respect and dignity, forced and involuntary labour, child labour, appropriate hours of work, fair wages and benefits, nondiscrimination, compliance with US legislation in respect to conflict minerals, among other relevant topics. The Supplier Conduct Principles is one of two elements of our Supplier Performance Criteria, alongside our Supplier Manual and is further formalized as part of the signed Ballard Supplier Agreement.
- On an annual basis, active direct suppliers are required to attest to the Company's Supplier Conduct Principles.
- Our purchasing and operations teams visit many suppliers at their facilities, both in the supplier qualification process, and as part of our supplier management and performance assessment process.
- To mitigate the risk of inadvertently supporting human rights abuses, Ballard has adopted a Conflict Minerals Due Diligence process including annual survey of our tier 1 suppliers and public disclosure of our due diligence process and risk assessment, in line with Rule 13p-1 and Form SD pursuant to the Securities Exchange Act of 1934, as amended. On an annual basis, suppliers must validate that they do not procure any potentially conflicted minerals or, if they do procure these minerals, validate that they originate from non-conflict areas or from smelters that have been validated by an independent private sector party to be conflict free.

Ballard remains committed to taking steps to identify and address potential incidents of forced labour or child labour in our supply chains. In 2023, the Company formed a Modern Slavery Task Force to identify continuous improvement activities within our existing governance processes and supplier risk and management processes, including establishing a 2024 action plan.

5. Remediation Measures

In 2023, Ballard had zero known incidents of forced or child labour reported, and therefore no measures were needed to remediate forced labour or child labour in our activities and supply chains.

6. Training

Every year we assess what roles may be at risk of exposure to bribery and corruption. Those identified roles are provided with required annual anti-bribery and anti-corruption training. In 2023, 798 Ballard employees were assigned this training with a 100% completion rate.

During 2023, we had no specific training on forced labour or child labour.

7. Assessing Effectiveness

During 2023, no actions were taken to assess the effectiveness of preventing and reducing risks of forced labour and child labour in our activities and supply chains. Establishing effective measures will be part of our efforts to improve our overall forced labour and child labour risk identification, assessment, mitigation and due diligence program. We are committed to transparency in our disclosure, including within this Report.

8. Process of Consultation

We took a cross-functional approach to preparing and drafting this Report. A consultation process was undertaken, including with our Executive Team and our Disclosure Committee. The members of the Sustainability and Governance Committee and the members of the entire Board were given an opportunity to consider and provide comments to the Report.



9. Approval and Attestation

Pursuant to section 11(4)(b)(i) of the Act, this Report was approved by the Board of Directors of Ballard on May 24, 2024.

In my capacity as a Director of Ballard, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11(4)(a) thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above. I have authority to bind Ballard Power Systems Inc.

Full name: Randall MacEwen
Title: President and Chief Executive Officer
Date: May 24, 2024

Signature: /s/ Randall MacEwen