

ELECTRO POWER SYSTEMS S.A.

Société anonyme au capital de 2,553,372 euros
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MARKET ETHICS CHARTER

1 Objectives

The shares of Electro Power Systems (together with its consolidated subsidiaries, the “**Group**”) are listed on the regulated market of Euronext in Paris (“**Euronext Paris**”). In this context, compliance by the Group’s employees with rules applicable to stock transactions and the holding of inside information is crucial for the Group.

Such rules mainly stem from Articles 621-2 to 622-2 of the General Regulation of the French *Autorité des Marchés Financiers* (the “**AMF**”) and Articles L. 465-1 *et seq.* of the French Monetary and Financial Code.

The Group aims at respecting and enforcing the applicable legislation in terms of securities law and the principles and applicable regulations and the recommendations of market authorities in the field of risk management relating to the holding, the disclosure or the use of inside information.

It should be noted that the Group’s employees, irrespective of their nationality, may be concerned by these rules and/or by those applicable in the countries they live in. In any event, it is the responsibility of each employee to personally ensure compliance with the different laws that could apply to his or her situation.

The purpose of this document is to outline:

- the attitude that should be adopted in relation to the information that you hold or may hold while exercising work, a mandate or a mission for the Group; and
- the attitude that should be adopted when you or your relatives wish to acquire or sell Group’s financial instruments.

2 Definitions

Definition of inside information

Inside information is defined as “any information of a precise nature that has not been made public, which, if made public, would be likely to have a significant effect on the prices of the concerned financial instrument” (Article 621-1 of the General Regulation of the AMF).

In practice, an inside information is made public (and loses its “inside” nature) as a result of the publication of a press release by the Group with press agencies, the publication of a financial notice in the press, the online release of this type of documents on the websites of the Group and/or the AMF.

Any information that would be given only to a journalist, during an interview, a professional conference or that would be given during a meeting with financial analysts does not lose its inside nature until a press release with that information has been published.

The following information shall *a priori* be considered as inside information (non-exhaustive list):

1. commercial contracts,
2. R&D results,
3. new major or structuring contract, scientific, technological or industrial collaboration contract, or any problem relating to the performance of these contracts,
4. annual, half-year, quarterly results or estimated results,
5. budgets, long-term projects,
6. development of technologies, products or patents,
7. problems in the performance of the Company’s products, problems in the manufacturing process or relating to a patent,
8. financial transactions (issuance of securities, acquisitions, mergers, joint-ventures, financing, etc.), including at the development stage and even if the operation does not finally occur,
9. changes in strategy or investments,
10. changes in the key employees, including the departure of a senior manager,
11. dispute, regulatory issue,
12. liquidity issue,
13. report of a financial analyst which is particularly favourable or unfavourable to the Group,
14. any other significant event of a favourable or unfavourable influence on the Group’s activities, any significant element relating to its risks factors.

It should be underlined that the information should not necessarily be certain to be considered as inside information. The fact that an event may only be likely to occur can also constitute inside information, even if it does not finally occur.

Definition of insider

The insider is defined as a person who holds inside information.

In addition to this definition, the applicable legislation differentiates between two categories of insiders:

- Persons who hold inside information due to their relationship with the Group:

Any person who holds inside information due to his or her function or position within the Group: members and observers of the Board of Directors (including the works council representative if any), employees, statutory auditors, consultants, communication agencies, lawyers, bankers, others external consultants, suppliers, subcontractors, etc.

- Persons who, although not related to the Group, become insiders following the disclosure of inside information:

Any person who holds inside information, and knows or ought to know that the information was inside information: any person external to the Group who received inside information either intentionally or by chance. This category includes, for instance, family members, relatives of the first category of persons, and any other persons to whom the inside information was disclosed.

A distinction can also be made among the abovementioned persons, between:

- The permanent insiders:

They are the persons who have permanent access to inside information on the Group. The permanent insiders may be one of the two following categories:

- Persons who work at the Group: executive officers, members and observers of the Board of Directors (including the works council representative if any), as well as certain employees, are or can be deemed to have regular access to inside information.
- Third parties who maintain regular contacts with the Group, that give them access to inside information: they may be, in particular, statutory auditors, main consultants, usual financial and legal advisors of the Group, communication agencies, and some companies providing for outsourced services.

- The occasional insiders:

They are defined as persons who have intermittent access to inside information on the Group, due to their participation in the preparation of a specific project or event, or in particular circumstances (for instance a commercial agreement, a dispute, an accident, a financial transaction) and can be either executives, board members or employees of the Company or third parties (bankers, lawyers).

3 Dealing with inside information

Group's obligation to disclose inside information

Rule: the Group must make public, as soon as possible, by way of a press release published on its website, any inside information that is likely to influence significantly the price of its shares. The published information must be accurate, precise and fair.

Exception: the Group may delay the publication of an inside information (i) in order not to prejudice its legitimate interests, (ii) provided that such omission would not be likely to mislead the public, and (iii) provided that the Group is able to ensure the confidentiality of this inside information by controlling the access to it. These three conditions are cumulative.

In this regard, only those who are authorized by the management can disclose directly or indirectly, in any manner whatsoever, inside information to the financial markets.

Abstention requirements and confidentiality of insiders

French law and stock exchange regulations forbid any person or entity who or which holds inside information to:

- effect or allow to effect, either directly or through an intermediary or entity, one or several transactions on the Group's shares before the inside information has been made public;
- provide any inside information for any other purpose or any other activity than this for which it is held;
- advise to buy or sell the Group's shares on the basis of inside information (even without communicating such information).

4 Preventive mechanisms

Black out periods

Without prejudice to the general abstention obligation described in paragraph 3 above, the Group will impose abstention periods (« black out periods ») during which all executive officers, members of the Board and employees, are under the obligation to refrain from buying, selling or carrying out transactions, directly or indirectly, on their own account or on behalf of a third party, on the Group's shares. They shall also refrain from exercising stock options, stock subscription warrants (BSA, BSAAR) or carrying out transactions on securities whose underlying security consists of the Group's shares.

Black out periods are primarily short and foreseeable periods, during which material non-public information concerning the Group circulates within the Group.

These periods are as follows:

- 30 days at least preceding the publication of the quarterly revenues if there is such a publication;
- 30 days at least preceding the publication of the annual and half-year results.

Transactions will be only allowed as of the trading day following publication, provided that no other black out period is effective and the relevant person does not hold another inside information.

An email will be sent to all employees and members of the governing bodies to inform them of these periods. The Group's financial communication calendar available on the Group's website will also indicate when are the next programmed important news release.

General abstention rule

Furthermore, as a general rule, the period from the date a person receives inside information to the trading day following the date this inside information is disclosed to the public, is necessarily for such person an abstention period. In case of a major eve proposed that the allocation of the remaining stock options be proposed by the Remuneration Committee of the Company.

In case of a major event (e.g. major commercial agreement, acquisition...) to be disclosed to all of the Group members, the Group's management will inform relevant employees by email of the beginning of an abstention period. It should be noted that in case of doubt, any employee may contact Marta Foroni, Group' General Counsel, to seek advice on the possibility to carry out a transaction on the Group' shares or any other related securities. However, this advice shall not be considered as an authorization, each applicant remaining personally responsible of the transactions he carries out.

This ban on using or disclosing inside information is applicable throughout the year. It should also be noted that the executive management is alone in charge of the Group's external communication.

Moreover, it is essential to immediately inform the executive management if an inside information has been disclosed out of the normal procedures for financial information disclosure (e.g.: internal and external meetings, seminars or conferences).

Management mandates

It is possible, in particular for executive officers and board members, or other types of "permanent" insiders to give an independent investment services provider a management mandate or a programmed trading mandate in accordance with the AMF recommendation n°2010-07 (AMF guidelines on the prevention of insider dealing from executive officers and directors of listed companies) as to carrying out transactions on Group's securities or related instruments.

5 Disclosure of transactions carried out by the executive officers and directors and related persons

Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-22 of the General Regulation of the AMF require the Group's executive officers and directors (as further defined below), or any persons entitled to make management decisions on the future developments and strategy of the Group and having regular access to inside information, as well as any other persons having close personal ties with them, to directly disclose to the AMF, which will make this information public, the purchases, sales, subscriptions or exchange of the Group's shares.

- Concerned persons: executive officers, board members and observers of the Board of Directors, and persons who are closely related to them. Within the meaning of the 2004/72/CE Directive, persons who are closely related encompass: spouse, partner (civil partnership), dependents, and any other relatives who have shared the same household as that person for at least one year on the date of the transaction concerned.

- Concerned transactions: any purchase, sale, exchange, subscription of the Group "financial instruments", including shares and other securities giving access to its capital (BSA, BSAAR, stock options...)

- Threshold triggering the obligation to submit a declaration: publication is not required for as long as the cumulative total of the transactions carried out by a relevant person, acting on his or her own behalf or by closely related individuals, does not exceed 20,000 euros over one calendar year.

It is the responsibility of the persons subject to this disclosure requirement to send their declaration, with a transaction notice, to the AMF within five trading days after the transaction date, and according to the format specified in the AMF instruction n° 2006-05. A copy of this declaration shall be sent to the Group.

The declarations are published on the AMF website. These declarations are also summarized in the management report presented during the annual General Meeting of the Group.

In addition, members of the Board of Directors (including permanent representatives of legal entities) have to register the shares of the Group owned by them, their spouses and emancipated minors.

6 Sanctions

Criminal and administrative sanctions

Article L. 465-1 of the French Monetary and Financial Code provides sanctions for two categories of behaviours by persons who are deemed to be insiders by reason of their relationship with the Group:

- the insider dealing offence per se (L. 465-1, al. 1): 2 years of imprisonment and a fine of 1,500,000 euros, the amount of which may be increased to ten times the amount of any profit made and shall not be less than the amount of such profit.
- the unlawful disclosure of inside information (L. 465-1, al. 2): 1 year of imprisonment and a fine of 150,000 euros, the amount of which may be increased to ten times the amount of any profit made and shall not be less than the amount of such profit.

It should be noted that, persons who do not have relationships with the Group but would become insiders by means of the disclosure of inside information, are subject to Article L. 465-1, al. 3 of the French Monetary and Financial Code which also punishes the insider dealing offence itself and the disclosure of inside information (1 year of imprisonment and a fine of 150,000 euros, the amount of which may be increased to ten times the amount of any profit made and shall not be less than the amount of such profit).

In addition to criminal liability, the General Regulation of the AMF (Article 622-1) punishes the same behaviour under the terms « insider dealing » (*manquement d'initié*). Accordingly, the AMF may impose financial penalties up to 100,000,000 euros or ten times the amount of any profit made.

The same facts can be prosecuted by the French criminal justice system or by the AMF (but not both).

The specific behaviour that are thus prohibited are:

- the sale and purchase of the Group's securities, any transactions on the Group's securities directly or indirectly, on one's own account or on behalf of a third party,
- the exercise of stock-options, warrants (BSA, BSAAR) even if the shares so acquired are not resold,
- the attempt to carry out any such transactions,
- the disclosure by any means or in any form, to any individuals (family members, professional acquaintances, financial analysts, journalists, etc.) of inside information for purposes other than those for which the information was intended to be used by the person concerned,
- **advise or help a person to carry out such transactions, even without indicating which information is inside information or even without indicating possession of such information.**

These behaviours may be punishable even if the insider did not gain any profit from it.

Price manipulation (Article L. 465-2, al. 1 of the French Monetary and Financial Code and Articles 631-1 to 631-4 of the General Regulation of the AMF) and dissemination of false or misleading information (Article L. 465-2, al. 2 of the French Monetary and Financial Code and Article 632-1 of the General Regulation of the AMF) are also punishable under criminal law and by the AMF.

These behaviours can be prosecuted by the French criminal system or the AMF even when committed entirely outside of France, because, ultimately, the consequences of the

behaviour take place on Euronext Paris. In addition, any violation of the comparable provisions of Italian law on the prohibition of insider trading and other market abuse committed, even partially, in Italy can be prosecuted by the Italian authorities, even though the shares are those of a French company and are listed on Euronext Paris.

Disciplinary sanctions

Any violation of this charter and rules herein or of the laws on insider dealing by an executive officer or an employee, may result in disciplinary action against those persons, which may include dismissal or termination of their employment contracts.

The person committing an insider dealing offence (under criminal law or the General Regulation of the AMF) shall be solely responsible for such offence. The Group would not be held responsible or accountable for any such act committed by such a person. In this respect, the Group will not pay fines or penalties that may be due by its employees.

Any person who would be in breach of this charter provisions or who would become aware of such breach, by any other person, is under the obligation to immediately inform the management of the Group, which would take all appropriate internal measures and vis-à-vis the market authorities.