



BOARD OF DIRECTORS CHARTER

ENER1, INC.
BOARD OF DIRECTORS CHARTER

I. PURPOSE

The purpose of this charter ("Charter") of the board of directors (the "Board") of Ener1, Inc. (the "Company") is to provide guidance to Board members as to their duties and responsibilities. The power and authority of the Board is subject to the provisions of applicable law.

II. PURPOSE OF THE BOARD

The Board is responsible for the stewardship of the Company. This requires the Board to oversee the conduct of the business and affairs of the Company. The Board discharges some of its responsibilities directly and discharges others through committees of the Board. The Board is not responsible for the day-to-day management and operation of the Company's business, as this responsibility has been delegated to management. The Board is, however, responsible for supervising management in carrying out this responsibility.

III. MEMBERSHIP

The Board consists of directors elected by the shareholders as provided for in the Company's Articles of Incorporation, By-Laws and in accordance with applicable law. From time to time, the Corporate Governance Committee shall review the size of the Board to ensure that its size facilitates effective decision-making by the Board in the fulfillment of its responsibilities. The Board is to be made up of a majority of non-executive Directors who satisfy the criteria for "independence" established by the Sarbanes-Oxley Act of 2002 and the Securities and Exchange Commission and will be of such size and competence necessary to understand properly, and deal with, the current and emerging issues of the business of the Company.

Each member of the Board must act honestly and in good faith with a view to the best interests of the Company, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is responsible for the matters under "Role and Responsibilities of the Board" below as well as for other duties as they arise in the director's role.

All members of the Board shall have suitable experience and skills given the nature of the Company and its businesses and have a proven record of sound judgment. Directors are to possess characteristics and traits that reflect:

- a. high ethical standards and integrity in their personal and professional dealings;
- b. the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the businesses of the Company in order to understand and assess the assumptions on which the Company's strategic and business plans are based and to form an independent judgment with respect to the appropriateness and probability of achieving such plans;
- c. the ability to monitor and evaluate the financial performance of the Company;
- d. an appreciation of the value of Board and team performance over individual performance and a respect for others; and
- e. an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, directors are expected to adequately prepare for and attend all regularly scheduled Board meetings. New directors are expected to understand fully the role of the Board, the role of the committees of the Board and the contribution individual directors are expected to make.

IV. ETHICS

Members of the Board shall carry out their responsibilities objectively, honestly and in good faith with a view to the best interests of the Company. Directors of the Company are expected to conduct themselves according to the highest standards of personal and professional integrity. Directors are also expected to set the standard for Company-wide ethical conduct and ensure ethical behavior and compliance with laws and regulations. If an actual or potential conflict of interest arises, a director shall promptly inform the Chair and shall refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest. If it is determined that a significant conflict of interest exists and cannot be resolved, the director should resign.

Directors are expected to act in accordance with applicable law, the Company's Articles, the Company's Code of Conduct and this Charter. The Board is required to monitor compliance by management with the Code of Conduct and is responsible for the granting of any waivers from compliance with the Code for directors and officers.

V. MEETINGS

The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. A quorum shall exist so long as there is a simple majority of the members of the Board in attendance in person, by teleconference, or by videoconference. Meeting agendas shall be developed in consultation with the Chair. Board members may propose agenda items through communication with the Chair. The Chair is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting. At the discretion of the Board, members of management and others may attend Board meetings, except for separate meetings of the independent directors of the Board.

Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. At Board meetings, each director is expected to take an active role in discussion and decision-making. To facilitate this, the Chair is responsible for fostering an atmosphere conducive to open discussion and debate.

Independent directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings (“Executive Session”). The independent directors should, on a rotating basis, nominate a director who will be responsible for presiding over Executive Sessions. Independent directors may propose agenda items for Executive Sessions through communication with the Chair.

VI. ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for approving the Company's goals, objectives and strategies. The Board shall adopt a strategic planning process and approve and review, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business. In addition to identifying the principal risks of the Company's businesses, the Board must oversee the implementation of appropriate risk assessment systems to manage these risks.

In addition to the other matters provided in this Charter, including the matters delegated to Board committees as set out below, the Board is responsible for the following specific matters:

- a. review and approve management's strategic plans;
- b. review and approve the Company's financial objectives, business plans and budgets, including capital allocations and expenditures;
- c. monitor corporate performance against the strategic plans and business, operating and capital budgets;
- d. implement management succession planning;
- e. approve acquisitions and divestitures of business operations, strategic investments and alliances, and major business development initiatives;

- f. approve delegation of authority for any unbudgeted expenditure not to exceed \$1.0 million; and
- g. assess its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors.

A director has an important and positive role as a representative of the Company. Accordingly, each director is expected to participate in outside activities that enhance the Company's image to investors, employees, customers and the public.

VII. ROLE AND RESPONSIBILITIES OF THE CHAIR

It is the policy of the Board that there be a separation of the offices of the Chair and the Chief Executive Officer. In the event the Chair is not independent, the independent directors shall appoint an independent lead director to carry out the responsibilities that are allocated to the lead director below. The Chair and the Chief Executive Officer are to be in regular communications during the course of the year including with respect to the Company's business and the responsibilities of the Board.

The principal responsibilities of the Chair of the Board shall be to oversee, manage and assist the Board in fulfilling its duties and responsibilities as a Board in an effective manner independently of management. The Chair shall be responsible, among other things:

- a. to chair Board meetings and annual and special meetings of shareholders;
- b. to organize an appropriate annual work plan and regularly scheduled meetings for the Board;
- c. to participate in the preparation of the agenda for each Board meeting;
- d. to monitor the work of the committees of the Board and in that connection the Chair may attend, as a non-voting participant, all meetings of Board committees (other than those on which he otherwise sits);
- e. to arrange for an appropriate information package to be provided on a timely basis to each director in advance of the meeting;
- f. to assist in the Board's evaluation and self-assessment of its effectiveness and implementation of improvements;
- g. to provide appropriate guidance to individual Board members in discharging their duties;
- h. to ensure newly appointed directors receive an appropriate orientation and education program; and
- i. to provide arrangements for members of the Board to communicate with the Chair formally and informally concerning matters of interest to Board members.

The independent lead director will facilitate the functioning of the Board independently of management of the Company and provide independent leadership to the Board. The lead director shall have the following responsibilities:

- a. provide leadership to ensure that the Board functions independently of management of the Company and other non-independent directors;
- b. in the absence of the Chair, act as chair of meetings of the Board;
- c. review with the Chair and the Chief Executive Officer of the Company items of importance for consideration by the Board;
- d. as may be required from time to time, consult and meet with any or all of the independent directors, at the discretion of any independent director and with or without the attendance of the Chair, and represent such directors in discussions with management of the Company on corporate governance issues and other matters;
- e. recommend, where necessary, the holding of special meetings of the Board;
- f. promote best practices and high standards of corporate governance;
- g. assist in the process of conducting director evaluations; and
- h. perform such other duties and responsibilities as may be determined by the Board from time to time.

VIII. PROCEDURES TO ENSURE EFFECTIVE AND INDEPENDENT OPERATION

The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board. In addition to the policies and procedures provided elsewhere in this Charter including under "Role and Responsibilities of the Chair" set out above, the Board has adopted the following procedures:

- a. the Board has complete access to the Company's management;
- b. the Board requires timely and accurate reporting from management and shall regularly review the quality of management's reports;
- c. subject to the approval of the Nomination and Corporate Governance Committee, individual directors may engage an external adviser at the expense of the Company in appropriate circumstances;
- d. the Chair of the Board shall monitor the nature and timeliness of the information requested by and provided by management to the Board to determine if the Board can be more effective in identifying problems and opportunities for the Company; and
- e. the Vice President, Human Resources of the Company, together with the

Chief Executive Officer, shall develop a detailed job description for the Chief Executive Officer. This description shall be reviewed and approved by the Compensation Committee and recommended to the Board or, if there is no Compensation Committee, reviewed and approved by the independent members of the Board. The Board shall assess the Chief Executive Officer against the objectives set out in the job description.

IV. BOARD COMMITTEES

Subject to limits on delegation imposed by applicable law, the Board has the authority to establish and carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board. Each committee shall have its own Board-approved charter or resolution that set forth the principles, policies, objectives and responsibilities of the committees in addition to the qualifications for committee membership, procedures for committee member nomination and removal, committee organization and functioning and how the committee will meet to review its performance at least once a year.

The Board has three standing committees: Audit Committee, Compensation Committee and the Nomination and Corporate Governance Committee. All members of these committees are required to meet the criteria established for independence as defined above.

V. CONFIDENTIALITY

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law, or as agreed by the Board.

VI. REMUNERATION

The level of non-executive Director remuneration will be set by the Board so as to attract the best candidates for the Board while maintaining a level commensurate with Boards of similar size and type.