

GSE SYSTEMS, INC.

INSIDER TRADING POLICY

This Insider Trading Policy (this “Policy”) describes the requirements of GSE Systems, Inc., a Delaware corporation, and its subsidiaries (the “Company” or “GSE”) related to trading, and causing the trading of, the Company’s securities or securities of certain other publicly traded companies while in possession of confidential information. This Policy applies to “Insiders” as defined in Section 5.

1. GENERAL

A major purpose of Federal securities law is to prohibit so-called “insider trading”. Insider trading occurs when a person uses material non-public information obtained through involvement with a company to make decisions to purchase, sell, give away, or otherwise trade that company’s securities, or to provide that information to others outside the company. The prohibitions against insider trading apply to trades, tips, and recommendations by virtually any person, including all persons associated with the subject company, when “material” and “non-public” information is involved. Anyone violating the insider trading prohibition is subject to personal liability and could face criminal penalties. GSE takes seriously its obligation, and that of its associates, to prevent insider trading violations. In light of the severity of the possible sanctions, both to individuals and to the Company, GSE has established this Policy to assist all Company personnel in understanding and complying with these obligations. Violation of this Policy or any other Company policy could subject the violator to disciplinary action, up to and including termination of employment. This Policy does not supersede or replace each person’s responsibility to understand and comply with the legal prohibition on insider trading. For answers to specific questions regarding this Policy or applicable law, contact GSE’s Compliance Officer (see Section 8).

2. STATEMENT OF POLICY

- No Insider may buy or sell GSE securities at any time while possessing Material Non-Public Information (defined in Section 5) relating to GSE.
- No Insider may buy or sell securities of another company with which GSE has business dealings at any time while possessing Material Non-Public Information about that company. Examples of these other companies include, without limitation, GSE’s customers, vendors, and suppliers.
- No Insider may disclose GSE Material Non-Public Information to a third party.
- No Insider may disclose (“tip”) Material Non-Public Information to any other person, including family members, if the person may use that information to his or her benefit by trading in the related securities. Insiders may not make positive or negative recommendations or express opinions on the basis of Material Non-Public Information with regard to trading in securities.

- No Insider who receives or has access to GSE Material Non-Public Information may comment on stock price movements or on rumors or stories about Company developments that the investing public may consider significant, unless it is part of that Insider's job (*e.g.*, in an Investor Relations role) or the Chief Executive Officer or Chief Financial Officer has specifically authorized the Insider to speak on behalf of the Company in that instance.
- A person who improperly comments on stock price movement or rumors, or discloses Material Non-Public Information to a third party, should contact GSE's Compliance Officer promptly.
- Insiders may not buy or sell GSE securities during any of the four "Blackout Periods" that occur each fiscal year (see Section 5(a)).
- An Insider who terminates his or her employment or other relationship with the Company remains subject to this Policy until the end of the first Blackout Period after the end of employment or other relationship.
- The only exceptions to this Policy are those specifically noted herein. Neither the securities laws nor this Policy recognize personal or mitigating circumstances. The Company's commitment to the highest standard of conduct requires avoiding even the appearance of improper transactions or disclosures.

Insiders may not engage in the following types of transactions in the Company's securities unless the Compliance Officer grants advance written approval:

- (i) Short-term trading. Insiders who purchase Company securities may not sell any Company securities of the same class for at least six (6) months after the purchase, and vice versa;
- (ii) Short sales. Insiders may not sell the Company's securities short;
- (iii) Options trading. Insiders may not buy or sell puts, calls, or other option types, or otherwise trade in derivative securities related to the Company's securities;
- (iv) Trading on margin or pledging. Insiders may not trade Company securities on margin, hold Company securities in a margin account, or pledge Company securities as collateral for a loan, without pre-clearance from GSE's Compliance Officer (see Section 5(c)); and
- (v) Hedging. Insiders may not enter into hedging, monetization transactions, or similar arrangements with respect to Company securities.

3. CERTAIN EXCEPTIONS

(a) Certain Stock Option and Restricted Stock Unit Transactions.

This Policy's restrictions on transactions in GSE securities do not apply to the cash or "net" exercise of stock options, or to the surrender of shares to cover taxes owed due to vesting of restricted stock units (RSUs) under GSE's long-term incentive plan, because GSE is the counterparty to the transaction and the terms of the transaction are fixed by the underlying grant agreement and plan. The restrictions *DO* apply to an Insider's subsequent sale of any shares issued in connection with an option exercise or RSU vest, however.

(b) 10b5-1 Trading Plan Exception.

These trading restrictions do not apply to transactions effectuated on behalf of an Insider under a pre-existing written plan, contract, instruction, or arrangement that complies with Rule 10b5-1 under the Securities Exchange Act of 1934 (the "'34 Act") and all of the following requirements:

- (i) the Compliance Officer has reviewed and approved the plan a reasonable amount of time in advance of any trades thereunder (or, if the plan is revised or amended, the Compliance Officer has reviewed and approved the revisions or amendments a reasonable amount of time in advance of any subsequent trades);
- (ii) the Insider entered into the plan in good faith at a time when the Insider was not in possession of Material Non-Public Information; and
- (iii) the plan gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Insider and so long as the third party does not possess any Material Non-Public Information; or the plan specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or otherwise establishes the criteria for whether and when such transactions may occur.

4. PRE-CLEARANCE OF TRADES AND SPECIAL SITUATIONS

Insiders must obtain "pre-clearance" *at any time* prior to buying or selling GSE securities. The requesting person must complete a Request for Pre-Clearance form and submit it to the Compliance Officer, and then await the Compliance Officer's written approval before executing the intended transaction.

(a) Section 16 Individuals.

"Section 16 Individuals" include all members of GSE's Board of Directors, its executive officers, and certain strategic business unit leaders who must report transactions in Company securities pursuant to Section 16 of the '34 Act. Section 16 Individuals are always Insiders for purposes of this Insider Trading Policy. The Compliance Officer will

notify those who the Company has identified as subject to the Section 16 requirements. These individuals must comply with the pre-clearance requirement during, and for six (6) months after the termination of, their status as a Section 16 reporting person.

(b) Other Restricted Persons.

Certain GSE employees, consultants, agents, joint venture partners, or others who regularly receive or have access to GSE Material Non-Public Information, and therefore are deemed Insiders for purposes of this Insider Trading Policy. Examples of persons who are most likely to be subject to this Insider Trading Policy by virtue of their jobs are members of the executive leadership team and their administrative staff and members of the Legal, Investor Relations, Finance, and Business Development departments. The Compliance Officer will notify the individuals that will be subject to the Insider Trading Policy.

GSE may determine that other persons should be considered Insiders, subject to this Insider Trading Policy, for a period of time if GSE believes that in the normal course of their duties during that time period they are likely to have access to Material Non-Public Information. The Compliance Officer will notify these individuals of the time periods during which they are subject to the Insider Trading Policy.

Individuals who are notified that they are Insiders subject to this Insider Trading Policy, whether on a permanent or temporary basis, are referred to as “Other Restricted Persons” in this Policy.

(c) Time Limit on Pre-Clearance.

When the Compliance Officer issues pre-clearance for an Insider’s proposed trade, the pre-clearance is valid for three (3) days. If the requesting Insider does not execute the trade within this timeframe, he or she must resubmit the pre-clearance request.

(d) Event-Specific Trading Restrictions.

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers, employees, or others. The Compliance Officer may determine that it is necessary to re-define the class of persons who may not trade GSE securities while the event remains Material Non-Public Information. In addition, the Company’s financial results may be sufficiently material for a particular fiscal quarter that, in the sole judgement of the Compliance Officer, either a broader class of persons should be prohibited from trading in GSE securities or the quarterly Blackout Period should commence earlier than usual, or both. In these situations, the Compliance Officer will notify the affected Insiders and Other Restricted Persons regarding the additional restrictions on trading GSE securities, without disclosing the reason for the restriction. The existence of an event-specific trading restriction period or extension of a Blackout Period will not be announced to the Company as a whole, and should be treated as Confidential Information not to be communicated to any other person.

(e) Suspension of Trading.

From time to time, the Compliance Officer may recommend that all Insiders should suspend trading in GSE securities because of Material Non-Public Information or events. The Compliance Officer will communicate the suspension to all Insiders, including any additional individuals who have been designated Other Restricted Persons. All those affected may not trade in GSE securities while the suspension is in effect, and should not disclose to others that GSE has suspended trading for certain individuals.

(f) Standing and Limit Orders, Margin Accounts, and Security Pledges.

Standing and limit orders (except standing and limit orders under an Approved Rule 10b5-1 Plan), the use of margin accounts, and the pledging of Company securities as collateral for a loan, each create heightened risks for insider trading violations. There can be little or no control over the timing of purchases or sales that result from standing trade instructions to a broker, and as a result the broker could execute a transaction when an Insider is in possession of Material Non-Public Information. Similarly, a margin call under a margin account or the sale of Company securities by a secured creditor could result in an involuntary sale of Company securities at a time when an Insider may be in possession of Material Non-Public Information. The Company therefore discourages placing long-term standing or limit orders on Company securities, the holding of Company securities in a margin account, and the pledging of Company securities as collateral for a loan.

If any Insider determines that they must use a standing order or limit order, trade Company securities on margin, hold Company securities in a margin account, or pledge Company securities as collateral for a loan, he or she must disclose the circumstances to the Compliance Officer and comply with all restrictions and pre-clearance procedures outlined in this Policy.

5. DEFINITIONS

(a) Black-Out Periods.

The four quarterly Blackout Periods begin on March 15th, June 15th, September 15th, and December 15th of each year, and end when one full trading day has passed on the Nasdaq Stock Market (“NASDAQ”) *after* GSE announces its results for the preceding fiscal period. If the fifteenth day of the month falls on a weekend, the Blackout Period will start at the close of business on the last trading day prior to the weekend.

Assuming NASDAQ is open each day, below is an example of when trading can begin:

- If the Company’s earnings announcement is released before NASDAQ opens on Monday, the earliest trading day is Tuesday.
- If the Company’s earnings announcement is released while NASDAQ is open on Monday, the earliest trading day is Wednesday.

- If the Company's earnings announcement is released after NASDAQ closes on Monday, the earliest trading day is Wednesday.

(b) Insiders.

Insiders are (i) members of the Board of Directors of the Company and corporate officers (including, but not limited to, Section 16 Individuals); (ii) identified Company employees whose job requirements involve them in the preparation of financial reporting, board interactions, or investor relations, or otherwise expose them to Material Non-Public Information; (iii) any other individual designated in writing by the Compliance Officer as an Insider and notified of such status including, but not limited to, employees, consultants, and other persons associated with the Company and its subsidiaries who receive or have access to the Company's Material Non-Public Information; and (iv) household and immediate family members of those listed in (i) through (iii).

(c) Material Information.

Information is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of securities. While it is not possible to define all categories of material information, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:

- Unpublished financial results
- Pending restatements of previously disclosed financial results
- Projections of future earnings or losses
- News of a pending or proposed merger
- Acquisitions or divestitures
- The purchase or sale of substantial assets
- Impending bankruptcy or financial liquidity problems
- Extraordinary borrowings
- Defaults under agreements or actions by creditors, customers, or suppliers relating to a company's credit standing
- Gain or loss of a substantial contract, customer, or supplier
- Changes in dividend policy
- New product announcements of a significant nature
- Significant pricing changes
- Stock splits or stock dividends
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Major changes in senior management
- Cybersecurity risks and incidents

Either positive or negative information may be material. If unsure whether information is material, consult the Compliance Officer before making any decision to disclose such

information or to trade in or recommend securities to which that information relates. Assume that the information is material until there is clear reason to believe otherwise.

(d) Non-Public Information.

Non-Public Information is information that has not been disclosed to the general public and is not available to the general public. Non-Public Information generally will be deemed to be public after one full trading day has passed on NASDAQ following the date when the information is disclosed publicly. To show that information is public, a person should be able to point to some evidence that it is widely disseminated. Information would generally be deemed widely disseminated if it has been disclosed, for example, in the Dow Jones broad tape, news wire services such as Bloomberg, Business Wire, AP, UPI, or Reuters; radio or television; newspapers or magazines; or in widely circulated public disclosure documents filed with the SEC, such as prospectuses, current reports on Form 8-K, quarterly reports on Form 10-Q, or annual reports on Form 10-K. The examples above in Section 5(a) can assist in determining when trading would be permitted following announcement of Non-Public Information. As with questions of materiality, if unsure whether information is considered public, either consult with the Compliance Officer or assume that the information is nonpublic and treat it as confidential.

(e) Securities.

Securities include common stock, preferred stock, options to purchase common stock, warrants, convertible debentures, and derivative securities.

6. SAFEGUARDING CONFIDENTIAL INFORMATION

Determinations of materiality are complex and difficult, and depend upon an analysis of complex facts and circumstances. A person should assume that any confidential information they possess, about GSE or any other public company, qualifies as Non-Public Information and is material.

In order to safeguard GSE's confidential information, and to minimize the possibility that any employee will violate the law or this Policy, the following procedures have been adopted:

- All confidential information relating to GSE's business is Non-Public Information and should be handled on a need-to-know basis. Such information should not be discussed with any person who does not need to know such information for purposes of conducting GSE's business. Friends and relatives are among the persons with whom confidential information should *not* be discussed.
- Whenever confidential information must be disclosed to an employee or third party, the recipient of such information should be informed of the confidential nature of the information and that it qualifies as Non-Public Information pursuant to GSE's Insider Trading Policy.
- Confidential information should not be discussed in hallways, elevators, or other public places (such as airplanes, restaurants, or public restrooms) where

conversations might be overheard, and inadvertent disclosure should not be made through speaker phone discussions than can be overheard by others.

- In order to prevent unauthorized access, confidential documents should be stored appropriately when not being used, and other appropriate precautions should be taken. These may include storage in locked drawers, use of sealed envelopes, marking documents “Confidential”, shredding unneeded documents, and using secret access codes and other appropriate computer security measures.
- Persons who have *any* doubt about whether they possess Non-Public Information regarding GSE or any other company should not disseminate such information to anyone outside the company until after consulting the Compliance Officer and receiving clearance.

7. **POTENTIAL CRIMINAL AND CIVIL LIABILITY; DISCIPLINARY ACTION**

(a) Individual Responsibility.

Each person is individually responsible for complying with the securities laws and this Policy, regardless of whether GSE has notified that person of a trading prohibition. The fact that no Blackout Period or suspension period is currently in effect should not be considered a “safe harbor” for trading: each person must still consider whether they are then in possession of Material Non-Public Information before executing a trade. The matters set forth in this Policy are guidelines only, and each person must exercise appropriate judgment in connection with all securities trading. Any Insider who believes that a violation of this Policy has taken place must report that violation to the Compliance Officer.

(b) Potential Sanctions.

- (i) Liability for Insider Trading. Insiders may be subject to penalties of up to three (3) times the profit gained or loss avoided, a criminal fine of up to \$5,000,000, and up to twenty (20) years in jail for trading in securities when they have Material Non-Public Information. In addition to the potential civil and criminal liabilities mentioned above, in certain circumstances, the Company may be able to recover all profits made by an Insider who traded illegally and collect other damages. Further, the Company (and its directors and executive officers) could itself face civil penalties of the greater of \$1,000,000 or three (3) times the profit gained or loss avoided as a result of an employee’s violation, and/or a criminal penalty of up to \$25 million for failing to take steps to prevent insider trading.
- (ii) Liability for Tipping. Insiders may also be liable for improper transactions by any person to whom they have disclosed Material Non-Public Information (commonly referred to as a “tippee”), or to whom they have made recommendations or expressed opinions on the basis of such

information about trading securities. The Securities and Exchange Commission (the “SEC”) has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges, the Financial Industry Regulatory Authority (“FINRA”), and law enforcement bodies all use sophisticated electronic surveillance techniques to uncover insider trading and other illegal activity.

- (iii) Possible Disciplinary Actions. Individuals who violate this Policy will be subject to disciplinary action, which may include ineligibility for future participation in GSE equity incentive plans or termination of employment.

8. COMPLIANCE OFFICER

(a) Identity of Compliance Officer.

GSE’s Compliance Officer is its Chief Legal Officer. GSE may, in its sole discretion, change the Compliance Officer from time to time.

(b) Duties of Compliance Officer.

The duties of the Compliance Officer, or his or her designee, which may be executed on the advice of counsel, shall include, but not be limited to:

- (i) Determining who the Section 16 Individuals are and notifying them.
- (ii) Determining who the Other Restricted Persons are and notifying them.
- (iii) Pre-clearing all securities transactions by Insiders to determine compliance with this policy, insider trading laws, and other applicable securities laws and regulations.
- (iv) Assisting Section 16 Individuals in the preparation and filing of Section 16 reports (Forms 3, 4, and 5).
- (v) Serving as the Company’s designated recipient of copies of reports that Section 16 Individuals file with the SEC.
- (vi) Reminding all Section 16 Individuals periodically of their reporting obligations.
- (vii) Performing periodic cross-checks of available materials, which may include Forms 3, 4, and 5, Forms 144, Schedules 13D and 13G, officers’ and directors’ questionnaires, and reports received from GSE’s stock administrator and transfer agent, to determine Insider trading activity.

- (viii) Circulating this Policy or a summary to all employees, including Insiders such as Section 16 Individuals and Other Restricted Persons, and providing this Policy and other appropriate materials to new directors, officers, and other employees who have, or may have, access to Material Non-Public Information.
- (ix) Assisting GSE's Board of Directors in implementation of this Policy.
- (x) Compliance activities with respect to Rule 144 sales of GSE securities.

9. ADDITIONAL INFORMATION – FOR SECTION 16 INDIVIDUALS

Section 16 Individuals must also comply with the reporting obligations and limitations on “short-swing” transactions set forth in the Federal securities laws. The practical effect of these provisions is that Section 16 Individuals who both purchase and sell the Company's securities within a six-month period must refund all profits from the sale to the Company, whether or not they had knowledge of any Material Non-Public Information.

Under these provisions, and so long as certain other criteria are met, the receipt of options under the Company's option plans and the exercise of that option is not subject to these restrictions; however, the sale of any such shares is subject to this six-month rule. Additionally, Section 16 Individuals may never make a short sale of the Company's stock.