

CORPORATE GOVERNANCE POLICY

1. Governance principles and objectives

poLight ASA («poLight» or the «company») seeks to create sustained shareholder value and pays due respect to the company's various stakeholders. These include its shareholders, employees, business partners, society in general and authorities. poLight is committed to maintaining a high standard of corporate governance and has established principles and guidelines that define the roles and relationship between the shareholders, the Board of Directors (or the "Board") and the executive management of the company.

poLight is incorporated and registered in Norway and subject to Norwegian law. The company's shares are listed on the Oslo Stock Exchange. As an issuer of shares, the company must comply with rules applicable for companies with shares listed on Oslo Stock Exchange and rules applicable for public limited companies in general.

The company observes the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board, most recently revised 30 October 2014 (the "**Code of Practice**"). The Code of Practice is available from www.nues.no.

Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the code, should be explained. poLight will seek to follow the Code of Practice, and any deviation will be included in a corporate governance report included in the annual report. The company's corporate governance policy shall also be included on the company's website, in accordance with the company's IR policy.

Deviations from the code of practice:

- The majority of the members of the nomination committee is not independent of the Company's Board of Directors (section 7);
- The Company has not adopted guidelines for the Management's possibility to engage the Company's auditor for non-auditing services (section 15); and
- Board member Johan Paulsson holds share options from earlier on, but at the time of listing the company's remuneration policy of Board members is not to include option elements (section 11).

The principles and implementation of corporate governance shall be subject to annual reviews and discussions by the company's Board of Directors.

The Board of Directors has approved a set of ethical guidelines. The code of conduct represents the foundation of poLight's corporate culture and defines the core principles and ethical standards by the company creates value. The code of conduct applies to the members of the board, all employees and representatives of poLight as well as direct business partners such as agents or re-sellers.

2. Business

The operations of the company shall be in compliance with the business objective set forth in its articles of association, which reads as follows:

"The company's purpose is to develop and deliver optical components".

The company's main objectives, goals and strategies shall be stated in the annual report.

3. Equity and dividends

Capital adequacy

The Board of Directors is responsible for ensuring that the company is adequately capitalised relative to the company's goals, strategy and risk profile. The company's equity shall be adapted to the scope and risk profile of operations based on poLight's internal estimated capital requirements. The Board of Directors shall continuously monitor the company's capital situation and shall immediately take adequate steps should it be apparent at any time that the company's equity or liquidity is less than adequate.

Dividend policy

poLight has not previously distributed any dividends to its shareholders, and does not expect to pay any dividend in the foreseeable future. The company is focused on developing and commercialising its technology and intends to retain any future earnings to finance development activities, operations and to grow the business. Any future decision to pay a dividend will depend on the company's financial position, operating profit and capital requirements.

Authorisations to the Board of Directors

Any authorisations granted to the Board of Directors to increase the company's share capital shall be restricted to defined purposes. Each such authorisation shall be considered and resolved separately by the general meeting. Authorisations granted to the Board of Directors to increase the share capital or purchase treasury shares shall be limited in time and not last longer than to the company's next annual general meeting.

4. Equal treatment of shareholders and transactions with close associates

Basic principles

poLight ASA has one class of shares and each share carries equal rights, including the right to participate in general meetings. All shareholders shall be treated equally, unless there is just cause for treating them differently.

In case of an increase in share capital, the Board of Directors shall propose to give existing shareholders pre-emptive rights. If the Board of Directors decides to waive the pre-emptive rights of existing shareholders pursuant to an authorisation granted to the Board of Directors by the general meeting, the justifications shall be publicly disclosed in a stock exchange announcement.

Any transactions carried out by the company in its own shares shall be carried out through the stock exchange, and in any case at prevailing stock exchange prices. If there is limited liquidity in the company's shares, other ways shall be considered to ensure that all shareholders are treated equally.

Approval of agreements with shareholders and close associates

In the event of transactions that are considered to be not immaterial between the company and its shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates to any such party, the Board of Directors shall arrange for an independent third-party valuation.

Members of the Board of Directors and the executive management shall notify the Board of Directors in case of any material direct or indirect interest in a transaction entered by the company.

5. Freely negotiable shares

The shares of the company are freely negotiable.

6. General meetings

The general meeting is the company's highest decision-making body. The Board of Directors shall ensure that the general meeting is an effective forum for communication between the shareholders and the Board and encourage shareholders to participate in meetings.

The annual general meeting shall be held at the latest 30 June each year, according to the Norwegian Liability Companies Act. Extraordinary General Meetings can be called by the Board of Directors at any time, or by shareholders representing at least 5 percent of the shares.

Notification

Notice of general meetings and any supporting documents, including the recommendation by the nomination committee and information on resolutions to be considered, shall be made available on the company's website no later than 21 days prior to the date of the general meeting. The resolutions and any supporting material shall be sufficiently detailed and comprehensive allowing shareholders to understand and form a view on all matters to be considered at the general meeting.

Registration and proxies

Deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible.

Shareholders who cannot attend the general meeting may vote by proxy. The company shall appoint a person that can vote on behalf of shareholders as their proxy unless the shareholder has appointed another person. The proxy form shall allow for separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

Agenda and execution

The agenda for the general meeting is set by the Board. The agenda shall include detailed information on the resolutions to be considered, as well as the recommendation from the nomination committee. The shareholders attending may vote for the Chairperson of the general meeting.

Shareholders are entitled to request specific matters to the agenda of a general meeting, by giving a written notice to the Board of Directors within seven days before the statutory deadline for the notice of the general meeting. If the notice of the general meeting is already distributed, a new notice shall be issued. Instructions are given in the notice for the annual general meeting.

The Board of Directors and the chairperson of the general meeting shall ensure that the shareholders are able to vote separately on each candidate nominated for election.

Representatives of the Board of Directors shall be present at general meetings, while representatives of the nomination committee and the auditor should be present at general meetings where matters of relevance for such committee or persons are on the agenda.

Minutes of the general meeting shall be announced in accordance with stock exchange regulations.

7. Nomination committee

Composition

The company shall have a nomination committee consisting of two to three members, cf. section 7 of its articles of association. The general meeting for company's general meeting elects the members and the chairman of the nomination committee and determines their remuneration.

The majority of the members of the nomination committee shall be independent of the company's Board of Directors and executive management. No more than one member of the nomination committee may also be a member of the Board of Directors, in which case such member shall not offer himself to be re-elected to the Board of Directors. The CEO and other executive management shall not be members of the nomination committee.

The objectives, responsibilities and functions of the committees shall be in compliance with rules and standards applicable to the company and are described in the company's "guidelines for the nomination committee". The company shall provide information regarding the members of the nomination committee and deadlines for submitting proposals to the nomination committee.

Tasks

The nomination committee is responsible for making recommendations to the general meeting regarding candidates and chairman for the Board of Directors, candidates for the nomination committee and remuneration of board members, including sub-committees of the Board of Directors. Remuneration of the nomination committee shall be determined by the general meeting based on a proposal made by the Board of Directors.

The nomination committee's recommendation of candidates to the nomination committee shall ensure that they represent a broad cross-section of the company's shareholders. The nomination committee's recommendation of candidates to the Board of Directors shall ensure that the Board of Directors is composed to comply with legal requirements and principles of good corporate governance (cf. section 10 below). The proposals from the nomination committee shall include a reasoning for its proposal.

8. The Board of Directors; Composition and independence

According to the company's articles of association, the Board of Directors shall consist of up to 5 members.

The composition of the Board of Directors should consider expertise, capacity and diversity appropriate to attend to the company's goals, main challenges and the common interest of all shareholders. Further, individuals of the Board of Directors should be willing and able to work as a team, resulting in the Board of Directors working effectively as a collegiate body.

The Board of Directors should be composed so that it can act independently of any special interests. A majority of the shareholder-elected members of the Board of Directors should be independent of the company's executive management and material business connections. Further, at least two of the board members should be independent of the company's major shareholder(s). No member of the company's executive management should be members of the Board of Directors. The chairman of the Board of Directors shall be elected by the general meeting.

The term of office for members of the Board of Directors shall not be longer than two years at a time. Members of the Board of Directors may be re-elected.

The company's annual report will provide information regarding the expertise of the members of the Board of Directors, their independence as well as information on their history of attendance at board meetings.

Members of the Board of Directors are encouraged to own shares in the company.

9. The work of the Board of Directors

The Board of Directors' tasks

The Board of Directors is elected by the shareholders to oversee the executive management, and to assure that the long-term interests of the shareholders and other stakeholders are served. The Board has the ultimate responsibility for management and the company's activities in general. The main responsibilities include the company's organisation and planning, and the control and supervision of operations.

The Board shall also ensure that the organisation of accounting and funds management is compliant and under satisfactory control. The Board adopts an annual plan for its work, with particular emphasis on objectives, strategy, and implementation.

Instructions to the Board of Directors

The Board has issued instructions for its own work, as well as for the CEO, to allocate duties and responsibilities between the CEO and the Board of Directors. The instructions are based on applicable laws and well-established practices. The current instructions were last amended by the Board in April 2015.

The Board instructions state that, in situations when the Chairman cannot, or should not, lead the work of the board, the longest-serving director shall chair the board, until an interim chairman has been elected by and among the director's present.

Audit committee

The whole Board serves as the audit committee. The Board will over time evaluate the need for a separate audit committee based on the development of the company and its operation in terms of size and complexity.

Remuneration committee

The Board of Directors will establish a remuneration committee which shall assist and facilitate decision making related to remuneration of executive personnel. The remuneration committee shall consist of at least two members of the board of directors. The members and the chairman of the remuneration committee shall be appointed to the committee for a term of two years. All members are to be independent of the company's executive management.

Evaluation of the Board

The Board evaluates its performance and expertise annually.

10. Risk management and internal control

The Board places high priority on managing risk and has established routines and policies to limit overall risk exposure. The rules and guidelines take into account the extent and nature of the company's activities, as well as the company's corporate values and ethical guidelines, including corporate social responsibility. The Board conducts an annual review of the company's most important areas of risk exposure, and its internal control arrangements.

poLight's risk management is based on the principle that risk evaluation is an integral part of all business activities. As a technology company with global operations, poLight is exposed to various risk factors of financial and operational nature, which may affect business activities, and the company's financial position. The management reports monthly to the Board of Directors on key operational developments, including project risk assessments, and on financial performance. In addition, quarterly financial reports are prepared and reported to the financial market, in accordance with the Oslo Stock Exchange's requirements.

The Board has adopted an insider manual. The manual is intended to ensure that *i.e.* trading in the company's shares by board members, executives and/or employees, including their close relations, is conducted in accordance with applicable laws and regulations.

11. Remuneration of the Board of Directors

Remuneration of Board members shall be stipulated annually by the annual general meeting based on the nomination committee's recommendation. The remuneration shall reflect the Board of Directors' responsibilities, competence, time involved, and the complexity of the business.

The remuneration of the Board of Directors shall not be performance-based and shall not contain option elements. Members of sub-committees to the Board of Directors shall be compensated separately. The company shall not provide loans to board members.

12. Remuneration of the executive management

The Board of Directors shall prepare guidelines for the remuneration of executive management of the company. These guidelines shall be communicated to the annual general meeting.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like shall be linked to value creation for the shareholders or the company's earnings performance over time.

13. Information and communications

The Board places great emphasis on open, honest and timely dialogue with shareholders, potential investors, analysts and other participants of the capital markets. The primary purpose of poLight's external information activities, is to provide the financial markets with sufficient information to accurately value the company's shares. The information shall be presented factually and soberly, and it shall be issued using methods and channels that ensure simultaneous, fair and wide distribution. All information is published in English, which is poLight's corporate language.

The primary channels for communication are the interim reports, the annual report and the associated financial statements. poLight also issues other notices to shareholders when appropriate. All reports and notices are issued and distributed in accordance with the Oslo Stock Exchange's rules and practices, and are made available on the company's website, and at www.newsweb.no.

poLight has adopted an investor relations policy. The CEO and the CFO are responsible for communicating with the shareholders, the stock exchange, analysts and the media, but all press releases and stock exchange announcements shall be approved by the chairman. The general meeting provides a forum for shareholders to raise issues with the board. poLight has adopted the following policies and guidelines for its investor relations, information and communication:

- Investor relations policy
- Communications policy
- Guidelines for disclosure of information

The company has implemented a manual on disclosure of information and handling of inside information in order to facilitate compliance with the relevant stock exchange rules and the Norwegian Securities Trading Act.

The Board of Directors shall review and evaluate the content of the IR policy at least annually.

Financial information

polight holds open investor presentations in association with the publishing of its quarterly results. The presentations are open and provide an overview of the company's operational and financial performance in the previous quarter, as well as of the general market prospects, and the company's own outlook. These presentations are also made available on the company's website.

polight's financial reporting is fully compliant with applicable laws and regulations. polight prepares and presents its interim and annual financial reports in accordance with IFRS. The interim reports are published on the Oslo Stock Exchange no more than 60 days after the close of the quarter, and the annual reports are published no later than ultimo April each year, in line with the stock exchange's regulations. The reports, and other pertinent information, are also available at www.polight.com.

Quiet period

polight practices a minimum of two weeks' (14 days) quiet period before scheduled interim and annual report publication dates. In this period, no meetings, telephone conferences, or similar events are held with analysts, investors, press, or other parties in the financial market. Communication, if any, shall be limited to practical matters, and provision of previously issued statements and reports on request.

Financial calendar

polight publishes an annual financial calendar for the following year, setting forth the dates for major events, such as its annual general meeting, publication of interim reports, any scheduled public presentations, any dividend payment date, etc. The reports and other pertinent information are also available on the company's website, www.polight.com.

14. Takeovers

General

In the event of a takeover situation, the Board of Directors and the company's executive management each have an individual responsibility to ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. The Board has a special responsibility to ensure that the shareholders have sufficient information and time to form an informed view on the offer.

Main principles for action in the event of a takeover bid

In the event of a takeover situation, the Board shall, in addition to complying with relevant legislation and regulations, abide with the recommendations of the Code of Practice, and ensure that the following take place:

- the Board shall not seek to hinder or obstruct any takeover bid for the company's activities or shares;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;

- the Board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of its special duty to ensure that the values and interests of the shareholders are protected.

If an offer is made for the company's shares, the Board shall issue a statement evaluating the offer and make a recommendation to whether, in the Board's opinion, the shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board of Director's statement on an offer shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held such position, but has ceased to hold such a position, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder. Any such valuation should either be enclosed with the Board's statement or reproduced or referred to in the statement

15. Auditor

The company's auditor shall annually present the main features of the plan for work with the audit of the company to the Board of Directors.

The auditor shall participate in meeting(s) of the Board where any of the following is on the agenda: the annual accounts, accounting principles, assessment of any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the company's executive management.

The auditor shall at least once a year present to the Board a review of the company's internal control procedures, including identification of weaknesses and proposals for improvement.

The Board of Directors shall specify the executive management's right to use the auditor for other purposes than auditing.

The Board must report the remuneration paid to the auditor to the shareholders at the annual general meeting, including a break-down of the fee paid for audit work and fees paid for other specific assignments, if any.