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Shaping the Tunable Optics Future

REPORT PURSUANT TO THE NORWEGIAN TRANSPARENCY ACT

poLight ASA

[29.06.2023]



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1. THE COMPANY'S REPORT FOR 2022 PURSUANT TO THE NORWEGIAN TRANSPARENCY ACT

1.1. Introduction

Each year, poLight must carry out due diligence assessments in accordance with the Norwegian Transparency Act and publish an account of due diligence.

The purpose of the Norwegian Transparency Act is to promote enterprises' respect for fundamental human rights and decent working conditions.

This report comprises the company's obligation to account for the due diligence assessments that it carried out in 2022. In the report, the company also gives an account of the measures assessed and implemented to reduce the risk of any negative consequences that the company's activities and business connections may have on fundamental human rights and decent working conditions.

1.2. Contact details

Enquiries about this report can be addressed to:

poLight ASA
CEO, Dr. Øyvind Isaksen
oyvind.isaksen@polight.com

1.3. Duty of disclosure

The company's head office is located in Horten at Innlaget 230, Skoppum and the company is domiciled in Norway.

The company has listed securities¹ and therefore has a duty of disclosure.²

¹ Defined in Section 1-5 of the Norwegian Accounting Act.

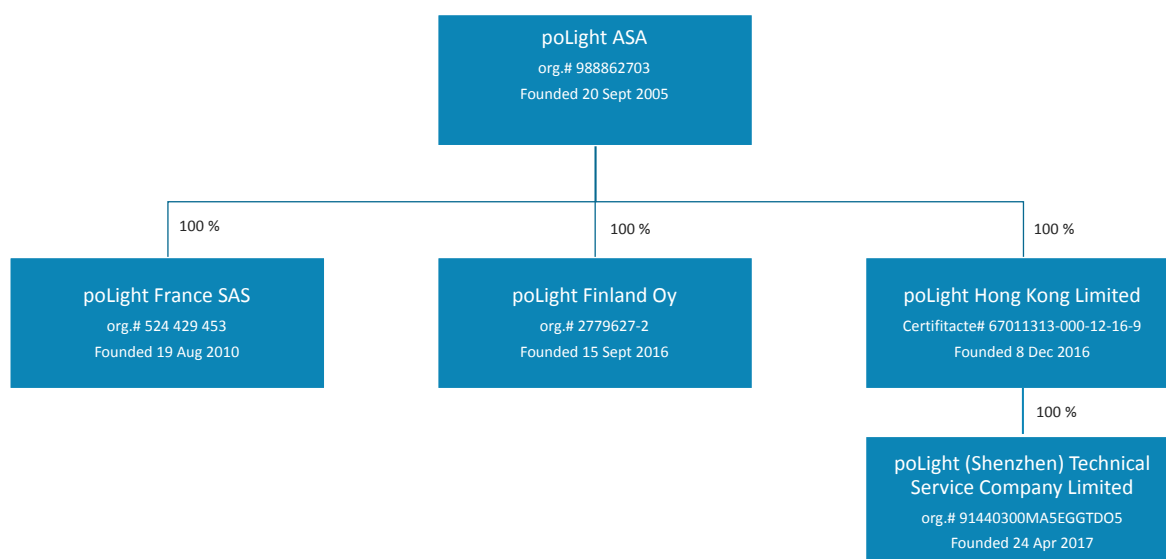
² See Sections 2 and 3 of the Norwegian Transparency Act.



2. ABOUT THE COMPANY'S ACTIVITIES

2.1. The company's organisation and business area

The company is organised as follows:



In Norway it has 15 employees, Finland 4 employees, France 2 employees and China 4 employees. The company also has long-term consultants engaged in the UK (3), United States (1), Belgium (1), Taiwan (6) and the Philippines (2).

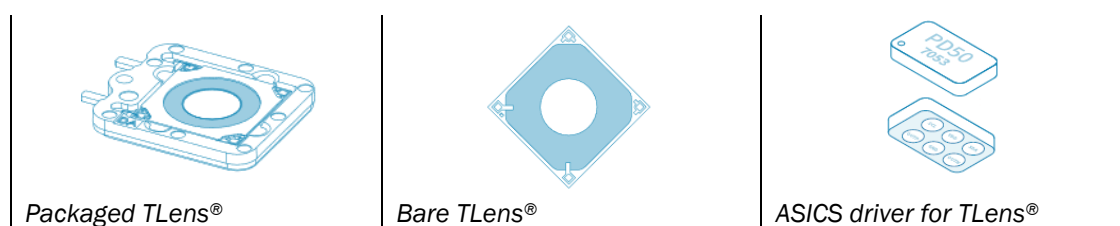
poLight ASA was founded in 2005 and is a publicly-traded company (OSE: PLT) that offers patented, proprietary tunable optics technology, starting with its first product TLens®, which replicates “the human eye” experience in autofocus cameras in devices such as smartphones, augmented reality glasses, smartwatches, barcode scanners, machine vision systems and medical devices. poLight’s TLens®, which enables better system performance and new user experience due to various advantages such as faster focus, smaller size, ultra-low power consumption, no magnetic interference, no gravity sensitivity, as well as constant field of view.

poLight® has developed a world-class team with expertise in optics, polymers, MEMS technology, imaging applications and camera systems. This team is establishing poLight® as the world leader in tunable optics. poLight® is a fabless company that uses MEMS foundry, assembly and packaging services from well-established suppliers.



Overview of poLight's products:

- **TLens®**
The ideal tunable optics solution for the latest autofocus camera applications and laser. Available in two versions (Silver and Silver Premium) that are already in mass production. Can also be delivered including package for easy handling/integration.
- **PD50 Asic driver**
A driver low-power companion ASIC that drives the entire TLens® product family.



poLight address the following market areas;



Smartphones, wearables, accessories

- Smartphone represent a large addressable market for which billions of cameras are produced each year
- 1,5 billion phones per year with 1 front camera and an average of 3 back cameras
- Camera function remains a key killer app
- Potential addressable market for TLens®/poLight technology estimated at 3 billion units per year



Barcode/Industrial

- Evolving from 1D laser to 2D imaging barcode readers
- Lasers replaced by camera systems, where autofocus will improve efficiency in scanning and portfolio
- Barcode technology is spreading to new industries
- OEM scan engine vendors today are increasingly looking to enable machine vision capabilities on their current offerings



Augmented Reality (AR)

- AR is expected to grow significantly as the technology is rapidly expanding beyond entertainment and gaming to an increasing number of industrial, commercial, educational applications and later become a consumer device



Others

- New opportunities are emerging that could represent significant potential
- Medical endoscopy and automotive are two other examples of new opportunities for poLight technology

Customers are mainly based in China, Taiwan, Japan, Europe and US.



2.2. Internal guidelines

The company has its own procedures for how we root the work with human rights and decent working conditions. The procedures cover the company's work to comply with the requirements in the Norwegian Transparency Act.

The company's products are mainly manufactured using subcontractors, and this report will focus on this aspect.

The company's procedures were anchored and adopted by the company's Board of Directors on 29 June 2023. The procedures have been communicated to the company's employees and have been posted on the company's intranet page. The COO, being responsible for all sub-suppliers in the manufacturing of poLight's products, is the main responsible for the due diligence process towards the suppliers.

The procedures describe how the company carries out its due diligence assessment and evaluation of measures. The procedures also contain information about the company's notification channels and complaint mechanisms which are to help detect the negative consequences for fundamental human rights and decent working conditions connected with the company's activities and how such information is followed up. External key suppliers are also made aware of the notification channels through Code of Conduct (CoC) document.

2.3. Objective and progress

2.3.1. Overall description of goals and progress

We continuously perform risk assessments associated with the company's activities and use of our business connections (suppliers and business partners³). The company also works continuously on the implementation of measures aimed at meeting the company's goals and objectives. See Sections 3 for report of the work performed in the reporting year.

³ Suppliers ('supply chain') and business partners are defined terms in the Norwegian Transparency Act, see Section 3(1) d) and e). The term business connections are used as an overall term for these two groups.



2.3.2. Goals for the coming year

We have set ourselves the following specific goals for the future.

Objective	Status
We will further develop our due diligence assessment based on the experience we gain.	Commenced. Not all planned procedures/ routines has been fully implemented, and will be a part of our continuous improvement process
We will enhance internal skills in relation to sustainability and responsible purchasing practice.	Commenced

3. DUE DILIGENCE ASSESSMENT

3.1. Overall description of the company's focus on its due diligence assessment – methodology

poLight performs regular assessments of the risk of negative consequences for fundamental human rights and decent working conditions connected with the company's activities and business conditions.

poLight follows its own procedures, as described below, in its assessments.

0. Representatives of the company, both management and local staff, conduct regular audits in which the supply chain is reviewed, as well as all aspects addressed in the company's Code of Conduct. This provides a good basis for focusing on the action areas related to the Norwegian Transparency Act. Key minutes should be kept of meetings regarding this interaction.
1. Based on the company's list of active suppliers (information primarily comes from Operation and R&D), a complete list is maintained of the company's active first-tier suppliers.
2. Initial risk classification of the company's first-tier suppliers, business partners and other known sub-contractors. The suppliers are classified in accordance with a high, medium and low risk of a negative impact on fundamental human rights and decent working conditions based on geography, signed Code of Conduct and type of company.



3. As part of the risk assessment process, the company send out its own questionnaires to specific business connections in order to obtain further information.
4. Based on the findings in point 2 and 3 above, the company has assessed the measures which are to be implemented to examine whether there are any negative consequences for fundamental human rights and decent working conditions. The company has implemented measures in areas in which the degree of severity⁴ and probability of damage are greatest and where the company has the highest possibility of influencing a positive development. The prioritisation is connected with the company's connection to and responsibility for the risk and must be commensurate with the size, nature and context of the business activities.

Below is an account of any significant risk for negative consequences for human rights and decent working conditions established through the company's due diligence assessments. The account also comprises any verifiable violations of human rights and decent working conditions. The work related to the manufacture of the company's products is mainly performed by subcontractors, and the report primarily focuses on these. The company's procedures incorporate systems for uncovering any challenges seen in the context of the Norwegian Transparency Act, including in relation to internal activities. No problem areas have been uncovered for 2022 other than an occasionally high workload, especially for those resources that support the company's sub-contractors in Asia.

3.2. The company's supply chain⁵ and business partners

The company has commercial relations with three first-tier suppliers in the reporting year. The company's suppliers are located in the following countries/geographical areas⁶:

Country/geographical area	Number of suppliers
The Philippines	1
Italy	1
France	1

Number of known sub-contractors used: 10.

⁴ The degree of severity is determined based on the scale of the risk (the degree of severity of the negative consequence/impact), scope (how many are affected by the negative consequence) and the possibility of remedial action (any limitations in the possibility of restoring individual persons/groups to a situation similar to the one that existed prior to the occurrence of the damage).

⁵ "Supply chain" means any party in the chain of suppliers and sub-contractors that supplies or produces goods, services or other input factors included in an enterprise's delivery of services or production of goods from the raw material stage to the finished product, see Section 3 d) of the Norwegian Transparency Act.



Country/geographical area	Number of sub-contractors
China	2
Taiwan	2
Germany	2
United States	3
Malaysia	1

The company has commercial relations with four business partners⁶ in the reporting year. The company's business partners are located in the following countries/geographical areas:

Country/geographical area	Number of business partners
France	1
Taiwan	2
Italy	1

3.3. Due diligence assessments of the company's products

All TLens® products are manufactured at internationally recognised factories. The core elements of TLens® are produced in Europe, and the driver chip is designed and supplied also by a European partner. These are certified for compliance with good practices in accordance with standards and legislation regarding working conditions and the destruction of chemicals and gases. Assembly and testing are performed at large factories in Asia. The most important factory we use is a member of the RBA (Responsible Business Alliance). The RBA has special focus on environmental and ethical accountability. All our first-tier suppliers have confirmed that they comply with the prerequisites described in our Code of Conduct.

3.4. Results of the due diligence assessment

The due diligence assessment has not uncovered any findings that the company's suppliers are in violation of human rights or decent working conditions. As the company has manufacturing activity in Philippines through sub-supplier, special focus has been given to this

⁶ "Business partner" means any party that supplies goods or services directly to the enterprise, but that is not part of the supply chain, see Section 3 e) of the Norwegian Transparency Act. Examples of business partners may be the company's cleaning partner, IT platform operator, external accountant etc.



supplier. The company has own employees based at the supplier factory and monitor closely the situation. Management also meets frequently the supplier at management level. The activity at this supplier is advanced (high tech) and the operators and engineers have high qualification and is being managed in a good way as far as we have experienced.

4. MEASURES TO STOP, PREVENT OR LIMIT NEGATIVE CONSEQUENCES

The company has not uncovered any violations for 2022 and will focus on further developing the way in which it follows up and reports in accordance with the Norwegian Transparency Act.

We have implemented the following measures based on the assessment:

Assessed violations/risk of violations	Having activity in Philippines
Implemented measures	Continue close follow-up on first-tier suppliers, with special focus on Philippines.
Targets in the reporting year	
Status	NA

5. COMMUNICATION WITH AFFECTED STAKEHOLDERS AND RIGHTS HOLDERS

The company has not uncovered any violations of human rights or decent working conditions in the reporting year. Nor has the company uncovered any significant risk of violations/negative consequences as mentioned.



6. RESTORATION AND COMPENSATION

The company has not uncovered any cases requiring restoration in the reporting year.

Horten, 29 June 2023

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Grethe Viksaas

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Grethe Viksaas, Chair

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Dr. Øyvind Isaksen, CEO

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Thomas Görling, Board Member