

Windar Photonics plc – QCA Code

QCA Code Principle	Application (as set out by QCA)	What we do and why
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The board must be able to express a shared view of the company’s purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>Windar Photonics’ primary vision is to be, and remain, the leading global supplier of nacelle LiDAR equipment for both the wind turbine OEM and retrofit markets.</p> <p>Windar’s core strategy for achieving the vision is focused on the following core components:</p> <ul style="list-style-type: none"> • Competitiveness • Innovative technology • Cost-effective operation of the company • Power enhancement and cost reduction for the end user. <p>The OEM market is serviced directly by Windar Photonics, whereas the retrofit market is serviced through an external global dealership that provides Windar Photonics products to local Independent Power Producers (IPPs) and wind farm operators.</p> <p>The company’s strategy and key challenges are detailed on pp. 4-5 and pp. 8-9 of the <i>Report of the Directors and Consolidated Financial Statements</i> (For the year ended 31 December 2017).</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company’s shareholder base.</p> <p>The board must manage shareholders’</p>	<p>The Board is committed to clearly navigating the company towards substantial growth and to ensure that the shareholder’s expectations are met in this regard.</p> <p>Windar Photonics encourages two-way communication with both its institutional and private investors. Windar Photonics endeavors to respond swiftly to all queries received from its investors. The company’s CEO is regularly in contact with the Group’s institutional and retail shareholders and ensures that their views and concerns are</p>

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	<p>expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>communicated clearly to the Board. The Company also seeks to manage shareholder expectations through its regulatory disclosures.</p> <p>The Board recognises the AGM as an important opportunity to meet private shareholders, and the Directors are available to listen to the views expressed by the company's shareholders in an informal context immediately following the AGM.</p> <p>Where voting decisions are not in line with the company's expectations, the Board will engage with those shareholders to understand and address any issues.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the</p>	<p>Windar Photonics is committed to sustainability and progress in all aspects of our business – for the environment, customers, suppliers and the communities we operate in.</p> <p>This is evidenced and underpinned by our vision and values:</p> <ol style="list-style-type: none"> 1. Customers - Grow profitable sales 2. Quality – Operational excellence 3. Environment – Community 4. Innovation - Excellent product design 5. Team Work – Engage our people <p>Sustainability is essentially the foundation of Windar Photonics, as the company's overall business is to provide the market a commercially viable mean of enhancing the production and effectiveness of renewable wind energy assets, which in turn contributes to increasing the economic viability and sustainability of the renewable energy sector. Windar Photonics is, via its global dealership, servicing several countries in the APAC region with newly developed renewable energy sectors, where Windar Photonics'</p>

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	<p>company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>products can contribute to increase the competitiveness of the emerging wind energy sector.</p> <p>Windar Photonics is a SME based in the United Kingdom and Denmark, and the company conforms to the local laws and standards for social responsibilities in relation to the company's employees. Windar Photonics encourages an open dialogue with its employees, and conducts employee opinion surveys, and individual employee consultations, to get employees' feedback on all aspects of employment with Windar Photonics. Furthermore, employee representatives meet in forums to discuss business related issues.</p> <p>Windar Photonics encourages feedback from our customers through trade account managers and direct engagement with individual customers via customer service teams and social media communication, such as LinkedIn.</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p>	<p>A detailed analysis of the risks that is facing the company, and the measures taken to minimise the identified risks, are detailed on pp. 8-9 of the <i>Report of the Directors and Consolidated Financial Statements</i> (for the year ended 31 December, 2017), along with an assessment of any changes to the potential risks during the previous reporting period.</p> <p>The Company formally reviews and documents the principal risks to the business at least annually. Likewise, the executive directors have agreed to act with risk-prevention in mind during the daily operation of the company.</p> <p>The board is responsible for evaluating potential risks and meets regularly to identify</p>

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	Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	and review risks in relation to the ongoing trading, and the company's budgets and forecasts. Likewise, the Board considers risk to the business at every board meeting, and both current and future potential risks are registered and assessed during each meeting.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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5. Maintain the board as a well-functioning, balanced team led by the chair	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should</p>	<p>The Board consists of Directors with a varied set of skills and substantial experience within their respective fields, which complements each other well in relation to directing the company and making informed decisions for encouraging the growth of the company.</p> <p>The Company is controlled by the Board of Directors. Johan Blach Petersen, the Non-executive Chairman, is responsible for the running of the Board, and Jørgen Korsgaard, the company's Chief Executive Officer, has the executive responsibility for running the company's business and implementing the company's strategy.</p> <p>The Board is comprised of one Executive Director and three Non-Executive Directors. The Board considers that all Non-executive Directors bring an independent judgement to bear notwithstanding the varying lengths of service:</p>

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	<p>be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfill their roles.</p>	<ul style="list-style-type: none"> • Johan Blach Petersen (Non-Executive Chairman) • Jørgen Korsgaard Jensen (Chief Executive Officer and Founder) • Simon Barrell (Senior Independent Non-Executive Director) • Søren Høffer (Non-Executive Director) <p>Detailed profiles for the Directors on the Board are available on p. 7 of the <i>Report of the Directors and Consolidated Financial Statements</i> (for the year ended 31 December, 2017)</p> <p>All Directors receive regular and timely information concerning the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings are circulated to the Company's Board of Directors.</p> <p>The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration and Nomination Committee. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Company's website and can be accessed on the "<i>Corporate governance</i>" page of the website.</p>
6. Ensure that between them the directors have	The board must have an appropriate balance of sector,	The Nomination Committee of the Board oversees the process and makes recommendations to the Board regarding all new Board appointments. Where new

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<p>the necessary up-to-date experience, skills and capabilities</p>	<p>financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>appointments for the Board are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee also considers succession planning as part of their responsibility to ensure the consistency of the Boards activities.</p> <p>The current board is comprised of directors with expertise within their respective fields, thus providing the company the benefits of a broad spectrum of knowledge and experience:</p> <p>Johan Blach Petersen (Non-Executive Chairman) Extensive experience with start-up companies and business development.</p> <p>Jørgen Korsgaard Jensen (Chief Executive Officer and Founder) Highly skilled innovator with in an in-depth understanding of international business and developing new technological solutions for the market.</p> <p>Simon Barrell (Senior Independent Non-Executive Director) Expert knowledge of financial reporting and accounting in relation to internal businesses</p> <p>Søren Høffer (Non-Executive Director) Comprehensive knowledge about the wind energy industry, business law, and contracting.</p> <p>Detailed profiles for the Directors on the Board are available on p. 7 of the <i>Report of the Directors and Consolidated Financial</i></p>

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		<p><i>Statements</i> (for the year ended 31 December, 2017)</p> <p>The Board carries out an evaluation of its performance annually, taking into account the Financial reporting Council's Guidance on Board Effectiveness.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>A modus operandi for the evaluation of the board is currently under consideration, but not implemented at the current stage of the company's development, as the company is still a fairly young and small business unit.</p> <p>All directors are subject to re-election by the shareholders by rotation.</p> <p>The company has not adopted a policy on succession planning. The Non-executive Directors are, however, required to give notice under their employment contracts if they wish to leave the company and the Executive Directors are required to give nine months' notice.</p>

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<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable</p>	<p>Windar Photonics is a fairly small and young company, and the corporate ethical values have not yet been formally described. A description of the ethical values that underpin the company will be formulated and made public during 2018.</p> <p>Nonetheless, the company is operated on a sound foundation of ethical principles:</p> <ul style="list-style-type: none"> • A high degree of transparency and non-hierarchical communication between the various positions in the company • Entrepreneurial spirit and a high degree of employee influence • A diverse work-place with a wide representation of different cultures, which is considered a boon for the company. <p>Furthermore, the company has provided training and information concerning anti-bribery and work-place safety to its employees.</p> <p>The company is also committed to providing a safe and secure environment for its employees, with its policies and procedures enshrined in its health and safety guidance to employees.</p>

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	throughout the disclosures in the annual report, website and any other statements issued by the company.	
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The company's governance structure is described in detail in the <i>Report of the Directors and Consolidated Financial Statements</i> (for the year ended 31 December, 2017) in the section <i>Corporate Governance Statement</i> on pp. 11-12.</p> <p>It is also included under the biographies of the directors and committees of the Board on our website.</p> <p>A description of the matters of the board, titled "25 Board reserved matters", is made public on the website, and is available on the page "<i>Corporate governance</i>".</p>

BUILD TRUST

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10. Communicate how the company is governed and is performing by	A healthy dialogue should exist between the board and all of its stakeholders,	Windar Photonics encourages two-way communication with both its institutional and private investors. Likewise, Windar Photonics

<p>maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<p>including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <p>the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company.</p> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>endeavors to respond swiftly to all queries received from its investors. The company's CEO is regularly in contact with the Group's main shareholders and ensures that their views and concerns are communicated clearly to the Board.</p> <p>The Board recognises the AGM as an important opportunity to meet private shareholders, and the Directors are available to listen to the views expressed by the company's shareholders in an informal context immediately following the AGM.</p> <p>The company has not historically announced the detailed results of shareholder voting to the market. It intends to do so from now on.</p>
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