

Fraud and Embezzlement Policy of POET Technologies Inc.

Purpose

The objective of this policy is to protect the assets of POET Technologies Inc. and its subsidiaries (the "Company") from fraud and embezzlement. The Company establishes this policy as it is committed to the highest possible standards of openness, honesty and accountability in all of its affairs. The Company is determined to maintain a culture of honesty and opposition to fraud and corruption. Fraud is the intentional deception of another. Elements of fraud include material misrepresentation, concealment, non-disclosure of material facts, and omissions. Embezzlement is the misappropriation of property legally in one's possession.

Fraud in this policy is defined as (a) the use of deception with the intention of pursuing personal interests and causing loss to the proper interests of the Company, (b) the illegitimate pursuit of inappropriate Company interests for personal gain, and (c) the intentional distortion of financial statements or other records by persons internal or external to the Company which is carried out to conceal misappropriation of assets or personal gain.

Examples of Fraud and Fraudulent Behavior

Some examples of fraud or fraudulent behavior include:

- Usurpation of corporate interests for personal gain;
- Misappropriation of assets, embezzlement and theft;
- Payment or receipt of bribes, kickbacks, illegal or unethical gratuities, or other inappropriate payments to government officials or others;
- Participation in sham or fraudulent transactions, including but not limited to extortion, mail and wire fraud;
- Deceptive, misleading or false statements about corporate transactions;
- Forgery or alteration of accounting record or vouchers;
- Failing to keep confidential trade secrets of the Company;
- Non-disclosure of material information needed for an informed investment decision;
- Breach of fiduciary duty or conflict of interest;
- Failure to report violation of laws;
- Conspiracy to commit any of the aforesaid;
- Inappropriate personal use of corporate assets; and
- Other fraudulent behaviors causing loss to the Company's assets or interests.

This is not an exhaustive list. If you are in doubt about the seriousness of your concern, advice and guidance can be sought from the CFO or the Chairman of the Audit Committee.

Discussion

It is the policy of the Company that all employees have the responsibility to safeguard Company assets. It is also the policy of the Company that all employees have the duty to report any known or suspected embezzlement or fraud.

The Company has designated the CFO and Controller as responsible persons to investigate actual or suspected cases of fraud or embezzlement, with the exception of circumstances in which either one of these individuals is alleged to have committed the act in question, in which case the investigation will be made by the other, and in any circumstances where collusion of the two individuals is alleged, the CEO is the responsible person to investigate unless he is one of the individuals. Allegations should be immediately directed to the CFO or Controller or CEO in very limited circumstances as highlighted. Employees suspecting fraud or embezzlement to be occurring will be protected under the Company's whistleblower policy.

Findings

Evidence of fraud or embezzlement will be reported to the audit committee without undue delay for further action.

Prevention and Control of Fraud

All Company Officers and Managers ("**Management**") shall advocate and develop a corporate culture of honesty and integrity, assess the risk of fraud arising in the normal business operations of the Company, establish controls and procedures designed to eliminate the likelihood of fraud and to receive, investigate, report and recommend a remedial course of action in respect to suspected or voiced concerns of fraud or fraudulent behavior.

Management shall promote a regular corporate culture of honesty and integrity through the following actions and activities:

1. Management shall lead by example in complying with this policy;
2. Management shall regularly communicate the Company's message of honesty and integrity with employees of the Company through an employee handbook or other written and verbal presentations of the principles underlying this policy;

3. Management shall conduct periodic meetings to ensure employees attend trainings regarding business ethics and the related laws and regulations;
4. Management shall notify all direct or indirect interest parties, including external parties (customers, suppliers, supervision authorities and shareholders) regarding this policy and the obligation of the employees to comply therewith;
5. Management shall notify employees and external third parties of the opportunity and procedures for anonymously reporting wrongdoings and dishonest behavior;
6. In connection with the Company's annual overall risk management assessment process (including the risk assessment for Sarbanes-Oxley Act compliance), Management shall identify and assess the importance and possibility of fraud risk at entity level, in each business department level and at all significant accounts levels. The assessment should include a report disclosing any inaccuracies or misrepresentations in the Company's financial reports, incidents involving embezzlement of Company assets, improper income or expenditures and a fraud risk assessment in respect of senior management and the Board of Directors of the Company;
7. Periodic reports shall be issued by Management to the CFO who shall then issue the reports to the Audit Committee regarding the operations of this policy;
8. Management shall establish control procedures to reduce the potential occurrence of fraud through protective approval, authorization and audit checks, segregation of duties, periodic compliance reviews and similar prophylactic measures; and
9. Management shall perform customary background checks for individuals being considered for employment or for promotion to positions of trust. Formal written documents for background checks shall be retained and filed in employee's record.
10. Adequate monetary and human resources shall be committed by the Company to implement and maintain the policies and procedures articulated in this policy.