



Subject:	Insider Trading Policy					
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Approved by:	Board of Directors					

1.0 Purpose

It is illegal under federal securities laws for anyone to purchase or sell securities of Energy Focus, Inc. (the "Company") or any other public company while aware of, or in possession of, material nonpublic information about the Company or such other public company. It is also illegal to disclose that kind of information to others who may trade in the securities of the Company or other public companies.

The penalties for illegal insider trading are severe, and insider trading violations are pursued vigorously by federal and state law enforcement, including the Securities and Exchange Commission (the "SEC") and the U.S. Department of Justice. Under the Insider Trading and Securities Fraud Enforcement Act of 1988, individuals trading on or tipping material nonpublic information are subject to the following penalties:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine of up to \$5 million (no matter how small the profit gained or loss avoided); and
- A jail term of up to 20 years.

The Company's Board of Directors has adopted this policy to promote compliance with federal and state securities laws, to prevent improper insider trading and to help our employees avoid the consequences associated with insider trading violations and the misuse of material nonpublic information. In addition, this policy is intended to help prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company, not just so-called "insiders."

2.0 Scope

This policy applies to all directors, members of the Company's advisory board ("Advisors") and employees of the Company, its subsidiaries and controlled affiliates and their immediately family Members. Directors, officers that are subject to the requirements of Section 16 of the Securities Exchange Act of 1934 ("Section 16 Officers"), and employees who are designated by the Company from time to time as being subject to additional restrictions under this policy and notified of such designation ("Designated Employees") will be asked to sign a certification promising compliance with this policy and to certify on an annual basis to continued compliance. All other employees are expected to comply with and may be asked to certify to the designated policies as described herein.

Violations of this policy could lead to discipline by the Company, which may include termination of employment or ineligibility to participate in the Company's incentive plans, as well as civil or criminal liability and other serious damage to one's reputation and career. Transactions that may be necessary or justifiable for independent reasons (such as the need for funds for an emergency expenditure) do not excuse noncompliance with this policy.

If securities transactions ever become the subject of scrutiny, they are likely to be viewed "after the fact," with the benefit of hindsight. As a result, before engaging in any transaction, directors, Advisors and employees should carefully consider how a transaction may be construed in the bright light of hindsight. In the event of any questions or uncertainties about the policy, please seek assistance from the Company's Chief Financial Officer.



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3.0 Guidelines/Policies

Prohibitions on Insider Trading and Treatment of Information— Applicable to Directors, Advisors and All Employees

If a director, Advisor or employee is aware of, or in possession of, material nonpublic information regarding the Company, he or she may not trade directly or indirectly in the Company's securities or disclose ("tip") any such information to another person until the information becomes public or is no longer material. Similarly, if a director, Advisor or employee is aware of, or in possession of, material nonpublic information concerning any other publicly held company as a result of his or her employment or relationship with the Company, he or she may not trade directly or indirectly in the securities of any such company or tip any such information to another person until the information becomes public or is no longer material.

An exercise of an option for cash is not subject to the prohibition in this policy on trading while in possession of material, non-public information and need not occur during a "trading window" (as defined below). However, securities acquired upon any option exercise cannot be sold except in compliance with this policy. Further, neither the prohibition in this policy on trading while in possession of material, non-public information nor the trading window apply to the exercise of a stock withholding right pursuant to which an employee elects to have the Company withhold shares (whether pursuant to an option exercise or the vesting of restricted shares). In addition, a bona fide gift made without consideration (a "bona fide gift") is not considered a trade or a transaction for purposes of this policy. Gifts that do not qualify as bona fide or for which consideration is provided will be considered trades and transactions for purposes of this policy and will be subject to all applicable restrictions and procedures.

All material information that has not been publicly disseminated should be distributed within the Company strictly on a "need-to-know" basis. No director, Advisor or employee is permitted to disclose such information without a corporate purpose or to use such information to his or her advantage or for the benefit of others.

Definition of Material Information

The materiality of a fact depends upon the circumstances. In general, a fact about a company is considered "material" if a reasonable investor would consider it important in deciding to buy, hold or sell that company's securities. In short, any information that could reasonably affect the price of the Company's stock is material to the Company. Both positive and negative information may be material.

Examples of material information include, but are not limited to:

- Earnings guidance and any change to previously announced guidance;
- Annual and quarterly financial results, including preliminary results;
- Events that could result in restating financial information;
- Major management changes;
- A change in auditors;
- Certain proposed acquisitions, dispositions or joint ventures;
- The acquisition or loss of a significant customer or supplier or substantial change in a material customer or supplier relationship;
- Dividend actions and stock splits;
- The establishment of a repurchase program for the Company's securities;
- Pending or threatened litigation or the resolution thereof; and



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- Significant financing developments.

Nonpublic Information

Nonpublic information is information that has not yet been made public by the Company. Information is only considered public when the Company makes an official announcement and the investing public has had an adequate opportunity to see or hear it. As a result, information is not generally deemed public until after the second full trading day after the information has been released. For example, if the Company were to make an announcement before the market opens on a Monday, you are not permitted to trade in the Company's securities until Wednesday. If the Company were to make an announcement after the market opens on Monday (whether during the trading day or after the market closes), you are not permitted to trade in the Company's securities until Thursday.

Trading Suspensions

In addition to any other restrictions or procedures described in this policy, the Company may suspend trading by specified persons (including persons not identified as Designated Employees) or at specified times because of developments known to the Company and not yet disclosed to the public or may require pre-clearance during a trading window for persons other than directors, Section 16 Officers and Designated Employees. If you are advised that you may not trade in the Company's securities, you may not engage in any trade of any type under any circumstances, nor may you inform anyone that you have been advised that you may not trade. You should not expect to be told of the reason why you may not trade.

Additional Restrictions Applicable to Directors, Section 16 Officers, Designated Employees and Other Employees

To help prevent inadvertent violations of the federal securities laws and avoid the appearance of improper transactions which could result, for example, if a director, Section 16 Officer, Designated Employee or other employee engages in a trade while unaware of a pending major development, the Company has implemented the following restrictions and procedures for all trades by directors, Section 16 Officers, Designated Employees and all other employees, as indicated.

If you are subject to these additional restrictions and procedures, your immediate family members are also subject to them. For purposes of this policy, immediate family members include your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in the Company's securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in the Company's securities). In addition, partnerships in which you are the general partner, trusts of which you are a trustee, and estates of which you are an executor must also comply with this policy.

Certain additional restrictions and procedures also apply to gifts, stock option exercises and sales of stock acquired on exercise of options, as indicated below.



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Trading Windows

Except pursuant to a pre-approved Rule 10b5-1 trading plan (described below), directors, Section 16 Officers and all other employees may not trade in the Company's securities except during a "trading window."

A trading window commences after two full trading days (days that the Nasdaq Stock Exchange is open) have elapsed following the Company's release of quarterly or annual earnings. A trading window ends twenty five (25) trading days thereafter but in no event will a trading window end later than the 15th day of the third month of a quarter.

Pre-clearances described below will not be granted for trades except during a trading window. The safest period for trading in the Company's securities, assuming the absence of material nonpublic information, is generally the first five trading days of a trading window. The Company recommends that directors, Section 16 Officers and employees execute any trades in the Company's securities during the first five trading days of a trading window.

Pre-clearance Policy

Directors, Section 16 Officers and Designated Employees must obtain pre-clearance from the Company's Chief Financial Officer for all transactions in the Company's stock. A person in one of these categories contemplating a transaction should contact the Chief Financial Officer at least three business days in advance to pre-clear a trade.

If you receive pre-clearance for a trade, you may buy or sell the security within five business days after clearance is granted, but only if you are not aware of material nonpublic information and only if it is during a trading window. If for any reason the trade is not completed within five business days, pre-clearance must be obtained again before the Company's securities may be traded.

If, after requesting pre-clearance, you are advised that you may not trade in the Company's securities, you may not engage in any trade of any type under any circumstances, nor may you inform anyone that you have been advised that you may not trade. You should not expect to be told of the reason why pre-clearance was not granted.

Directors, Section 16 Officers and Designated Employees must provide three business days advance notice to the Company's Chief Financial Officer prior to making a bona fide gift or exercising a stock option.

Rule 10b5-1 Trading Plans; Pre-Clearance Policy for Rule 10b5-1 Trading Plans

Notwithstanding the general prohibition against trading while aware of, or in possession of, material nonpublic information, employees of the Company may execute trades in the Company's securities at any time if such trades are pursuant to a prearranged written trading contract, instruction or program that (a) complies with Rule 10b5-1 of the Securities Exchange Act of 1934; (b) is entered into during a time when such employee is not aware of, or in possession of, any material nonpublic information, and (c) is approved by the Company's Chief Financial Officer or his designee.



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Directors, Section 16 Officers and employees may not implement a trading plan under Rule 10b5-1 without prior clearance. Before entering into a trading plan, the Chief Financial Officer must be contacted. You should seek pre-clearance of your plan at least a week in advance of the time you plan to enter into it. You may only enter into a trading plan when you are not aware of, or in possession of, material nonpublic information. Trades made pursuant to the plan will not require additional pre-clearance. For Directors and Section 16 Officers, Rule 10b5-1 trading plans should provide that the broker will advise the Company of all transactions made under the trading plan, since such transactions need to be promptly reported on Form 4.

Pledges and Margin Accounts

Directors, Section 16 Officers and Designated Employees may not hold the Company's securities in a margin account and, unless prior approval is granted by the Chief Financial Officer, may not pledge the Company's securities as collateral for a loan. If you wish to pledge the Company's securities as collateral for a loan (not including margin debt), you must contact the Chief Financial Officer to seek approval and should do so at least a week prior to the proposed transaction. You may only seek approval to pledge securities at a time when you are not aware of any material nonpublic information. You will be required to demonstrate financial capacity to repay the proposed loan without resort to the pledged securities.

If you are permitted to pledge the Company's securities as collateral for a loan, you will be required to use all reasonable efforts to avoid a sale of the securities by your lender due to a default on the loan or otherwise.

Trading in Derivatives and Other Hedging Transactions

Directors, Section 16 Officers and Designated Employees may not engage in short sales or invest in other kinds of hedging transactions or financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of the Company's securities.

Company Assistance

Any questions regarding the policy in general or the application of the policy to a particular case should be directed to the Company's Chief Financial Officer. All employees should remember that the ultimate responsibility for adhering to the policy and avoiding improper transactions rests with the individual and will require the exercise of his or her best judgment.