



STANDARD OF BUSINESS CONDUCT

Worldwide Edition  
September 2009

September 23, 2009



INTEGRATED SILICON SOLUTION, INC.



### **Letter to ISSI Employees from the Chief Executive Officer**

ISSI's Standards of Business Conduct were introduced to ISSI employees to affirm our commitment to promoting professional excellence and the Company's Core Values: Customer Driven Attitude, Respect, Empowerment, Result Oriented, Teamwork, Proactive, Innovation, Honesty, Integrity and Commitment.

We consider the moral in our employees and the integrity in our business as critical assets to our company. Our growth for past the 20 years has been attributed to the knowledge, experience and talent of our employees; the quality of our products and services and, above all, our standards of professionalism and business conduct.

As a global company; we have business operations with differing laws, cultures and practices; it is even more critical that we remember the fundamental principles of our business. The conduct of our employees is vital to the company's reputation. All ISSI employees are expected to comply with the intent of the Standard of Business Conduct when we are performing our job and making decisions. It is important that we all understand and adhere to these standards of conduct to make evident our business and employees' high standards of integrity and ethics.

As an ISSI employee, you are responsible for reporting ethics or compliance questions or concerns to your manager, anyone in Senior Management, Human Resources Department or to your Compliance Officer at [complianceofficer@issi.com](mailto:complianceofficer@issi.com). Alternatively, you may also report ethics or compliance questions or concerns anonymously via the Web at <https://issi.alertline.com>. No employee will be subject to reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code of Business Conduct and Ethics or other ISSI policies.

Further, all ISSI employees must be committed to understand and comply with Company's values, policies and standards. Please read ISSI's Standards of Business Conduct so you understand what is expected of you. If you have any questions about ISSI's Standard of Business Conduct, please ask your Manager or Human Resources Department. When you sign the Standards of Business Conduct Acknowledgment Form, it means you make a commitment to follow these standards of conduct and apply them to our day-to-day work activities.

A handwritten signature in black ink, appearing to read "Scott D. Howarth". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Scott D. Howarth  
President and Chief Executive Officer

## Integrated Silicon Solution, Inc. Standards of Business Conduct

*Please complete the form, sign it and return it to your Human Resources department.*

I acknowledge receipt of the "ISSI Standards of Business Conduct" which applies to all ISSI employees and employees of wholly owned subsidiaries. I understand that this document contains mandatory policies of the Company.

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NAME (Please print and sign) and DATE

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ISSI DIVISION/SUBSIDIARY/LOCATION

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MANAGER'S NAME

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## I. INTRODUCTION

What is the Standard of Business Conduct?

ISSI is committed to conduct business with the highest integrity and in compliance with applicable laws. The Standard of Business Conduct embodies the fundamental principles that govern our ethical and legal obligations at ISSI. It describes, summarizes and supplements policies, some of which have been in place at ISSI for years. You will also find our responses to questions that ISSI employees might ask regarding these policies. We hope the Q&A's are helpful to you. Violating the Standard of Business Conduct may result in very serious consequences for the Company and you.

We have organized the standards into five categories:

- **Code of Business Conduct and Ethics**
- **Outside Communication**
- **Foreign Corrupt Practices**
- **Insider Trading**
- **Confidential Alert**

No policy or manual, however detailed, can possibly anticipate all of the situations or challenges we might face on the job. The Standards of Business Conduct serves as a road map and is not intended to be an exhaustive description of the Company's policies or the law.

The policy itself is accessible from Human Resources or the Company's intranet.

## II. Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics is intended to comply with the applicable requirements of the SEC and NASDAQ and to promote ISSI's standards of business conduct. All ISSI employees are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

The purpose of this Code of Business Conduct and Ethics is to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that ISSI files with, or submits to, the SEC and in other public communications made by ISSI;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons of violations of this Code of Business Conduct and Ethics; and
- Accountability for adherence to this Code of Business Conduct and Ethics.

Since the principles described in this Code of Business Conduct and Ethics are general in nature, you should also be aware of all applicable ISSI policies and procedures for more specific instruction, and contact the Human Resources Department if you have any questions.

### Compliance is Everyone's business

Ethical business conduct is critical to our business. As an employee, your responsibility is to respect and adhere to the practices in this document. Many of these practices reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you, ISSI, its directors, officers, and other employees.

Violations of law, this Code of Business Conduct and Ethics or other company policies or procedures by ISSI employees can lead to disciplinary action, up to and including termination. Part of your job and ethical responsibility is to help enforce this Code of Business Conduct and Ethics. You should be alert to possible violations and report possible violations to the Human Resources Department, your group VP, CFO, or CEO. You must cooperate in any internal or external investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code of Business Conduct and Ethics or other ISSI policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited. In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices.

### Our Responsibilities to the Company and its stakeholders

#### (a) Applicable Laws

All ISSI employees, agents and contractors must comply with all applicable laws, regulations, rules and regulatory orders. ISSI employees located outside of the United States must comply with laws, regulations, rules and regulatory orders of the United States, including the Foreign Corrupt Practices Act and the U.S. Export Control Act, in addition to applicable local laws. Each employee, agent and contractor must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice on specific ISSI policies and procedures.

**(b) Conflicts of Interest**

Each of us has a responsibility to ISSI, our stockholders and each other to avoid conflicts of interest. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur. ISSI is subject to scrutiny from many different individuals and organizations. We should always strive to avoid even the appearance of impropriety.

What constitutes a conflict of interest? A conflict of interest exists when the interests or benefits of one person or entity conflict with the interests or benefits of ISSI. Examples include:

(i) **Employment/Outside Employment** - Our policies prohibit any employee from accepting simultaneous employment with an ISSI supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position.

(ii) **Outside Directorships** - It is a conflict of interest to serve as a director of any company that competes with ISSI. Although you may serve as a director of an ISSI supplier, customer, developer, or other business partner, our policy requires that you first obtain approval from ISSI before accepting a directorship.

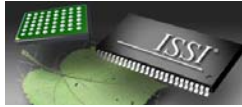
(iii) **Business Interests** - If you are considering investing in an ISSI customer, supplier, developer or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to ISSI. Many factors should be considered in determining whether a conflict exists, including the nature of the investment, your ability to influence ISSI's decisions, and your access to confidential information of ISSI or of the other company.

(iv) **Related Parties** - As a general rule, you should avoid conducting ISSI business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. Significant others include persons living in a spousal (including same sex) or familial fashion with an employee.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to ISSI's Controller or Chief Financial Officer. If determined to be material to ISSI, ISSI's Audit Committee must review and approve such related party transactions. The most significant related party transactions, particularly those involving ISSI's directors or executive officers, must be reviewed and approved by the Audit Committee of ISSI's Board of Directors. ISSI must report all such material related party transactions under applicable accounting rules, federal securities laws, SEC rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to this business.

**(c) Corporate Opportunities**

Employees, officers, and directors may not exploit, for their own personal gain, opportunities or ideas that are discovered through the use of corporate property, information or position, unless the opportunity or idea is disclosed fully to ISSI's Board of Directors and the Board of Directors declines to pursue such opportunity.

**(d) Protecting ISSI's Confidential Information**

ISSI's confidential information is a valuable asset. ISSI's confidential information includes product architectures, designs, process technology, yields, product plans and road maps, names and lists of customers and employees, and financial information. This information is the property of ISSI and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for ISSI's business purposes only. Every employee, agent and contractor must safeguard it. This responsibility includes not disclosing ISSI's confidential information, such as information regarding ISSI's products or business, over the Internet.

Each employee of ISSI should have signed an agreement to protect and hold confidential ISSI's proprietary information. This agreement remains in effect for as long as you work for ISSI and after you leave ISSI. Under this agreement, you may not disclose ISSI's confidential information to anyone or use it to benefit anyone other than the company without the prior written consent of an authorized company officer.

(i) **Requests by Regulatory Authorities** - All government requests for information, documents or investigative interviews must be referred to ISSI's Finance Department. No financial information may be disclosed without the prior approval of the Chief Financial Officer.

(ii) **ISSI Spokespeople** - Specific policies have been established regarding who may communicate information to the press and the financial analyst community. ISSI has designated its CEO and CFO as official company spokespeople for financial matters. All inquiries or calls from the press and financial analysts should be referred to the President or Chief Financial Officer. Please refer to ISSI's Outside Communication Policy for further details.

(iii) **ISSI Employees** - Passwords are an important aspect of computer security and are the front line of protection for ISSI confidential and proprietary information. User passwords are sensitive and confidential. ISSI employees, consultants, contractors and all users of ISSI computing resources are responsible for taking appropriate steps in selecting and safeguarding their passwords. ISSI employees are expected to keep their passwords secured. A poorly chosen password may result in the compromise of the ISSI global network. Passwords are critical protective shields against threats to network security, whether threats originate internally or externally. If accounts or passwords have been compromised, report the incident to MIS Support immediately.

Violation of this policy may be subject to disciplinary action, up to and including termination of employment.

**(e) Obligations Under Securities Laws - "Insider" Trading**

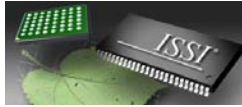
Obligations under the U.S. securities laws apply to everyone. In the normal course of business, officers, directors, employees, agents, contractors and consultants of ISSI may come into possession of significant, sensitive information. This information is the property of ISSI -- you have been entrusted with it. You may not profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit or for them to profit on your behalf. The purpose of this policy is both to inform you of your legal responsibilities and to make clear to you that the misuse of sensitive information is contrary to ISSI's policy and U.S. securities laws.

Insider trading is a crime, penalized by fines of up to \$5,000,000 and 20 years in jail for individuals. In addition, the SEC may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also forfeit any profits made, and are often subjected to an injunction against future violations. Finally, insider traders may be subjected to civil liability in private lawsuits.

Employers and other controlling persons (including supervisory personnel) are also at risk under U.S. securities laws. Controlling persons may, among other things, face penalties of the greater of \$5,000,000 or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading.

Thus, it is important both to you and ISSI that insider trading violations not occur. Insider trading rules are strictly enforced, even in instances when the financial transactions seem small. You should contact the Human Resources or the Finance Department if you are unsure as to whether or not you are free to trade.

ISSI has imposed a trading blackout period on members of the Board of Directors, executive officers and certain other employees who, as a consequence of their position with ISSI, are more likely to be exposed to material non-public information about ISSI. These individuals generally may not trade in ISSI securities during the blackout period.



For more details, and to determine if you are restricted from trading during trading blackout periods, you should review ISSI's Insider Trading Policy. You can request a copy of this policy from the Human Resources Department.

### **(f) Prohibition Against Short Selling of Company Stock**

No ISSI director, officer or other employee, agent or contractor may, directly or indirectly, sell any equity security, including derivatives, of ISSI if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mail or other usual channels of transportation. No ISSI director, officer or other employee, agent or contractor may engage in short sales. A short sale, as defined in this policy, means any transaction whereby one may benefit from a decline in ISSI's stock price.

### **(g) Use of Company's Assets**

(i) **General** - Protecting ISSI's assets is a key fiduciary responsibility of every employee, agent and contractor. Care should be taken to ensure that assets are not misappropriated, sold, or donated, without appropriate authorization. All ISSI employees, agents and contractors are responsible for the proper use of ISSI assets, and must safeguard such assets against loss, damage, misuse or theft.

(ii) **Company Funds** - ISSI funds must be used only for ISSI business purposes. Every ISSI employee, agent and contractor must take reasonable steps to ensure that ISSI receives good value for ISSI funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. ISSI employees, agents and contractors must not use ISSI funds for any personal purpose.

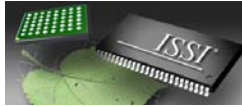
(iii) **Computers, Equipment, and Email** - Employees, agents, and contractors should not maintain any expectation of privacy with respect to information transmitted over, received by, or stored in any computers or electronic communications device owned, leased, or operated, in whole or in part, by or on behalf of ISSI. ISSI retains the right to gain access to any information received by, transmitted by, or stored in any such electronic communications device, by and through its employees, agents, contractors, or representatives, at any time, either with or without an employee's or third party's knowledge, consent or approval. ISSI has a specific policy stating that all emails on ISSI's system are considered ISSI property and may be read by authorized ISSI personnel.

(iv) **Software** - All software used by employees to conduct ISSI business must be appropriately licensed. ISSI's IT Department will inspect ISSI computers periodically to verify that only approved and licensed software has been installed. Any non-licensed/unsupported software will be removed.

### **(h) Records on Legal Hold**

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. ISSI's Finance Department determines and identifies what types of company records or documents are required to be placed under a legal hold.

ISSI's Finance Department will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions from ISSI's Finance Department. Records or supporting documents that have been placed under a legal hold must not be destroyed, altered, or modified under any circumstances.

**(i) Payment Practices**

(i) **Accounting Practices** - ISSI's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in ISSI's books and records in compliance with all applicable laws and generally accepted accounting procedures. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate ISSI policy and the law. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.

(ii) **Prohibition of Inducements or Bribes** - Under no circumstances may employees, agents or contractors offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they do not create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy should be directed to Human Resources or the Finance Department.

**(j) Foreign Corrupt Practices Act**

ISSI requires full compliance with the Foreign Corrupt Practices Act (FCPA) by all of its employees, agents, and contractors.

The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of influencing any act or failure to act, in the official capacity of that foreign official or party; or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone. Please refer to ISSI's Foreign Corrupt Practices Act policy for additional information.

**(k) Export Controls**

A number of countries maintain controls on the destinations to which products or software may be exported. Some of the strictest export controls are maintained by the U.S. against countries that the U.S. government considers unfriendly or as supporting international terrorism. The U.S. regulations are complex and apply both to exports from the U.S. and to exports of products from other countries, when those products contain U.S. origin components or technology. In some circumstances, an oral presentation containing technical data made to foreign nationals in the U.S. may constitute a controlled export. The Finance Department can provide you with guidance on which countries are prohibited destinations for ISSI products or whether a proposed technical presentation to foreign nationals may require a U.S. government license.

**Responsibilities to our Customers and Suppliers****B. Payments or Gifts from Others**

Under no circumstances may employees, agents or contractors accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they do not create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy should be directed to Human Resources or the Finance Department.



Gifts given by ISSI to suppliers or customers or received from suppliers or customers should always be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety.

### **C. Handling Copyrighted Material**

ISSI subscribes to publications that help employees do their jobs better. Copyright law generally protects these works, and their unauthorized copying and distribution may constitute copyright infringement. When in doubt about whether you may copy a publication, consult the Human Resources or Finance Department.

### **D. Handling the Confidential Information of Others**

ISSI has many kinds of business relationships with many companies and individuals. We must take special care to handle the confidential information of others responsibly. We handle such confidential information in accordance with our agreements with such third parties.

### **E. Selecting Suppliers**

ISSI's policy is to purchase supplies based on price, need, quality, service, and terms and conditions. ISSI's policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. The confidential information of a supplier is entitled to the same protection as that of any other third party.

### **F. Government Relations**

It is ISSI's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct.

### **F. Free and Fair Competition**

Competition laws govern relationships between ISSI and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers, and suppliers. Participating with competitors in a trade association or in a standards creation body is acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

Collusion among competitors is illegal, and the consequences of a violation are severe. No employee, agent or contractor shall at any time or under any circumstances enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of product or geographic markets, allocation of customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid or even discuss or exchange information on these subjects. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules as may bona fide purchases from or sales to competitors on non-competitive products, but ISSI's Finance Department must review all such proposed ventures in advance.

## **Waivers**

Any waiver of any provision of this Code of Business Conduct and Ethics for ISSI's executive officers must be approved by ISSI's Board of Directors and may be required to be disclosed under applicable SEC rules.



### Disciplinary Actions

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to ISSI, its stockholders and its business partners, and are essential to ISSI's ability to conduct its business in accordance with its stated values and applicable laws. We expect all of our employees, agents, contractors and consultants to adhere to these rules in carrying out their duties for ISSI.

ISSI will take appropriate action against any employee, agent, contractor or consultant whose actions are found to violate these policies or any other ISSI policies. Disciplinary actions may include immediate termination of employment or business relationship at ISSI's sole discretion. Where ISSI has suffered a loss, it may pursue remedies against the individuals or entities responsible. Where laws have been violated, ISSI will cooperate fully with the appropriate authorities.



### III. OUTSIDE COMMUNICATION

As a public company, ISSI is subject to certain obligations imposed by the federal securities laws regarding the disclosure of information to the public. Premature or otherwise unauthorized disclosure of internal information relating to the company could adversely affect the company's ability to meet its disclosure obligations under the federal securities laws. In addition, unauthorized disclosure could cause competitive harm to the company and, in some cases, result in liability for the company. All information provided to outsiders, whether material or immaterial, must be accurate and consistent with these responsibilities.

For marketing activities, it is ISSI's policy to have a consistent message in terms of content and form, including the proper use of our logo.

1. **Definition of "materiality":** Material information is any information that a reasonable investor would consider important in a decision to buy, hold or sell ISSI stock; in short, any information which could reasonably affect our stock price.

2. **Disclosure policy:** ISSI employees should not disclose internal information about the company, except as required in the performance of that employee's regular duties for the company.

The initial disclosure of material information by the company will generally be made only through press releases, so that all members of the investing public will have equal opportunity to access the information.

Rumors concerning the business and affairs of the company may circulate from time to time. The company's general policy is not to comment on such rumors.

#### Procedures

As a general rule, communication with shareholders and market analysts shall be restricted to the company's Chief Executive Officer and Chief Financial Officer ("CFO"). These persons may, however, designate other Vice Presidents or Directors to respond to inquiries regarding specific areas of interest. Communication with editors and reporters from the media shall follow this same guideline but if the contact is in Asia, then the company's Vice Chairman, General Manager of ISSI-Taiwan, and General Manager of ISSI-China are authorized to speak for ISSI.

Preparation of articles and advertising may be designated to appropriate staff, but final approvals shall be required as noted herein. A sign-off form should be used for approvals and retained on file for two years.

#### Press Releases

ISSI will issue press releases from time to time to disclose information which management believes is important or of use to the public, whether or not the information is material. All press releases will be reviewed and approved as follows:

- a. Quarterly Financials – by the CEO, CFO, legal counsel and our external accounting firm
- b. Other financial or material information releases – by the CEO, CFO, legal counsel and external accounting firm
- c. General business press releases – by the CEO, CFO and legal counsel
- d. General product press releases – either by the CFO, the Vice Chairman, the Vice President of Sales and Marketing or the Product Line Manager. Legal counsel review of each product announcement release is not required as long as the "Safe Harbor" paragraph and "who is ISSI" paragraph, as previously approved by legal counsel, are included. "Safe Harbor" may be excluded if there are no forward looking statements.



### Rules for releasing a press release:

- a. All financial and business related press releases must be released under the control of the CFO or IR.
- b. Product announcements may be released by either the CFO/IR or the Marketing Dept.
- c. Any material announcement should be sent to the Nasdaq Stock Watch Group at least 10 minutes before the actual release.
- d. As a rule of thumb, we will not issue press releases while the market is open. Preferred release time is early morning, before the market opens. Once the market opens, no releases should be made until 2:15 p.m. Pacific time, to allow for certain after-market trading to cease. However, the normal quarterly financial announcement can still be released at 1:10 p.m. Pacific time.

### Advertising copy, articles, white papers and company Literature

All of these documents will be reviewed and approved as follows:

- a. Advertising Copy – by the CEO, CFO, and VP of Sales and Marketing.
- b. Articles and White Papers – by the CEO, CFO, VP of Sales and Marketing or designated marketing Product Line Manager and IR. Legal counsel review is not required unless the article includes forward-looking statements that could be used in a shareholder lawsuit. General corporate literature must be approved by the CFO and the VP of Sales and Marketing or their designees.
- c. Corporate brochures must be approved by the CFO and the VP of Sales and Marketing. Product marketing brochures must be approved by the VP of Sales and Marketing.
- d. Specific product line literature, such as newsletters, must be reviewed by a designated person in IR as a check and balance on grammar and form. Excluded from this rule are cross reference guides, application notes, QRA manuals, data sheets, product selection guides and other similar items; when in doubt, check with IR.

### Interviews with the press/media

Product related interviews with trade publications must be approved by the VP of Sales and Marketing, Vice Chairman, GM ISSI-Taiwan, GM ISSI-China, CFO or CEO. Business, financial and strategy explanation interviews will be limited to the CEO, Vice Chairman, CFO, GM ISSI-Taiwan and GM ISSI-China.

### Public presentations

All ISSI employees must receive approval from the company prior to accepting, on behalf of ISSI, any public speaking or audiovisual engagement. Presentations must not contain financial predictions or give material information not previously available. The CEO, CFO, Vice Chairman, GM ISSI-Taiwan, GM ISSI-China, or an appropriate designee must approve the content of such presentations prior to disclosure.



### **Investor Relations**

Investor inquiries will be forwarded to ISSI's CFO. Individuals designated by the CFO are authorized to serve in IR. IR designees shall be properly trained and appropriately informed of matters relating to ISSI and its investors.

### **Annual Reports**

The Company will provide an annual report of its financial condition and related business performance in a timely manner following the fiscal year-end. Annual reports must be approved by the CFO, the independent auditors, and legal counsel prior to distribution. Typically the Company publishes only its 10K.

### **Handling inquiries**

Inquiries received by employees from any outsider, other than in the ordinary course of specific job duties, should be forwarded to the CFO, or if the inquiry is in Asia, to the Vice Chairman, GM ISSI-Taiwan, or GM ISSI-China.

### **Contact with market analysts**

Direct contact with market analysts will be limited to the CEO and CFO. They may, at their discretion, designate other persons to respond on specific areas of interest.

### **Failure to comply**

Any violation, either by neglect or willful intention, may result in disciplinary action, up to and including termination of employment.



### IV. FOREIGN CORRUPT PRACTICES ACT

ISSI and its subsidiaries are required to comply with the provisions and statements of the Securities and Exchange Act of 1934 (the "Act"). A specific provision of the Act, the Foreign Corrupt Practices Act (the "FCPA"), is intended to cover illegal or sensitive payments or gifts to individuals or organizations in foreign countries as well as certain operations of corporations in the United States. The FCPA also contains certain record keeping requirements.

It is ISSI's policy to comply with FCPA in every aspect. Each officer, manager, and employee of the Company has the responsibility for compliance with the FCPA within their area of authority and to report any violations to the CEO and/or CFO immediately.

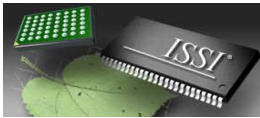
#### Sensitive Payments and Transactions

The Company, through its officers, agents and/or employees, will not make an offer, payment, promise to pay, or authorize the transfer of any of the Company's assets to:

- a.** Any foreign official for the purposes of: influencing any act or decision of a foreign official in his official capacity, including a decision to fail to perform his official functions, or inducing a foreign official to use his influence with a foreign government or instrumentality to affect or influence any act or decision of the foreign government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing business to any person.
- b.** Any foreign political party, official or candidate for foreign political office for purposes of: influencing any act or decision of the political party, official or candidate in its or his official capacity, including a decision to fail to perform its or his official functions, or inducing such political party, official or candidate to use its or his influence with a foreign government or instrumentality to affect or influence any act or decision of such government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing business to any person.
- c.** Any person, while knowing or having a reason to know that all or a portion of the funds or item of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party, or to any candidate for foreign political office, for purposes of: influencing any act or decision of the foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions, or inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality to affect or influence any act or decision of such government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing business to any person.

In addition to the matters above specifically addressed in the FCPA, this policy incorporates the following:

- The Company policy prohibits the existence or creation of any undisclosed, secret or unrecorded funds, assets or liabilities;
- No payment on behalf of the Company should be approved or made with the intention or understanding that any part of the payment is to be used for purposes other than described by the documents supporting the payment;
- No false or fictitious entries should be made in the financial statements or underlying financial records and no employee shall engage in any arrangement that results in such an act; and
- The Company's policy prohibits the use of Company assets or funds for purposes other than specifically authorized by management.



## Record Keeping Requirements

As required by the FCPA, the Company and its subsidiaries will maintain books, records, and accounts which, in reasonable detail, accurately and fairly reflect all of the Company's transactions. The Company and its subsidiaries will maintain a system of internal accounting controls sufficient to reinforce compliance with this policy and provide reasonable assurance that: transactions are executed in accordance with management's general and specific authorization; transactions are recorded as necessary (a) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (b) to maintain accountability of assets; access to Company assets and funds is permitted only in accordance with management's general or specific authorization; the accounts recorded on the Company's balance sheet should be reconciled to the underlying accounting detail at reasonable intervals and, where appropriate, compared to the physical assets. Appropriate action should be taken with respect to significant differences.

These record keeping requirements should be reviewed in conjunction with other financial policies.

## Reporting of Sensitive Matters

The officers, directors, managers, and employees of the Company and its subsidiaries are responsible for enforcement and compliance with this policy. This includes:

- the necessary communication to inform all employees of their duties and obligations
- periodic review of these matters.

### *Approvals/Documentation*

**1.0** In the event that any of the sensitive matters described above have occurred, they should immediately be discussed with the General Manager / VP of Finance / Controller of your local office, CFO or Senior Corporate Controller, accompanied by the following information:

- The amount and purpose of the payment;
- The identification and line of business of the recipient of the payment;
- The circumstances under which the payment was made;
- The manner in which the payment was made, including the character of the accounting entries made in connection with the payment; and the identity of any person who knows of the payment.



## V. INSIDER TRADING

This policy applies to all transactions in ISSI's securities, including common stock, options to purchase common stock and any other securities ISSI may issue from time to time. It applies to all officers of ISSI, all members of ISSI's Board of Directors, and all employees of, and consultants and contractors to, ISSI and its subsidiaries who receive or have access to Material Non-public Information (as defined below) regarding ISSI. This group of people, members of their immediate families, and members of their households are sometimes referred to in this policy as "Insiders". This policy also applies to any person who receives Material Non-public Information from any Insider.

Any person who possesses Material Non-public Information regarding ISSI is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at those times be subject to this policy.

It is the policy of ISSI to oppose the unauthorized disclosure of any Material Non-public Information acquired in the workplace and the misuse of Material Non-public Information ("Inside Information") in securities trading.

### Definition of inside information

Information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of ISSI's securities.

It is not possible to define all categories of material information. While, it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- Financial results or forecasts
- Wafer supply issues
- Significant changes in sources or availability of materials or services
- Product yield results
- Acquisitions or dispositions
- News of a pending or proposed merger
- Research & development efforts or results
- Major new products
- Significant write-offs
- Top management or control changes
- Major contract awards or cancellations
- Capital investment plans or changes in such plans
- Patent milestones
- Significant developments involving corporate relationships
- Stock splits
- Significant marketing plans
- Significant litigation exposure due to actual or threatened litigation
- Possible tender offers
- Pending public or private sales of stock or debt

Either positive or negative information may be material.

Non-public information is information that has not been previously disclosed to the general public and is otherwise not available to the general public. (See ISSI's Outside Communication Policy.)



For purposes of this policy, ISSI considers that the exercise of stock options under ISSI's stock option plans (but not the sale of any such shares) is not considered as trading on Inside Information, since the other party to the transaction is ISSI itself and the price does not vary with the market but is fixed by the terms of the option agreement of the plan.

### Specific policies

1. Trading on Inside Information. No director, officer or employee of, or consultant or contractor to, ISSI, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of ISSI's securities during any period commencing with the date that he or she possesses Material Non-public Information concerning ISSI, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such non-public information is no longer material. As used herein, the term "Trading Day" shall mean a day on which national stock exchanges and the NASDAQ National Market are open for trading.
2. Tipping. No Insider shall disclose ("tip") Material Non-public Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Non-public Information as to trading in ISSI's securities.
3. Confidentiality of Non-public Information. Non-public information relating to ISSI is the property of ISSI and the unauthorized disclosure of such information is forbidden.

### Potential criminal and civil liability and/or disciplinary action

1. Liability for Insider Trading. Insiders may be subject to penalties of up to \$5,000,000 and up to twenty (20) years in jail for engaging in transactions in ISSI's securities at a time when they have knowledge of Material Non-public Information regarding ISSI.
2. Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Non-public Information regarding ISSI or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in ISSI's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.
3. Possible Disciplinary Actions. Employees of ISSI who violate this policy shall also be subject to disciplinary action by ISSI, which may include ineligibility for future participation in ISSI's equity incentive plans or termination of employment.

### Recommended Guidelines

1. Black-out Period and Recommended Trading Window.

To ensure compliance with this policy and applicable federal and state securities laws, ISSI strongly recommends that all directors, officers and employees having access to ISSI's internal financial statements or other Material Non-public Information refrain from conducting transactions involving the purchase or sale of ISSI's securities other than during the following period (the "Trading Window"):



Trading Window: The period in any fiscal quarter commencing at the close of business on the second Trading Day following the date of public disclosure of the financial results for the prior fiscal quarter or year; and ending on the first calendar day of the third month of the fiscal quarter. If such public disclosure occurs on a Trading Day before the markets close, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

The safest period for trading in ISSI's securities, assuming the absence of Material Non-public Information, is generally the first ten Trading Days of the Trading Window. Periods outside of the Trading Window (i.e., the last month of each fiscal quarter and the period of time from the end of such quarter until the public disclosure of quarterly results) are particularly sensitive periods of time for transactions in ISSI's stock from the perspective of compliance with applicable securities laws. This is due to the fact that officers, directors and certain other employees will, as any quarter progresses, be increasingly likely to possess Material Non-public Information about the expected financial results for the quarter.

The purpose behind the recommended Trading Window is to help establish a diligent effort to avoid any improper transactions or the appearance of any improper transactions. An Insider may choose not to follow this suggestion, but he or she should be particularly careful with respect to trading outside the Trading Window, since the Insider may, at such time, have access to (or later be deemed to have had access to) Material Non-public Information regarding, among other things, ISSI's anticipated financial performance for the quarter.

It should be noted that even during the Trading Window any person possessing Material Non-public Information concerning ISSI should not engage in any transactions in ISSI's securities until such information has been known publicly for at least two Trading Days. Although ISSI may from time to time recommend during a Trading Window that directors, officers, selected employees and others suspend trading because of developments known to ISSI and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in ISSI's securities during the Trading Window should not be considered a "safe harbor", and all directors, officers and other persons should use good judgment at all times.

From time to time, ISSI may also recommend that directors, officers, selected employees and others suspend trading because of developments known to ISSI and not yet disclosed to the public. In such event, each person is advised not to engage in any transaction involving the purchase or sale of ISSI's securities during such period and should not disclose to others the fact of such suspension of trading.

2. Pre-clearance of Trades. ISSI has determined that all officers, directors and certain other employees of ISSI should refrain from trading in ISSI's securities, even during the Trading Window, without first complying with ISSI's "pre-clearance" process. Each officer, director or other restricted person should contact ISSI's Insider Trading Compliance Officer prior to initiating any purchase or sale of ISSI's securities. ISSI may also find it necessary, from time to time, to require compliance with the preclearance process from other employees, consultants and contractors.

3. Individual Responsibility. Every officer, director and employee has the individual responsibility to comply with this policy against insider trading, regardless of whether ISSI has recommended a Trading Window to that Insider or any other Insiders of ISSI. The guidelines set forth in this policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in ISSI's securities.



An Insider may, from time to time, have to forego a proposed transaction in ISSI's securities even if he or she planned to make the transaction before learning of the Material Non-public Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

#### Applicability of Policy to Inside Information Regarding Other Companies

This policy and the guidelines described herein also apply to Material Non-public Information regarding to other companies, including ISSI's customers, vendors or suppliers ("business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of, ISSI. Civil and criminal penalties, and termination of employment may result from trading on inside information regarding ISSI's business partners. All employees should treat Material Non-public Information about ISSI's business partners with the same care as is required with respect to information relating directly to ISSI.

#### Additional Information – Directors and Officers 16B

Directors and certain officers of ISSI must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended. The practical effect of these provisions is that officers and directors who purchase and sell ISSI's securities within a six (6) month period must forfeit all profits to ISSI whether or not they had knowledge of any Material Non-public Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option under ISSI's option plans, nor the exercise of that option, is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16. Moreover, no officer or director may ever make a short sale of ISSI's stock. ISSI has provided, or will provide, separate memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16 and its related rules.



## VI. CONFIDENTIAL ALERT

Through a third-party resource, ISSI has designed a communication system that enables any employee to send a confidential email to ISSI executive officers and the ISSI Board of Directors Audit Committee. This policy is to cover serious concerns that could have a large impact on ISSI, including actions that:

- a. may lead to incorrect financial reporting;
- b. improper revenue recognition;
- c. are unlawful;
- d. are not in line with company policy; or
- e. otherwise amount to serious improper conduct.

### Procedures:

#### A. Responsibilities of Audit Committee with respect to specified complaints

1. The Audit Committee shall receive, retain, investigate and act on complaints and concerns of employees regarding questionable accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Company's accounting policies (an "Accounting Allegation").
2. At the discretion of the Audit Committee, responsibilities of the Audit Committee created by these procedures may be delegated to any member of the Audit Committee. .

#### B. Responsibilities of Management

1. It is the management's responsibility to report suspected fraudulent or dishonest conduct. In addition, management is responsible for maintaining a system of management controls, which detect and deter fraudulent or dishonest conduct.
2. To exercise appropriate judgment in determining if matters are appropriate for referral or reporting and to maintain documentation of such reporting.
3. To ensure that employees are aware of and comply with this policy.
4. To ensure that no employees who report in good faith a violation of business conduct shall suffer harassment, retaliation, or adverse employment consequence.

#### C. Considerations Relative to Whether the Audit Committee or Management Should Investigate an Accounting Allegation.

In determining whether management or the Audit Committee should investigate an Accounting Allegation, the Audit Committee shall consider, among other factors that are appropriate under the circumstances, the following:

1. Who is the alleged wrongdoer? If an executive officer, senior financial officer or other high management official is alleged to have engaged in wrongdoing, that factor alone may mitigate in favor of the Audit Committee conducting the investigation.

2. How serious is the alleged wrongdoing? The more serious the alleged wrongdoing, the more appropriate that the Audit Committee should undertake the investigation. If the alleged wrongdoing would constitute a crime involving the integrity of the financial statements of the Company, that factor alone may mitigate in favor of the Audit Committee conducting the investigation.



3. How credible is the allegation of wrongdoing? The more credible the allegation, the more appropriate that the Audit Committee should undertake the investigation. In assessing credibility, the Audit Committee should consider all facts surrounding the allegation, including but not limited to whether similar allegations have been made in the press or by analysts.

D. Protection of Whistleblowers

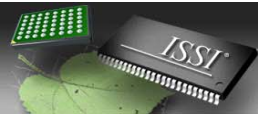
Consistent with the policies of ISSI, the Audit Committee shall not retaliate, and shall not tolerate any retaliation by management or any other person or group, directly or indirectly, against anyone who, in good faith, makes an Accounting Allegation or provides assistance to the Audit Committee, management or any other person or group, including governmental, regulatory or law enforcement body, investigating an Accounting Allegation. The Audit Committee shall not reveal the identity of any person who makes a good faith Accounting Allegation and who asks that his or her identity as the person who made such Accounting Allegation remain confidential and shall not make any effort, or tolerate any effort made by any other person or group, to ascertain the identity of any person who makes a good faith Accounting Allegation anonymously.

E. The Audit Committee shall retain for a period of seven years all records relating to any Accounting Allegation and to the investigation of any such Accounting Allegation.

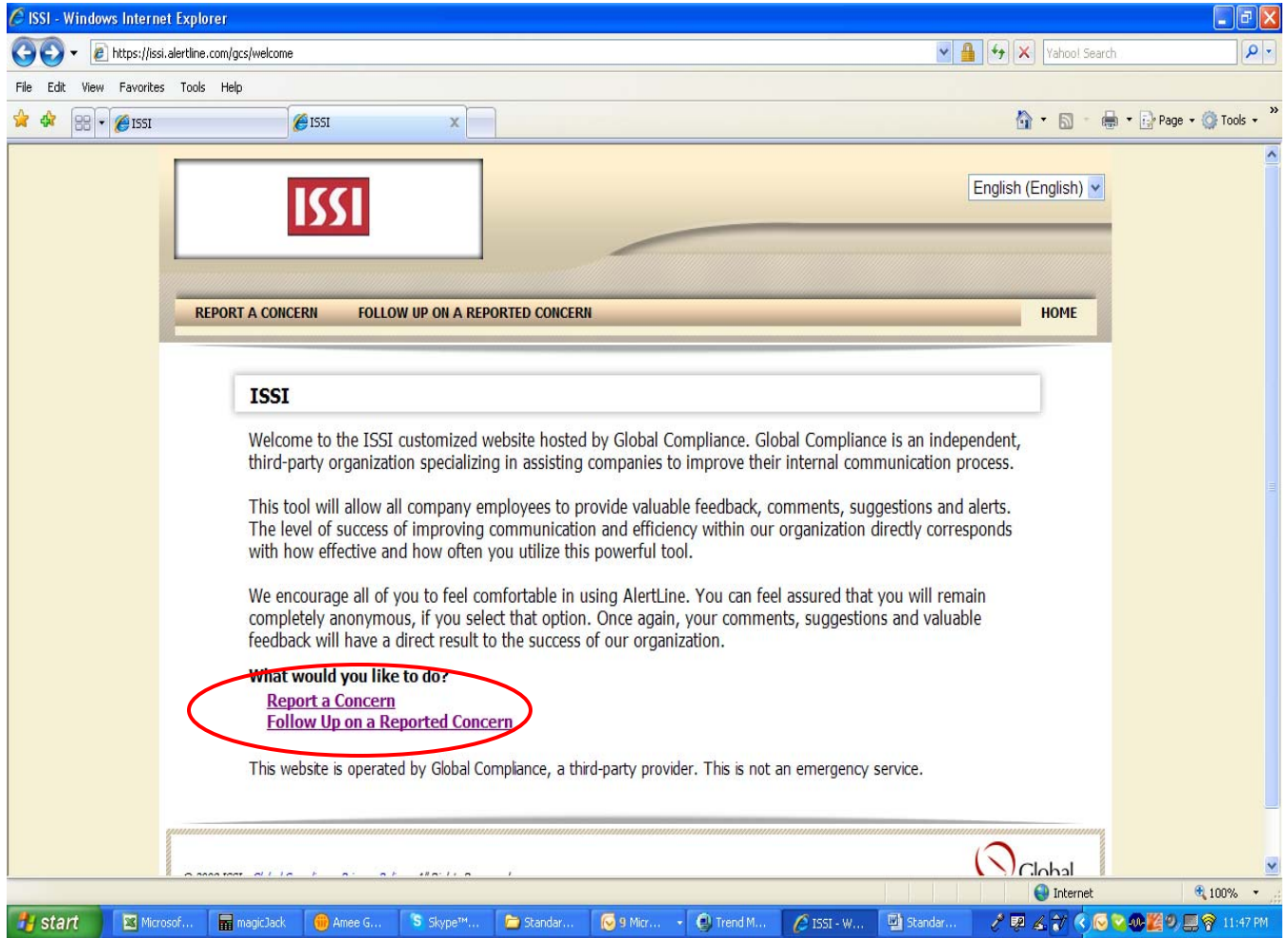
F. Procedures for Making Complaints

In addition to any other avenue available to an employee, any employee may report to the Audit Committee openly, confidentially or anonymously any Accounting Allegation. Accounting Allegations can be made in writing to <https://issi.alertline.com>. For first time users, you need to create a user profile by going through the steps in <https://issi.alertline.com> (please refer to appendix 1 for instruction).

This site will allow you to register and voice your concern. Alternatively, you can contact the company designated compliance officer at [complianceofficer@issi.com](mailto:complianceofficer@issi.com). The information will get to the necessary people at ISSI for the review process to begin. ISSI will diligently investigate and take actions as appropriate.



**Appendix 1 – Instruction on how to get started in Global Compliance**





To report a concern:

ISSI - Windows Internet Explorer

https://issi.alertline.com/gcs/overview

File Edit View Favorites Tools Help

ISSI

REPORT A CONCERN FOLLOW UP ON A REPORTED CONCERN HOME

Overview Your Concern Your Information Confirmation

### Overview

The process for reporting a concern is simple:

1. First, tell us what happened. You will be asked a series of questions regarding your concern.
2. Next, tell us how we can contact you regarding this concern. If you do not want to provide your name, we can communicate with you through this website.
3. When you submit your report, you will be given a Report Number and a Personal Identification Number (PIN) and instructions for using this website to follow up on your report.

#### Terms and Conditions

To continue, please read the [Terms and Conditions](#):

\*  Yes - I agree to the [Terms and Conditions](#) of making this report.

Next

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Global Compliance

Done

start Microsoft... magicJack Amee G... Skype™... Standar... 9 Micro... Trend Mi... ISSI - Wi... Standar... Internet 100% 12:15 AM



To follow up on a concern:

The screenshot shows a web browser window titled "ISSI - Windows Internet Explorer" with the address bar displaying "https://issi.alertline.com/gcs/followup". The page features the ISSI logo at the top left and a navigation menu with three items: "REPORT A CONCERN", "FOLLOW UP ON A REPORTED CONCERN" (which is highlighted), and "HOME".

The main content area is titled "Follow Up on a Reported Concern" and contains the following text: "To follow up on an existing report, please enter the Report Number and Personal Identification Number (PIN) or Password provided to you when you reported your concern." Below this text are two input fields: "Report Number" and "PIN / Password". Under the "Report Number" field, there are two examples: "ISI-01-01-0001" and "0ad5e251-568a-9043". A black "Continue" button is positioned below the input fields.

At the bottom of the page, there is a footer with the text "© 2009 ISSI • [Global Compliance Privacy Policy](#) • All Rights Reserved" and the "Global Compliance" logo on the right. The Windows taskbar at the bottom shows the start button and several open applications, including Microsoft Office, magicJack, Amee G..., Skype, Standar..., 9 Micro..., Trend Mi..., and ISSI - Wi... The system clock shows 12:16 AM.



## VII. Q & A

### Questions and Answers

- Q: Through my job at ISSI, I have become aware of confidential financial information received from one of the Company's customers that indicates the customer is in better financial condition than most people realize. I wish to purchase the customer's stock. May I do so?
- A: No. Information of this sort may have been provided to ISSI in confidence by the customer. Using this information for personal purposes or disclosing it to others is a violation of that confidence, a violation of Company policy and, depending on the circumstances under which such information was provided to you, may be a violation of the U.S. securities laws.
- Q: I have become aware that a large order for the Company's products has been placed by a customer, but has not yet been announced. May I purchase ISSI stock based on that information?
- A: No. This is a violation of Company policy and, assuming the order will have a material impact on ISSI's stock, it is also a violation of U.S. securities laws. You may purchase Company stock only after such an announcement is made public.
- Q: I will be attending a trade association meeting next month, I am interested in determining ISSI's chances for receiving a contract award and would like to discuss this with other bidders who will be there. Is that all right?
- A: No. You should not discuss bids, terms of contracts or similar proprietary business information with employees of competing firms. This might give others an unfair advantage, and it could lead to antitrust charges.
- Q: I am at a trade association meeting. During the meeting, attendees begin to discuss the state of the market and where people expect prices to go. Is it all right for me to participate in this discussion?
- A: No. You should not participate in or remain at a meeting of competitors at which current or future prices or manufacturing costs are discussed.
- Q: Does the ISSI Standard of Business Conduct apply to consultants?
- A: Yes. Consultants hired by the Company are required to adhere to the same standards as ISSI employees. Managers should communicate these standards to the consultants.
- Q: Does the ISSI Standard of Business Conduct apply to overseas employees?
- A: Yes. The Standard of Business Conduct is applicable to all ISSI employees worldwide.
- Q: I have been told that in some countries it is necessary to pay, or in some way "take care of", an official for the purpose of obtaining business. Is this permitted, especially since I understand the country in which we will make the sale has no laws precluding such activity?
- A: No. ISSI Policy and the U.S. Foreign Corrupt Practices Act prohibit the giving of money or anything of value to a foreign official for the purpose of influencing a foreign official even though it may be a local practice or custom. Limited payments, sometimes called facilitating payments, may be made, to expedite or secure performance of routing government action but the rules are complicated. Check with the CFO before making a questionable payment.
- Q: ISSI received an order from a country that has imposed an economic boycott on another country. May I accept the order?
- A: No. Accepting this order would subject ISSI to criminal and tax sanctions. It is ISSI's policy to comply with antiboycott provisions of the U.S. law. The division should immediately seek the CFO's advice before proceeding.



Q: How does the Foreign Corrupt Practices Act (FCPA) affect me?

A: The FCPA affects those ISSI employees who travel internationally or who deal with representatives of foreign governments. Generally, the FCPA prohibits U.S. companies' employees and their agents from offering or providing anything of value, directly or indirectly, to a government official for the purpose of getting or maintaining business. If you travel internationally or deal with representatives of foreign governments, you must be aware of and fully comply with the FCPA.

Q: A high-level group of government officials is making a goodwill tour of ISSI facilities, I wish to give them a memento as a small token of the visit. Is this against Company policy?

A: If the memento has a retail value of less than \$25.00, or in the case of souvenirs or ceremonial mementos of nominal value, it is acceptable as a business courtesy to present such memento.

Q: May I accept a business meal from a supplier representative?

A: In most circumstances, modest, and infrequent business meals may be accepted. On other occasions, it may be more appropriate for ISSI or the employee to pay for the meal. However, whenever a vendor pays for a meal, always consider the specific circumstances and whether your impartiality could be compromised or appear to others to be compromised.

Q: May I accept free tickets to a trade show from a vendor?

A: Yes. It would be appropriate to accept, as long as the vendor is providing tickets to all customers, your attendance at the trade show would benefit ISSI and ISSI is not being given special treatment.

Q: I am responsible for selection and bookings of hotel reservations for ISSI meetings. Is it all right for me on occasion to ask the hotel manager for a complimentary room for my personal use?

A: No. You are prohibited from soliciting gifts from suppliers and your solicitation using your position to obtain preferential treatment could affect your impartiality.

Q: If a representative of a supplier, vendor or customer presents me with a pen as a token of appreciation, may I accept it?

A: As long as the item is of nominal value, is widely available to others under similar circumstances and your Manager allows you to accept such business courtesies, you may keep it. If the item does not meet these criteria, politely return it to the donor.

Q: A golf tournament is being sponsored by a vendor. The cost of the tournament is \$75, but almost every entrant will receive a prize in excess of the entry fee. May I play and keep any prize I might win?

A: Before you participate in such an event, you should obtain your Manager's approval.

Q: I attended a seminar at the Company's expense and won a door prize worth \$1000. Three hundred people attended and only four door prizes were available. May I keep it?

A: The random selection of the prize winner helps avoid any appearance that the Company business decisions may be influenced. However, you should consult with your manager if you have any questions.

Q: I received an apparently expensive basket of fruit from a vendor for a Christmas present. I did not solicit the gift. What should I do?

A: First, your Manager should be informed that the gift was received. In the case of a gift or food, an appropriate use would be placing it out in the department so that everyone can share in it, or it can be given to a charitable organization.

Q: I work at an ISSI international location and a supplier has offered me two tickets to a World Cup Soccer match. May I accept the tickets?

A: No, because a ticket to a World Cup soccer match is not of nominal value. Acceptance of the tickets would violate Company rules.



- Q: I have access to an ISSI computer that provides internal (e.g. email) and external (e.g. Internet) communications. Do the ISSI Standards of Business Conduct apply to this area?
- A: Yes. ISSI computing and communications systems must be used consistent with ISSI policy. It is important to apply the same care and sensitivity to electronic communications that is appropriate for written forms of internal and external communication. Access capabilities (e.g. passwords) must be carefully protected.
- Q: I have access to a company vehicle that is not currently being used and I want to use it to move my furniture to a new apartment. I plan to pay for the gasoline I use. Is this in violation of Company policy?
- A: Yes. It is a violation of Company policy to use ISSI property for personal purposes.
- Q: I am active in community affairs and volunteer my time and effort to such activities. May I use Company equipment pertaining to these activities?
- A: While the Company encourages community affairs, it would be a violation of Company policy to use Company property for such purposes, unless your Manager has approved such use in advance.
- Q: The Company Travel policy has suggested an approved hotel that is convenient to where I need to stay. Can I refuse this hotel to stay at an alternate hotel where I earn frequent traveler benefits?
- A: Yes. But only if the alternate choice is an approved hotel and the cost is the same or less. ISSI allows employees to benefit from frequent flyer programs, as long as the employee follows ISSI's policy which requires that approved hotels be used whenever possible.
- Q: Is it all right for me to use my office computer after business hours for related outside courses?
- A: Possibly. The correct answer depends on a case-by-case review of the situation. Always ask your Manager first.
- Q: I am an Engineering Manager and want to start an internet business whose target customers will be individuals and not businesses that have any relationship with ISSI. Is this a conflict of interest under ISSI Policy?
- A: If you do not use Company resources or time to solicit sales from your fellow employees, your participation in the business is accomplished outside of your normal work hours and does not adversely impact ISSI or your ability to do your job; this would not be a conflict of interest. You should, however, review the matter with your Manager before starting this activity.
- Q: Can an employee teach a course at a local university for pay?
- A: Yes. It is permissible for employees at any level to teach at educational institutions with the advance, written approval of his/her manager.
- Q: Can an engineer in, on his or her own time and without using any Company equipment, utilize engineering knowledge and skills to design, develop and market for profit a product or service that does not compete with ISSI products or services?
- A: If the engineer is not a director level employee and so long as no Company resources and time are used, such activity is permissible.
- Q: A Manager, whose wife owns a consulting firm, needs to select a consultant paid for by the Company. Can he pick his wife's consulting firm if the cost is comparable to alternative firms?
- A: In general, this would not be considered a good practice. Even the perception of favoritism should be avoided. In any event, the Manager should discuss the matter with, and seek the approval of, upper Management before any decision is made.



## VIII. CONCLUSION

We each have an obligation to represent ISSI with unwavering integrity. This is a personal responsibility and we are each accountable for our individual actions. No illegal or unethical act can be justified by claiming it was encouraged or ordered by someone else. Remember that we always have options and resources.

If you are a Manager, you have special responsibilities. You must set an example and you are expected to act on any notice you receive.

While the Standard of Business Conduct cannot anticipate every situation that might arise in your business life at ISSI, applying the principles supporting it can help us make the right decisions in most cases. When you need additional guidance or support, the Standards of Business Conduct informs you where you can seek help.

### Ask Before Acting

- Is it legal?
- Does it follow Company policy?
- Is it the right thing to do?
- How would it be perceived by our clients, the media, our communities?

### Remember These Rules:

- Know the legal and Company standards that apply to your position
- Never fail to follow these standards
- If you are unsure, ask someone who knows

### Acknowledgement:

Approximately every 18 to 24 months we will require each person subject to this Standard of Business Conduct to certify that they have received and read the Standards of Business Conduct, that they understand it, and that they agree to adhere to it during their employment with or service to ISSI.

ISSI appreciates your continuing support of these Standards of Business Conduct and your contribution to our success.