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INTEGRATED SILICON SOLUTION, INC.

**CHARTER OF THE AUDIT COMMITTEE**

**OF THE**

**BOARD OF DIRECTORS**

**OF**

**INTEGRATED SILICON SOLUTION, INC.**

**Approved by ISSI's BOD on December 17, 2014**

**PURPOSE:**

The purpose of the Audit Committee of the Board of Directors (the "Committee") of Integrated Silicon Solution, Inc. (the "Company") shall be:

- To be responsible for the appointment, compensation, retention and oversight of the Company's independent auditors;
- To provide oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company's accounting and financial reporting process and internal controls;
- To provide the Company's Board of Directors with the results of its monitoring and recommendations derived therefrom;
- To provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial and accounting matters that require the attention of the Board of Directors; and
- The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

**MEMBERSHIP:**

The Committee members will be appointed annually by, and will serve at the discretion of, the Board of Directors and will consist of at least three members of the Board of Directors. The members will meet the following criteria:

- Each member will be an independent director, in accordance with the audit committee requirements of the Nasdaq listing standards ("Nasdaq") and the Securities and Exchange Commission ("SEC"), as determined by the Company's Board of Directors;
- Each member will be able to read and understand fundamental financial statements, in accordance with the requirements of Nasdaq and the SEC;
- At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities; and
- At least one member shall qualify as an "audit committee financial expert" as defined by SEC rules and regulations and as determined by the Company's Board of Directors.

**POWERS:**

The Committee shall have the power to:

- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities; and
- Engage independent counsel and other advisers, as it determines necessary to carry out its duties, and to determine the appropriate funding level for such activities.

**RESPONSIBILITIES:**

The responsibilities of the Committee shall include:

- The appointment, compensation, retention and oversight of the Company's independent auditors;
- Providing oversight and monitoring of Company management and their activities with respect to the Company's financial reporting process, accounting policies, tax matters, disclosure controls and procedures and internal controls;
- The pre-approval of all audit and audit related services and non-audit services provided by the independent auditors to the Company, as required under applicable law and Nasdaq and SEC rules and regulations. The Committee may delegate to one or more designated Committee members the authority to grant preapprovals required by the foregoing sentence. The decisions of any Committee member to whom authority is delegated hereunder shall be presented to the Committee at its next scheduled meeting;
- Reviewing the independent auditors' proposed audit scope and approach;
- Periodically and to the extent appropriate under the circumstances, it may be advisable for the Committee, with the assistance of the independent auditors, Internal Audit, and/or management, to consider and review the following:
  - Any significant changes required in the independent auditors' audit plan.
  - The effect or potential effect of any accounting initiatives or similar accounting developments on the Company's financial statements.
  - Any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
  - Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards, applicable law and Nasdaq and/or SEC rules and regulations.
- Reviewing the performance of the independent auditors, who shall be accountable to the Audit

Committee;

- Reviewing the independence of the independent auditors, including a review of the services provided by the independent auditors and related fees, consistent with applicable laws and Nasdaq and SEC rules and regulations. Requesting from the independent auditors of a formal written statement delineating all relationships between the auditor and the Company, consistent with applicable accounting standards, and engaging in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
- Obtaining from the independent auditor assurance that it has complied with Section 10A of the Securities Exchange Act of 1934;
- Monitoring partner rotation of the Company's independent auditors and hiring of former employees of the Company's independent auditors in accordance with applicable laws and Nasdaq and SEC rules and regulations;
- Monitoring the Company's independent auditors compliance with records retention requirements in accordance with applicable laws and Nasdaq and SEC rules and regulations;
- Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Discussing with the Company's independent auditors the matters required to be discussed by Statement on Accounting Standard No. 61 and Auditing Standard No.16, Communications with Audit Committees , as it may be modified or supplemented;
- In consultation with the independent auditors, Internal Audit, and management, consider and review at the completion of the annual examinations and such other times as the Committee may deem appropriate:
  - The Company's annual financial statements and related notes.
  - The independent auditors' audit of the financial statements and their report thereon.
  - The independent auditors' report regarding critical accounting policies, alternative treatments of financial information and other material written communications between the independent auditors and management as defined under applicable law and the rules and regulations of Nasdaq and the SEC.
  - Whether the Company has entered into any "off-balance sheet transactions" as defined by applicable SEC rules and regulations;
  - Any deficiency in, or suggested improvement to, the procedures or practices employed by the Company as reported by the independent auditors in their annual management letter;

and

- Resolve disagreements, if any, between management and the auditor regarding financial reporting matters.
- Reviewing and discussing with management, before filing with the SEC, the audited financial statements and Management's Discussion and Analysis in the Company's Annual Report on Form 10-K. Making a recommendation to the Board of Directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;
- Overseeing the activities of the Company's disclosure committee;
- Reviewing and discussing with management, before release, the unaudited interim financial results in the Company's quarterly earnings releases;

Reviewing and discussing with management any significant regulatory examination reports related to financial and accounting matters including SEC comment letters, and responses thereto;

- Overseeing the Company's internal audit function;
- Reviewing, on a regular basis, the adequacy of the Company's system of internal controls, including meeting periodically with the Company's management and the independent auditors to review the adequacy of such controls, and any special audit steps adopted in light of material control deficiencies, and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company's periodic filings and the attestations or reports by the independent auditors relating to such disclosure;
- Overseeing compliance with the requirements of the SEC for disclosure of independent auditor's services and audit committee members and activities;
- To the extent required by applicable SEC or Nasdaq rules, establish and enforce procedures to promote and protect employee reporting of (i) suspected fraud or wrongdoing relating to accounting, auditing or financial reporting matters and (ii) complaints and concerns regarding a violation of the federal securities laws, including procedures for:
  - Receiving, retaining and addressing complaints received by the Company relating to such matters.
  - Enabling employees to submit to the Committee, on a confidential and anonymous basis, any concerns regarding such matters; and

- Protecting reporting employees from retaliation.
- Reviewing management's monitoring of compliance with the Company's code of conduct;
- Reviewing and approving all related party transactions as required by applicable laws and Nasdaq and SEC rules and regulations;
- Providing the Audit Committee Report in the Company's proxy statement as required by Item 306 of Regulation S-K, as well as the additional disclosures required by Item 7(d)(3) of Schedule 14A;
- Reviewing the Committee's own structure, processes and membership requirements;
- Reviewing and assessing the adequacy of this Charter at least annually; and
- Performing such other duties as may be requested by the Board of Directors.

#### **MEETINGS:**

The Committee will meet at least quarterly during each fiscal year, or more frequently as circumstances dictate. All Committee members are expected to attend at least 75% of all Board and Audit Committee meetings, in person or via telephone or video conference. The committee shall invite members of management, the independent auditors, Internal Audit, or others to attend meetings and provide pertinent information, as necessary.

The Committee will hold private meetings with the independent auditors, Internal Audit as well as members of the Company's management, as it deems appropriate in order to review the financial matters of the Company.

#### **MINUTES:**

Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate meeting materials (if applicable). The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

#### **COMPENSATION:**

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof.