

# **INTEGRATED SILICON SOLUTION, INC.**

## **CORPORATE GOVERNANCE PRINCIPLES**

**Effective January 9, 2015**

These principles have been adopted by the Board of Directors (the "Board") of Integrated Silicon Solution, Inc. (the "Company") for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company.

### **1. Role of the Board**

The primary role of the Board of Directors at the Company is to oversee management by monitoring the performance of the chief executive officer (CEO) and other senior management with the objective of building long-term sustainable growth in stockholder value. The Directors provide oversight in the formulation of the long term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board oversees and reviews the standards and policies designed and implemented by senior management to ensure that the employees and other constituents of the Company are committed to achieving corporate objectives through high standards of responsible conduct and ethical behavior, transparency and compliance with legal requirements.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long term value of the company for the benefit of stockholders. The Board and management also recognize that creating long term enterprise value may be advanced by considering the interests and concerns of other stakeholders, including the Company's employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The Directors know their position requires them to ask questions of management and outside advisors. The Directors also rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Company's expense if they feel it is appropriate.

### **2. Selection of Chairman of the Board; Lead Independent Director**

The Board shall fill the Chairman of the Board (Chairman) position based upon the Board's view of what is in the best interests of the Company at any point in time. Both independent and management directors, including the CEO, are eligible for appointment as the Chair. Currently, the Board separates the Chairman and CEO positions. The Chair, or if the Chair is not an independent director, one of the independent directors, may be designated by the Board to be the "lead independent director." The lead independent director shall periodically schedule or conduct separate meetings of the independent directors, which shall be no less frequent than once per year, and may perform various other duties.

### **3. Responsibilities of the Chairman**

The principal responsibilities of the Chairman are to consult with the CEO regarding any major decisions that impact the objective of building long-term sustainable growth in stockholder value, providing input to the agenda and schedule for meetings of the Board, preside at meetings of the Board, and act as principal liaison between the Directors and the CEO on major issues and strategy. If the Chairman is also an executive officer of the Company, he or she shall have such other appropriate duties related to such position including having a lead role in formulating the long term strategic goals of the Company. All members of the Board are encouraged to communicate with the Chairman and the CEO.

### **4. Committees**

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating Committee ("Nominating Committee"). The roles of the committees are described in their respective charters. The Board delegates substantial responsibilities to each committee, and each committee should consist solely of independent Directors, as defined by the Nasdaq Stock Market listing rules ("Nasdaq Rules"). The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined by the Board. The Board currently maintains a Strategy Committee. Each committee chairperson, in consultation with committee members, will determine the frequency and length of committee meetings.

### **5. Assignment and Rotation of Committee Members**

Committee members should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, upon recommendation by the Nominating Committee. Composition of the committees of the Board should be reviewed each year to make certain that these committees are operating effectively and have appropriate representation. While each committee member and committee chair is periodically considered for rotation, it is the Board's belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management. In making the decision for rotation of committee membership and chair position, the Board will take into consideration the expertise of the individual committee member and the expertise of the other directors available for these positions.

### **6. Committee Charters**

Each committee shall have its own charter, which will set forth the principles, policies, objectives and responsibilities of the committee. Each committee should review its existing committee charter annually and determine whether any amendments are required. Committee charters shall be within the scope of authority granted by the Board and shall be approved by the Board. The chairperson of each committee, in consultation with appropriate members of management and staff, should develop the annual agenda for the committee as well as the meeting agendas. Any committee of the Board is authorized to engage its own outside advisors at the Company's expense, including legal counsel or other consultants, as required, provided that the committee shall promptly advise the full Board of such engagement.

## **7. Code of Conduct, Conflicts of Interests, Related Party Transactions and Complaints Process**

The Audit Committee shall review the Company's code of business ethics and conduct and recommend changes and amendments to the full Board for approval; and shall consider and review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers including related party transactions. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or any affiliate of the director) has a financial or other material interest.

The Audit Committee shall review and approve in advance any proposed related party transactions (as defined in Item 404 of Regulation S-K) in compliance with Nasdaq Rules and must present material related party transactions to the full Board for approval; review and approve the code of ethics for its senior financial officers; monitor compliance with the Company's code of ethics; and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

## **8. Board Meetings**

The Board shall have no fewer than four regularly scheduled meetings each year at which it reviews and discusses management reports on the performance of the company, its plans and prospects, as well as more immediate issues facing the company. The CEO (in consultation with the Chairman) will set the agenda for each Board meeting. Each Board member is free to suggest inclusion of items on the agenda. A representative from the Company's outside counsel should be available to attend each Board meeting. The Board will review the Company's long-term strategic plans during at least one meeting per year.

The business of the Board should be organized so that the matters subject to Board oversight receive the appropriate attention of the directors. Accordingly, to the extent possible, the relevant information important to the Board's understanding of matters to be discussed at a meeting and the current status of the Company's business should be distributed to the Board a sufficient number of days before the meeting to enable the Directors to read and prepare for the meeting and to conserve appropriate time for Board discussion. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

## **9. Board Attendance and Participation**

Directors are expected to prepare for, attend, and actively participate in all Board and applicable Committee meetings. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

## **10. Regular Attendance of Management at Board Meetings**

It is anticipated that certain members of management (e.g., the Chief Financial Officer and such other members of management as the Board may from time to time request) will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time to provide additional insight into the items being discussed as well as to provide the Board with more exposure to Company management. It is understood that Company personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session.

## **11. Meetings of Independent Directors and with Outside Auditors**

It is the policy of the Board to have separate meeting times for independent directors without management. Such meetings should be held as a part of the four regularly scheduled board meetings and at such other times as requested by an independent director. The Chairman, or lead independent director if the Chairman is not independent, chairs these meetings of the independent Directors. In addition, the Audit Committee should meet with the Company's outside auditors without management present at such times as it deems appropriate, but not less than quarterly.

## **12. Board Access to Company Employees**

Board members should have access to members of management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members. The Directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company.

## **13. Board Compensation Review**

The Nominating Committee should conduct a periodic review of non-employee director compensation. This review will include input from the Company's Human Resources department and/or an independent compensation consultant in order to evaluate director compensation compared to other companies of like size in the industry. Any change in Board compensation will be approved by the full Board.

## **14. Size and Composition of the Board**

The current size of the Board is established in the Company's Bylaws. The size of the Board is reviewed from time to time by the Board and may vary based upon the size and complexity of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members.

As a matter of policy, there should be a majority of independent directors on the Board. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company's business as well as its size, complexity and competitive environment.

## **15. Definition of "Independence" for Directors**

A director shall be considered "independent" for purposes of serving on the Board if he or she meets the criteria for independence established by The Nasdaq Rules and any applicable SEC rules. A director shall be considered "independent" for purposes of serving on a Board committee based on the definition of independence used in that committee's charter, which shall conform to any requirements established for such a committee by The Nasdaq Rules, SEC rules and any other applicable rules.

## **17. Selection of Board Nominees**

The Board will be responsible for the selection of nominees for election or appointment to the Board. The Nominating Committee shall recommend candidates for election to the Board. The Nominating Committee considers nominees recommended by directors, stockholders and others using the same criteria to evaluate all candidates. Candidates for director nominees are evaluated by the

Nominating Committee in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders. The Nominating Committee may engage, if it deems appropriate, a professional search firm to compile a list of potential candidates. The Nominating Committee conducts any appropriate and necessary interviews of the possible candidates and inquiries into their backgrounds and qualifications after considering the function and needs of the Board. The Nominating Committee meets to discuss and consider such candidate's qualifications and then selects a nominee for recommendation to the Board by majority vote.

#### **18. Assessing the Performance of the Board and Board Committees**

The Chairman and the Nominating Committee should annually review the Board's performance. This assessment should focus on areas in which the Board or management believes contributions can be made going forward to increase the effectiveness of the Board. As part of this process Directors will conduct an evaluation to review the progress and effectiveness of the Board and individual director performance and, as may be deemed appropriate from time to time. The results of such assessment shall be communicated to the full Board. In addition, each Board committee should annually review its performance and communicate the results of such review to the full Board.

#### **19. Director Terms**

Except for filling vacancies and adding new Directors, all Directors shall be subject to appointment annually at the annual meeting of stockholders.

#### **20. Directors Whose Responsibilities Change**

A Director whose primary employment status changes materially from the most recent annual meeting when the Director was elected to the Board is expected to notify the Board and offer to submit a letter of resignation to the Board. The Board does not believe that a Director in this circumstance should necessarily leave the Board, but that the Director's continued service should be re-evaluated under the established board membership criteria. Accordingly, upon such event, the Nominating Committee will review the appropriateness of the Director's continued service on the Board and recommend to the Board whether the Director's continued service is appropriate under the new circumstances. The Board shall then decide whether to accept such offer of resignation.

#### **21. Director Continuing Education**

Meetings of the Board shall be designed to provide appropriate background for new Directors. Further, the Company encourages Directors to participate in continuing education programs focused on the business, Company's industry, and legal and ethical responsibilities of board members.

#### **22. Evaluation of the CEO and Other Executive Officers**

The formal evaluation of the CEO and the other executive officers should be made each year by the Directors (excluding the CEO if he or she is also a Director) in the case of the CEO and by the CEO and the Directors (excluding the executive if he or she is also a Director) in the case of the other executive officers. The evaluation of the CEO should be communicated to the CEO by the Chairman.

## **24. Multiple Board Seats.**

To help ensure sufficient time and attention to meet the responsibilities of Board membership, Directors shall not serve on the board of directors of any publicly-traded company without the prior consent of the Nominating Committee. In addition, to help ensure sufficient time and attention to the Company's business, the CEO and other executives shall not serve on the board of directors of any publicly-traded company without the prior consent of the Board. Directors and executive officers must also comply with the conflict of interest provisions of the Company's Code of Business Ethics and Conduct when considering outside directorships.

## **25. Director and Executive Stock Ownership Guidelines**

The Board has adopted stock ownership guidelines for its non-employee Directors in the amount equal to three times the annual cash Board retainer, with a period of five years for each such director to attain these guidelines.

The Board has also adopted stock ownership guidelines for the CEO in the amount equal to three times the CEO's annual base salary, and in the amount of 20,000 shares for each of the Company's other executive officers, with a period of five years for the CEO and each such executive officer to attain these guidelines.

## **26. Succession Planning**

The Board is responsible for CEO succession planning, and in conjunction with the Chairman and the CEO, it shall monitor management's succession plans for other key executive officers. The Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

## **27. Management Development**

In addition to its responsibilities related to executive succession planning, the Board shall confer with the CEO to encourage management's employee development programs.

## **28. Financial Reporting, Legal Compliance and Ethical Conduct**

The Board's governance and oversight functions do not relieve the Company's executive management of the primary responsibility for preparing financial statements which accurately and fairly present the Company's financial results and condition. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

## **29. Board Interaction with Investors and the Press**

The Board believes that designated members of senior management are the appropriate spokespersons for the Company. The Chairman and other individual Board members may, from time to time, meet or otherwise communicate with stockholders and other stakeholders, but it is expected that Board members would generally only do this with knowledge of management and, in most instances, only at the request of management.

### **30. Periodic Review of Guidelines**

The Nominating Committee and the Board should review these guidelines no less frequently than annually.