

Exar Corporation
Supplier Principles

Exar is committed to ensuring that those involved in our supply chain act in a lawful and ethical manner. We expect our suppliers, in all of their activities, to operate in full compliance with the laws, rules and regulations of the countries in which they operate. These Supplier Principles (these “Principles”) go further, to encourage our suppliers conduct their business relationships with Exar with the same professional and ethical standards we require of our employees.

These Principles are modeled on and contain language from the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, which establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity and that business operations are environmentally responsible. These Principles also set forth guidance on additional topics relating to Exar’s relationship with our suppliers, including on key areas such as insider trading, financial integrity, export laws and other matters.

Exar expects all suppliers to abide by these Principles, and we will actively evaluate compliance with these Principles to ensure sound business practices in our supply chain.

For purposes of these Principles, “supplier” means any company, corporation or other entity that sells, or seeks to sell, goods or services to Exar, including such entity’s employees, agents and other representatives. Exar expects our direct suppliers to ensure their next tier suppliers abide by these Principles as well.

Compliance with Laws. We expect suppliers to comply with all applicable laws, regulations and directives of the countries and regions in which it operates. Suppliers should ensure their employees receive adequate information and training in relation to all relevant legal, regulatory and internal requirements that apply to their jobs.

Labor and Human Rights. We expect suppliers to uphold the human rights of workers, and treat them with dignity and respect as understood by the international community.

- *Freely Chosen Employment.* Suppliers should not use any forced, bonded or indentured labor or involuntary prison labor. All work should be voluntary, and workers should be free to leave upon reasonable notice. Workers should not be required to hand over government-issued identification, passports or work permits as a condition of employment.
- *Child Labor Avoidance.* Child labor is strictly prohibited. As used here, the term “child” refers to any person under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is permitted. Workers under the age of 18 should not perform work that is likely to jeopardize the health or safety of young workers.
- *Working Hours.* Workweeks should not exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers should be allowed at least one day off per seven-day week.
- *Wages and Benefits.* Compensation paid to workers should comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In

Exar Corporation
Supplier Principles

compliance with local laws, workers should be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure should not be permitted. The basis on which workers are being paid should be provided in a timely manner via pay stub or similar documentation.

- *Humane Treatment.* We expect suppliers to be committed to a workplace free of harsh or inhumane treatment, and that the supplier's disciplinary policies and procedures be clearly defined and communicated to workers. Suppliers should not threaten workers with or subject them to any harsh or inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers.
- *Non-Discrimination.* We expect suppliers to be committed to a workforce free of harassment and unlawful discrimination. Suppliers should not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.
- *Freedom of Association.* We expect suppliers to respect the rights of workers to associate freely, join or not join labor unions, seek representation, join workers' councils in accordance with local laws. Workers should be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

Health and Safety. Exar recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. As a result, we expect suppliers to be committed to creating safe working conditions and a healthy work environment for all of their workers.

- *Occupational Safety.* Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) should be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers should be provided with appropriate, well-maintained, personal protective equipment. Workers should not be disciplined for raising safety concerns.
- *Emergency Preparedness.* Emergency situations and events should be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- *Occupational Injury and Illness.* Procedures and systems should be in place to prevent, manage, track and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and e) facilitate return of workers to work.
- *Industrial Hygiene.* Worker exposure to chemical, biological and physical agents should be identified, evaluated, and controlled. Engineering or administrative controls should be used to

Exar Corporation
Supplier Principles

control overexposures. When hazards cannot be adequately controlled by such means, worker health should be protected by appropriate personal protective equipment programs.

- *Physically Demanding Work.* Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks should be identified, evaluated and controlled.
- *Machine Safeguarding.* Production and other machinery should be evaluated for safety hazards. Physical guards, interlocks and barriers should be provided and properly maintained where machinery presents an injury hazard to workers.
- *Sanitation, Food, and Housing.* Workers should be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by suppliers or a labor agent should be maintained clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, and adequate heat and ventilation and reasonable personal space along with reasonable entry and exit privileges.

Environmental. Exar recognizes that environmental responsibility is integral to producing world class products. Therefore, we expect that, in manufacturing operations, adverse effects on the community, environment and natural resources should be minimized while safeguarding the health and safety of the public. We expect suppliers to be committed to reducing the environmental impact of their designs, manufacturing processes and waste emissions.

- *Environmental Permits and Reporting.* All required environmental permits (e.g. discharge monitoring), approvals and registrations should be obtained, maintained and kept current and their operational and reporting requirements should be followed.
- *Pollution Prevention and Resource Reduction.* Waste of all types, including water and energy, should be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.
- *Hazardous Substances.* Chemical and other materials posing a hazard if released to the environment should be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.
- *Wastewater and Solid Waste.* Wastewater and solid waste generated from operations, industrial processes and sanitation facilities should be characterized, monitored, controlled and treated as required prior to discharge or disposal.
- *Air Emissions.* Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations should be characterized, monitored, controlled and treated as required prior to discharge.
- *Product Content Restrictions.* We expect suppliers to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.
- *Conflict Minerals.* Suppliers should not to incorporate conflict minerals within items delivered to Exar. Conflict minerals are gold, tin, tantalum and tungsten from conflict mines in and around the Democratic Republic of the Congo. Suppliers should implement a conflict minerals policy that prohibits the purchase and use of conflict minerals.

Exar Corporation
Supplier Principles

Management Systems. We expect suppliers will adopt or establish a management system whose scope is related to the content of these Principles. The management system should be designed to ensure (a) compliance with applicable laws, regulations and customer requirements related to the participant's operations and products; (b) conformance with these Principles; and (c) identification and mitigation of operational risks related to these Principles. It should also facilitate continual improvement. The management system should contain the following elements:

- *Company Commitment.* Corporate social and environmental responsibility policy statements affirming supplier's commitment to compliance and continual improvement, endorsed by executive management and posted in the primary local language at all of the supplier's worksites.
- *Management Accountability and Responsibility.* Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the management systems and associated programs.
- *Legal and Customer Requirements.* Processes to identify, monitor and understand applicable laws, regulations and customer requirements.
- *Risk Assessment and Risk Management.* Processes to identify the environmental, health and safety and labor practice and ethics risks associated with supplier's operations, including determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.
- *Improvement Objectives.* Written performance objectives, targets and implementation plans to improve supplier's social and environmental performance, including a periodic assessment of supplier's performance in achieving those objectives.
- *Training.* Programs for training managers and workers to implement supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.
- *Communication.* Processes for communicating clear and accurate information about supplier's policies, practices, expectations and performance to workers, suppliers and customers.
- *Worker Feedback and Participation.* Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by these Principles and to foster continuous improvement.
- *Audits and Assessments.* Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of these Principles and customer contractual requirements related to social and environmental responsibility.
- *Corrective Action Process.* Processes for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.
- *Documentation and Records.* Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

Ethics. To meet social responsibilities and to achieve success in the marketplace, we expect suppliers and their agents to uphold the highest standards of ethics including:

Exar Corporation
Supplier Principles

- *Business Integrity.* The highest standards of integrity are expected in all business interactions. Suppliers should prohibit any and all forms of corruption, extortion and embezzlement. Monitoring and enforcement procedures should be implemented to ensure conformance.
- *No Improper Advantage.* Bribes or other means of obtaining undue or improper advantage should not be offered or accepted.
- *Disclosure of Information.* Information regarding business activities, structure, financial situation and performance should be disclosed in accordance with applicable regulations and prevailing industry practices.
- *Intellectual Property.* Intellectual property rights should be respected; transfer of technology and know-how should be done in a manner that protects intellectual property rights.
- *Fair Business, Advertising and Competition.* Standards of fair business, advertising and competition should be upheld. Appropriate means to safeguard customer information should be available.
- *Protection of Identity.* Programs that ensure the confidentiality and protection of supplier and employee whistleblower should be maintained.

Other Matters.

- *Insider Trading.* Suppliers are expected to comply fully with all applicable United States and foreign insider trading and securities laws governing transactions in Exar securities. Suppliers expose themselves to civil and criminal liability if they or members of their immediate family trade in securities while in possession of inside information or if they provide any person or entity with such information for their use in securities trading.
- *Improper Payments.* Suppliers are expected to comply fully with the United States Foreign Corrupt Practices Act (the "FCPA") and any applicable local anti-bribery or anti-corruption laws. Suppliers should not make or promise to make corrupt payments of money or anything of value, directly or indirectly, to any government or public international organization officials, political parties, or candidates for political office, or any company director, officer, employee, or agent of a commercial customer or supplier, for the purpose of obtaining or retaining business or securing any improper advantage. Further, suppliers should not participate in any economic boycott not sanctioned by the United States Government or provide information that could be construed to support any such unsanctioned boycotts.
- *Financial Integrity.* Suppliers should accurately document all transactions related to its relationship with Exar in its financial books, records, statements, and in reports and other documents provided to Exar, and prevent side agreements, whether oral or written. The handling and disbursement of funds related to Exar business transactions should be pursuant to a duly authorized written agreement with clearly defined procedures. Documents should not be inappropriately altered or signed by those lacking proper authority. No undisclosed or unrecorded fund or asset related to any Exar transaction should be established or maintained for any purpose. Supplier's financial books, records, and statements should properly document all assets and liabilities and accurately reflect all transactions of supplier's company related to Exar products and services, and supplier's business records should be retained in accordance with record retention policies and all applicable laws and regulations.

Exar Corporation
Supplier Principles

- *Giving/Receiving of Business Courtesies.* Suppliers should use discretion and care to ensure that expenditures on Exar personnel or representatives are reasonable and in the ordinary and proper course of business and could not reasonably be construed as bribes or improper inducement or otherwise violate applicable laws and/or regulations. In any case, business courtesies offered should not be construed as intended to influence the judgment of the recipient so as to secure unfair preferential treatment or gain improper advantage. A general guideline for evaluating whether a business courtesy is appropriate is whether public disclosure would be embarrassing to you, to Exar, or to the recipient. Suppliers should also ensure that acceptance of any business courtesies, gifts, or entertainment is proper and could not reasonably be construed as an attempt by the offering party to secure favorable treatment or otherwise violate applicable laws and/or regulations.
- *Export/Import Laws.* Exar expects that suppliers comply fully with all U.S. and applicable foreign and multilateral export and import laws. United States export control laws govern all exports, re-export, and use of U.S.-origin commodities and technical data, wherever located. Failure to comply could result in the loss or restriction of supplier's or Exar's export privileges. Violation of these laws may also result in fines and imprisonment. Suppliers are responsible for understanding how the U.S. export control laws apply and for conforming to these laws to ensure no data, information, program and/or materials resulting from services (or direct product thereof) will be exported, directly or indirectly, in violation of these laws, or will be used for any purpose prohibited by these laws.
- *Supply Chain Security and Business Continuity.* Suppliers should have a comprehensive security and business continuity plan in place to preserve the safety of employees, protect physical property from loss and damage, safeguard intellectual property, protect the integrity of shipments at point of origin and prevent interruptions in the manufacturing process.

Reporting Violations; Monitoring and Enforcement.

- *Reporting Violations.* Suppliers should immediately report any conduct that is believed in good faith to be an actual, apparent or potential violation of these Principles and should promptly develop and communicate to Exar a proposed corrective action plan. Reports can be submitted in writing to Exar Corporation, Attn: Legal Department, 48720 Kato Road, Fremont CA 94538 or via the Exar hotline at 1-800-826-6762. Suppliers can also contact Exar with any questions, including questions relating to business conduct and ethics.
- *Monitoring.* Exar has the right to conduct an announced or unannounced audit of supplier's compliance with these Principles. Such audit may be formal or informal, and may be conducted by Exar employees or a third party. Suppliers should provide Exar reasonable access to information and facilities for purposes of assessing supplier's performance against these Principles.
- *Enforcement.* Supplier acknowledges that compliance with the provisions of these Principles are integral to its status as a supplier to Exar and that Exar may take remedial action, up to and including termination of its business relationship with supplier, for violations of these Principles.

Acknowledgement

The undersigned acknowledges that it has received and reviewed a copy of the Exar Corporation Supplier Principles (the "Principles"), that it understands the provisions therein and that it agrees to and will abide by the principles of the Principles (subject to any exceptions that are set forth below).

Company Name: _____

Signature: _____

Printed Name: _____

Date: _____

Exceptions (please write "None" if no exceptions taken):