

GSI TECHNOLOGY, INC.

Foreign Corrupt Practices Act and Anti-Corruption Policy

I. FCPA and Anti-corruption Policy

It is the policy of GSI Technology, Inc. ("**GSI**" or the "**Company**") that GSI and its subsidiaries shall at all times conduct their business in a lawful and ethical manner in full compliance with all laws that regulate GSI's business conduct in the international marketplace. It is the Company's policy to comply fully with the United States Foreign Corrupt Practices Act (the "**FCPA**") and all other applicable anti-corruption laws in effect in the United States and elsewhere where the Company does business.

The FCPA makes it a federal crime for U.S. persons, located anywhere, or non-U.S. persons acting in the United States, directly or indirectly, to make, offer, promise or authorize a bribe or economic benefit to a foreign official in order to obtain or retain business or secure an improper advantage. The FCPA also requires U.S. and non-U.S. companies that sell securities on a U.S. stock exchange to make and keep accurate books and records and to maintain an adequate system of internal accounting controls.

The use of Company funds or assets, and the use of any individual's funds or assets on behalf of the Company, for any unlawful, improper or unethical purpose is prohibited. This Policy also extends to all of the Company's financial record-keeping activities and is integrated with the obligations to which the Company is subject by virtue of federal and state securities laws, including the U.S. Securities and Exchange Act of 1934.

If an applicable written local law conflicts with guidelines in this Policy, you must comply with the local written law; however, if a local custom, practice, tradition or policy conflicts with this Policy, you must comply with this Policy.

This Policy supplements the Company's Code of Business Conduct and Ethics, all provisions of which remain fully effective.

This Policy will be administered under the direction of the Company's Chief Financial Officer (the "**Compliance Officer**"). In connection with the administration of this Policy, the Compliance Officer will consult with the Company's counsel, as appropriate.

II. Parties Covered By The FCPA

The FCPA applies to U.S.-incorporated or located companies, and U.S. citizens, nationals, and residents, wherever located. The FCPA also applies to any company (U.S. or non-U.S.) that lists shares on a U.S. exchange. In addition, the FCPA applies to any foreign or non-U.S. person (individuals and business entities), as well as the officers, directors, employees, agents, and stockholders of a foreign company if they commit an act in furtherance of a corrupt payment while in the United States.

III. Key Requirements of the FCPA

The FCPA applies to the conduct of GSI throughout the world. The FCPA has two key provisions: (1) it makes it illegal to make (directly or indirectly) payments to a non-U.S. government official for the purpose of influencing an official act or decision in order to obtain or retain business, and (2) it imposes books and record-keeping requirements that are applicable to the Company. These provisions are described below.

1. The Anti-Bribery Provisions

The FCPA prohibits U.S. companies, their employees, agents and representatives from giving, offering to give, promising to give or authorizing to give anything of value to any foreign official, foreign political party or candidate for foreign political office for an improper purpose. The FCPA prohibits not only direct payments by GSI or its employees, but also any payments made through any intermediary to a foreign official.

The FCPA prohibits the giving of anything of value, not just money. It therefore applies to gifts, charitable donations, travel expenses, goods or services, loans, excessive entertainment, or other personal or financial favors for the foreign official or any member of his or her family.

A "foreign official" is any officer or employee of a foreign government or any department, agency, or instrumentality thereof (which includes a government-owned or government-controlled state enterprise) or of a "public international organization," any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. The definition includes not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials and others.

In countries where the economy is controlled by the government, a broad category of individuals may be considered to be a foreign official. You should be aware that many companies in such countries are partially owned or managed by the government and you must conduct your business dealings accordingly.

The Compliance Officer should be contacted if there is a question as to whether any individual with whom you intend to have business dealings is a "foreign official" or whether an organization should be treated as a public international organization for purposes of complying with the FCPA and adhering to this Policy.

2. Requirement to Maintain Accurate Books and Records

The FCPA also requires GSI to maintain a system of internal accounting controls and to keep accurate and complete records of GSI's transactions and assets. The failure to keep adequate records is a serious violation of the FCPA, even if no improper payments are proven to have been made.

It is GSI's policy to properly and accurately record, classify and summarize every transaction in its books and records and its financial statements. All payments and transactions must be recorded in a timely manner. Employees are required to keep records that accurately reflect all transactions and expenditures. False, incomplete or misleading financial entries, supporting documentation, or accounting records are prohibited.

All GSI employees must follow applicable standards, principles, laws and established GSI practices for accounting and financial reporting. The Company's system of internal accounting controls is designed to provide assurance that:

- Transactions are authorized pursuant to management's approved policies and procedures;
- Access to GSI's assets is allowed only in accordance with management's approved policies and procedures; and
- Transactions are properly and accurately recorded so that GSI can prepare all required financial statements in accordance with applicable standards and maintain accountability for the Company's assets.

Prior to paying or authorizing a payment to a foreign official, GSI employees or agents must be certain that no part of such payment is to be made for any purpose other than that fully and accurately described in GSI's books and records. Below are other examples of prohibited activities involving the books, records and accounts of the Company:

- The establishment of undisclosed or unrecorded accounts for any purpose;
- The use of false or artificial entries for any reason;
- The use of personal funds to accomplish what is otherwise prohibited by this Policy; and
- The description of any payment to a foreign official in a general, non-descriptive manner, such as a "miscellaneous fee."

IV. Company Policy Prohibiting Payments and Gifts to Foreign Officials

1. Prohibition of payments to foreign officials.

All payments to foreign officials are prohibited if their purpose is to influence any act or decision of a foreign official in his or her official capacity in order to obtain any advantage or business for GSI, to keep any business that it already has, or to direct any business to any person, even outside GSI. This means that any payment intended to influence a foreign official to act in GSI's favor in the adoption of any technology standard, the granting of any operating rights, the granting of any tax benefits, or the purchase of any products or services is prohibited.

An FCPA violation may occur even if GSI is not the direct beneficiary of the governmental action.

It is not a defense to a violation of the FCPA that one or more of GSI's competitors may have made payments to foreign officials to obtain business. Under no circumstances, is it proper to make a payment to counteract or neutralize a payment made by a competitor. It is also not a defense that making payments to foreign officials in a particular country is not specifically prohibited by local laws or that such payments are "customary" or commonly made. In fact, making payments to government officials to obtain business is illegal in every country, including the jurisdictions in which the Company conducts business.

The FCPA prohibits both direct and indirect payments. Thus, a U.S. company violates the FCPA when improper payments are made by its agents, consultants or other business partners. Accordingly, neither the Company nor any of its employees, agents, consultants or business partners shall make, promise or authorize any payment or offer anything of value to a foreign official or to any third person (such as a consultant) who, in turn, is likely to make a payment or offer anything of value to a foreign official on behalf of the Company, except as specifically permitted by this Policy.

2. Gifts

Employees, agents, consultants and other GSI representatives **may not** give gifts to an official that exceeds \$50 in value, unless such gift has been approved in advance by the Compliance Officer. Gifts should not be given to any individual more than two times per year without the prior approval of the Compliance Officer. In addition, **all gifts must**:

- Be customary in a legitimate business relationship and reasonable and appropriate for the circumstances;
- Not be lavish or excessive, nor create an appearance of impropriety;
- Be moderate or reasonable in cost, commensurate with local customs;

- Be for a lawful business purpose, such as those designed to promote GSI's products, provided there is no attempt to influence a decision by offering a personal benefit; and
- Not violate U.S. or local law.

Examples of appropriate gifts include tokens such as pens, calendars, fruit baskets, T-shirts, baseball caps, paperweights, books and other promotional items of nominal value with GSI's logo, provided they meet the criteria above.

The following gifts are ***always unacceptable***:

- Cash or cash equivalents (such as gift certificates, stock, money orders or travelers checks), including gift cards issued by a bank or credit card agency, or a gift card allowing a recipient to purchase items from a store or other enterprise issuing the gift card;
- Any gift that is lavish (such as a gift for which the value would exceed what is normal and customary in a foreign country);
- Any gift that is a "quid pro quo" (offered for something in return);
- Any gift that could be perceived as a bribe, inducement, payoff or kick-back;
- Any gift that would be illegal under U.S. or local laws; and
- Any gift that an employee, agent, consultant or other representative pays for personally to avoid seeking approval or reporting.

Advance approval from the Compliance Officer is required for gifts that exceed \$50 in value to any individual. All gifts, regardless of value, other than GSI promotional items, must be reported to the Compliance Officer within five days of transfer.

CAUTION: Requests by government officials to make a contribution to a local charity could involve an improper gift. Each circumstance must be examined individually. Factors to be considered include the size of the contribution, the official's relationship with the charity, and the underlying purpose of the donation. If the donation is excessive, and the official has an official function in the charity, or the donation was part of a quid pro quo, it is likely inappropriate. ***Advance approval*** must be obtained from the Compliance Officer before any contribution is made to a charity at the request of a foreign official.

3. *Facilitating Payments*

The FCPA includes a very narrow exception for payments made to low level public workers for routine governmental actions which are ordinarily and commonly performed by the officials, and to which the Company is lawfully entitled. The following are examples of activities that may be considered "routine governmental actions":

- Obtaining permits, licenses or other official documents to qualify GSI to do business in a foreign country;
- Processing visas or work permits for employees;
- Providing services such as police protection, mail delivery or trash pick up;
- Scheduling inspections associated with contract performance or cross-country transit of goods; or

- Providing utility services such as telephone services, electricity and water.

A payment **does not** constitute a facilitating payment if it is made to a foreign official for actions in connection with awarding or continuing business with GSI.

Because a facilitating payment may be prohibited by local anti-corruption rules or laws of other non-U.S. countries, you must consult with the Compliance Officer **prior** to making any such payment. These expenses must be fully and accurately described in GSI's books and records.

Facilitating payments, if necessary, may be made by a Company employee, agent, representative or consultant only where:

- The payment is not intended to influence the exercise of discretion by the foreign official;
- The payment is of a nominal amount and is made for the sole purpose of facilitating, expediting or securing the performance of a non-discretionary routine act to which GSI is entitled;
- The payment is absolutely necessary, and a failure to make it will put GSI's assets, operations or personnel at risk;
- The payment is lawful under U.S. **and** local law and regulations;
- The purpose of the payment and the name and title of the person receiving it are recorded and all supporting documentation submitted to the Compliance Officer; and
- The Compliance Officer has provided written approval for the payment **prior** to such payment having been made, unless the Manager, or the Manager's designee, determines that health and safety concerns do not allow time for prior approval and such payment is promptly reported to the Compliance Officer.

4. Business Entertainment Expenditures

GSI business expenses may include refreshments, meals, transportation, lodging and activities such as theater, sporting events, golf outings and other similar events. Occasional meals with business associates are acceptable, provided that the costs of the meals are bona fide and reasonable under the circumstances.

Reasonable and appropriate entertainment of foreign officials is permitted with prior approval of the Compliance Officer when it is directly related to a business activity. The entertainment activity must be secondary to the principal business purpose of the expenditure. Accordingly, time spent on entertainment and leisure activities should be minor and proportionate to the time devoted to the primary business activity and should not include spouses, relatives or family members of foreign officials.

When planning entertainment activities, common sense and sound business judgment should be exercised. Entertainment should be moderate and reasonable, and GSI's representative should always be present. Payments for business entertainment should be made directly to the vendor. Employees are required to maintain copies of all invoices related to entertainment activities.

The following entertainment expenses are **unacceptable**:

- Any entertainment that is lavish, extravagant or for which the value would exceed what is normal and customary in the foreign country (such as a golf outing in a far-off location);
- Any entertainment that is indecent or sexually oriented, such as "adult entertainment";

- Any entertainment that is a “quid pro quo” (offered for something in return);
- Any entertainment that could be perceived as a bribe, inducement, payoff or kick-back;
- Any entertainment that would be illegal under U.S. or local laws; and
- Any entertainment that an employee, agent, consultant or other representative pays for personally to avoid seeking approval or reporting.

5. Travel and Hospitality Expenditures

In certain limited situations it may be lawful and appropriate to cover the reasonable and bona fide expenses incurred by foreign officials’ for travel, lodging and meals that are related to a legitimate business purpose, so long as they are also permissible under local laws and rules. Such expenditures **must be pre-approved** by the Compliance Officer prior to making the travel arrangements.

It is the responsibility of GSI’s employees to make travel and lodging arrangements in accordance with GSI’s established travel policies and to ensure that payment is made directly to the service providers.

V. Agents, Business Partners, Consultants and Other Third Parties

GSI’s FCPA Policy must be extended to the activities of GSI’s agents, consultants, representatives and business partners. GSI employees must be careful to avoid situations involving third parties that could lead to violations of the FCPA. Therefore, prior to entering into an agreement with any agent, consultant, joint venture partner or other representative who will act on behalf of GSI with regard to foreign governments or international business development or retention, GSI will perform proper and appropriate FCPA-related due diligence and obtain from the third party assurances of compliance with this Policy.

1. Contracts

Unless otherwise approved by the Company’s legal counsel, all contracts with consultants, agents, sponsors and other third party representatives, all joint venture, partnership and shareholder contracts and all contracts for the acquisition of entities or business assets, to the extent such contracts or agreements pertain to business carried out or to be carried out in whole or in part outside the United States, shall where possible, include provisions in respect of the following matters:

- Application of and compliance with the FCPA and local anticorruption laws;
- Restriction on government and political activities;
- Accuracy of documents;
- Cooperation with audit activities;
- Right to audit or review books and records; and
- Acceptable payment Mechanisms

All contracts which provide for the disbursement of funds by the Company for services related to business transactions shall be in writing and shall specify the manner and method of payment of such disbursements.

2. Acquisitions

Whenever the Company pursues the acquisition of any business entity, the due diligence process associated with the proposed acquisition shall include an investigation of the acquisition target's compliance with the FCPA and local anti-corruption laws. The information to be obtained in connection with such investigation shall be specified by, and the written results of such investigation shall be reviewed and approved by, the Compliance Officer.

3. Joint Ventures

GSI must also monitor the activities of its joint venture partners to ensure continuing compliance with all applicable laws. Where GSI has a majority interest in the joint venture, it must ensure that the venture complies with all FCPA accounting and recordkeeping requirements. GSI must have reasonable access to, and the right to audit, the venture's relevant books, documents and records. Where GSI has a minority interest, GSI must make a good faith effort to ensure that the venture complies with the FCPA accounting and recordkeeping requirements. In all ventures, GSI must be vigilant in its compliance efforts and monitor the venture's operation on an ongoing basis.

4. Red Flags

One of the key aspects of FCPA-related due diligence investigations is the identification of "red flags" which may indicate the potential existence of an FCPA problem. Several FCPA "red flags" identified by the U.S. Justice Department are listed on **Exhibit A**.

VI. Penalties for Violations

The FCPA is a criminal law, with severe consequences for violations. Individual Company employees who engage in prohibited conduct are subject to imprisonment for a period of up to five years, and fines of tens of thousands of dollars. Moreover, GSI could be subject to severe fines ranging in the millions of dollars.

In addition to the criminal sanctions, violations of the FCPA may subject GSI to severe civil fines; suspension of certain of its business activities; a fine equaling twice the amount of gross gain; private civil lawsuits from shareholders and/or competitors; profit disgorgement; and debarment from certain government agency programs including export licenses.

GSI is prohibited by law from reimbursing individuals for fines imposed on them for FCPA violations.

VII. Periodic Training and Acknowledgement of This Policy

A copy of this Policy will be provided to all employees involved in GSI's international operations and in transactions involving foreign officials, and all new employees who will be involved with international operations or in transactions involving foreign officials. Upon receipt, each employee must sign the certification attached as **Exhibit B**. Every employee, agent, consultant and representative of GSI is individually responsible for reading, understanding and fully complying with this Policy.

GSI will provide periodic training for employees and, where practicable, for agents, consultants and representatives, involved in international operations or in transactions with foreign officials, to assist in understanding the various aspects of this Policy and to promote compliance with the FCPA and other anti-corruption laws. It is important for all such employees to participate in the training.

VIII Monitoring Compliance this Policy

The Compliance Officer shall be responsible for monitoring compliance with this Policy. Periodic reviews of compliance with this Policy shall be conducted. Should you require assistance in complying with this Policy and understanding how it may apply to certain situations, please call or e-mail your manager and/or speak with the Compliance Officer.

1. Compliance Officer

The Compliance Officer under this Policy is the Chief Financial Officer, who has the responsibility for:

- Overall day-to-day administration of this Policy, reporting to the Audit Committee of the Board of Directors;
- Coordination with counsel, as appropriate;
- Providing appropriate FCPA education and training programs;
- Responding to questions, reports and/or complaints regarding adherence to this Policy, after consultation with counsel, as appropriate, and reporting to the Audit Committee regarding such matters;
- Immediately reporting to the Audit Committee any material violations of this Policy; and
- Reporting to the Audit Committee annually on the status of the Company's compliance with this Policy.

2. Reporting FCPA and Anticorruption Concerns

All Company personnel are encouraged to report any potential violation of the Policy via the process outlined in the Company's "Whistle-blowing" and Complaint Policy. You can report concerns without fear of retribution or retaliation. GSI will not tolerate retaliation against an employee who has asked a question, raised a concern or reported questionable activities or the misconduct of others. Employees found to have engaged in retaliation will be subject to discipline, including discharge. Allegations made under this Policy will be investigated, and any remedial steps will be taken, in accordance with the terms of the Company's Code of Business Conduct and Ethics, and any violation of this Policy will also be a violation of the Code of Business Conduct and Ethics.

EXHIBIT A
“Red Flags” Supplement to the FCPA Policy

FCPA “red flags” may appear in many forms, including unusual payment patterns, proposed contract terms, or billing requests. It is important to note that the existence of a red flag does not mean the transaction cannot go forward. Rather, it indicates that the activity should be further analyzed, investigated and perhaps restructured or made subject to specific representations and warranties. Extra precautions should be taken when or if any of the following circumstances arise:

- An agent has stated that a particular amount of money is needed for him to “get the business,” “make the necessary arrangements,” or some comparable expression is used;
- Off-the-book accounts are proposed to be used whereby, for example, payment is to be made to a venture principal who then diverts part of the proceeds to a separate account for unexplained reasons;
- The third party makes unusual requests, such as to backdate invoices, or asks for payment by indirect or unusual means, such as through bank accounts outside the country where the services are being offered, or to third persons;
- The third party requests that payment be made in cash or that checks be made out to “bearer” or “cash,” or seeks payment by some other unusual means, such as through shell companies created to receive revenues and facilitate transactions;
- The payment is being made in a country with a widespread history of corruption or involves an industry that has a history of anti-bribery violations (for example, defense, aircraft, energy, and construction);
- The third party wants to work without a contract (or with a vague contract) and is hesitant to make anti-corruption compliance certifications;
- The third party asks for commissions that are substantially higher than the “going rate” in that country among comparable service providers (especially where the amount or nature of work does not justify the large payments);
- The third party requests an unusually large credit line for a new customer, unusually large bonuses or similar payments, or substantial and unorthodox upfront payments;
- The third party has family or business ties with government officials;
- A potential government customer or authorizing agency recommends a venture principal (the reasons for recommendation should be carefully evaluated); or
- The third party’s business appears to lack sufficient capability or staff qualification to perform the services offered, is new to the business, cannot provide references or cannot document its claimed experience.

In addition to addressing the foregoing red flags, a company should investigate whether its prospective third party partners have a reputation for ethical behavior and integrity. A due diligence checklist should include inquiries into the third party's educational background; whether the individual has a personal or professional relationship with any governmental or quasi-governmental body; and the number and reputation of the third party's clientele. All information from the due diligence should be documented and maintained in a due diligence folder.

EXHIBIT B
Annual Certification Supplement to the FCPA Policy

To GSI Employee:

Please carefully review the enclosed GSI Foreign Corrupt Practices Act and Anti-corruption Policy, complete the Acknowledgement below and return the Acknowledgement to the Company's Chief Financial Officer. If you have questions about GSI's Policy, or about completing this Acknowledgement Form, please contact the Chief Financial Officer for assistance.

**ACKNOWLEDGEMENT AND AGREEMENT CONCERNING
GSI TECHNOLOGY, INC.
Foreign Corrupt Practices Act and Anti-Corruption Policy**

I acknowledge that it is the policy of GSI Technology, Inc. (the "**Company**") to abide by all laws of the United States, including the United States Foreign Corrupt Practices Act ("**FCPA**"), as well as all applicable foreign laws and regulations.

I agree that I will not pay, offer or authorize any bribe or make any other unlawful payment on behalf of the Company or any of its affiliates, including its subsidiaries and joint ventures, and its and its subsidiaries' directors, officers, agents and representatives ("**Affiliates**"). I will not give money or anything of value in an attempt to unlawfully influence the action of a public official to assist the Company or its Affiliates in obtaining or retaining business outside of the United States. I further agree that I will not make any payment to any consultant, agent or any other intermediary with the knowledge that all or any part of that payment will be used for a bribe or otherwise to influence government action.

If I should violate the Company's Corporate Foreign Corrupt Practices Act and Anti-corruption Policy or the specific acknowledgements in this agreement, I acknowledge that the Company will have the right to take disciplinary action against me, up to and including immediate termination.

I have read and understood the Company's Foreign Corrupt Practices Act and Anti-corruption Policy and do not have any questions regarding anything contained in the Policy. To the best of my knowledge, I am not in violation of any policy statement contained therein.

Your Name (please print)

Signature

Date