

**DSP GROUP, INC.**

**CODE**

**OF**

**BUSINESS CONDUCT AND ETHICS**

**(As approved by the Board of Directors on July 21, 2003 and as amended  
on January 27, 2004)**

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**DSP GROUP, INC.**  
**CODE OF BUSINESS CONDUCT AND ETHICS**

**POLICY STATEMENT**

It is the policy of DSP Group, Inc. (“DSPG” or the “Company”) to conduct its affairs in accordance with all applicable laws, rules and regulations of the jurisdictions in which it does business. This Code of Business Conduct and Ethics (the “Code”) applies to the Company’s employees and to its non-employee directors. Employees include the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (“Designated Executives”). This Code is the Company’s “code of ethics” as defined in Item 406 of Regulation S-K. This Code is designed 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 the reports and documents the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to the appropriate person of violations of this Code; and
- accountability for adherence to this Code.

DSPG has established standards for behavior that affect the Company, and both employees and non-employee directors must comply with those standards. The Company promotes ethical behavior and encourages employees to talk to supervisors, managers, the Chief Financial Officer of the Company, who for purposes of this Code is the Director of Corporate Compliance, or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees should report violations of laws, rules, regulations, this Code or other Company policies to appropriate personnel. Employees reporting such violations in good faith will not be subject to retaliation. Non-employee directors are encouraged to talk to the Chairman of the Audit Committee of the Company’s Board of Directors (the “Audit Committee”) in such situations. Anyone aware of a situation that he or she believes may violate or lead to a violation of this Code should follow the guidelines under **“Compliance and Reporting”** below.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide you. Specific Company policies and procedures provide details pertinent to many of the provisions of this Code. You are expected to be aware of, and to act in accordance with, both this Code and the Company’s other policies and procedures at all times. These policies and procedures are not a part of this Code or incorporated herein. Although there can be no better course of action than to apply common sense and sound judgment, do not hesitate to use the resources available whenever it is necessary to seek clarification.

## **APPROVALS AND WAIVERS**

Certain provisions of this Code require you to act, or refrain from acting, unless prior approval is received from the appropriate person. Employees requesting approval pursuant to this Code should request such approval in writing to the Director of Corporate Compliance. Approvals relating to Designated Executives and non-employee directors must be obtained from the Audit Committee of the Company's Board of Directors (the "Audit Committee"). All other approvals may be granted by the Director of Corporate Compliance. Employees may contact the Director of Corporate Compliance for additional information on obtaining approvals.

Other provisions of this Code require you to act, or refrain from acting, in a particular manner and do not permit exceptions based on obtaining an approval. Waiver of those provisions relating to Designated Executives and non-employee directors may only be granted by the Audit Committee, and such waivers must be promptly disclosed to stockholders. All other waivers may be granted by the Director of Corporate Compliance. Changes in this Code may only be made by the Board of Directors and must be promptly disclosed to stockholders.

## **CONFLICTS OF INTEREST**

Conflicts of interest are strictly prohibited. A conflict of interest arises any time your personal interests or activities interfere with your ability to act in the best interests of the Company. Employees must discharge their responsibilities solely on the basis of what is in the best interest of the Company independent of personal consideration or relationships. Non-employee directors must discharge their fiduciary duties as directors of the Company.

Employees must disclose any potential conflicts of interest to the Director of Corporate Compliance, who will advise the employee as to whether or not the Company believes a conflict of interest exists. Designated Executives and non-employee directors must disclose any potential conflict of interest to the Audit Committee, which shall make the determination whether a conflict of interest exists. Any potential conflicts of interest involving your spouse, siblings, parents, in-laws, children, life partner or members of your household must also be disclosed. Non-employee directors may discuss any concerns with Chairman of the Audit Committee.

### **Activities Outside the Company**

Although DSPG has no interest in preventing employees from engaging in lawful activities during nonworking hours, employees must make sure that their outside activities do not conflict or interfere with their responsibilities to the Company. For example, without approval by the Company, a DSPG employee generally may not:

- engage in self-employment or perform paid or unpaid work for others in a field of interest similar to DSPG;
- use proprietary or confidential Company information for personal gain or to the Company's detriment;
- use Company assets or labor for personal use, except for incidental use permitted under the Company's policies;

- acquire any interest in property or assets of any kind for the purpose of selling or leasing it to the Company; or
- appear to represent the Company as the participant in an outside activity unless the Company has authorized the employee to represent the Company.

### **Community Activities**

DSPG encourages you to be actively involved in your community through volunteer service to charitable, civic and public service organizations, and through participation in the political process and trade associations.

Employees must make sure, however, that their service is consistent with their employment with DSPG and does not pose a conflict of interest. This is particularly important before accepting any leadership position (such as membership on the board of a charitable or civic organization), before seeking or accepting political office and before soliciting a charitable contribution.

### **Service on Outside Boards of Directors or Standing Committees**

Serving as a director of another corporation or as a member of a standing committee of an organization may create a conflict of interest. Employees must disclose such service to the Director of Corporate Compliance and obtain prior approval before serving on a board or committee whose interests may be adverse to DSPG's or that may require a significant amount of time.

### **Competitor Relationships**

Employees must avoid even the appearance of a conflict of interest in their relationships with competitors. Without approval employees may not:

- make or maintain a financial investment in more than 1% of the outstanding capital stock of a publicly traded competitor or \$50,000 in any equity security or security convertible into equity of a competitor that is not publicly traded;
- provide compensated or uncompensated services to a competitor, except for services rendered under a valid DSPG contract with the competitor;
- disclose any Company proprietary information to a competitor, unless a nondisclosure agreement is in place; or
- utilize for any unauthorized purposes or disclose to a competitor or other third-party any proprietary data that has been entrusted to the Company by a customer or supplier.

## **Corporate Opportunities & Resources**

You are prohibited from taking for yourself personal opportunities that are discovered through the use of corporate property, information or position without approval. Without approval, you may not use corporate property, information or position for personal gain. No employee may compete with the Company directly or indirectly except as permitted by Company policies.

All employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

Company resources may be used for minor personal uses so long as such use is reasonable, does not interfere with your duties, is not done for pecuniary gain, does not conflict with the Company's business and does not violate any Company policy.

## **Indirect Interests and Relationships**

A conflict of interest can also arise because of the business activities of your close relations. For example, an employee may have a potential conflict of interest wherever a close relative has a significant relationship with, or has a significant financial interest in, any supplier, customer or competitor. A close relative for purposes of this Code is defined as a person's spouse, parents, children, siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. A close relative has a significant financial interest if:

- the relative owns more than 1% of the outstanding capital of a business; or
- the investment represents more than 5% of the total assets of the employee or relative.

An employee should not make or attempt to influence any decision that could directly or indirectly benefit his or her close relative. To protect the employee and the Company from the appearance of a conflict of interest, he or she should make appropriate disclosure of the interest to the Director of Corporate Compliance and, if the employee is a Designated Executive, to the Audit Committee.

## **BUSINESS RELATIONSHIPS**

DSPG seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. Each employee must endeavor to deal fairly with the Company's customers, suppliers, competitors and employees and must not take advantage of them through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair-dealing practice.

## **Customer Relationships**

Our customers are of the utmost importance to DSPG. DSPG employees should always treat customers and potential customers according to the highest standards of business conduct.

It is DSPG's policy to sell our products and services on their merits and to avoid making disparaging comments about the products and services of competitors unless they can be substantiated. Employees should be careful in this regard in commenting upon the character, financial condition, or potential legal or regulatory problems of competitors.

Employees should follow the following guidelines in selling our products and services:

- sell on the strength of our company and our products and services;
- do not make claims about our products or services unless the claims can be made in good faith;
- if a potential customer has a contract with a competitor, or has placed a firm order with a competitor, do not try to convince the customer to breach that contract or order; and
- to maintain the Company's valuable reputation, compliance with its quality processes and safety requirements is essential. DSPG's products and services should be designed and manufactured to meet its obligations to customers. All inspection and testing documents must be handled in accordance with all applicable requirements.

## **Suppliers**

DSPG's suppliers -- companies and individuals that sell products and services to DSPG -- are important to our business. DSPG employees should always treat suppliers and potential suppliers in accordance with the highest standards of business conduct.

Suppliers should be selected on the basis of objective criteria, such as value (quality for price), price, technical excellence, service reputation and production/service capacity.

Employees working with current suppliers should never intentionally interfere with a supplier's contracts or business relations with a competitor of DSPG.

Individuals with procurement responsibility should review the sections of this Code concerning fair competition and should be familiar with applicable laws and Company policies.

## **Sales Agents, Representatives, Distributors, and Consultants**

Agreements with sales representatives, agents, marketing consultants, distributors and other parties, require adherence to DSPG policy and applicable U.S. and foreign laws and regulations.

## **Contracts and Commitments**

No employee may enter into any agreement binding DSPG without authorization. The Company has instituted contract and signature approval policies which identify those individuals who have the authority to approve and sign certain contracts binding DSPG and its subsidiaries. If there are any questions about which employees have signature authority for a given contract, contact the Director of Corporate Compliance.

Employees involved in proposals, bid preparations or contract negotiations should strive to ensure that all statements, communications, and representations to prospective customers are truthful and accurate.

## **FAIR COMPETITION**

Fair competition laws, including the U.S. antitrust rules, limit what DSPG can do with another company and what DSPG can do on its own. Generally, the laws are designed to prohibit agreements or actions that reduce competition and harm consumers. You may not enter into agreements or discussions with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers. U.S. and foreign antitrust laws also apply to imports and exports.

## **GIFTS, GRATUITIES, ENTERTAINMENT AND OTHER CONSIDERATIONS**

Use of Company funds or other Company property for illegal, unethical or otherwise improper purposes is prohibited. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and a sound working relationship, not to gain personal advantage with customers or suppliers.

### **Gifts**

Except as set forth below, without the approval of the Director of Corporate Compliance, employees must refrain from giving and receiving business-related gifts.

- No DSPG employee or agent may solicit or accept a gift (including any payment, compensation, loan or other financial favor) to or from a person or organization with the intention of influencing the recipient's business judgment or conduct. Giving or accepting any unsolicited gifts having a value of not more than \$100 where there is a business benefit or purpose for the gift and any benefits received do not influence, or appear to influence, selection and purchasing decisions is permitted. In some countries gifts having a greater value are customary and may be given or accepted with the approval of the Director of Corporate Compliance.
- It is never appropriate or permissible to accept or give cash or a cash equivalent from or to a vendor, supplier or customer outside the Company's normal business. Cash equivalents include, among other things, checks, money orders and vouchers.

- Rules relating to U.S. and foreign government personnel are more stringent. See *“Doing Business Internationally”* and *“Government Contracting”* below.
- No employee may accept a customer, vendor or supplier discount for themselves unless it is generally available to the public or is approved and available to all DSPG employees.

DSPG employees may entertain socially friends or relatives doing business with DSPG provided that the entertainment is clearly not related to DSPG business. No expenses of such entertainment are reimbursable by DSPG.

### **Loans**

Employees may not accept loans from any person or entities having or seeking business with the Company. Designated Executives and non-executive directors may not receive loans from the Company, nor may the Company arrange for any loan. A loan from a financial institution in the ordinary course of business at normal interest rates prevailing at the time of borrowing is permissible.

### **Meals, Entertainment, and Travel**

Employees may provide or accept meals and entertainment, including attendance at sporting or cultural events, as long as it is associated with an occasion at which business is discussed and is provided as a normal part of business. The value of the activity must be reasonable and permissible under DSPG’s expense account procedures. Each employee should express care to insure that such activities are necessary and that their value and frequency are not excessive under all the applicable circumstances. Rules relating to U.S. and foreign government personnel are more stringent. See *“Doing Business Internationally”* and *“Government Contracting”* below.

### **Investment Activities**

Unless an employee has sought and received pre-approval, an employee may not:

- Participate in so-called “directed shares,” “friends and family,” and similar stock purchase programs of customers, vendors or suppliers of DSPG;
- Invest in non-public companies that are, or are likely to be, customers, vendors or suppliers of DSPG; or
- Invest in non-public companies in which DSPG has made or is expected to make an investment.

Investments in non-public companies that do not exceed the lesser of \$50,000 or 1% of that company’s equity securities are exempt from this restriction.

## **Bribes and Kickbacks**

The use of Company funds, facilities or property for any illegal or unethical purpose is strictly prohibited; provided, that certain facilitating payments discussed in “*Doing Business Internationally*” are permitted.

- You are not permitted to offer, give or cause others to give, any payments or anything of value for the purpose of influencing the recipient’s business judgment or conduct in dealing with DSPG other than facilitating payments discussed in “*Doing Business Internationally*”.
- You may not solicit or accept a kickback or bribe, in any form, for any reason.

## **DOING BUSINESS INTERNATIONALLY**

DSPG is committed to the highest business conduct standards wherever it operates. DSPG observes these standards worldwide, even at the risk of losing business. While no one can anticipate all the situations that may present challenges to DSPG employees doing business in the worldwide marketplace, the following guidelines always apply:

- Observe all laws and regulations, both U.S. and non-U.S., that apply to business abroad.
- Paying bribes to government officials is absolutely prohibited, even if those bribes are common practice, except for facilitating payments. You may not give, promise to give or authorize the giving to a foreign official, a foreign political party, or official thereof or any candidate for foreign political office any money or offer, gift, promise to give or authorize the giving of anything of value to influence any act or decision, to induce such official, party or candidate to do or omit to do any act in violation of the lawful duty of such official, party or candidate, or to induce such official, party or candidate to use his or her influence with a foreign government or agency to affect or influence any act or decision of such foreign government or agency.
- Do not cooperate with illegal boycotts.
- Observe all licensing requirements and the requirements of applicable import and export control laws.
- Do not enter into an agreement with an agent or consultant that relates to DSPG’s business outside the United States unless it has been approved by the Company.

The laws governing DSPG’s business in foreign countries are extensive and complex, and may be different from those in the United States. No new DSPG services or products should be offered in any new country without prior approval, and then only in accordance with the applicable local country’s regulations and requirements.

## **Facilitating Payments to Low-Level Non-U.S. Governmental Employees and Officials for Non-Discretionary Action**

DSPG is committed to complying with the laws of the countries where it operates. In some countries, a very limited category of small payments to facilitate or expedite routine nondiscretionary governmental actions may be permitted as exceptions to antibribery laws, including the U.S. Foreign Corrupt Practices Act (“FCPA”). The requirements pertaining to such payments are complex. DSPG employees engaged in international business activities must obtain prior approval of the Director of Corporate Compliance before making any such payment.

These “facilitating payments” to non-U.S. governmental officials are distinguished from payments made to influence a discretionary decision or to cause violation of, or an act in conflict with, the interests of an individual’s employer, which are strictly prohibited.

## **Import and Export Regulation/Trade Compliance**

Because of the international nature of our business, DSPG is subject to the import and export laws and regulations of the United States and certain foreign governments. These laws and regulations govern the international transfer of all products and services of DSPG, as well as technology, information and ideas belonging to DSPG.

Under U.S. law, no technology may be exported without the proper government export licenses and documentation. Exports of technology include not only technology shipped via freight, but also technology that is hand-carried (employees traveling overseas), sent via courier services or U.S. mail, electronically transmitted, and/or disclosed to foreign nationals in the United States or abroad. “Technology” is defined as hardware, software, technical documentation, product specifications, technical data, etc.

It is the responsibility of DSPG employees to ensure that proper documentation accompanies each export or disclosure. Failure to export or re-export without the proper export license or documentation can jeopardize DSPG’s compliance with U.S. export laws, as well as those laws of foreign countries. Non-compliance can result in denial of export privileges, criminal penalties, seizure of commodities, and fines to DSPG and its employees.

It is DSPG’s policy to comply fully with all applicable U.S. and foreign laws controlling the export and re-export of products, technology (including software) and services. Employees must exercise the necessary diligence to ensure that DSPG complies with all applicable U.S. and foreign government regulations regarding exports.

## **Antiboycott Compliance**

The United States has enacted antiboycott regulations which make it unlawful for U.S. persons to participate in any activity that could have the effect of promoting or supporting a boycott or restrictive trade practice of another country against customers or suppliers located in a country friendly to the U.S. or against a U.S. person, firm or corporation. Boycott issues arise most frequently in connection with the Arab boycott of Israel. Prohibited actions include, but are not limited to, furnishing information about business relationships with boycotted countries, or

information about race, religion, sex or national origin. Any request to participate in such activity should be immediately reported to the Director of Corporate Compliance.

## **GOVERNMENT CONTRACTING**

Detailed laws and regulations govern virtually every aspect of doing business with the U.S. government and its agencies. Activities that might be permitted when working with the private sector may be improper or even illegal when a national or local government is the customer.

DSPG employees should seek to adhere to the highest standards of honesty and integrity in their relations with government officials and employees. For example, employees should observe the following principles when bidding or performing government contracts:

- Do not offer or provide meals, transportation, gifts or other consideration to government employees except as permitted under applicable law and Company policy.
- Obey the regulations governing current and post-government employee conflicts of interests. Obtain all appropriate government approvals prior to recruiting or hiring current or former government employees.
- Obtain appropriate licenses prior to exporting or even discussing certain technologies with citizens of other countries.
- Obey any requirements that may restrict access to source selection or competitive information.

DSPG employees who deal with government representatives are responsible for knowing and obeying the laws and regulations applicable to doing business with the U.S. government.

## **POLITICAL CONTRIBUTIONS AND LOBBYING**

No political contributions are to be made using DSPG funds or assets, or the funds or assets of any of its subsidiary, to any political party, political campaign, political candidate or public official in the United States or any foreign country, unless the contribution is lawful and expressly authorized in writing. In addition, you may not make a political contribution on behalf of DSPG or its subsidiaries, or with the appearance that such contribution is being made on behalf of DSPG or its subsidiaries, unless expressly authorized in writing. A “contribution” is any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, services or anything of value in connection with an election or to an organization or group formed to support or defend a referendum or ballot issue.

Nothing in this Code is intended to discourage you from making contributions of your own time or funds to political parties or candidates of your choice. However, you will not be compensated or reimbursed by DSPG for any personal contributions.

Employees must obtain prior approval to hire outside counsel or a public affairs firm to contact government officials regarding legislation, regulatory policy, or rule making. This includes grassroots lobbying contacts.

## **ACCURACY OF REPORTS, RECORDS AND ACCOUNTS**

All DSPG employees are responsible for the accuracy of their respective records, time sheets and reports. Accurate information is essential to DSPG's ability to meet legal and regulatory obligations and to compete effectively. The records and books of account of DSPG must meet the highest standards and accurately reflect the true nature of the transactions they record. Unless pursuant to specific guidance in accordance with DSPG's normal document retention policy, destruction of any records, books of account or other documents is strictly prohibited.

You must not create false or misleading documents or accounting, financial or electronic records for any purpose, and no one may direct an employee to do so. For example, expense reports must accurately document expenses actually incurred in accordance with DSPG policies. You must not obtain or create "false" invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose. Employees are also responsible for accurately reporting time worked.

No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason. No disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. All employees shall comply with generally accepted accounting principles and the Company's internal controls and financial accounting policies at all times.

## **GOVERNMENT INVESTIGATIONS**

It is the policy of the Company to cooperate with all government investigations. You must promptly notify the Director of Corporate Compliance of any government investigation or inquiries from government agencies concerning DSPG. You should not destroy any record, books of account, or other documents relating to DSPG except in accordance with the Company's document retention policy. If you are aware of any government investigation or inquiry you may not destroy any record, books of account, or other documents relating to DSPG unless advised by the Director of Corporate Compliance that you may continue to follow DSPG's normal document retention policy.

You must not obstruct the collection of information, data or records. The Company provides information to the government that it is entitled to during an inspection, investigation, or request for information. You must not lie to government investigators or making misleading statements. You must not attempt to cause any employee to fail to provide accurate information to government investigators.

Employees have the right to consult their own legal counsel at their own expense.

## **INSIDER TRADING; COMMUNICATIONS WITH THIRD PARTIES**

If you have access to confidential information, you are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business.

### **Insider Trading**

Inside information is material information about a publicly traded company that is not known by the public. Information is deemed “material” if it could affect the market price of a security or if a reasonable investor would attach importance to the information in deciding whether to buy, sell or hold a security. Inside information typically relates to financial conditions, such as progress toward achieving revenue and earnings targets or projections of future earnings or losses of the Company. Inside information also includes changes in strategy, information regarding a proposed merger, acquisition or tender offer, new products or services, contract awards and other similar information. Inside information is not limited to information about DSPG. It also includes material non-public information about others, including the Company’s customers, suppliers, and competitors.

Insider trading is prohibited by law. It occurs when an individual with material, non-public information trades securities or communicates such information to others who trade. The person who trades or “tips” information violates the law if he or she has a duty or relationship of trust and confidence not to use the information.

Trading or helping others trade while aware of inside information has serious legal consequences, even if the Insider does not receive any personal financial benefit. Insiders may also have an obligation to take appropriate steps to prevent insider trading by others.

### **Communications with the Media and the Financial Community**

DSPG communicates with the press and with the financial community through official channels only and you should not communicate with the press or financial community unless you have been specifically authorized to do so. The Company provides accurate and timely information about its business, to investors, the media, and the general public. All inquiries received from financial analysts or the media concerning DSPG should be directed to the Director of Investor Relations. All legal inquiries concerning DSPG should be referred to the Director of Corporate Compliance. All inquiries regarding current or former employees of DSPG should be referred to the Human Resources Department.

DSPG employees should not speak with or send information about the Company, including forwarding any internal e-mails or presentations, to the media without the presence or consent of the Director of Investor Relations. In particular, communications posted on Internet “chat” rooms or similar sites may cause significant harm and create liability for employees and the Company.

If you are contacted by a reporter or editor, either in person, by phone or e-mail, requesting information, comment or an interview, you should take down their name, phone number and name of the publication or organization they represent, and forward it immediately

to the Director of Investor Relations. Upon review of the request, the Director of Investor Relations will determine if it is in the best interest of the Company to provide comment to the reporter and who the appointed spokesperson will be.

Press releases are generated and distributed to the media whenever there is news about the Company that it desires to communicate. The Director of Investor Relations will work in conjunction with appropriate executives and others to determine when and if a release will be released. Only the Director of Investor Relations is authorized to issue press releases on behalf of the Company.

DSPG will participate in customer and vendor press releases as long as there is a distinct and obvious benefit to the Company. No promises should be made to any customer or vendor regarding DSPG's commitment to issue, or participate in, an announcement or release, or the timing of such an announcement, without the prior approval of the Director of Investor Relations. Under applicable laws, DSPG may have an obligation to contemporaneously or promptly disclose any information disclosed to such persons to the public as well. Such communications must be communicated through the Director of Investor Relations.

Under no circumstances should DSPG employees communicate with or share information about the Company with financial analysts, securities market professionals (such as brokers, investment advisors and sell-side and buy-side analysts), stockholders or other members of the financial community without the express prior approval of the Director of Investor Relations. Under applicable laws, DSPG may have an obligation to contemporaneously or promptly disclose any information disclosed to such person to the public as well. Such communication must be coordinated through the Director of Investor Relations.

### **Confidential Information**

You must maintain the confidentiality of information entrusted to you by the Company or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information, including information that might be of use to competitors, or harmful to the Company or its customers if disclosed.

## **TECHNOLOGY USE AND PRIVACY**

DSPG provides various technology resources (including computers, telephones, software, copying machines, Internet access, email and voice mail) to authorized employees to assist them in performing their job duties on behalf of the Company. Each employee has the responsibility to use the Company's technology resources in a manner that complies with applicable laws and Company policies, increases productivity, enhances the Company's public image and is respectful of other employees.

### **Authorization**

Access to the Company's technology resources is within the sole discretion of the Company and subject to Company policies. Generally, employees are given access to the Company's various technologies consistent with their job functions. The Company reserves the right to limit such access by any means available to it, including revoking access altogether.

## **Prohibition Against Violating Copyright Laws**

You may not use the Company's technology resources to copy, retrieve, forward or send copyrighted materials unless you have the author's permission or are accessing a single copy only for your own reference.

Violation of copyright laws is a potential financial and legal liability for both the Company and the offending employee.

## **Other Prohibited Uses**

You may not use any of the Company's technology resources for any illegal purpose, in violation of any Company policy, in a manner contrary to the best interests of the Company, in any way that discloses confidential or proprietary information of the Company or third parties on an unauthorized basis, or for personal gain.

## **OUR WORK ENVIRONMENT**

The diversity of the Company's employees is a tremendous asset. DSPG is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. In addition, the Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

## **COMPLIANCE AND REPORTING**

### **Compliance**

Any employee who violates the provisions of this Code will be subject to disciplinary action, up to and including termination. Willful disregard of criminal statutes underlying this Code may require the Company to refer such violation for criminal prosecution or civil action.

### **Reporting Procedures and Other Inquiries**

Questions regarding the policies in this Code may be directed to the Director of Corporate Compliance. Managers and supervisors are also resources who can provide timely advice and guidance to employees on ethics and compliance concerns and are expected to promptly report any concerns brought to their attention in their supervisory capacity to the Director of Corporate Compliance. Any employee having knowledge of, or questions or concerns about, an actual or possible violation of the provisions of this Code is encouraged to promptly report the matter to his or her immediate supervisor or to the Director of Corporate Compliance. Directors are encouraged to discuss any issues or concerns with the Chairman of the Audit Committee.

Employees with information relating to questionable accounting, internal controls or auditing matters may confidentially, and anonymously if they desire, submit the information in writing to the Company's Audit Committee at [p.tanguy@wendelgroup.com](mailto:p.tanguy@wendelgroup.com).

In addition, an employee may submit complaints, concerns and information regarding the matters described in this Code anonymously by sending an email to the VP of Human Resources.

When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. This is particularly important when you submit a complaint on an anonymous basis, since we will be unable to contact you with requests for additional information or clarification.

We are providing these anonymous reporting procedures so that you may disclose genuine concerns without feeling threatened. Employees who choose to identify themselves when submitting a report may be contacted in order to gain additional information.

All conversations, calls and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.

### **Policy Prohibiting Unlawful Retaliation or Discrimination**

Neither the Company nor any of its employees may discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee who in good faith:

- provides information or assists in an investigation relating regarding any conduct which the employee reasonably believes constitutes a violation of Fraud Laws (as defined below); or
- files, testifies participates or otherwise assists in a proceeding that is filed or about to be filed (with any knowledge of the Company) relating to an alleged violation of a Fraud Law.

This policy applies in any instance where such information or assistance provided to, or the investigation is conducted by, a federal regulatory or law enforcement agency, any member of committee of Congress, or any person with supervisory authority over the employees or the authority to investigate misconduct relating to potential securities violations by the Company or its employees. For purposes of this policy, a “Fraud Law” is a violation of federal criminal law involving:

- securities fraud, mail fraud, bank fraud or wire, radio or television fraud;
- violations of rules or regulations of the Securities and Exchange Commission; or
- violations of any federal law relating to fraud against shareholders.

This Code is intended to clarify your existing obligation for proper conduct. The standards and the supporting policies and procedures may change from time to time in the Company’s discretion. Each employee is responsible for knowing and complying with the

current laws, regulations, standards, policies and procedures that apply to the Company's work. The most current version of this document can be found at the company's intranet site.

This document is not an employment contract between the Company and its employees, nor does it modify their employment relationship with the Company.