

PIXELWORKS, INC.
POLICY FOR COMPLAINT RECEIPT, RETENTION AND TREATMENT

I. GENERAL POLICY STATEMENT

The Audit Committee (the “Committee”) of Pixelworks, Inc. (“the Company”) is committed to fostering a workplace conducive to open communication about the Company’s business practices. As part of this commitment, the Committee requires that management inform all employees of this policy and ensure the policy is available to all employees, and encourage employees and third parties to report complaints and concerns about compliance with applicable laws, regulations, rules and codes of conduct, including the following matters:

1. Accounting errors or misrepresentations;
2. Misrepresentations, omissions or errors made in information given to internal and external auditors;
3. Violations of regulations or laws;
4. Fraud;
5. Misuse of property or records;
6. Theft or embezzlement;
7. Improper billing;
8. Sales side letters; or
9. Bribery or kickbacks.

The above list is not intended to be all-inclusive and the Committee encourages reports about any other unethical or improper business practices.

II. REPORT SUBMISSION

Employees may submit reports orally or in writing to a supervisor or a supervisor’s manager. The Company has also established a hotline and website that employees and third parties may use to submit reports. The hotline number is 1-866-ETHICSP and the website address is ethicspoint.com. Reports made via the hotline or website may be made anonymously and confidentially, or reporters may choose to identify themselves.

In all cases, reporters are requested to provide as much information as possible including a description of the questionable practice or conduct, names, dates, places, events and why the incident may be a violation. All reports submitted to the Ethicspoint hotline will go directly to the Chairman of the Committee.

III. REPORT RECEIPT

A member of management (the “Chief Compliance Officer”) will receive reports of misconduct and will evaluate such reports to assess the nature, scope and impact of the potential misconduct, and to ensure adequate documentation of all reports for investigation. All reports that the Chief Compliance Officer deems “significant” will be sent directly and promptly to the Chairman of the Committee. The Chairman of the Committee is an independent member of the Board of Directors. Reports are considered “significant” if they allege actual or potential criminal or otherwise unlawful conduct; inaccuracies, omissions or misstatements (whether or

not material) in the Company's financial statements or SEC filings; fraud by any Company employee above a clearly *de minimis* level; or misconduct by management. In addition, the Chief Compliance Officer has the authority to communicate directly to the Chairman of the Committee, promptly, about all reports received under this policy if the Chief Compliance Officer believes such communication to be necessary.

A summary of all reports received will be reviewed by the entire Committee at each regularly scheduled quarterly meeting, or on a more frequent basis should conditions warrant more timely action.

IV. TREATMENT OF REPORTS

All reports will be taken seriously and addressed promptly, discreetly and professionally. Requests to remain anonymous will be respected to the extent appropriate and as permitted by law. Should a reporter elect to identify him or herself, the recipient will communicate the steps that will be taken to address the report, as well as the results of any Company action initiated, to the extent the Committee deems appropriate.

The Committee will investigate, or cause to be investigated, all significant reports and all other reports that it determines require investigation. In its investigation, the Committee may interview employees, request and review all relevant Company documents and/or engage outside advisors to assist in the investigation at the Company's expense. Upon completion of an investigation, the Committee may make recommendations as appropriate to the Board of Directors of the Company.

V. NO RETALIATION

Retaliation, including discharge, demotion, suspension, threats, harassment, or discrimination, is strictly prohibited against any employee who, in good faith, files or participates in the investigation of a report concerning matters not involving the employee (a "Reporting Employee"). Employees determined to have engaged in retaliatory behavior against a Reporting Employee, or who fail to maintain a Reporting Employee's anonymity if requested, will be subject to disciplinary action, which could include termination of employment. Any Reporting Employee who feels that he or she has been subjected to behavior that violates this policy should immediately report such behavior to a supervisor, a supervisor's manager or via the hotline or website.

Reporting suspected misconduct does not absolve an employee from responsibility if the employee participated in or condoned the event. Voluntary and truthful disclosure, however, may be taken into consideration in determining the appropriate disciplinary action.

VI. FALSE REPORTS

Employees who knowingly file misleading or false reports, or file reports without reasonable belief as to truth or accuracy, will not be protected by this policy and will be subject to disciplinary action, which may include termination of employment.

VII. REPORT RETENTION

All reports received under this policy, and all documentation supporting the investigation and resolution of reports received under this policy, will be retained for a period of seven years or until resolved, whichever is longer. Reports retained remain anonymous unless the reporter elects to identify him or herself. Documentation will be retained in secure files to which only the Committee and authorized levels of Management have access.

Last amended: January, 2015.