

Samsung Electro-Mechanics Co.,Ltd.

2021 Annual General Meeting of Shareholders

Reference Material

Note about forward-looking statements

Certain statements in this reference material, other than purely historical information, including estimates, projections, statements relating to business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements”. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of the risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website at <http://www.samsungsem.com/global/index.jsp>

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1. Letter to Shareholders

Dear Shareholders,

I sincerely wish that 2021 be a year filled with health and happiness for you and your family.

Looking back, last year was marked by weak growth in key downstream markets due to the global economic setback brought on by COVID-19 including drop in smartphone demand and significant reduction in automobile production.

The challenging business environment continued as economic uncertainties were amplified with escalated trade tensions between the US and China and the spread of policies designed to protect national interests.

Despite such challenges, SEMCO recorded revenue of KRW 8 trillion 208.7 billion, which is an approximately 6% growth from 2019, and operating profit of KRW 829.1 billion, an approximately 12% increase. This is the third highest revenue and second highest operating profit in SEMCO's history.

Your valuable support and encouragement during the past year was a powerful inspiration to SEMCO in achieving such results, and on behalf of everyone at SEMCO, I express my deep appreciation to all shareholders.

Since I became the Representative Director of SEMCO in January 2020, I have focused on redefining the mission, vision and core values of SEMCO together with its officers and employees in order to transform SEMCO into a true global top company. SEMCO's mission was defined as "providing a valuable experience to all stakeholders including customers and shareholders by offering the best components and unique solutions." With the vision of transforming SEMCO into a "global top growth company where I want to work and that everyone wants to work with", I have been focusing on the key initiatives of enhancing our competitive advantage in technology; continuously expanding the scale of the business; creating an effective organization and building a powerful talent pool.

To keep us properly oriented in the journey of reaching this mission and vision, SEMCO

has defined its five core values that set the standard for the mindset and conduct expected of all SEMCO officers and employees. At SEMCO, the word “**RiGHT**” is used to communicate these five core values.

The first and most fundamental of the five is “**Integrity First.**” Without integrity, which includes multiple meanings such as consistency, honesty, moral behavior, adhering to high standards and playing fair, no activity can continue to be effective over the long run.

Next, the most important value in order to respect diversity and encourage free expression of ideas is attentively listening to others, which starts from “**Respecting All.**”

Also, SEMCO believes that everyone is capable of change and growth through learning and hard work. This belief is captured in the core value of “**Growth Mind.**” The value of “Growth Mind” tells us not only that everyone needs to continuously seek self-development and new knowledge but also that such efforts become much more effective with the recognition and appreciation from those around us.

Next, SEMCO believes that it is difficult to find happiness when life is tilted towards one side. A balance of work and personal life, of mental health and physical health, of myself and family, of friends and colleagues, and of business and society is necessary to achieve and maintain genuine happiness. Hence, the fourth core value is “**Harmony with.**”

The last core value is to provide the best technology for the success of the customer, which is one of the fundamental *raison d’etre* of any company. Achieving greatness in technology requires the courage to not fear failure and to constantly seek new challenges. A company must engage in deep study until reaching the very core of the problem. This is the “**Technology for Great**” value that SEMCO stands by.

These five core values are the number one principle to guide the transformation and growth of individuals and the continuous growth of SEMCO. Everyone at SEMCO is committed to practicing the principle of RiGHT.

Now, I would like to share some key achievements from last year and what we are planning for each of the business divisions going forward.

In the component division, despite the decrease in automotive component demand due to the impact of COVID-19 and the production disruptions in overseas production sites due to lock-down and disease control measures in certain countries, SEMCO achieved revenue growth on a year-on-year basis by maximizing its response to customer demand with flexible operation of its production resources.

At the same time, SEMCO continued to solidify the foundation of its technological leadership by advancing core fundamental technologies such as in the thickness of the dielectric and the internal electrode to best-in-industry levels necessary for development of ultra-small MLCCs that are in high demand.

This focus on technology leadership also brought the added benefit of enhancing the company's investment efficiency by delivering productivity gains around key bottleneck processes and unlocking additional capacity from improved product mix.

The new plant in Tianjin, China has completed equipment setup for the first-stage investment and is currently validating the stability of the mass production system by gradually increasing the scale of pilot production. The efficient use of the Tianjin Plant enables SEMCO to flexibly respond to customer demand, which is expected to further grow this year.

In the case of the module division, the trend of adopting high-specification cameras on smartphones as a key differentiating feature has been steadily spreading beyond the premium segments. This has created greater demand for multi-camera solutions and high-power zoom, high-resolution cameras even in the mass-tier smartphones.

This year, the pent-up smartphone demand caused by COVID-19 is expected to rebound, supported by the launch of a wider range of 5G smartphones. This is likely to drive demand for camera modules.

SEMCO has become a clear leader in the market with its proprietary technologies in key components necessary for high-specification camera modules including large aperture lens for big image sensors, cutting-edge actuators and slim modules, which allows SEMCO to offer camera module products that clearly stand apart from those offered by competitors.

The company will continue to maintain its market leadership by offering the most innovative module solutions showcasing the latest technologies such as optical 10x zoom folded cameras and 108 mega pixel cameras to lead the high-end module market and by increasing supply of mass-tier products especially around high-specification smartphones.

In the substrate division, while supply remained tight last year with the wider launch of 5G smartphones and increase in demand for high-end substrates for PC, server and network equipment applications, SEMCO succeeded in improving both its top and bottom line by increasing its dominance especially around high-value products including multi-layer substrates for 5G antennas, substrates for mobile APs and package substrates for thin CPUs.

Whereas in the past, performance enhancement gained from semiconductor node migration was the key driver for growth in the IT industry, recently the explosive growth in data traffic driven by 5G, AI and cloud services has emerged as the new source of demand for package substrate technologies that enable faster signal connections between larger number of chips, creating a technology inflection point for the package substrate market.

To meet such demand, package substrates are expected to evolve to thinner circuits, higher layers and larger sizes, and this trend is expected to fuel market growth. Coupled with demand growth driven by the upturn in the semiconductor cycle, the package market is expected to continue growth in the future.

Accordingly, SEMCO will focus on improving its product mix by increasing the share of high-end products such as multi-layer substrates for 5G antennas and package substrates for thin CPUs and capturing new customer demand to further enhance its revenue and profitability. The company's growth target is to outpace market growth. At the same time, by further strengthening its competitive advantages in manufacturing and cost, SEMCO will remain focused on delivering better revenue and profitability.

Dear Shareholders,

The business environment in 2021 is likely to remain challenging, with troubles in the global economy, surge of protectionism and increased currency volatility.

While many risks including those associated with COVID-19 remain pending, the company looks forward to many opportunities such as the strong demand for products related with smartphones, PCs and automobiles with wider adoption of 5G communication and continued trends of working and learning from home.

Much like last year, 2021 will be another year that offers both many opportunities and challenges. SEMCO will take on the new year with the confidence that it can make tomorrow better than today no matter what opportunity or challenge the future may bring. Tapping the lessons and wisdom gained from overcoming the unprecedented challenges of 2020 and with thorough preparation against uncertainties, SEMCO is committed to delivering the revenue and profits expected by its shareholders while leading the market with stable profitability and superior technology.

At the same time, SEMCO will keep its eye on achieving its mid-to-long-term vision of at least doubling its business size by increasing its market share and continuously growing its top line.

SEMCO wants to build a positive feedback loop where customers enjoy greater satisfaction by receiving a more valuable experience from SEMCO's components and solutions, and this in turn leads to greater happiness of SEMCO and its shareholders.

SEMCO will continue its efforts to maintain future growth momentum by constantly engaging in productivity enhancement efforts with the continued development of differentiated high-value products and enhanced manufacturing competitiveness and carrying out a company-wide digital transformation campaign to demonstrate greater agility in the face of global uncertainties and changes in its business environment.

Aware of the growing importance of sustainability in business, SEMCO has placed top priority on securing sustainable **profits** but also pursuing happiness of all **people** and fulfilling its responsibility to the **planet** to achieve growth while maintaining a balance with the greater society. ESG including the creation of a safe environment presents a new set of tasks for SEMCO. To ensure sustainable and transparent business practices that provide a sound foundation for human rights and safety, SEMCO has been assessing its current situation to represent its baseline in quantifiable numbers and to prepare a roadmap that lays out its data-driven, mid-to-long-term improvement targets. The roadmap will be used to define the actions that need to be immediately taken and guide the systematic implementation of SEMCO's ESG initiatives.

As part of its investor relations, SEMCO has been actively engaging with its shareholders and investors both in Korea and overseas. Even though face-to-face meetings have been limited due to COVID-19, quarterly earnings presentations, video conferences and conference calls have been used to share the company's mid-to-long-term vision and strategy with the investor community as part of efforts to maximize shareholder value.

The total dividend for 2020 put forth for approval by the General Meeting of Shareholders is KRW 105.9 billion, an approximately 27% increase from KRW 83.2 billion in 2019. This corresponds to a KRW 1,400 dividend per share for common shares and KRW 1,450 for preferred shares.

SEMCO will continue to humbly listen to the voices of its shareholders and actively seek to return the value generated from the company's growth to its shareholders while taking into account the need for future investments and cashflow.

Dear Shareholders!

SEMCO has defined 2021 as the year of laying the cornerstone to its vision of becoming the "World's Best Growth Company" by thoroughly preparing to outgrow its competitors and the market regardless of the various uncertainties that the future holds.

Stronger technology leadership and innovation in manufacturing capabilities will be the source of its fundamental business competitiveness and continued growth.

At the same time, SEMCO will further foster a global compliance culture throughout the company to become a trusted partner recognized for its integrity in the global market.

Dear Shareholders!

SEMCO looks forward to your continued support and encouragement in 2021. I wish for success in all your endeavors, and health and happiness for you and your family.

Thank you

Kye Hyun Kyung, PhD
Representative Director & President
Samsung Electro-Mechanics Co.,Ltd.



2. Notice of 2021 AGM

- Date : March 17, 2021 at 09:00 Korea Standard Time
- Place : Grand Hall, the 7th floor of L-Tower
(213, Gangnam-daero, Seocho-gu, Seoul, Korea)
- Record date : December 31, 2020. Only common shareholders of record at the close of business on the record date are entitled to vote at the Annual General Meeting of Shareholders.

- Agendas for the Resolution
 1. Approval of Financial Statements (FY2020)
 2. Election of Executive Director
 3. Election of Independent Director to Serve on the Audit Committee
 4. Approval of Director Remuneration Limit (FY2021)

3. Agendas

Agenda 1. Approval of Financial Statements (FY2020)

Overview

The Board of Directors is seeking approval of the following financial statements for FY2020 beginning on January 1, 2020 and ending on December 31, 2020.

- Consolidated Statements of Balance Sheet
- Consolidated Statements of Income Statement
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Separate Statements of Appropriation of Retained Earnings

Financial Highlight & Shareholder Return

In 2020, the revenue of the Module Division decreased due to fall in downstream smartphone demand affected by COVID-19.

However, company-level revenue grew vs. 2019 thanks to the growth of the Component Division that successfully captured the strong demand from applications including PCs, TVs, game devices and servers tied to the new trend of social distancing; and the growth of the Substrate Division that increased the share of high-value substrates including multi-layer substrates for 5G antennas, substrates for mobile APs and package substrates for thin CPUs.

The dividend payment for 2020 will be KRW 1,400 per share (based on common shares), which is a 27% increase compared to 2019. Dividend payout ratio increased to 18% from 16% to strengthen shareholder return. In the future, our goal is to maintain payout ratio of at least 20%.

[Balance Sheet]

(Billion KRW)

	FY2020	FY2019
Total Assets	9,225.5	8,674.2
Liabilities	3,315.1	3,244.1
Equity	5,910.4	5,430.1

[Income Statement]

(Billion KRW)

	FY2020	FY2019
Sales	8,208.7	7,718.3
Operating Profit	829.1	740.9
Profit before tax from continuing operations	782.9	696.1
Profit from Discontinued Operations	8.1	-96.9
Net Income	604.0	514.3
Dividend Total	105.9	83.2
Dividend (per share)	· Common: 1,400 KRW · Preferred: 1,450 KRW	· Common: 1,100 KRW · Preferred: 1,150 KRW
Dividend Payout Ratio	17.5%	16.2%

※ Net income attributable to owners of the parent

[Sales by Division]

(Billion KRW)

Division	Category	FY2020	FY2019
Component	Sales	3,645	3,220
	(%)	44%	42%
Module	Sales	2,803	3,028
	(%)	34%	39%
Substrate	Sales	1,761	1,470
	(%)	21%	19%
Total	Sales	8,209	7,718
	(%)	100%	100%

Agenda 2. Election of Executive Director

Overview

Samsung Electro-Mechanics places top priority on enhancing corporate transparency and practicing responsible business management to maximize enterprise value. In order to achieve such business objectives, Samsung Electro-Mechanics has a board of directors consisting of 7 members including 4 independent directors with expertise in various fields.

Executive Directors(3)	Mr. Kye Hyun Kyung, Mr. Kang Heon Hur, Mr. Bong Yong Kang
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Independent Directors(4)	Mr. Yong Kyun Kim(Chairman), Mr. Ji Beom Yoo, Mr. Joon Kyung Kim, Ms. Yoon Kyung Yuh
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※ As of the end of December 2020

Executive Directors are the CEO, former Head of Corporate R&D Institute and Head of Corporate Business Support Team of the Company, while Independent Directors consist of experts in areas such as IT, law, finance and economics, capable of supervising management from an objective and balanced point of view.

The Board has separated the roles of CEO and Chairman of the Board since 2016, enabling the board to be more independent.

The directors shall be appointed at the Annual General Meeting of Shareholders.

The BOD and the Independent Director Recommendation Committee have nominated the following candidates as directors for 2020.

As the terms of Kang Heon Hur will expire in March of this year, the Board nominates Doo Young Kim, the Executive Vice President of the Component Division as new executive director of the Board.

[Nominee for Executive Director]

Doo Young Kim
Head of Component Division
(newly nominated)



Doo Young Kim is currently the Executive Vice President of the Component Division. He graduated from Konkuk University with a bachelor's degree in electronic engineering, and is an expert of passive component development and manufacturing, having served key positions including the LCR Development Team Leader and Component Manufacturing Team Leader at SEMCO. Demonstrating keen business insight accumulated from a wide-range of work experience, he has been leading the Component Division, which includes the company's key business pillar MLCC, to consistently deliver noteworthy business results. Doo Young Kim is nominated as an executive director of the Board as he is expected to significantly contribute to strengthening the company's manufacturing and development capabilities and building the company's business roadmap as a member of the Board.

※ The nominee for executive director above has no transaction history or related interests with the largest shareholder during the recent three years, and has no financial delinquencies, no history of serving as a manager of a distressed company nor any statutory grounds for disqualification.

Profile of the Nominee for Executive Director

Doo Young Kim	Education	Career	
Date of Birth : Dec. 13, 1966	1994, B.E. in Electronic Engineering, Konkuk University	2020 ~ Present	EVP, Head of Component Division, Samsung Electro- Mechanics
Start of term : Mar.17, 2021		2018 ~ 2019	EVP, Component Manufacturing Team, Samsung Electro- Mechanics
Expiration of term : Mar.17, 2024		2015 ~ 2018	SVP, LCR Manufacturing Team, Samsung Electro-Mechanics
		2011 ~ 2015	VP, LCR Development Team, Samsung Electro-Mechanics

Agenda 3. Election of Independent Director to Serve on the Audit Committee

Overview

The Audit Committee provides oversight, support and checks and balances, to guide management in making sound decisions in compliance with legal processes to enhance value creation for the company. The Audit Committee is made up of independent directors, and committee members are appointed at the general shareholders' meeting. The chairman of the committee is selected by committee resolution.

As of the end of December 2020, the Audit Committee consisted of Directors Yong Kyun Kim, Joon Kyung Kim and Yoon Kyung Yuh. The terms of Yong Kyun Kim will expire in March of this year (first elected in 2018). We recommend re-electing him for his continued contribution and to secure consistency and effectiveness of Board activities.

[Nominee for Independent Director to Serve on the Audit Committee]

Yong Kyun Kim
(renominated)



Yong Kyun Kim, the former Chief Judge of the Seoul Administrative Court, is currently a Managing Partner of the law firm Barun Law and brings expertise in the field of law and industry.

With such expertise, Yong Kyun Kim has served as an independent director of SEMCO since 2018, providing valuable advice regarding compliance and legal matters. In

particular, during 2020, as the Chairperson of the Board, he greatly contributed to the stable operation of the Board and the growth of the business.

In recognition of his outstanding capabilities demonstrated during his previous term, Yong-Kyun Kim is renominated as the independent director and nominated as the independent director to serve on the Audit Committee to ensure transparent and sound operation of the Board.

※ The nominee for independent director to serve on the Audit Committee above has no transaction history or related interests with the largest shareholder during the recent three years, and has no financial delinquencies, no history of serving as a manager of a distressed company nor any statutory grounds for disqualification.

Profile of the Nominee for Independent Director to Serve on the Audit Committee

Yong Kyun Kim	Education	Career
	1977, LL.B., Seoul National University	2010 ~ Present Managing Partner, Barun Law
Date of Birth : Jul. 2, 1954		2018 ~ Present Independent Director, Samsung Electro-Mechanics
Start of term : Mar.17, 2021 (1 st term started in Mar. 2018)		2010 ~ 2018 Honorary Ambassador, Bapsang Community Foundation
Expiration of term : Mar.17, 2024		2013 ~ 2017 Adjunct Professor, School of Law, Seoul National University
		2009 ~ 2010 Chief Judge, Seoul Administrative Court & Chief Judge, Seoul Family Court
		1979 Graduated from the Judicial Research & Training Institute

Agenda 4. Approval of Director Remuneration Limit (FY2021)

Overview

Under its Board of Directors, Samsung Electro-Mechanics currently operates a Compensation Committee, which is in charge of assessing the performance compensation of directors and examining the director remuneration limit for the following fiscal year. In order to enhance the transparency of decision-making, the Compensation Committee consists of four independent directors.

- FY2020 Remuneration (Actual) & FY2021 Remuneration (To be approved)

(Billion KRW)

FY2020		FY2021
Approved	Actual	Proposed
11.0	8.1 - Executive Director : 7.7 - Independent Director : 0.4	7.0
※ Number of Directors (Independent) : 7 (4)		

* FY2021 total remuneration limit KRW 7.0 billion

: regular remuneration KRW 6.5 billion, long-term performance bonus KRW 0.5 billion

FY2020 total remuneration limit KRW 11.0 billion

: regular remuneration KRW 9.0 billion, long-term performance bonus KRW 2.0 billion

In 2020, a total of KRW 8.1 billion was executed as director compensation including wage income such as salary and bonuses as well as retirement benefits for the executive directors and the remuneration for the independent directors. This is approximately 74% of the approved limit for director remuneration for FY2020.

The director remuneration limit submitted for approval has been calculated by taking into account routine salary levels as well as the recent three-year payment history of average bonuses and retirement benefits.

4. Business Report

In 2020, downstream demand for smartphone and automobiles decreased on a year-on-year basis due to COVID-19.

Even though the decrease in smartphone and automobile demand brought challenges to the component industry, SEMCO was able to achieve revenue of KRW 8 trillion 208.7 billion and operating profit of KRW 829.1 billion on a consolidated basis by actively capturing the demand generated from new trends such as remote working and the demand for high-end products from applications such as high-end smartphones, network equipment and automobiles.

Despite the global market uncertainties related with COVID-19 continuing to loom in 2021, SEMCO is focused on developing new business opportunities being unleashed by technology inflection points in the areas of 5G, AI and autonomous driving.

In order to respond to such a business environment, SEMCO will strengthen its development capabilities necessary to expand its position in the growing high-end market targeting new platforms; increase its marketing capabilities to support its new growth business initiatives; and expand its product line-up for industrial applications including servers and networks as well as automotive applications, which are key areas of growth.

SEMCO's major products and key strategy by business division are summarized as follows:

First, the component division supplies passive chip components essential in making various electronic products. SEMCO's key products in this business are MLCCs (multi-layer ceramic capacitors), chip inductors and chip resistors.

The passive component business requires expertise in material development, manufacturing process technology, equipment technology and quality control, which naturally creates high barriers to entry.

SEMCO secures its own proprietary in key materials including dielectric and magnetic material, and has been developing competitively superior new products using its proprietary manufacturing processes and equipment.

In 2021, the demand for MLCC is expected to grow, driven by demand for laptops, tablets, and servers tied to trends such as remote working and the wider adoption of 5G communication services. In particular, the high-end MLCCs including small-size and high-capacitance products as well as high-reliability products are expected to lead market growth, reflecting downstream developments such as increase in 5G smartphones and network equipment, greater adoption of electric vehicles and adoption of ADAS.

Given this outlook, SEMCO's focus will be on increasing the revenue contribution of high-end products for further gains in its profitability and expanding the supply of automotive products to add greater stability to its business portfolio.

The major products for the module division are camera modules and communication modules. In addition to the existing demand from IT applications, demand for modules from automotive applications has been steadily increasing.

SEMCO's focus in the camera module business is to expand its high-end products such as folded zoom and high-resolution camera modules to tap the trend of multi-camera and high feature camera adoption in a wider range of smartphone segments, and to strengthen its market leadership and profitability based on its technology advantage in key components including lens and actuators.

For communication modules, the focus will be on launching products differentiated by higher performance and small and thin form factors that are needed in new 5G applications.

The substrate division supplies package substrates for mounting semiconductors and electrically connecting the semiconductor with the mainboard. The major products of the substrate division include package substrates for mobile applications (BGA), package substrates for PCs (FCBGA) and semiconductor packaging for smartphones, PCs, wearable devices and servers.

The growth of the package substrate market has been centered around products with thinner circuits and multi-layers needed for 5G smartphones, PCs, servers and network

equipment. SEMCO has leveraged its leadership in micro-circuits and multi-layer technology and its excellent product reliability to expand its strategic relationship with key customers and drive growth around high-end substrates.

At the same time, SEMCO will focus on developing next generation products to win opportunities in newly emerging markets and continue to add new applications and customers to its substrate business.

5. Corporate Governance

Overview

Samsung Electro-Mechanics protects shareholders' rights through transparent management. The governance of Samsung Electro-Mechanics consists of legal and transparent procedures based on the Commercial Act of Korea and the Company's Articles of Association. Each member of the Board of Directors contributes to the management and growth of the Company, and effectively performs monitoring/checking functions.

Board Composition

Election of Directors and Terms of Office

Directors are elected by shareholders at a general meeting of shareholders. Candidates for executive directors are nominated by the Board of Directors, while candidates for independent directors are nominated by the Independent Director Recommendation Committee. The total number of directors shall be greater than three and no more than nine. In the case of electing two or more directors, the cumulative voting system prescribed in Article 382-2 of the Commercial Act is not applied. The term of office is three years, and a director may be re-elected at a shareholders' meeting.

Election of Chairman

The chairman of the Board of Directors is elected from among the directors following a resolution of the Board. Currently, independent director Yong Kyun Kim is serving as chairman.

Board Expertise and Diversity

The Company does not set restrictions pertaining to race, sex, region of origin, or area of expertise when considering Board members. It actively considers individuals who can participate in the Board with new and diverse perspectives. In particular, for independent directors, the Company seeks candidates who meet the qualifications set forth by relevant laws and regulations, and have expertise or experience in areas such as management, economics, accounting, law or relevant technologies.

Director Independence

The "independence" of independent directors is evaluated in accordance with Article 382 and Article 542-8 of the Commercial Act, and with Article 22-2 of the Articles of Incorporation of the Company. If a requirement is not met, a determination of no "independence" is made. In particular, individuals who engage in Company business, have key interests with major shareholders or with the Company, or have worked as employees of the Company within the past two years are prohibited from serving as independent directors.

Operations of the Board of Directors

Board Types

- Regular Board Meetings: Meetings are held once every quarter as a general rule.
- Special Board Meetings: Meetings are held as needed.

Board Meetings

The chairman calls the meeting of the Board of Directors and must notify each director of the meeting date at least 12 hours before the time of meeting. A director may request the chairman convene a meeting of the Board by submitting the agenda and objectives if he or she has determined that there are justifiable reasons for business purposes. If the chairman refuses to convene the Board without just cause, the director who raised the subject matter may himself or herself call a meeting of the Board.

Board Resolution

A resolution of the Board of Directors shall be made when a majority of the directors are in attendance and by a majority vote of the directors in attendance. However, to the extent permitted by relevant laws and ordinances, it is possible to conduct a meeting by means of telecommunication. In order to conduct a fair evaluation and engage in a rational decision-making process, directors with special interests in the subject matters being reviewed are prohibited from exercising their voting rights and are not included in the number of voting rights of the directors in attendance.

Main Matters Considered

Shareholders Meetings and Proposals

- Convening general meetings of shareholders
- Approval of operating reports and financial statements
- Amendments to the Articles of Incorporation
- Appointment and dismissal of directors
- Matters relating to the Company's dissolution, mergers and acquisitions, and transfer of the entire business or key parts of the business, as well as transfer of the entire business or key parts of the business of another company that can have significant implications for the Company
- Directors' compensation, etc.

Management Matters

- Decisions regarding basic management policies of the Company, and amendments
- Approval of management plans and of quarterly and semi-annual reports

Financial Matters

- Matters concerning issuance of shares(Decisions regarding issuance of new shares, Issuance of convertible bonds and bonds with subscription rights)
- Acquisition, disposal and retirement of treasury stock
- Approval of internal transactions
- Matters involving other key corporations and pertaining to investment/disposal, furnishing of collateral/debt guarantees, credit agreements, etc.

Matters Concerning Directors, Board of Directors, Committees

- Approval of directors' involvement in competitive businesses, of concurrent service for another business in the same industry, and of transactions between a director and the Company
- Appointment of the chairman of the Board of Directors
- Appointment of the CEO of the Company and joint representatives
- Establishment of committees, appointment and dismissal of committee members
- Establishment and dismissal of other operating rules for the Board and committees

Other

- Matters set forth in the law or the Articles of Incorporation
- Matters delegated by the meeting of shareholders and matters deemed necessary by the CEO

Responsibilities and Obligations

Fiduciary Duty of Directors

Directors have a duty of care in making decisions as corporate fiduciaries.

Duty in Good Faith

Directors must perform their duties faithfully for the Company in accordance with the provisions of the law and the Articles of Incorporation.

Prohibition of Directors' Involvement in Managing Competitive Businesses

Unless approved by the Board or by a committee set by the Board, directors may not engage in operating businesses that are in the same industry as the Company

Other

Liability Insurance

- In accordance with internal regulations and with approval from the Board or the appropriate committee, the Company provides directors with liability insurance.

Scope of indemnification: The insurance covers the damages to shareholders and other stakeholders arising from a director's violation of his or her duty of care as a fiduciary and of his or her duty in good faith.

Efforts to Support Independent Directors

In accordance with relevant regulations, independent directors, who play an integral role in maintaining the independence of the Board of Directors, may receive the assistance of external specialists in making important decisions. To this end, the Company has made it a policy to provide external support to the greatest extent possible, such as providing the services of legal or accounting advisers, upon request by independent directors.

In order to provide opportunities for independent directors to exchange opinions and suggestions on matters of overall management of the Company, meetings of independent directors without members of management present are held regularly (at each quarterly meeting of the Board) or when needed.

The Company does not hesitate to provide all the support necessary for independent directors to actively and independently serve the Company. The Company supports regular educational or training efforts such as visits to domestic and international management sites and reports on the status of operations.

Board Committees

The Board of Directors has five sub-committees consisting of the Management Committee, the Audit Committee, the Independent Director Recommendation Committee, the Related Party Transaction Committee and the Compensation Committee.

The Management Committee

The Management Committee deliberates and decides matters either delegated by the BOD, or specified in the Articles of Incorporation or Regulations of the Board of Directors, aiming to enhance professionalism and efficiency of decision making.

The Audit Committee

The Audit Committee supervises and supports management to maximize corporate value using a system of checks and balances. The Committee consists of three Directors, and at least two thirds of them, according to relevant laws and regulations, must be Independent Directors.

The Independent Director Recommendation Committee

The Independent Director Recommendation Committee ensures that outside directors are recruited and recommended in a fair and independent matter. The Committee currently consists of four independent directors.

The Related Party Transaction Committee

The Related Party Transaction Committee (also known as Internal Transaction Committee) is a compliance body to enhance corporate governance and to promote fair transaction. The Committee reviews pending transactions between the company and its related parties.

The Compensation Committee

The Compensation Committee evaluates the appropriateness of and reviews and approves the limit on Director's compensation to be submitted for resolution at a general meeting of shareholders. The Committee is composed of four independent directors.

Composition of the BOD committees

Committee	Members		
	Chair	Executive Director	Independent Director
Management	Kye Hyun Kyung	Kye Hyun Kyung Kang Heon Hur Bong Yong Kang	-
Audit	Yoon Kyung Yuh	-	Yoon Kyung Yuh Joon Kyung Kim Yong Kyun Kim
Independent Director Recommendation	-	-	Yoon Kyung Yuh Joon Kyung Kim Yong Kyun Kim Ji Beom Yoo
Related Party Transactions	Joon Kyung Kim	-	Joon Kyung Kim Yong Kyun Kim Ji Beom Yoo
Compensation	-	-	Yoon Kyung Yuh Joon Kyung Kim Yong Kyun Kim Ji Beom Yoo

※ As of the end of December 2020

Profile of the BOD members

[Executive Directors]



Kye Hyun Kyung

Date of Birth : Mar. 5, 1963

Start of term : Mar.18, 2020
(1st term started in Mar. 2020)

Expiration of term : Mar.18, 2023

Career

2020 ~ Present President & CEO, Samsung Electro-Mechanics
2019 ~ 2019 EVP, Head of Memory Solution, Memory Division, Samsung Electronics
2016 ~ 2018 EVP, Head of Flash Product & Technology, Memory Division, Samsung Electronics
2014 ~ 2015 SVP, Head of Flash Design Team, Memory Division, Samsung Electronics
2012 ~ 2013 Vice President, Head of Flash Design Team, Memory Division, Samsung Electronics



Kang Heon Hur

Date of Birth : Mar. 17, 1963

Start of term : Mar. 23, 2018
(1st term started in Mar. 2018)

Expiration of term : Mar. 23, 2021

Career

2021 ~ Present Advisor, Samsung Electro-Mechanics
2015 ~ 2020 EVP, Head of Corporate R&D Institute, Samsung Electro-Mechanics
2011 ~ 2015 SVP, Head of Corporate R&D Institute, Samsung Electro-Mechanics
2010 ~ 2011 SVP, Head of LCR Development Team, Samsung Electro-Mechanics
2006 ~ 2010 SVP, Head of LCR Development Team, Samsung Electro-Mechanics
2004~ 2006 VP, Head of Chip Component Development Team, Samsung Electro Mechanics



Bong Yong Kang

Date of Birth : Jan. 4, 1964

Start of term : Mar.18, 2020
(1st term started in Mar. 2020)

Expiration of term : Mar.18, 2023

Career

2020 ~ Present EVP, Head of Corporate Business support team, Samsung Electro-Mechanics
2019 ~ 2019 EVP, Head of Corporate Business support team, Device Solution, Samsung Electronics
2018 ~ 2018 EVP, Head of Corporate Business support team, Device Solution, Samsung Electronics
2015 ~ 2017 SVP, Head of Corporate Business support team, Device Solution, Samsung Electronics
2012 ~ 2013 VP, Head of Corporate Business support team, Memory Division, Samsung Electronics

[Independent Directors]



Yong Kyun Kim

Date of Birth : Jul. 2, 1954

Start of term : Mar. 23, 2018
(1st term started in Mar. 2018)

Expiration of term : Mar. 23, 2021

2010 ~ Present
2018 ~ Present

2010 ~ 2018

2013 ~ 2017

2009 ~ 2010

1979

Managing Partner, Barun Law
Independent Director, Samsung
Electro-Mechanics
Honorary Ambassador, Bapsang
Community Foundation
Adjunct Professor, School of Law,
Seoul National University
Chief Judge, Seoul Administrative
Court & Chief Judge, Seoul Family
Court
Graduated from the Judicial Research &
Training Institute



Ji Beom Yoo

Date of Birth : Sep. 6, 1959

Start of term : Mar. 18, 2020
(1st term started in Mar. 2017)

Expiration of term : Mar. 18, 2023

1994~Present

2015 ~ 2018

2011 ~ 2014

2009 ~ 2014

Professor, Advanced Materials Science
and Engineering Department,
Sungkyunkwan University
Vice-President of the Natural Sciences
Campus & Head of the Academic-
Industrial Cooperation Group,
Sungkyunkwan University
Dean of Engineering College,
Sungkyunkwan University
Vice-President of the Sungkyun Nano-
Science Institute



Joon Kyung Kim

Date of Birth : Apr. 10, 1956

Start of term : Mar. 18, 2020
(1st term started in Mar. 2020)

Expiration of term : Mar. 18, 2023

2008 ~ Present

2013 ~ 2017

2008

2006 ~ 2007

2004 ~ 2007

Professor, KDI School of Public Policy
and Management
President, Korea Development Institute
(KDI)
Secretary to the President for Economy
and Finance
Vice-President, KDI
Head of Macro-economic/Finance
Research, KDI



Yoon Kyung Yuh

Date of Birth : Nov. 17, 1968

Start of term : Mar. 18, 2020
(1st term started in Mar. 2020)

Expiration of term : Mar. 18, 2023

2006 ~ Present

2017 ~ 2019

2014 ~ 2016

2012 ~ 2014

2008 ~ 2015

Professor, College of Business
Administration, Ewha Women's
University (Finance)
Member of the Investment Pool
Management Committee, Ministry of
Finance and Planning
Member of the Fund Management
Evaluation Board, Ministry of Finance
and Planning
Member of the Financial Supervision
Advisory Committee, Financial
Supervisory Service
Non-executive Director &
Head of the Financial Planning Center,
Management Research Center, Ewha
Women's University

BOD Activities

Board meetings & voting results of independent directors

R o u n d	Date	Agenda	Result	Board Members and Attendance			
				Tae Kyun Kwon (Attendance : 100%)	Hyun Cha Choe (Attendance : 100%)	Ji Beom Yoo (Attendance : 100%)	Yong Kyun Kim (Attendance : 100%)
				For / Against			
20 - 1st	2020-01-29	1. Matter of approving the 47th Financial Statements and Business Report	Approval	For	For	For	For
		2. Matter of approving convention and regulation of Samsung Compliance Committee	Approval	For	For	For	For
		3. Matter of appointing chairman and director of Samsung Compliance Committee	Approval	For	For	For	For
		4. Matter of amending compliance control standard	Approval	For	For	For	For
		5. Matter of results of legal compliance for 2019 and report on plan for 2020	Report item	-	-	-	-
		6. Matter of report on 2019 earning results and 2020 business objectives	Report item	-	-	-	-
20 - 2nd	2020-02-24	1. 47th General Shareholders' Meeting Agenda and Convening & Resolution	Approval	For	For	For	For
		2. Report on Status of 2019 Internal Control	Report item	-	-	-	-
		3. Report on Assessment of 2019 Internal Control	Report item	-	-	-	-
20 - 3rd	2020-02-26	1. Matter of carrying out contribution regarding COVID-19	Approval	For	For	For	For

R o u n d	Date	Agenda	Result	Board Members and Attendance			
				Yong Kyun Kim (Attendance : 100%)	Joon Kyung Kim (Attendance : 87.5%)	Ji Beom Yoo (Attendance : 100%)	Yoon Kyung Yuh (Attendance : 100%)
				For / Against			
20 - 4th	2020-3-18	1. Matter of Appointment of the Chairman of the Board of Directors	Approval	For	For	For	For
		2. Matter of Appointment of the CEO and commissioning of director roles and responsibilities	Approval	For	For	For	For
		3. Approval of Director compensation	Approval	For	For	For	For
20 - 5th	2020-04-27	1. Matter of the 2020 indemnity insurance contract	Approval	For	Absent	For	For
		2. Report of 2020 1Q results and 2Q outlook	Report item	-	-	-	-

20 - 6th	2020-06-11	1. Matter of Appointment of member of Samsung Compliance Committee	Approval	For	For	For	For
20 - 7th	2020-06-23	1. Matter of Approving significant related party transactions	Approval	For	For	For	For
		2. Matter of compliance officer appointment	Approval	For	For	For	For
20 - 8th	2020-07-28	1. Execution of donation for Sungkyunkwan University	Approval	For	For	For	For
		2. Reporting of 2Q 2020 results and 3Q 2020 outlook	Report item	-	-	-	-
20 - 9th	2020-10-21	1. Matter of Approving R&D cooperation fund contribution	Approval	For	For	For	For
		2. Matter of carrying out contribution of Samsung foundation	Approval	For	For	For	For
		3. Matter of Amendment of transaction amount limits with significant related party	Approval	For	For	For	For
		4. Report on results of evaluating legal compliance effectiveness	Report item	-	-	-	-
		5. Matter of report on 2020 3rd quarter results and forecast for the annual earnings of 2020	Report item	-	-	-	-
		6. Matter of the status of safety and health of employees	Report item	-	-	-	-
20 - 10th	2020-11-30	1. Matter of carrying out contribution to Community Chest of Korea	Approval	For	For	For	For
20 - 11th	2020-12-10	1. Matter of approving significant related party transactions	Approval	For	For	For	For
		2. Matter of approving 2021 limits on transactions with Related parties	Approval	For	For	For	For
		3. Matter of carrying out contribution to Child fund Korea	Approval	For	For	For	For
		4. Matter of revising rules of Compensation committee	Approval	For	For	For	For
		5. Matter of approving director compensation	Approval	For	For	For	For

Committee participation of Independent Directors in FY2020

Audit Committee

Date	Agenda
Jan. 29 2020	1. Report on 4Q19 execution result on contribution 2. Report on 2019 internal audit result and 2020 plan 3. Report on 2020 independent audit plan
Feb. 24 2020	1. Report on 2019 Financial statement and business report 2. Report on 2019 Status of Internal Control 3. Report on 2019 Evaluation of Status of Internal Control 4. Report of Independent Auditor's Audit
Apr. 27 2020	1. Appointment of Director of Audit Committee 2. Report on 1Q20 financial statement 3. Report on 1Q20 Review of Independent Accountant 4. Report of 2020 Operational Plan on Internal Control 5. Report on 1Q20 execution result on donation
Jul. 28 2020	1. Report on 1H20 Review of Independent Accountant 2. Report on 2Q20 Financial Statement 3. Report on 2Q20 Review of Independent Accountant 4. Report on 2Q20 execution result on donation
Oct. 21 2020	1. Report on 3Q20 Financial Statement 2. Report on 3Q20 Review of Independent Accountant 3. Report on Evaluation plan of Internal Control 4. Report on 3Q20 execution result on donation

Related party transactions committee

Date	Agenda
Feb. 24 2020	1. Report on 2019 related party transactions
Apr. 27 2020	1. Review on 2020 indemnity insurance 2. Report on 1Q20 related party transactions
Jun. 23 2020	1. Appointment of Director of related party transactions committee 2. Report on Significant related party transactions
Jul. 28 2020	1. Report on 2Q20 related party transactions
Oct. 21 2020	1. Review on 3Q20 related party transactions 2. Matter of Amendment of 2020 transaction amount limit with related parties
Dec. 10 2020	1. Review on Significant related party transactions 2. Matter of Amendment of 2021 transaction amount limit with related parties

Compensation committee

Date	Agenda
Feb. 24 2020	1. Review on remuneration limit for Directors 2. Approval of Directors compensation