

2024 Annual General Meeting of Shareholders

Reference Material

Samsung Electro-Mechanics Co.,Ltd.

[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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Letter to Shareholders (CEO Message)

Dear shareholders of Samsung Electro-Mechanics(“SEMCO”),

I wish the year 2024 brings health and happiness to you and all your loved ones.

Last year in 2023, inflation and geopolitical uncertainties persisted, leading to a slowdown in global economic growth and a challenging external environment overall.

Among SEMCO’s key downstream markets, sales of key IT set products such as smartphones and TVs decreased due to weakened consumer sentiment affected by the economic slowdown. However, the xEV/autonomous driving markets and the AI server market continued to record solid growth.

Amidst such conditions, SEMCO continued to steer its business towards high-value products and expanded its position in growth markets including automotive and AI. However, even such progress was not enough to completely offset the impact of the slowdown in downstream IT set markets.

In 2023, SEMCO recorded KRW 8 trillion 909.4 billion in revenue, which is a decrease of roughly 5% from the previous year. Operating profit in 2023 was KRW 639.4 billion, a fall by approximately 46%.

Today, I would like to highlight some key achievements from 2023 and share how SEMCO is preparing for the future.

First, the Component Business,

While demand for MLCCs used in IT applications decreased as a result of sluggish global consumption, the automotive market including xEV/autonomous driving applications maintained growth in 2023, which helped SEMCO’s high-end automotive MLCC business deliver another year of growth.

In the case of MLCCs for IT and industrial applications, SEMCO was able to further strengthen core material technology including dielectric and inner electrode as well as key manufacturing process technology such as layering, baking and shaping to widen our technology differentiation and to target new markets including AI and satellite Internet.

In automotive MLCC, SEMCO was able to establish a solid presence among global EV and tier-1 customers by offering deep product coverage of small-size, high-performance and high-reliability MLCCs based on our high-temperature material and 1,000 V-class high-voltage element technology, in addition to the high-capacitance MLCCs for ADAS.

Going forward, the strategical focus of the Component Business will be to expand cutting-edge small-size, high-capacitance products for flagship smartphones; to create a stable supply system by expanding production capabilities to actively capture high-end product demand including demand for high-capacitance, high-voltage MLCCs for automotive applications; and also to focus our business resources on industrial MLCC demand including AI servers, industrial power and factory automation. Our target for the Component Business is to deliver revenue growth that outpaces the market.

Next, the Optics and Communication Solutions Business,

Last year, despite challenges posed by the smartphone market shifting towards both ends of the product spectrum and heightened competition, smartphone OEMs continued to adopt folded zoom and other high-specification, high-performance cameras as a key differentiation point of their flagship smartphones. In parallel, automotive OEMs around the world announced plans to accelerate EV transition and to increase ADAS adoption, which kept the automotive camera market demand growing last year.

Given such market situation, SEMCO's IT camera module business announced new products showcasing SEMCO's technology leadership in high-performance camera modules including the high image quality folded zoom modules with a new structure design and multi-step iris. It started the supply of 5+ mega pixel camera modules for autonomous driving system, and successfully added a new customer in Korea by developing products that satisfy the customer's needs for high-pixel and high-picture quality.

Going forward, our camera module business will continue to concentrate on improving its profitability and increasing supply in a stable manner by maintaining price competitiveness while developing new products featuring improved lens brightness and more powerful zoom using SEMCO's internalized lens and actuator technology edge.

The key focus for the automotive camera module business is increasing supply of high-pixel modules and increasing customer diversification. SEMCO aims to expand its line-

up of differentiating products including high-reliability camera modules to grow its automotive camera module business into a major pillar of the company's future growth.

Last, the Package Solution Business.

SEMCO's package solution business faced a challenging market brought on by decrease in demand for PCs. Fortunately, package substrate demand for other applications including servers, network equipment and automotive remained strong. SEMCO captured demand from these growth applications and also increased supply of high-performance substrates for ARM processors. The Package Solution Business successfully continued its transformation towards a business structure centered around high-end substrates.

In the area of IC packaging substrates, as the need increases in the future for high-speed processing of massive amounts of data driven by increased penetration of AI, servers, cloud services and autonomous driving, demand for high multi-layer, large-size advanced package substrates is expected to grow continuously.

SEMCO will actively push to increase supply of high-value package substrates for applications such as server, AI, network and automotive by building a close collaborative relationship with global strategic customers and securing next-generation leading technology to implement larger, thinner and finer pitch substrates.

Given expectations of an upcoming turnaround in the IT set market, SEMCO will carefully monitor the market for signs of recovery and maintain close communication with customers to ensure that it is fully ready to satisfy customer demand when the recovery happens.

Dear Shareholders,

In 2024, while the global economy waits for an easing of financial tightening and the anticipation for a recovery in component demand grows with increasing penetration of AI, risks are likely to also remain, including a deepening divide among economic blocs and persisting geo-political risk.

Fortunately, the demand for major set products including smartphones, PCs, automobiles and servers is expected to gradually recover compared to last year, which will bring many opportunities for SEMCO.

All members at SEMCO will pull together and concentrate on delivering business performance that satisfies the expectations of its shareholders.

Another important measure of corporate value is ESG. SEMCO already incorporates ESG into its decision-making process and will continue to strive to become a positive force in global society by practicing sustainable management.

Safety is another top priority. By complying with global standards and assessing risk throughout the process, SEMCO will do its best to create a safe and pleasant workplace where all members are able to work in a healthy and concern-free environment.

Dear Shareholders,

SEMCO has been engaging in active investor relations including holding quarterly earnings conference calls and various IR meetings.

It will continue to share its mid-to-long-term vision and strategy with the investor community as part of its proactive outreach to maximize shareholder value.

For 2023, a total dividend of KRW 87 billion will be paid out, subject to approval by the Annual General Meeting of Shareholders. The dividend per share is KRW 1,150 for common stock and KRW 1,200 for preferred stock. SEMCO will continue to pursue active shareholder return to ensure that the value created from the company's growth is shared with its shareholders, while also take into account investment and cashflow needs necessary to ensure future growth.

Dear Shareholders!

SEMCO will concentrate on strengthening its technology leadership and competitiveness in the most advanced and high-end products by increasing its R&D capabilities and continuing steady investments. It will also continue on its journey towards a business structure centered around high-end products with the ultimate aim of creating a system of continuous and stable growth.

In the future, the electronic industry is likely to expand beyond smartphones and mobility platforms to new areas such as humanoids, aerospace and energy.

Component and materials are critical prerequisites for the actual realization of the new technologies behind these future industries. Using the core technologies that SEMCO already has in its businesses including MLCC, camera modules and package substrates, SEMCO is currently pursuing the “Mi-Rae” (which happens to be the Korean word for “future”) Project, which targets Mobility Industry, Robotics, AI/Server and Energy. At the same time, the company will continue research and development to capture new growth opportunities in these future markets.

In 2024, SEMCO will lead the market once again with technology innovation and launching of high-value new products that will deliver sustainable growth. It will also focus on earning the trust from the global market as a reliable and ethical company by emphasizing integrity in its global operations and by faithfully adhering to the laws and social norms in each country it operates in.

I ask for the active support and encouragement from its shareholders for SEMCO’s ongoing growth.

I hope all your plans come true in 2024 and once again wish for the health and happiness of you and your loved ones.

Thank you.

Notice of 2024 AGM

Date/time : 09:00 AM on March 20, 2024, Korea Standard Time (UTC+9)

Place : Grand Hall, the 7th floor of L-Tower
(213, Gangnam-daero, Seocho-gu, Seoul, Korea)

Record date : December 31, 2023. 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.

Items of Business

Agenda 1. Approval of Financial Statements(FY2023)

Agenda 2. Election of Executive Director

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

Agenda 4. Approval of Director Remuneration Limit(FY2024)

1. Agenda

Agenda Item 1. Approval of Financial Statements (FY2023)

Overview

The Board of Directors is seeking approval of the following financial statements for FY2023 beginning on January 1, 2023 and ending on December 31, 2023.

- 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

In addition, the BOD determined a year-end dividend of KRW 1,150 per share for Common Stock and KRW 1,200 per share for Preferred Stock.

Financial Highlight & Shareholder Return

In 2023, various geopolitical issues including the Ukraine-Russia war and the conflict between Israel and Palestine as well as the continuing high inflation and high interest rates kept both consumer spending and corporate investment weak. Demand for various IT and industrial products decreased, and even for components, demand was affected by decreased demand for smartphones, PCs and servers.

Despite sales growth of high-end automotive MLCCs, revenue of the Component division declined from 2022 due to decrease in MLCC supply to IT and industrial customers. Also, revenue of the Package Solution division decreased due to weak demand of smartphone and PC despite the sales growth of high-end substrate for server. However, the Optics and Communication Solution division achieved revenue growth vs. 2022 thanks to the solid

demand from automotive applications. Overall, revenue of Samsung Electro-Mechanics declined from 2022.

The 2023 dividend is KRW 1,150 per share (common stock basis), which has decreased vs. 2022 in reflection of factors including weaker 2023 business performance. However, payout ratio has increased from 16.2% in 2022 to 20.6% in 2023 to promote shareholder return.

The company plans to focus on enhancing its enterprise value through investments and growth, while at the same time, strengthening shareholder return through appropriate dividend payouts.

Going forward, the company aims to maintain a payout ratio at 20% or higher. That said, this may be adjusted to account for investment needs for future growth and the company's cashflow.

[Balance Sheet]

(Billion KRW)

	FY2023	FY2022
Total Assets	11,657.9	10,997.2
Liabilities	3,627.5	3,303.7
Equity	8,030.3	7,693.5

[Income Statement]

(Billion KRW)

	FY2023	FY2022
Sales	8,909.4	9,424.6
Operating Profit	639.4	1,182.8
Profit before tax from continuing operations	543.2	1,186.8
Net Income	423.0	980.6
Dividend Total	87.0	158.8
Dividend (per share)	· Common: 1,150 KRW · Preferred: 1,200 KRW	· Common: 2,100 KRW · Preferred: 2,150 KRW
Dividend Payout Ratio	20.6%	16.2%

※ Net income attributable to owners of the parent

[Sales by Division]

(Billion KRW)

Division	Category	FY2023	FY2022
Component	Sales	3,903.0	4,132.3
	(%)	44%	44%
Optics & Communication	Sales	3,289.0	3,204.0
	(%)	37%	34%
Package	Sales	1,717.4	2,088.3
	(%)	19%	22%
Total	Sales	8,909.4	9,424.6
	(%)	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. Duck-Hyun Chang(CEO), Mr. Doo-Young Kim, Mr. Sung-Jin Kim
Independent Directors(4)	Mr. Yong-Kyun Kim(Chairman), Ms. Yoon-Kyung Yuh, Ms. Yoon-Jeong Lee, Mr. Jong-Ku Choi

※ As of the end of December 2023

Executive Directors are the CEO, Head of Component Division and Head of Corporate Business Support Team of the Company, while Independent Directors consist of experts in areas such as law, finance and environment, 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 independent directors for 2024.

As the terms of Doo-Young Kim will expire in March of this year, the Board nominates Jae-Yeol Choi, the Executive Vice President of the Component Division as new executive director of the Board.

[Nominee for Executive Director]

Jae-Yeol Choi
Head of Component Division
(newly nominated)



Rationale of Recommendation by the Board

Candidate Jae-Yeol Choi currently works at Samsung Electro-Mechanics (SEMCO) as the Head of the Component Division (Executive Vice President). Mr. Choi holds a master's degree in Ceramic Engineering from Yonsei University, and is an expert in the field of passive component development and research, having served key positions at SEMCO including the Team Leader of the MLCC Development Team and the Component CSE Team. As the leader of the Component Division, which covers MLCC and other key products of SEMCO, Mr. Choi has demonstrated outstanding business acumen and technical expertise acquired during his career at SEMCO involving various areas including material, development, technology and application engineering. Mr. Choi is expected to contribute to strengthening the company's development and research capabilities and designing a powerful business roadmap using such skills and expertise. For the reasons described above, Mr. Choi is recommended as an executive director candidate.

Date of Birth

· Apr. 8, 1970

Work Experience

- 2024 ~ Present : Head of the Component Division (Executive Vice President)
- 2021 ~ 2023 : Team Leader, MLCC Development Team (Executive Vice President)

- 2020 ~ 2020 : Team Leader, Component CSE Team (Vice President)
- 2018 ~ 2019 : Team Leader, MLCC Development Team 2 (Vice President)
- 2017 ~ 2017 : Team Leader, LCR Development Team 1 (Vice President)

Education

- 1996 : Master's Degree, Ceramic Engineering, Yonsei University
- 1994 : Bachelor's Degree, Ceramic Engineering, Yonsei University

Other notes

- Transaction with the Company in the Recent Three Year Period : None
- Financial Delinquencies : None
- Management Team of Distressed Company : No
- Statutory Grounds for Disqualification : None
- Name and position of the company where holding the role of directors and etc. : None

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 2023, the Audit Committee consisted of Directors Yong-Kyun Kim, Yoon-Kyung Yuh and Jong-Ku Choi. The terms of Yong Kyun Kim will expire in March of this year (first elected in 2018). The BOD seeks to appoint the following candidates to the Audit Committee.

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

**Seung-II Cheong
(newly nominated)**



Rationale of Recommendation for Independent Director by the Committee

Candidate Seung-II Cheong is currently an advisor to Truston Asset Management Co., Ltd. He is an energy industry expert, having served key positions within the energy sector including as the President of KEPCO and KOGAS, both leading companies responsible for Korea's national energy supply. Prior to these positions, Mr. Cheong was a long-time career public official in central government and gained a wide-range of experiences in areas including the industry and trade affairs and energy industry policy work of the Ministry of Trade, Industry and Energy. Mr. Cheong brings with him deep insight and knowledge in areas of industry, trade investment and energy transition policy.

With SEMCO facing impact from a rapidly changing global economy and global energy transition policies, Mr. Cheong is expected to voice his independent and objective opinions regarding SEMCO's business issues, leveraging his understanding of international trade policies, broad spectrum of knowledge and rich human network.

Independence

The candidate has been recommended as an independent director by the Independent Director Candidate Recommendation Committee of Samsung Electro-Mechanics, and was approved for recommendation by all committee members in attendance. (i.e. four Independent Directors) Accordingly, the candidate is considered capable of performing decision-making and his other duties in a transparent and independent manner.

Rationale of Recommendation for Audit Committee member by the Board

Candidate Seung-II Cheong has served key leadership positions including the President of KEPCO, the President of KOGAS and the Vice Minister of the Ministry of Trade, Industry and Energy of Korea. He is a highly regarded expert in the field of trade investment, energy and industry. Utilizing his broad range of experiences, Mr. Cheong is believed to be capable of contributing to areas such as improving the company's financial soundness and procedures, accounting transparency and credibility. Mr. Cheong has extensive practical experience of establishing and implementing various policies as a government official, which is complemented by his more recent experience of managing major companies. He is expected to present valuable insights on various issues faced by the company including implications and response plans and to perform his duties in a transparent and independent manner. For the above reasons, Mr. Cheong is recommended as an Audit Committee member.

Date of Birth

- Jul. 7, 1965

Work Experience

- 2023 ~ present : Advisor, Truston Asset Management Co., Ltd.
- 2021 ~ 2023 : 31st President, Korea Electric Association
- 2021 ~ 2023 : 21st President, Korea Power Corporation
- 2018 ~ 2020 : Vice Minister, Ministry of Trade, Industry and Energy
- 2017 ~ 2018 : 16th President, Korea Gas Corporation (KOGAS)
- 2016 ~ 2016 : Head of the Trade Investment Office/Energy Resource Office, Ministry of Trade, Industry and Energy
- 2012 ~ 2016 : Energy Industry Policy Officer, FTA Policy Officer, Ministry of Trade, Industry and Energy
- 1989 : Passed the 33rd Civil Service Exam

Education

- 1991 : Master's degree in Business Administration, Seoul National University
- 1988 : Bachelor's Degree in Business Administration, Seoul National University

Other notes

- Transaction with the Company in the Recent Three Year Period : None
- Financial Delinquencies : None
- Management Team of Distressed Company : No
- Statutory Grounds for Disqualification : None
- Name and position of the company where holding the role of directors and etc. : Saudi Electricity Company (Board Member)

Agenda 4. Approval of Director Remuneration Limit (FY2024)

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.

FY2023 Remuneration (Actual) & FY2024 Remuneration (To be approved)

(Billion KRW)

FY2023		FY2024
Approved	Actual	Proposed
7.0	3.9 - Executive Director : 3.5 - Independent Director : 0.4	7.0
※ Number of Directors (Independent) : 7 (4)		

In 2023, a total of KRW 3.9 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 56% of the approved limit for director remuneration for FY2023.

The remuneration limit for directors presented to the 2024 General Meeting of Shareholders for approval has been calculated by taking into account the expected performance-based incentives payable assuming that the Company achieves business targets, in addition to ordinary salaries.

2. Business Overview

In 2023, various geopolitical issues including the Ukraine-Russia war and the conflict between Israel and Palestine as well as the continuing high inflation and high interest rates kept both consumer spending and corporate investment weak. Demand for various IT and industrial products decreased, and even for components, demand was affected by decreased demand for smartphones, PCs and servers. Facing such a business environment in 2023, Samsung Electro-Mechanics (SEMCO) recorded revenue of KRW 8 trillion 909.4 billion and operating profit of KRW 639.4 billion on a consolidated basis.

Even though persisting geopolitical issues and continued tension between US-China may contribute to further economic uncertainties in 2024, there is growing anticipation this year that with the likely fall in interest rates within the year, consumer sentiment and IT markets including smartphone and PC may rebound. Furthermore, areas such as AI and EV are expected to continue to expand, driven by new technologies. To further grow its business, SEMCO is prepared to seize the opportunities that will emerge from new technology inflection points in areas such as AI, server and automotive applications.

To preemptively respond to such business environment, SEMCO will strengthen its marketing capabilities to deepen relationships with existing customers and pioneer new markets. It will also focus on expanding its product line-up targeting growth areas including server, industrial and automotive applications.

To introduce the key products and strategies for each of SEMCO's line of business:

For the Component Division, key products include various passive components and chip components such as MLCC(Multi-layer Ceramic Capacitor)s, chip inductors and chip resistors, which are essential for manufacturing all kinds of electronic devices. Material development, manufacturing process technology, equipment technology and quality control are critical requirements for running a successful passive component business, which enjoys a high barrier to entry.

SEMCO has developed key materials including dielectric and magnetic materials based on its own proprietary technology and has successfully developed new competitive products using its proprietary production process and equipment.

In 2024, demand for IT products including smartphone, PC and TV is expected to increase, while EV penetration is also likely to grow further. Both trends would drive greater demand for MLCCs.

In particular, the growth of the EV market and increased adoption of ADAS are expected to increase demand for high-end MLCCs designed for high-voltage and high-reliability requirements, and such high-end products would be the main source of market growth.

SEMCO will focus on increasing revenue of its high-end products to secure profitability and establish a stable business portfolio.

For the Optics and Communication Solution Division, key products are camera modules and communication modules. In addition to the traditional demand from IT devices, recently demand from automotive applications has been growing.

In line with the trend of smartphones competing to adopt more advanced camera specifications, SEMCO's camera module business will focus on expanding its high-end product segment such as folded zoom and high-pixel camera modules. It will also leverage SEMCO's technology edge in core camera components such as lens and actuators to further strengthen its market leadership and profitability.

In automotive applications, the bar for ADAS cameras is being raised in both pixel count and features. SEMCO has already accumulated a significant edge in high-end technology from its track record in IT camera module markets, which will be leveraged to expand its position in the automotive sector.

For the Package Solution Division, the key product is package substrates used for mounting semiconductors to electrically connect chips with the mainboard.

Products include BGAs, which are package substrates for mobile phones; and FC BGAs, which are package substrates for servers or PCs. SEMCO's package substrates are used in a wide variety of end-products such as PCs, wearable devices and servers.

Within the package substrate market, demand has been particularly strong for finer pitch, high multi-layer package substrates for applications such as 5G smartphones, PCs, servers and network equipment.

SEMCO possesses a competitive edge in finer pitch and high multi-layer substrate technology, which helps SEMCO strengthen its strategic relationship with key customers and build a growth momentum driven by high-end substrates. Going forward, SEMCO will also continue to focus on leading the market by developing next generation products and continuously adding on new applications and customers.

3. 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 six sub-committees consisting of the Management Committee, the Audit Committee, the Independent Director Recommendation Committee, the Related Party Transaction Committee, the Compensation Committee and the ESG 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.

The ESG Committee

The ESG Committee deliberates and takes resolutions over matters related with shareholder value enhancement and corporate social responsibility with a focus on Environmental, Social and Governance matters.

Composition of the BOD committees

Committee	Members		
	Chair	Executive Director	Independent Director
Management	Duck-Hyun Chang	Duck-Hyun Chang Doo-Young Kim Sung-Jin Kim	-
Audit	Yoon-Kyung Yuh	-	Yong-Kyun Kim Yoon-Kyung Yuh Jong-Ku Choi
Independent Director Recommendation	Yong-Kyun Kim	-	Yong-Kyun Kim Yoon-Kyung Yuh Yoon-Jeong Lee Jong-Ku Choi
Related Party Transactions	Jong-Ku Choi	-	Yong-Kyun Kim Yoon-Jeong Lee Jong-Ku Choi
Compensation	Yong-Kyun Kim	-	Yong-Kyun Kim Yoon-Kyung Yuh Yoon-Jeong Lee Jong-Ku Choi
ESG	Yoon-Jeong Lee	Duck-Hyun Chang Sung-Jin Kim	Yong-Kyun Kim Yoon-Kyung Yuh Yoon-Jeong Lee Jong-Ku Choi

※ As of the end of December 2023

Profile of the BOD members

[Executive Directors]



Duck-Hyun Chang

Date of Birth : Feb. 13, 1964

Start of term : Mar.16, 2022
(1st term started in Mar. 2022)

Expiration of term : Mar.16, 2025

2021 ~ Present

President & CEO, Samsung Electro-Mechanics

2020 ~ 2021

Head of Sensor Business Team, S.LSI Division, Samsung Electronics

2017 ~ 2020

Head of SOC Development, S.LSI Division, Samsung Electronics

2015 ~ 2017

Head of LSI Development, S.LSI Division, Samsung Electronics

2013 ~ 2015

Head of Solution Development, Memory Division, Samsung Electronics

2012 ~ 2013

Flash Development, Memory Division, Samsung Electronics



Doo-Young Kim

Date of Birth : Dec. 13, 1966

Start of term : Mar.17, 2021
(1st term started in Mar. 2021)

Expiration of term : Mar.17, 2024

2024 ~ Present

Advisor, Samsung Electro-Mechanics

2020 ~ 2023

EVP, Head of Component Division, Samsung Electro-Mechanics

2018 ~ 2019

EVP, Component Manufacturing Team, Samsung Electro-Mechanics

2015 ~ 2018

SVP, LCR Manufacturing Team, Samsung Electro-Mechanics

2011 ~ 2015

VP, LCR Development Team, Samsung Electro-Mechanics



Sung-Jin Kim

Date of Birth : Mar. 6, 1965

Start of term : Mar.16, 2022
(1st term started in Mar. 2022)

Expiration of term : Mar.16, 2025

2020 ~ Present

Head of Corporate Business Support Team, Samsung Electro-Mechanics

2020 ~ 2021

Head of Support Team, IT & Mobile Communications (IM) Division, Samsung Electronics

2017 ~ 2020

Head of Support Team, Consumer Electronics (CE) Division, Samsung Electronics

2015 ~ 2017

Head of the Global Support Group, Corporate Management Office, Samsung Electronics

2011 ~ 2014

Head of Support Team, SEA & Oceania Office, Samsung Electronics

[Independent Directors]



Yong-Kyun Kim

Date of Birth : Jul. 2, 1954

Start of term : Mar. 17, 2021
(1st term started in Mar. 2018)
Expiration of term : Mar. 17, 2024

2010 ~ Present
2010 ~ Present

2019 ~ 2021
2017 ~ 2020
2013 ~ 2017

2009 ~ 2010

1979

Attorney, Barun Law
Honorary Ambassador, Bapsang
Community Foundation
Managing Partner, Barun Law
President, The Jung 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



Yoon-Kyung Yuh

Date of Birth : Nov. 17, 1968

Start of term : Mar. 15, 2023
(1st term started in Mar. 2020)
Expiration of term : Mar. 15, 2026

2006 ~ Present

2019 ~ Present

2017 ~ 2023

2018 ~ 2021

2014 ~ 2016

2013 ~ 2014

2012 ~ 2014

2008 ~ 2015

2007 ~ 2015

Professor, College of Business
Administration, Ewha Women's
University (Finance)
Member, Management Committee,
Government Employee Pension
Service (GEPS)
Member, Asset Management
Committee, Radioactive Waste Control
Fund, Ministry of Trade, Industry &
Energy
Member, Risk Management
Committee, Korea Student Aid
Foundation
Member of the Fund Management
Evaluation Board, Ministry of Finance
and Planning
Member, Management Assessment
Committee, Financial Supervisory
Service
Member, Risk Management
Committee, Non-Standing Director,
Government Employee Pension
Service
Head of the Financial Planning Center,
Management Research Center, Ewha
Women's University
Director, Korean Women Economists'
Association



Yoon-Jeong Lee

Date of Birth : Aug. 30, 1968

Start of term : Mar. 16, 2022
(1st term started in Mar. 2022)
Expiration of term : Mar. 16, 2025

1999 ~ Present
2023 ~ Present

2018 ~ Present

2017 ~ 2023

2021 ~ 2022

2017 ~ 2018

2013 ~ 2016

Attorney, Kim & Chang
Member, Korea Academy of
Environmental Science
Vice President, Korea Environmental
Law Association
Member, Central Environmental
Dispute Mediation Committee,
Ministry of Environment
Legal counsel, Ministry of
Environment
Legal counsel, Ministry of
Environment
Legal counsel, Ministry of
Environment



Jong-Ku Choi

Date of Birth : Sep. 20, 1957

Start of term : Mar. 15, 2023
(1st term started in Mar. 2023)

Expiration of term : Mar. 15, 2026

2015 ~ 2016 Member of the 8th Sustainable Development Committee, Ministry of Environment
2014 ~ 2017 Member, Statutory Interpretation Deliberation Committee, Ministry of Government Legislation

2022 ~ Present Special Advisor, Yoon & Yang
2022 ~ Present President, Yulgok Institute
2023 ~ 2024 Co-Chairperson, Organizing Committee, 2024 Winter Youth Olympic Games in Gangwon, Korea
2017 ~ 2019 Chairman, Financial Services Commission
2017 ~ 2017 President, Export-Import Bank of Korea
2016 ~ 2017 Representative Director, SGI Seoul Guarantee Insurance
2013 ~ 2014 Senior Deputy Governor, Financial Supervisory Service
2011 ~ 2013 International Economics Officer, Ministry of Economy & Finance

BOD Activities

Board meetings & voting results of independent directors

R o u n d	Date	Agenda	Result	Board Members and Attendance				
				Yong-Kyun Kim (Attendance : 100%)	Yoon-Kyung Yuh (Attendance : 100%)	Yoon-Jeong Lee (Attendance : 100%)	Jong-Ku Choi (Attendance : 100%)	Joon-Kyung Kim (Attendance : 100%)
				For / Against				
23 - 1st	Jan. 25 2023	1. Approval of 50th Fiscal Year Financial Statements and Business Report	Approval	For	For	For	Newly Appointed (Mar. 15 2023)	For
		2. Report on 2022 Business Results and 2023 Business Plan	Report item	-	-	-		-
23 - 2nd	Feb. 14 2023	1. Resolution on Agenda for and Convocation of the 50th Annual General Meeting of Shareholders	Approval	For	For	For	Newly Appointed (Mar. 15 2023)	For
		2. Report on Operational Status of 2022 Internal Control over Financial Reporting	Report item	-	-	-		-
		4. Report on Assessment of Operational Status of 2022 Internal Control over Financial Reporting	Report item	-	-	-		-
23 - 3rd	Mar. 15 2023	1. Appointment to the Duties as Director	Approval	For	For	For	Retired (Mar. 15 2023)	For
		2. Approval of Execution of Directors' Remuneration	Approval	For	For	For		For
		3. Appointment of Member to Samsung Group Compliance Committee	Approval	For	For	For		For
23 - 4th	Apr. 26 2023	1. Adjustment of Ceiling for Transactions with Related Parties for 2023	Approval	For	For	For	Retired (Mar. 15 2023)	For
		2. Appointment of Compliance Officer	Approval	For	For	For		For
		3. 2023 1st Quarter Business Results and 2 nd Quarter Outlook	Report item	-	-	-		-
23 - 5th	Jun. 2 2023	1. Approval of Large Size Related Party Transaction	Approval	For	For	For	Retired (Mar. 15 2023)	For
		2. Execution of Land Lease Agreement with Samsung Electronics, Co., Ltd.	Approval	For	For	For		For
23 - 6th	Jul. 25 2023	1. Approval of Regulation regarding Authority and Responsibility of the Chief Safety and Health Officer	Approval	For	For	For	Retired (Mar. 15 2023)	For
		2. Sponsorship Support for SungKyunKwan University and Samsung Foundation	Approval	For	For	For		For
		3. Joint Operation of the Samsung Youth Software Academy	Approval	For	For	For		For
		4. Joint Operation of the Samsung Junior Software Academy	Approval	For	For	For		For
		5. 2023 2nd Quarter Business Results and 3 rd Quarter Outlook	Report item	-	-	-		-

R o u n d	Date	Agenda	Result	Board Members and Attendance				
				Yong-Kyun Kim (Attendance : 100%)	Yoon-Kyung Yuh (Attendance : 100%)	Yoon-Jeong Lee (Attendance : 100%)	Jong-Ku Choi (Attendance : 100%)	Joon-Kyung Kim (Attendance : 100%)
				For / Against				
23 - 7th	Aug. 16 2023	1. Investment in Overseas Site	Approval	For	For	For	For	Retired (Mar. 15 2023)
23 - 8th	Oct. 25 2023	1. Establishment and Approval of Safety and Health Plan	Approval	For	For	For	For	
		2. New Adoption of Audit Committee Regulations	Approval	For	For	For	For	
		3. Approval of Large Size Related Party Transaction	Approval	For	For	For	For	
		4. 2023 3rd Quarter Business Results and Full-Year Outlook	Report item	-	-	-	-	
23 - 9th	Nov. 29 2023	1. Amendment of Regulations of the Internal Transaction Committee	Approval	For	For	For	For	
		2. Approval of Large Size Related Party Transaction	Approval	For	For	For	For	
		3. Approval of Ceiling for Related Party Transactions	Approval	For	For	For	For	
		4. Report on Results of Compliance Effectiveness Assessment	Report item	-	-	-	-	
		5. Execution of Monetary Donation to the Community Chest of Korea	Approval	For	For	For	For	
		6. Appointment of Compliance Officer	Approval	For	For	For	For	

Committee participation of Independent Directors in FY2023

The Audit Committee

Date	Agenda
Feb. 14 2023	<ol style="list-style-type: none"> 1. Report on 2022 Operational Status of Internal Control over Financial Reporting 2. Report on 2022 Assessment of the Operational Status of Internal Control over Financial Reporting 3. Approval of Amendments to the Regulation on Internal Control over Financial Reporting 4. Report on 50th Fiscal Year Financial Statements and Business Report 5. Report on Audit Results by the External Auditor 6. Report on Audit Performance in 2nd Half 2022 7. Report on Execution Results of External Contribution Fund in 4th Quarter 2022
Apr. 26 2023	<ol style="list-style-type: none"> 1. Appointment of Chairperson of the Audit Committee 2. Review of External Auditor's Compliance with Requirements in 2022 3. Report on 2023 Work Plan for Internal Control over Financial Reporting 4. Report on 1st Quarter 2023 Financial Statements 5. Report on Results of External Auditor's Review for 1st Quarter 2023 6. Report on Execution of External Contribution Fund in 1st Quarter 2023
Jul. 25 2023	<ol style="list-style-type: none"> 1. (Draft) Plan for Strengthening Operation of Audit Committee 2. Assessment of the Operational Status of Internal Control over Financial Reporting for 1st Quarter 2023 3. Report on 2nd Quarter 2023 Financial Statements 4. Report on Results of External Auditor's Review for 2nd Quarter 2023 5. Report on Execution of External Contribution Fund in 2nd Quarter 2023 6. Report on Audit Performance in 1st Half 2023
Oct. 25 2023	<ol style="list-style-type: none"> 1. Interim Report on 2023 Internal Control over Financial Reporting 2. Report on 3rd Quarter 2023 Financial Statements 3. Report on Results of External Auditor's Review for 3rd Quarter 2023 4. Report on Execution of External Contribution Fund in 3rd Quarter 2023

The Related Party Transaction Committee

Date	Agenda
Feb. 14 2023	<ol style="list-style-type: none"> 1. Report on Related Party Transactions in 2022
Apr. 26 2023	<ol style="list-style-type: none"> 1. Appointment of Chairperson of the Internal Transaction Committee 2. Report on Related Party Transactions in 1st Quarter 2023 3. Adjustment of Ceiling for Transactions with Related Parties for 2023
Jun. 2 2023	<ol style="list-style-type: none"> 1. Deliberation on Large-scale Related Party Transactions
Jul. 25 2023	<ol style="list-style-type: none"> 1. Report on Related Party Transactions in 2nd Quarter 2023
Oct. 25 2023	<ol style="list-style-type: none"> 1. Deliberation on Large-scale Related Party Transactions 2. Report on Related Party Transactions in 3rd Quarter 2023
Nov. 29 2023	<ol style="list-style-type: none"> 1. Amendment of the Regulations for the Internal Transaction Committee 2. Deliberation on Large-scale Related Party Transactions 3. Deliberation on Ceiling for Transactions with Related Parties

The Compensation Committee

Date	Agenda
Feb. 14 2023	1. Deliberation of Registered Directors' Remuneration Ceiling for the 51st Period 2. Deliberation of Individual Annual Salary for Executive Directors for the 51 st Period

The Independent Director Recommendation Committee

Date	Agenda
Feb. 14 2023	1. Recommendation of Independent Director Candidates

The ESG Committee

Date	Agenda
Apr. 26 2023	1. Publishing the Corporate Governance Report 2. Publishing the Sustainability Report 3. Joining the ESG Initiative
Nov. 29 2023	1. Report on Current Status of Climate Change Response Activities 2. Report on ESG Activity Progress and Plan for 2024