

Corporate Governance Charter of Samsung Electro-Mechanics Co., Ltd.

CHAPTER I. GENERAL RULES

Article 1 (Corporate Structure Basic Spirit of Samsung Electro-Mechanics)

Samsung Electro-Mechanics aims to become a world top company which contributes to human society, through creating the best product and service with superior talent and a technology under fair and transparent business management.

With the belief that we can become a world top company that is respected and trusted by the international community when we strive in one direction for the development of new technologies and the realization of the highest quality based on sound corporate governance and clean corporate culture, we hereby establish 『Samsung Electro-Mechanics corporate governance improvement constitution』 to serves as general principles for our behavior and value judgement.

CHAPTER II. CUSTOMER

Article 2 (Justice of Customer)

We define everyone related Samsung Electro-Mechanics, employees · partner firms · rival companies · stockholders · buyers · etc... as our customer.

Article 3 (Pursuit of Customer Satisfaction)

We take customer satisfaction as our primary value, and pursue common prosperity based on mutual trust and respect with customers as partner of new value creation.

CHAPTER III. STOCKHOLDER

Article 4 (Stockholders' Right)

Stockholders must be provided with the information necessary to exercise all of own rights in advance and be able to exercise them in an appropriate and reasonable method.

- The right of self-benefit, the right to participate of profit sharing
- The right of public benefit, attending general meeting of stockholders and voting right
- The right to be offered suitable and important information by regular and easy method

Article 5 (Stockholders' Liability)

Stockholders recognize importance of own voting right and exercise voting right toward direction for development and profit of Company. In case of damage by counteraction, stockholders must take responsibility that is suitable accordingly

Article 6 (Stockholders' Fair Treatment)

Stockholder has 1 voting right every a common stock, and the essential right must not be infringed except special occasion and special stockholder in law. Also, stockholder should be protected from other stockholders' unfair transaction (unfair insider trading, self-dealing etc..)

Article 7 (Company's Liability about Stockholders)

As creating stable profit through strong business management, so that can protect stockholder's investment benefit and construct mutual trust with stockholder, company respects stockholder's right to know and right request, proposal, official resolution and opens to the public actively management substance, business activity circumstance according to related laws.

Also, the Company does not offer information that affects management to some specified stockholders, and does not deal securities such as buying and selling of stocks using information acquired officially inside or of other companies.

CHAPTER IV. BOARD OF DIRECTORS

Article 8 (Board of Directors)

Board of Directors has comprehensive right as an institution which is responsible for substantial management, and decides effective managerial policy for the profit of company and stockholder and achieve function of following management decision-making and management supervision

- Strategy and target establishment about management
- Estimation for supervision and achievement on management
- Estimation and approval for important management decision-making such as business plan, budget etc...
- Deliberation, examination, and approval of company's basic policy
- Selection and estimation, compensation of CEO
- Deliberation and decision of director such as selection of chairman of the Board of Directors.
- Approval for alteration of management purpose
- Important fluctuating item supervision such as main capital expenditure and merger
- Supervision, examination, approval about accounting and main business action
- Supervision of regulation observance such as statute, bylaws, moral principle regulation

Article 9 (Director's Qualification)

A director as a member of Board of Directors who take the responsibility for company's management must equip exemplary moral principle and occupational consciousness, and professionalism and must equip reasonable judgment and driving force, wisdom, honesty and service.

Also, a director must be able to meditate enough time and speak for long-term profit of stockholder in own job achievement.

Article 10 (Director's Duty and Responsibility)

A director should be faithful for Company and stockholder profit according to duty of carefulness and faithfulness of good administrator and should face in the job sincerely and should not leak information that is gotten outside or not use for individual's profit.

Also, a director is liable for damage on company in case a director violates statute or articles of association or it takes liabilities for damages on company in case there is heavy mistake or malice to a director.

For the sake of faithful and careful activity of directors, attendance of the board of directors' meeting, major career and concurrent job of each director should be made public in an appropriate way.

But, director's management judgment by proper formality and sincere and reasonable judgment should be respected and in order to secure effectiveness of responsibility inquiry about a director and recruit able person, joins to insurance of compensation for damages.

Article 11 (Estimation and Compensation for Directors)

Business action of the management and external director, board of directors should be estimated fairly and the results are reflected reasonably and properly. Especially, the compensation of director is decided by compensation committee within scope approved in general meeting of stockholders.

Article 12 (Recommendation and Selection of External Directors)

External directors must be recommended fairly and for this, keeps recommendation committee of external director candidate and recommends new external director. Recommended director candidate is assigned in general meeting of stockholders. A director that equips professionalism should contribute to management and assigned director's tenure should be respected.

A person that corresponds to essential factor that decided in statute (Articles 382 and 542 of the Commercial Act, Article 34 of the Enforcement Decree of the same Act) cannot be assigned and except, cannot be assigned as external director that has following important matter.

- Former employee who 5 years are not passed since retire
- Person in special relationship with company, C.E.O. or largest stockholder
- Employee of company of which officer is external director
- Accounting firm's employee who take charge of company's audit business, person who 5 years are not passed since retire

Article 13 (Rights and Duties of External directors)

External director must be able to take part in decision-making of company independently and supervise and support the management as a member who composes board of directors. For this, external director can require enough information and human-physical support to company, and the company answers faithfully to this.

Also, External Director must meditate enough time for job achievement and is bound to participate board of directors and should take part in board of directors after examine related data faithfully before participation.ba

Article 14 (Committee)

To increase expertise and efficiency of business achievement and solidify independence, the Board of Directors shall establish and operate following committees.

- Management Committee, Audit Committee, External Director Candidate Recommendation Committee, Internal Transaction Committee, Compensation Committee

Committee's composition and operation are clarified to articles of association and regulation and in accordance with the regulation, compose and operates the committee. Committee's determination for mandatory item has an equal effect with board of directors, and the committee must report result to board of directors.

CHAPTER V. AUDIT ORGANIZATION

Article 15 (Inside audit Organization)

Audit committee is established by determination of board of directors and composed by all external directors of board of directors in order to achieve audit business sincerely in independent way from management and controlling stockholder.

Also, members of audit committee must be able to approach necessary information freely and it is necessary that they be consulted by external specialist and the company should answer faithfully on this request.

Audit committee reports item, main activity particulars and result about belonging member's career to general meeting of stockholders and CEO must publish this through annual report.

Article 16 (Assignment of Outside Auditor)

Outside auditor should be assigned as a person who is able to audit accounting information of company fairly and effectively. Audit committee of company must assign relevant accounting firm with applying this standard and report the truth in annual meeting of shareholders.

Article 17 (Responsibilities and Duties of Outside Auditor)

Outside auditor must achieve audit business fairly in dependent way from management, company and largest shareholder so that accounting information of company could be delivered fairly and trusted.

Outside auditor has responsibility to indemnify damage which caused by own carelessness or poor audit by deliberation, and damage of information user caused from it. Also, outside auditor should identify whether there is arranged information or not among information particularly published with financial statement that was audited.

CHAPTER VI. ACCOUNTING DATA PROCESSING AND MANAGEMNET WATCH

Article 18 (Standard of Accounting Process)

Processing and reporting of accounting data is observed by internal accounting regulation or international accounting standards and in case of relating foreign countries, is observed by accounting regulation of each countries or international accounting standards.

Article 19 (Management Watch Participation of the Persons Concerned)

Employee's management participation form and the level should be decided as a level that the company can keep and develop sound activity.

Also, the persons concerned can require information that is necessary for own right protection in accordance with related statute and the company should answer faithfully on this request within scope that permitted by statue.

Article 20 (Management Watch by Market)

Company makes out information connected with contents of company so that is easy to know and

should publish to whom it may concern such as Investor, stockholder, the persons concerned quickly • exactly, and cooperate so that whom it may concern use inexpensively.

Also company prepares information conveyance system with designating a person in charge of public announcement so that important information of company can be delivered to a person in charge quickly and exactly.

Company should open to stockholders immediately about issues that was decided in decision-making organization including board of directors as guidance Company of corporate governance, and be faithful to decision-making, making use of professional advisor on items that is expected not only profit of company but also disadvantage to the persons concerned.

CHAPTER VII. THE PRESONS CONCERNED

Article 21 (Right Protection of the Persons Concerned)

The company must protect right of the persons concerned by statute and contract, and relevant stakeholder protects own rights and must possess suitable means that can be exterminated infringement of their rights.

Article 22 (Right Protection of Creditor and Employee)

The company observes protection procedure of creditor on matters which have significant influence on creditor's status such as merger, reduction of capital. Also, the company informs to relevant creditor in advance about items to influence creditor such as possibility of bond retrieve, bond order of creditor, etc...

Also, the company observes statue of labor relations including labor three laws and efforts for improvement of labor conditions.

An additional law

1. This regulations enforce from February 28, 2001.
2. This regulations enforce revision from February 28, 2003.