

MAGNACHIP SEMICONDUCTOR CORPORATION

CORPORATE GOVERNANCE GUIDELINES

Effective February 16, 2016

Role of Board and Management

The Board of Directors (the “Board”) of MagnaChip Semiconductor Corporation (the “Company”), which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company’s business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility the directors may reasonably rely on the honesty and integrity of the Company’s senior management and expert legal, accounting, financial and other advisors.

Director Qualifications

Consistent with the charter of the Nominating and Governance Committee of the Board (the “Nominating Committee”), the Nominating Committee will evaluate and recommend to the Board director nominees for each election of directors.

In fulfilling its responsibilities, the Nominating Committee considers the following factors in reviewing possible candidates for nomination as director:

- the appropriate size of the Company’s Board and its committees;
- the perceived needs of the Board for particular skills, background and business experience;
- the skills, background, reputation, and business experience of nominees compared to the skills, background, reputation, and business experience already possessed by other members of the Board;
- nominees’ independence from management;
- applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;
- the benefits of a constructive working relationship among directors; and
- the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Nominating Committee’s goal is to assemble a Board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. Directors should possess the highest personal and professional ethics, integrity and values, and be

committed to representing the best interests of our stockholders. They must also have an inquisitive and objective perspective and mature judgment. Director candidates must have sufficient time available in the judgment of the Nominating Committee to perform all Board and committee responsibilities. Board members are expected to prepare for, attend, and participate in all Board and applicable committee meetings.

Other than the foregoing there are no stated minimum criteria for director nominees, although the Nominating Committee may also consider such other factors as it may deem, from time to time, are in the best interests of the Company and its stockholders. The Nominating Committee believes that it is preferable that at least one member of the Board should meet the criteria for an “audit committee financial expert” as defined by SEC rules. Under applicable listing requirements at least a majority of the members of the Board must meet the definition of “independent director” subject to applicable phase-in exceptions under applicable laws and regulations. The Nominating Committee also believes it appropriate for one or more key members of the Company’s management to participate as members of the Board. Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable committee meetings.

Director Independence

A majority of the directors shall satisfy the independence requirements of Section 10A of the Securities Exchange Act of 1934, as amended, the New York Stock Exchange and any other regulatory authority, subject to applicable phase-in exceptions under applicable laws and regulations. In making a determination regarding a director’s independence, the Board shall consider all relevant facts and circumstances, including the director’s commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may, in its discretion, determine relevant.

Limits on Director Outside Activities

Directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not conflict with or materially interfere with the member’s service as a director. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict.

Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

Term Limits

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Size of Board

There are currently eight (8) seats on the Board. The Board reviews from time to time the appropriate size of the Board. The Board will consider changing its size to accommodate outstanding candidates or to satisfy specific governance needs.

Presiding Director

The presiding director of the Board (the “Presiding Director”) shall be the Chairman of the Board (the “Chairman”), if present, or in such person’s absence, the Lead Director (as defined below), or in such person’s absence, the Chair of the Audit Committee, or in such person’s absence, the independent director present who has the most seniority on the Board. The Presiding Director shall preside at all meetings of the Board and shall be responsible to chair the Board’s executive sessions. The Chairman of the various Board committees takes the lead on matters falling within their purview that should not involve the Chief Executive Officer.

Lead Director

On an annual basis, the independent members of the Board will select a lead director from the independent directors if the positions of Chairman and Chief Executive Officer are held by the same person (the “Lead Director”). The length of service as Lead Director is subject to the Board’s discretion, but will be a minimum of one year. The Lead Director has the authority to call meetings of the independent directors.

The duties and responsibilities of the Lead Director include the following: (a) presiding at meetings if requested by the Chairman or in the absence of the Chairman, including presiding at executive sessions of the Board’s non-employee directors and executive sessions of the independent directors of the Board; (b) working with the Chairman and management in preparing Board meeting agendas and the need for special meetings; (c) facilitate communications between the Board and management and Board members’ ability to influence Board meeting agendas; (d) advise and consult with the Chief Executive Officer and Chairman on matters related to governance and Board performance; (e) receive, distribute to the Board and arrange responses to communications from stockholders; (f) assist in optimizing the effectiveness of the Board and its independence from management; (g) serve as liaison between the Chairman and the independent directors; (h) meet separately with each director at least annually; (i) evaluate the performance of the independent directors; and (j) perform such other duties as requested by the Board. The Lead Director shall be identified as the recipient of stockholder communications in the annual meeting proxy statement. The Lead Director shall be compensated for his or her services as to be determined by the Compensation Committee of the Board (the “Compensation Committee”).

Separation of Chairman and CEO

The Board elects its Chairman and appoints the Company’s Chief Executive Officer according to its view of what is best for the Company at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Corporation.

Executive Sessions of Independent Directors

The independent directors of the Board will meet in Executive Session at least two times each year in connection with regularly scheduled Board meetings and at any other time requested by any independent director. The Lead Director will set the agenda, supervise the conduct of the meetings of independent directors, and communicate the results of the meetings to the Board and CEO, as appropriate.

Board Access to Management

The independent members of the Board shall have access to Company employees in order to obtain the information necessary to fulfill their duties. The Board may establish a process for such inquiries.

Retention of Advisors/Consultants

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors, without consulting with or obtaining approval from any officer of the Company.

Board and Committee Evaluation

The Board and each committee will perform an annual self-evaluation. Each December the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve to the Nominating Committee. The individual assessments will be summarized by the committee and reported for discussion to the full Board and the committees. The Nominating Committee should also report its assessment of the Board's compliance with these principles set forth in these guidelines as well as identification of areas in which the Board or committees could improve performance.

Director Nomination Process

The Nominating Committee will review annually the results of the evaluation of the Board and its committees, and the needs of the Board for various skills, experience, expected contributions and other characteristics in determining the director candidates to be nominated at the annual meeting. The Nominating Committee will evaluate candidates for directors proposed by directors, stockholders or management in light of the committee's views of the current needs of the Board for certain skills, experience or other characteristics, the candidate's background, skills, experience, other characteristics and expected contributions and the qualification standards established from time to time by the Nominating Committee. If the Nominating Committee believes that the Board requires additional candidates for nomination, the committee will engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All directors and nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating Committee.

Communications by Stockholders with Directors

Stockholders and other interested parties may communicate with any and all Company directors, including the Lead Director, by transmitting correspondence by mail, facsimile, addressed as follows:

Chairman of the Board
or Board of Directors
or individual director
MagnaChip Semiconductor Corporation
c/o MagnaChip Semiconductor, Inc.
Corporate Secretary
60 South Market Street, Suite 750
San Jose, CA 95113
facsimile: (408) 625-5990

The Corporate Secretary shall maintain a log of such communications and transmit as soon as practicable such communications to the identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication or the communication contains commercial matters not related to the stockholder's stock ownership, as determined by the Corporate Secretary in consultation with the General Counsel. The Board or individual directors so addressed shall be advised of any communication withheld for safety or security reasons as soon as practicable.

Director Attendance at Annual Meetings Policy

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. The Company believes that annual meetings provide an opportunity for stockholders to communicate with directors. All directors shall make every effort to attend the Company's annual meeting of stockholders.

Director Compensation

On an annual basis, the Compensation Committee shall review the compensation for non-employee directors. The Compensation Committee shall be responsible for recommending to the full Board changes in the compensation for non-employee directors, and shall be guided by the following goals:

- directors should be fairly compensated for the work required in discharge of their duties;
- compensation should align the directors' interests with the long-term interests of stockholders; and
- the compensation policy should be easy for stockholders to understand.

Stock Ownership/Guidelines

While the Board does not establish the level of share ownership for individual directors, the board believes that directors should be stockholders in order to align their interests with the long-term interests of the Company's stockholders.

Director Education and Orientation

The Nominating Committee shall develop and maintain an orientation program for new directors that shall include meetings with senior management and visits to the Company's

facilities. Incumbent directors shall also be invited to attend the orientation program. All directors will comply with any continuing education requirements developed by the NYSE. The Company will provide or arrange for continuing education programs for the directors on an annual basis.

Committees

The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating Committee. All members of these committees will be independent directors under the criteria established by the NYSE. The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board upon the recommendation of the Nominating Committee. Consideration should be given to rotating committee members periodically, but rotation should not be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership. The charters shall be posted on the Company's website.

The chair of each committee, in consultation with the committee members and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

CEO Evaluation

The Compensation Committee conducts a review at least annually of the performance of the CEO. The Compensation Committee shall establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated.

Succession Planning

The Board shall plan for the succession of the CEO. The CEO shall annually provide the Board with an assessment of senior officers and evaluations of such senior officers as potential successors. The CEO shall also provide the Board with recommendations of potential successors to senior officers.