

# MAGNACHIP SEMICONDUCTOR CORPORATION

## CHARTER OF THE RISK COMMITTEE

### OF THE BOARD OF DIRECTORS

#### Purposes

The Risk Committee (the “Committee”) of the Board of Directors (the “Board”) of MagnaChip Semiconductor Corporation (the “Company”) has been established by the Board to assist the Board in its oversight of the Company’s management of key risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The primary responsibility of the risk committee is to oversee and approve the implementation of Company-wide risk and crisis management best practices. The Committee will assist the Board in:

- Overseeing that the executive team has identified and assessed all the risks that the organization faces and has established a risk management infrastructure capable of addressing those risks; and
- Overseeing, in conjunction with other Board committees or the full Board, as applicable, all risks facing the Company, such as operational, financial, strategic, organizational, legal and regulatory compliance, industry, hazardous, reputational, market, technology and other risks.

The Committee shall coordinate with the Audit Committee to assist the Audit Committee in its review of the Company’s risks that have been delegated to the Audit Committee in its charter. For the avoidance of doubt, nothing in this Charter shall be construed as taking responsibility from, usurping or otherwise impeding the duties and authority of the Audit Committee with respect to risk management oversight of financial and accounting matters specifically delegated to the Audit Committee in its charter or otherwise as required by the rules and regulations of the New York Stock Exchange or the Securities and Exchange Commission.

The Committee shall also coordinate with the Compensation Committee in reviewing and reporting to the Board on the risk management assessment with respect to the Company’s compensation policies and practices.

#### Composition

*Size.* The size of the Committee shall be determined by the Board, but it shall consist of no fewer than one member unless otherwise required.

*Selection.* The Board will select the members and Chair of the Committee. Each Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.

#### Duties and Responsibilities

1. *General.* The general duties and responsibilities of the Committee shall include the following:

- (a) Provide general oversight to the Company's risk and crisis management functions.
  - (b) Provide input to management in the identification, assessment, mitigation and monitoring of enterprise-wide risks faced by the Company.
  - (c) Provide recommendations to the Board with respect to its review of the Company's business practices and compliance activities and enterprise risk management.
2. ***Enterprise Risk Management Oversight.*** In carrying out its responsibilities, the Committee shall evaluate and oversee the risk management in the following areas as each relates to the Company:
- (a) ***Operational risks***, including customer concentration and satisfaction, product failure, service quality, capacity constraints, vendor and distributor dependences and input quality and pricing;
  - (b) ***Financial risks***, including liquidity, capital structure and debt issues;
  - (c) ***Strategic risks and opportunities***, including market trends, design wins, competitors' actions, ineffective strategies and acquisitions;
  - (d) ***Organizational risks***, including leadership depth, quality and succession planning, labor costs and availability, and any cultural issues;
  - (e) ***External risks***, including macroeconomic volatility, industry structural change, and business cyclicalities;
  - (f) ***Compliance risks***, including legal and regulatory;
  - (g) ***Hazardous risk***, including significant risks from contract claims and torts, property damage, potential natural catastrophes impact and environmental;
  - (h) ***Reputational risk***, including the Company's plans for dealing with public relations or other similar crisis;
  - (i) ***Technology risks***, including our risks to technological changes and cyber-attacks; and
  - (j) ***Other risks*** identified by the Committee, the Board or management.
3. ***Management Review.*** The Committee shall communicate and review with the Company's Chief Executive Officer and Chief Financial Officer the critical risks identified with respect to the Company and provide input and guidance to management on Company-wide risk policies, procedures and tolerances.

4. ***Disclosure and Compliance.*** The Committee shall also have the authority and responsibility to oversee the Company's public disclosures with respect to Company risks contained in the Company's periodic and other reports required to be filed with the Securities and Exchange Commission.
5. ***Other Delegated Duties and Responsibilities.*** The Committee will perform any other duties or responsibilities delegated to the Committee by the Board from time to time.
6. ***Board Reports.*** The Committee will regularly report its activities and any recommendations to the Board in such manner and at such times as the Committee or the Board deems appropriate.

## **Meetings**

The Committee will meet as frequently as necessary to carry out its responsibilities under this Charter. The Committee Chair will, in consultation with the other members of the Committee and appropriate officers of the Company, establish the agenda for each Committee meeting. Any Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time.

The Committee may request any officer or other employee of the Company, or any representative of the Company's legal counsel or other advisors, to attend a meeting or to meet with any members or representatives of the Committee. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

## **Delegation**

The Committee may, in its discretion, delegate specific duties and responsibilities to a subcommittee or an individual Committee member, to the extent permitted by applicable law.

## **Resources and Authority**

The Committee shall have appropriate resources and authority to discharge its responsibilities and carry out its duties under this Charter, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary or appropriate, to compensate any legal counsel, consultants or any other advisors retained by the Committee. In the performance of its duties, the Committee will have sole authority to retain and oversee the work performed by such legal counsel, consultants or other advisors. The Committee and its members shall also have unrestricted access to management and other employees as it deems necessary or appropriate in carrying out its duties under this Charter.

## **Annual Review**

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board, and (b) evaluate its own performance and report the results of this evaluation to the Board.

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Approved and Adopted: August 2, 2013