

purpose



people

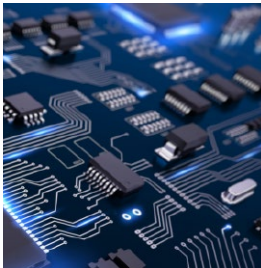


## SUSTAINABILITY REPORT 2020

planet



product



With sites and stakeholders  
across the planet, we view our  
responsibility on a global scale,





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These emblems appear on the following pages and indicate where our initiatives support and align with the United Nations' [Sustainable Development Goals \(SDG\)](#)

## AN INTRODUCTION FROM OUR CHAIRMAN, PRESIDENT, AND CEO

As an international semiconductor company with a global footprint, Diodes and its worldwide subsidiaries are committed to prioritizing our stakeholders—customers, shareholders, employees, suppliers, and the communities in which we operate. We recognize the role we play in society and are committed to maintaining a sustainable and successful business over the long term by taking a stakeholder-oriented approach.

We are dedicated to creating and maintaining long-term value for our stakeholders and we engage in activities that will lead to sustainability and shared prosperity for our business and our communities.

Building on the foundation of our core values—integrity, commitment, and innovation—and advancing the mission of profitability growth to expand shareholder value, we are committed to:

- Fostering a corporate culture of trust, diversity, and inclusion where everyone is treated with dignity and respect, and diverse perspectives are valued;
- Delivering products to our customers through innovation and responsible supply chain management that promote sustainability;
- Dealing fairly and ethically with our suppliers and engaging a diverse supplier base;
- Investing in our employees through fair compensation and benefits as well as professional development opportunities;
- Supporting the communities in which we live and work by protecting our environment through sustainable business practices and being involved in community engagement; and
- Generating long-term profits for our shareholders through continuous investment, business growth and innovation, as well as transparency and effective engagement with our shareholders.

“By leading with integrity, commitment, and innovation, and serving our stakeholders through these commitments, we believe everyone will enjoy and benefit from the long-term prosperity of Diodes.”



Each of our stakeholders is integral to our sustained success and we are committed to delivering long-term value to our customers, shareholders, employees, suppliers, and communities.

We value the feedback and perspectives from our stakeholders and take our commitments to our stakeholders seriously. The Diodes hotline, hosted by an independent third-party, provides employees, suppliers, and others an opportunity to report concerns regarding potential compliance, ethical, or safety matters on a confidential or anonymous basis. These perspectives allow us to continuously improve and challenge ourselves to always do better and achieve higher goals.

By leading with integrity, commitment, and innovation, and serving our stakeholders through these commitments, we believe everyone will enjoy and benefit from the long-term prosperity of Diodes.

Sincerely,

**Dr. Keh-Shew Lu**

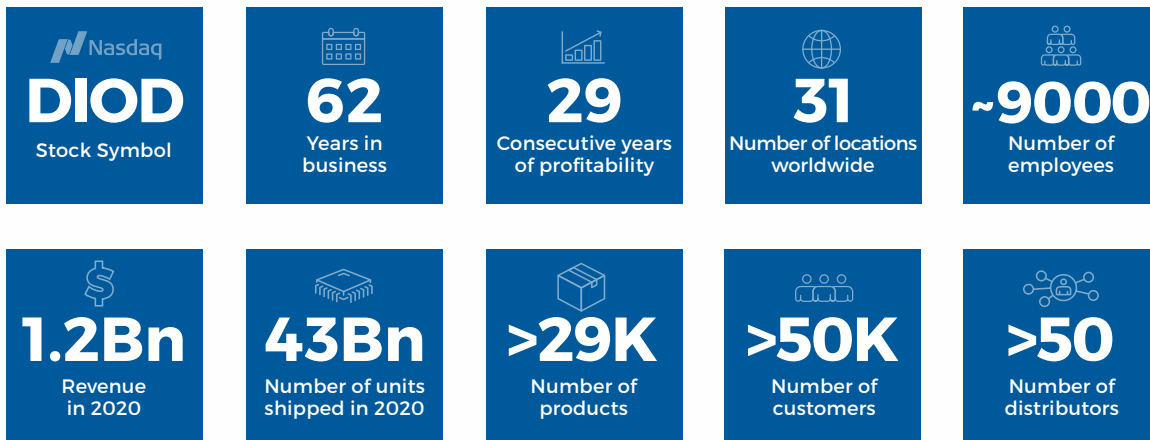
Chairman, President and Chief Executive Officer  
Diodes Incorporated



## COMPANY PROFILE

Diodes Incorporated (Nasdaq: DIOD), a Standard and Poor's SmallCap 600 and Russell 3000 Index company, delivers high-quality semiconductor products to the world's leading companies in the consumer electronics, computing, communications, industrial, and automotive markets. We leverage our expanded product portfolio of discrete, analog, and mixed-signal products and leading-edge packaging technology to meet customers' needs. Our broad range of application-specific solutions and solutions-focused sales, coupled with worldwide operations of 31 sites, including engineering, testing, manufacturing, and customer service, enables us to be a premier provider for high-volume, high-growth markets.

Diodes' corporate headquarters and Americas' sales office are located in Plano, Texas, and Milpitas, California. Design, marketing, and engineering centers are located in Plano; Milpitas; Taipei, Taoyuan City, Zhubei City, Taiwan; Shanghai, Yangzhou, China; Oldham, England; and Neuhaus, Germany. Diodes' wafer fabrication facilities are located in Oldham, Greenock, UK and Shanghai, China. Diodes have assembly and test facilities located in Shanghai, Jinan, and Chengdu, China as well as in Neuhaus, Germany and Jhongli, Taiwan. Additional engineering, sales, warehouse, and logistics offices are located in Taipei, Taiwan; Hong Kong; Oldham, UK; Shanghai, Shenzhen, Wuhan and Yangzhou, China; Seongnam-si, South Korea; and Munich, Frankfurt, Germany; with support offices throughout the world.





# COMMITMENT

## OVERVIEW

Our commitment to sustainability is represented in our core values of Integrity, Commitment and Innovation. We strive for environmental sustainability, social responsibility, responsible sourcing, business ethics and compliance, corporate citizenship and employee volunteerism to have a sustainable operation and a long-term, positive impact on our stakeholders: investors, customers, employees, suppliers, and our communities.

We adopt a stakeholder-orientated approach to governance and are committed to conducting an ethical, lawful, profitable, and sustainable business that creates value over the long term. We are not actively or directly involved in any political advocacy or lobbying groups, nor do we provide financial contributions to political organizations. Our engagements on these issues are mainly through industry associations that we support together with our industry peers, or through community engagement with non-profit organizations.

Through our extensive sales and distribution network, we provide customers around the globe with a broad portfolio of innovative, energy-efficient, and eco-friendly products. It is our firm belief that our stakeholders' well-being is supported by sustainability considerations, and such considerations are integral to our ongoing organizational success and operational resilience.

### Stakeholder Engagement

Our decision to support sustainability influences our company operations worldwide: responsible manufacturing, the health & safety of employees, local compliance, quality standards, human resource and human capital management, research and development, product innovation, supply chain management, business ethics, investor relations, and corporate citizenship. We engage with our stakeholders, specifically employees, customers and investors, for feedback on our sustainability efforts.

We view sustainability as a competitive advantage and have adopted a sustainability-oriented approach to assess and address related risks that may influence our operational activities, business results, and financial performance. This includes considering the importance of economic, environmental, and social factors as they impact our business and stakeholders. By engaging with stakeholders to identify sector- and company-specific risks and opportunities, we may develop proactive strategies to uphold our sustainability standards. We also assess our progress and leverage industry-standard certification and audit processes to ensure sustained accountability and long-term performance.

We are privileged to partner with our customers in building sustainable products and applications that contribute to the health and well-being of our communities and our planet.

## Code of Conduct

We align our business practices and operations with the [Code of Conduct](#) published by the [Responsible Business Alliance \(RBA\)](#), formerly the Electronic Industry Citizenship Coalition (EICC), a leading industry coalition dedicated to corporate social responsibility in global supply chains.

[Diodes' CSER Code of Supplier Conduct](#) and [Human Rights and Workforce Labor Rights Policy](#) are based on the [RBA Code of Conduct](#). The RBA Code of Conduct establishes standards to ensure safe working conditions in the electronics industry and in industries in which electronics is a key component, including the supply chains that support those industries.

The RBA Code of Conduct seeks to ensure workers are treated with respect and dignity, and that business operations are environmentally-responsible and ethically-conducted. The RBA Code of Conduct is in alignment with the UN Guiding Principles on Business and Human Rights and is based on international principles and norms that we support and incorporate in our business practices, including the United Nations (UN) Universal Declaration of Human Rights, the International Labor Organization's (ILO) International Labor Standards and Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and ISO standards.

Through its rigorous RBA Validated Assessment Program (VAP), Diodes endeavors to ensure that its operational activities are consistently conducted in alignment with the RBA Code of Conduct and Diodes' quality standards and procedures. In particular, our Chengdu manufacturing site and two of our manufacturing sites in Shanghai received Silver status recognition from the RBA during their initial RBA audits.



RBA Silver Status Certificate

## GOVERNANCE AND OVERSIGHT

Sustainability is a strategic focus for the Diodes management team and the Diodes Board of Directors (Board). To further accelerate our commitment to sustainability, and with the support of the Board, we created a Steering Committee to focus on sustainability and the ongoing assessment of our operations and their impact on the communities in which we operate.

The Sustainability Steering Committee is headed by our Senior Vice President of Operations and is comprised of representatives from multiple functions, including corporate governance, regional management, operations management, legal and compliance, human resources, and quality. The Steering Committee approves sustainability-related policies, long-term objectives, and external disclosures and reporting. The Steering Committee also has operational control of environmental, health and safety, and social risks, and provides guidance on actions needed to address these risks.

Given our global manufacturing footprint and strong commitment to environmental responsibility, we also formed a Task Force represented by regional environmental, health, and safety (EHS) subject matter experts. This Task Force is supported by the General Counsel and Corporate Compliance Officer to focus on harmonizing our EHS metrics and leverage best practices. Both the Task Force and the Steering Team conduct regular review meetings to assess performance and drive continuous improvement.

The Task Force works closely with the Steering Committee, which provides periodic updates to the Board and engages frequently with the CEO and Lead Director on sustainability issues. With oversight and support from the Board, we have developed and implemented business strategies, and managed business operations in ways that are resilient to sustainability-related risks, including the impacts of climate change and pandemics.

In addition to the Board’s increased oversight of sustainability efforts, our executive bonus compensation includes a measurable Sustainability component to further demonstrate and enhance management’s commitment to Sustainability.

We also engage in regular dialogue with stakeholders and sustainability rating agencies to solicit feedback as we continue to sharpen our focus on sustainability. Taking into account sustainability standards that are appropriate for the semiconductor industry, and for companies with a manufacturing footprint and scale of operations that are comparable to ours, specific sustainability performance metrics are identified where appropriate as we strive for continuous improvement.

We believe these collective sustainability efforts help us create and maintain long-term profitability for our shareholders.



## ■ RESPONSIBLE DISCLOSURES

As part of responsible reporting to our stakeholders, and specifically institutional investors, we are committed to providing information that reflects the [Seven Principles for Effective Disclosures](#) published by the Task Force on Climate-related Financial Disclosures (TCFD).

We also refer to the TCFD voluntary framework around these thematic areas of corporate activities—governance, strategy, risk management, and metrics and targets. We support the industry-specific metrics recommended by the [Sustainability Accounting Standards Boards](#) (SASB) for the Technology and Communications Sector specific for the semiconductor industry (“SASB Standards”), and use them as guidance in our development of disclosures. The SASB Standards are maintained by the Value Reporting Foundation.



We focus our disclosures on the key sustainability issues identified by [SASB Materiality Map](#)® and will continue to update these to provide material and relevant information to our stakeholders.

We actively work to make our sustainability disclosures more comprehensive, accurate, and transparent. The information disclosed is based on internally-available data and the management’s good faith estimates, approximations, and analysis. The information has not been independently audited or verified by third parties. Past performance is not an indication of our future performance or results. Our performance, the measurement of our performance, and any assumption used in measuring our performance on these environmental and social factors, will continue to evolve over time. We value feedback from our stakeholders and we can be reached at [compliance@diodes.com](mailto:compliance@diodes.com)

# SASB SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

We strive to align our disclosures with the framework provided by the Sustainability Accounting Standard Board (SASB) for the Technology and Communications Sector specific to the semiconductor industry (“SASB Standards”).

Please see Appendix 1 for a mapping of how our latest disclosures align with the SASB Standards. The SASB Standards are maintained by the Value Reporting Foundation.

As we continue to collate information required under the SASB Standards for the various accounting metrics, we will publish additional disclosures as part of our efforts to provide transparency and accountability to our stakeholders.

# CORPORATE SOCIAL & ENVIRONMENTAL RESPONSIBILITY CONDUCT

Diodes’ [CSER Code of Supplier Conduct](#) is based on the [Responsible Business Alliance \(RBA\) Code of Conduct](#), formerly the Electronic Industry Citizenship Coalition (EICC), as it establishes standards to ensure safe working conditions in the electronics industry and in industries in which electronics is a key component, including the supply chains that support those industries.

The RBA Code of Conduct seeks to ensure workers are treated with respect and dignity and that business operations are environmentally-responsible and ethically-conducted. The RBA is the world’s largest industry coalition dedicated to corporate social responsibility in global supply chains.



*Diodes is a member of the China Zizhu CRSA (Corporate Social Responsibility Alliance). Together with the companies in the China Zizhu National High-Tech Industrial Development Zone, Diodes is committed to sustainable development of its operations in this area.*



# UNITED NATIONS GLOBAL COMPACT PRINCIPLES INDEX

The [United Nations Global Compact](#) provides a principle-based framework for companies worldwide to adopt and integrate sustainable and socially responsible policies into their business activities, and encourages companies to strive towards achieving the Sustainable Development Goals to provide a better and more sustainable future for all.

As a global corporate citizen, Diodes embraces the ten general principles outlined in the UN Global Compact that are founded on internationally recognized conventions relating to human rights, labors, environment, and anti-corruption. We are committed to these sustainability and responsible business practices. Referenced below are links to the relevant portions of Diodes' [Sustainability website](#) that support the corresponding UN Global Compact principles.

Categories	Principles	Diodes' Response
<b>Human Rights</b>	<a href="#">Principle 1</a> : Businesses should support and respect the protection of internationally proclaimed human rights.	See <a href="#">"Commitment"</a> section.
	<a href="#">Principle 2</a> : Businesses should make sure that they are not complicit in human rights abuses.	See <a href="#">"Commitment"</a> , <a href="#">"Social Responsibility"</a> and <a href="#">"Business Ethics"</a> sections.
<b>Labor</b>	<a href="#">Principle 3</a> : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	See <a href="#">"People"</a> section
	<a href="#">Principle 4</a> : Businesses should support the elimination of all forms of forced and compulsory labor.	See <a href="#">"Supply Chain"</a> and <a href="#">"People"</a> sections.
		Also refer to our <a href="#">"Human Rights and Workforce Labor Rights Policy"</a> , <a href="#">"UK Modern Slavery Act Statement"</a> and <a href="#">"California Transparency in Supply Chains Act Statement"</a> .
	<a href="#">Principle 5</a> : Businesses should support the effective abolition of child labor.	See <a href="#">"Supply Chain"</a> and <a href="#">"People"</a> sections.
		Also refer to our <a href="#">"Human Rights and Workforce Labor Rights Policy"</a> , <a href="#">"UK Modern Slavery Act Statement"</a> and <a href="#">"California Transparency in Supply Chains Act Statement"</a> .
	<a href="#">Principle 6</a> : Businesses should support the elimination of discrimination in respect of employment and occupation.	See <a href="#">"People"</a> section and <a href="#">"Supply Chain"</a> within <a href="#">Supplier Diversity &amp; Inclusion</a> sections.
		Also refer to our <a href="#">"Human Rights and Workforce Labor Rights Policy"</a>
<b>Environment</b>	<a href="#">Principle 7</a> : Businesses should support a precautionary approach to environmental challenges.	See <a href="#">"Social Responsibility"</a> and <a href="#">"Sustainable Products"</a> , <a href="#">"Supply Chain"</a> within <a href="#">Responsible Use of Materials and Chemicals in Our Products</a> , and <a href="#">"Supply Chain"</a> within <a href="#">Supply Chain Management</a> sections.
		Also refer to our <a href="#">"Environmental Policy"</a> and <a href="#">"Climate Change Policy"</a> .

	<p><b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<p>See <a href="#">“Social Responsibility and Sustainable Products”</a>, <a href="#">“Supply Chain”</a> within <a href="#">Responsible Use of Materials and Chemicals in Our Products</a>”, and <a href="#">“Supply Chain”</a> within <a href="#">Supply Chain Management</a>” sections.</p>
		<p>Also refer to our <a href="#">“Environmental Policy”</a> and <a href="#">“Climate Change Policy”</a></p>
	<p><b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>See <a href="#">“Social Responsibility within Sustainable Products”</a>.</p>
<b>Anti-Corruption</b>	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>See <a href="#">“Social Responsibility within Combating Corruption and Bribery”</a>.</p>
		<p>Also refer to our <a href="#">“Anti-Bribery and Anti-Corruption Policy”</a></p>

## AWARDS AND RECOGNITIONS

At Diodes, we set high performance targets for our business operations, and continuous improvement is at the core of our day-to-day activities. We leverage a variety of resources to assess our company’s progress against our Sustainability performance goals, and to drive continuous progress.

We value the feedback from our stakeholders and are appreciative of the various awards and recognition earned from governments and agencies worldwide. These awards acknowledge our continuous efforts to strive for excellence and successfully reach out to our communities.

As an example, our U.K. operations and key employee representatives have been widely recognized as recipients of various awards such as The Manufacturer Top 100, Queens Award for Enterprise Promotion, Engineering Employers Association Leadership Award, Oldham Civic Award and Oldham Outstanding Contribution Award. In addition to our corporate community efforts, the various awards received by our employees are a strong testament to their individual professional contributions as Diodes employees.

The following are additional examples of awards we have received in recent years:

### UNITED STATES

- Outstanding Community Service Awards from the Chinese Institute of Engineers (CIE)/ USA, Dallas-Fort Worth Chapter
- Corporate Friend Awards as appreciation for the support for the Asian American Community from the DFW Asian-American Citizens Council (DFW AACC)
- Certificate of Appreciation for Outstanding Community Service from the Office of the Mayor, City of Richardson, Texas



## TAIWAN

- Certificate of Appreciation issued by Cathay General Hospital in recognition of Diodes' contribution of NT\$6 million (approximately US\$214,000) to the Anti-Epidemic Fund for the purchase of twelve sets of intensive care ventilators and one set of non-invasive hemodynamic monitor to support the hospital's effort on epidemic prevention.
- Multiple "High Performance Corporate Enterprise for Employment of Foreign Worker" awards issued by the Taoyuan government
- Certificate of Appreciation recognizing Diodes' support of Long Term Care of People in Vegetative State issued by the Genesis Social Welfare Foundation
- Certificate of Appreciation recognizing Diodes' support of the Disadvantaged Groups issued by the Taoyuan Guanyin Kind Garden Organization
- Certificates of Appreciation recognizing Diodes' support of the people with disabilities issued by various disability-welfare non-profit organizations such as the Eden Social Welfare Foundation, Chin Jen Disability Welfare Foundation, and Chenshenmei Social Welfare Foundation, Taoyuan County Foundation and Private Kang Fu Intelligence Development Center
- Certificate of Appreciation issued by the Taoyuan Reindeer Foundation recognizing Diodes' support to programs designed to help children under 18 who are abandoned, abused, or neglected
- Certificates of Appreciation issued by the Taoyuan County Environmental Protection Bureau recognizing Diodes' support and contribution to the air pollution emergency drill
- Certificate of Appreciation recognizing Diodes' support of financially disadvantaged communities through the 1919 Food Bank Program issued by the Chinese Christian Relief Association
- Certificate of Appreciation recognizing Diodes' support of activities establishing the funding for Elderly Care issued by Mennonite Christian Hospital
- Certificate of Appreciation Diodes' support of medical care in remote areas issued by the St. Mary's Hospital

## CHINA

- Safety Management Standardization certificate (grade 3) from the China Ministry of Energy Management, Chengdu Bureau
- Clean Production Audit Acceptance certificate from the Sichuan Ecology and Environment Department
- Top 10 Best Environmental Protection Company award from Chengdu High Tech Park Commission
- Clean Production Audit Acceptance certificate from the Shanghai Ecology and Environment Department





Industry Production Excellence Award (2019) issued by the Shanghai Songjiang Economic and Technology Development Zone Administration

Certificate of Honor, Industry Production Excellence Award (2019) issued by the Shanghai Songjiang Economic and Technology Development Zone Administration

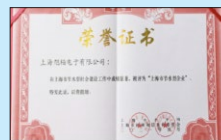
Green Development Advanced Corporate Enterprise Certificate

Top 10 Best Environmental Protection Company Award

- Advanced Corporate Enterprise for Fire Safety Promotion from Shanghai Zizhu High-Tech Park
- ISO50001 Energy Management System certificate from the China National Accreditation for Conformity Assessment
- Green Development Advanced Corporate Enterprise certificate from the China Songjiang Export Zone Management Committee
- Work Safety Standardization Management certificates (grades 2 and 3) from the China State Administration of Work Safety
- Water Conservation Enterprise Award from the Shanghai Water Authority and the Shanghai Municipal Commission of Economy and Informatization
- Excellent Enterprise Award issued by the municipal government in Shanghai, China recognizing Diodes' support towards epidemic control and prevention efforts and economic and social development
- Two LSC manufacturing sites in China received Integration of Information and Industrialization Management System certificates issued by the assessment body authorized by the China Ministry of Industry and Information Technology
- Industrial Output Excellence Award and Advanced Green Development Enterprise Award issued by the China Songjiang Economic and Technological Development Zone



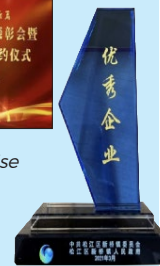
Integration of Information and Industrialization Management System certificates



Water Conservation Enterprise Award



Excellent Enterprise Award issued by the municipal government in Shanghai, China



Industrial Output Excellence Award and Advanced Green Development Enterprise Award issued by the China Songjiang Economic and Technological Development Zone

- Awards from the China Songjiang District government for projects involving energy online monitoring renovation and motor renovation systems
- Safety Factory Award from the China Jinan Public Security Bureau
- Water-Saving Corporate Enterprise Award from China Shandong Development & Reform Commission, Housing and Urban Development Office, and Shandong Industry and Information Technology Office as well as Water-Saving Enterprise recognition issued by the Wuxi government in China
- Worker Pioneer Award from China Jinan Central Labor Union
- Advanced Corporate Enterprise for Employment of Disabled Workers from the China Jinan government Disabled Workers' Working Committee
- Badminton in Foreign Enterprises Championship (NEC Software Cup), runner-up group awards

## EUROPE

- Chairman's Award issued by the Center for Engineering Education & Development (CeeD) recognizing Diodes Greenock facility's high performance and ongoing investment into workforce engagement and development
- Manufacturing Site of the Year, issued to the Diodes Oldham site by TechWorks in recognition of industry excellence driving the tech economy
- Healthy Working Lives Award – Gold Award issued by Public Health Scotland recognizing Diodes' efforts in improving the health, safety, and well-being of the workers in a structured and productive way
- International Safety Award (ISA) Merit issued by the British Safety Council recognizing Diodes' demonstrated commitment to occupational health, safety, and well-being



*Healthy Working Lives Award*

*International Safety Award*



## ENVIRONMENT



### OVERVIEW

Diodes recognizes that environmental responsibility is integral to producing world-class products. We understand the impact our operations have on the environment, the community, as well as the health and safety of our employees, contractors, and suppliers. We are committed to ensuring environmentally sustainable business practices and to help minimize the environmental impact of our supply chain.

Please refer to our [Environmental Policy](#) and [Climate Change Policy](#). We expect our suppliers and vendors to also subscribe to standards and commitments described in these policies so that we collectively manage a responsible supply chain.

As such, Diodes has based its [Code of Conduct](#) on the [Responsible Business Alliance \(RBA\) Code of Conduct](#), formerly the Electronic Industry Citizenship Coalition (EICC), to ensure that business operations are environmentally responsible and compliant, at a minimum, with applicable environmental laws and regulations of the countries in which they have operations. Diodes' direct suppliers are expected to implement the Code of Conduct as well as an adequate management system to ensure continued compliance with this code.

Diodes' internal manufacturing sites are certified to the ISO 14001 environmental management system standard. The expectation for external suppliers is to be ISO 14001 certified as well or, as a minimum, to submit a plan to become certified.

[Click here for Diodes Certifications.](#)

We enforce rigorous product compliance with the EU Directive regarding the Restriction of Hazardous Substances (RoHS) 2011/65/EU and the REACH Directive 2006/1907 on the Registration, Evaluation, Authorization, and Restriction of Chemicals. We provide customers with information on the chemical composition of the materials used in our products, as further described in our master [Certificate of Compliance \(master CofC\)](#).

- All products of Diodes Incorporated, including its subsidiaries, are REACH compliant. Where substances of very high concern (SVHCs) are contained in Diodes' products, they are listed in our [master CofC](#) and either registered for usage, exempt from registration requirements, or present as impurities.
- All products of Diodes Incorporated, including its subsidiaries, are RoHS compliant. Some use exemptions to enable their compliance. These are listed in our [master CofC](#).

- RoHS compliance is indicated on shipping labels that are attached on packing materials, such as reels and shipping boxes.

Diodes is also committed to conflict-free sourcing of Tin, Tantalum, Tungsten, and Gold—which are widely used in manufacturing in the semiconductor industry. These metals are derived from minerals that have a variety of sources around the world. One potential source has historically been the Eastern region of the Democratic Republic of Congo (DRC). That region is currently the site of armed conflict, and mining profits by local military groups there are reportedly contributing to human rights abuses, environmental damage, and theft from DRC citizens. Diodes Incorporated requires its suppliers to undertake reasonable due diligence with their supply chains to assure that these metals are not being sourced from the DRC or adjoining countries, unless they are purchased from smelters or refiners that are listed as “conflict-free” on the Responsible Minerals Initiative (RMI) website. Diodes Incorporated has surveyed its relevant suppliers of components and raw materials concerning the origins of these metals. The result of this survey, in the form of the RMI/CFSI reporting template, can be found in our [Conflict Minerals Report](#).

## RESOURCE CONSERVATION EFFORTS

**We intend to protect and preserve the environment and provide a safe and healthy workplace for all employees. We are committed to the continual improvement of environmental protection and health and safety performance, as well as compliance with all applicable laws, regulations, permits, internal worldwide standards, and other social responsibility requirements to which we subscribe.**

We recognize the impact of our business operations on the environment, the ecosystem, and the communities in which we work and our employees reside. Consistent with our commitment to environmental stewardship, and as reflected in our company Code of Conduct, we have policies and processes in place that incorporate assessment of environmental impact as part of our business decision making process. With a continual focus on resource-use efficiencies, we reuse and recycle resources where possible, and we also adopt the following measures to provide an eco-friendly working environment:



- Deploy light sensors in conference rooms, communal areas and individual offices
- Use mercury-free light tubes
- Deploy time clocks on building lighting and HVAC systems
- Deploy time clocks on hot water boilers with reduced temperature settings from 210°F to 190°F / 98.8°C to 87.7°C. Water from these boilers is used to heat the building as well as supply sinks and showers
- Reduce paper usage through various electronic document storage and management systems

- Reduce paper waste through double-sided printing default setting via our multifunction printers
- Reduce energy consumption via the sleep mode and timer setting in our eco-friendly printers
- Reduce energy consumption via consolidated servers and removal of excess servers
- Use recycled water for our landscaping and environment-friendly landscaping fertilizer
- Use environmentally-friendly janitorial supplies
- Reduce landfill trash through office recycling programs and minimize use of Styrofoam™ cups
- Reduce travel through the increased use of video conferencing technologies
- Evaluate installation of onsite electric vehicle charging stations

Our resource conservation efforts not only contribute to overall operating cost reduction, in some instances, they are also recognized by local governments in the form of financial incentives. For example, in China we received recognition for our deployment of an electricity online monitoring system and LED lighting projects.

We continue to review business opportunities and monitor local government initiatives and incentives so as to leverage innovative technologies and solutions to enhance energy cost savings and help reduce the impact on climate change and greenhouse gas emissions.

## ENVIRONMENTAL POLICY

*Last Updated: June 2021*

Diodes Incorporated designs, manufactures, and delivers high-quality semiconductor products to the world's leading companies in the consumer electronics, computing, communications, industrial, and automotive markets. Our expanded product portfolio of discrete, analog, and mixed-signal products and leading-edge packaging technology are developed to meet our customers' needs and we are committed to continual improvement. Our worldwide operations, including engineering, testing, manufacturing, and customer service, enable us to be a premier provider for high-volume, high-growth markets.



Our commitments to environmental sustainability as a responsible corporate citizen are to:

- protect the health and safety of our employees and partners on a worldwide basis;
- comply with regulatory and other requirements;
- use natural resources, energy, and materials efficiently and reduce consumption where possible;
- substitute sustainable resources in place of non-renewable resources; recycle materials wherever practical and economically reasonable; minimize waste and dispose of waste safely and responsibly;
- implement specific measures to prevent and minimize hazards to humans and the environment, including pollution prevention;
- and consult with and encourage the participation of all employees.

Our environmental policy has four main objectives:



- **Regulatory Compliance:** We will comply with or exceed applicable legal requirements, codes of practice, and industry guidelines.
- **Continual Improvement:** We will consider environmental implications in making company decisions at all levels. We will reduce the impact of our emissions to air, land, water, and the noise from our operations. We will promote waste minimization and take reasonable steps to facilitate waste recycling and insure waste disposal is handled in a safe and environmentally acceptable manner.
- **Communication with Stakeholders:** We will coordinate with relevant external bodies and work with our own employees to improve environmental performance. We will provide appropriate environmental training and self-monitoring at all levels, particularly those that impact health, safety, and environmental matters. We will record and investigate promptly any matters brought to our attention by members of the public or any regulatory bodies, taking appropriate action as necessary. We will actively promote environmentally sensitive behavior by our employees.
- **Environmental Management System:** We will manage our environmental responsibilities within the framework of ISO 14001. We will carry out periodic environmental self-audits as a means of setting objectives, monitoring achievements, and promoting further improvement. We will submit our environmental management system, performance, and achievements to independent verification by third parties as appropriate.

Please click [here](#) for a PDF copy of our Environmental Policy

## CLIMATE CHANGE POLICY

*Last Updated: July 2020*

**Diodes Incorporated recognizes our responsibility as a global corporate citizen to do our part to minimize our contribution to climate change. Operating in a sustainable way benefits the economic, social, and environmental interests of our company, our employees, and the customers and communities we serve.**



Climate change creates risks for our company and our industry. Our facilities are subject to the physical risks associated with increasing temperatures and extreme weather conditions. We depend on critical raw materials and natural resources that are subject to scarcity. We are subject to regulatory and legislative constraints which may impact the manufacture of our products.

As part of our business operations, we ship billions of semiconductor devices to our customers worldwide. During the design, development, and manufacture of those devices, we consume raw materials, chemicals, energy, and water. Our manufacturing processes produce wastewater and solid waste. Our operations generate greenhouse gases and other emissions that contribute to climate change.

Protecting the environment represents an important challenge and valuable opportunity to our operations and to the semiconductor manufacturing industry. To address this challenge, Diodes has prioritized reduced generation of greenhouse gases and improvements in energy efficiencies across our entire enterprise. In addition to complying with all relevant regulations and established industry guidelines, Diodes is committed to establishing goals and objectives which reduce our overall carbon footprint and support energy conservation, reduced water usage, and minimized waste generation.

Please click [here](#) for a PDF copy of our Climate Change Policy

# ENERGY MANAGEMENT

## Sustainable Energy Management

Diodes recognizes that semiconductor manufacturing is an energy-intensive process with the majority of our energy being consumed within our wafer fabrication and assembly and test facilities. We are committed to lowering climate risks related to our global carbon footprint by applying responsible energy management, driving energy efficiency, and pursuing reduction of energy use at the manufacturing sites and office buildings we occupy worldwide.

In addition to managing our internal operations for increased energy efficiency, we also focus on developing and manufacturing semiconductor products to provide our customers with opportunities to reduce their carbon footprints with more energy-efficient end applications when using our products.

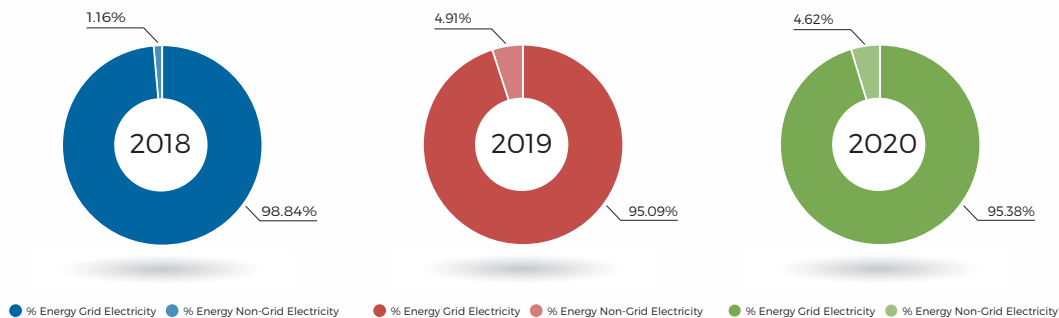
Please refer to our [Energy Policy](#) that outlines our position on energy management.

Direct energy consumption at each manufacturing site is regularly measured, consistent with the requirements in SASB Code TC-SC-130a.1, to track the total energy consumed in gigajoules (GJ), the percentage of energy consumed that is supplied from grid electricity, and the percentage of energy consumed that is renewable energy.

As part of our commitment to operate in a sustainable manner, each plant also conducts regular energy assessments to identify opportunities for energy conservation and to increase the percentage of renewable sources in the energy mix that is accessible to the respective location.

The main energy source to power Diodes' manufacturing facilities is electricity. In 2019 and 2020, Diodes manufacturing sites sourced 95.09% and 95.38% respectively of consumed energy from the electric grid, decreasing our historic grid dependency down from 98.84% in 2018. The balance of energy was from natural gas, diesel fuel, and long distance heat. Natural gas is mostly used for heating purposes and also for humidification control. Diesel fuel is primarily used for humidification control, and may be used for the operation of emergency power generators as well.

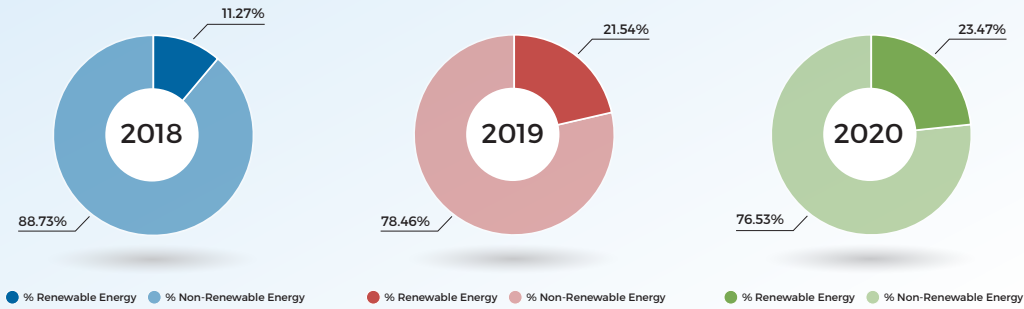
### Percentage of Energy Consumed from Grid Electricity



We have increased our focus on more effective energy management to further reduce Diodes' carbon footprint, which enabled us to more accurately assess and report energy consumption with significantly more granularity. As a result, over the most recent 3-year time frame, we have seen an increase in the reporting of renewable energy consumption from our Diodes-owned factories across the globe. Our energy providers have also increased the information available to their customers regarding the energy mix being provided for consumption.

Overall, 21.54% and 23.47% of energy consumed by Diodes manufacturing sites in 2019 and 2020, respectively came from renewable sources, up from 11.27% in 2018.

## Percentage of Consumed Energy that is Renewable Energy



## Energy Conservation Projects

All our manufacturing sites routinely seek new opportunities to drive energy management improvement initiatives and to achieve further reductions of Diodes' global carbon footprint. The execution and implementation of these energy conservation projects, such as the ones listed below, are overseen by the Diodes Corporate Social and Environmental Responsibility (CSER) steering team. Recent examples include:

- Implementation of the out-of-control action planning (OCAP) methodology for energy management
- Performing annual energy forecasts
- Winter / summer set point changes for temperature and relative humidity (RH)
- Real time plant RH monitoring
- Installation of lighting proximity sensors and LED lighting in conference rooms, communal areas, and individual offices
- Implementation of air handling units (AHU) with permanent magnets and fan timers
- Replacement of aged chilling and cooling pumps and other outdated facility equipment such as fan filter units (FFU) with energy-efficient performance units
- Switching to more efficient equipment when the load is high during the summer
- Upgrading of building management systems for improved monitoring
- Deployment of time clocks on building lighting and HVAC systems
- Reduction of energy consumption via the sleep mode and timer setting in our eco-friendly printers
- Reduction of energy consumption via consolidated servers and removal of excess servers

In 2020, Diodes kicked off a major energy conservation project: the construction of a combined heat and power (CHP) plant and absorption chiller with battery-energy storage system (BESS) at our Oldham, UK wafer fab (OFAB).

- The project involves a capital investment in excess of US \$7M with completion being expected by the end of 2021.
- Local electricity generation will eliminate transmission losses from external providers equivalent to 290 tons CO<sub>2</sub>e.
- Use of waste heat from the CHP plant otherwise exhausted into the atmosphere will support chiller load and reduce overall site energy use by approximately 3,500 MWh/year, equivalent to over 880 tons CO<sub>2</sub>e.
- The absorption chiller is part of a tri-generation system that will provide chilled water without use of greenhouse gases and the following benefits:
  - Reduced use of chiller refrigerant gases, R134A and R410
  - Reduction of environmental impact from uncontrolled release
  - Safer decommissioning/disposal at end of life

# ENERGY POLICY

*Last Updated: June 2021*

Diodes Incorporated recognizes climate change as a global risk as it affects the environmental, social, and economic landscape of the communities in which we live and work.

Since semiconductor manufacturing is an energy-intensive process, our manufacturing sites, as well as office buildings, are contributors to our carbon footprint. The majority of our energy is consumed within our wafer fabrication and assembly and test facilities with energy required to maintain very demanding physical and climate conditions for production of our products in a cleanroom environment. We are strongly committed to reducing energy consumption and improving energy efficiency across our operations worldwide. In addition, we focus on developing and manufacturing products that help reduce power consumption and minimize energy requirements when included in our customers' applications.

As a responsible corporate citizen, our commitments to minimize the impact on climate change are:

- Conduct corporate-wide energy assessments to derive suitable and reasonable measures for further increasing energy efficiency and reducing total energy usage and consumption;
- Measure and reduce electricity usage in our manufacturing sites;
- Reduce energy consumption from the electric grid and increase usage of renewable energy;
- Drive and invest in energy conservation programs;
- Reduce energy intensity of our manufacturing processes;
- Deploy energy-efficient manufacturing and office equipment and modify energy efficiency of existing equipment in manufacturing sites and office buildings;
- Implement equipment for active heat recovery;
- Support sustainable energy management of our facilities, i.e. use of high efficiency lighting technologies and HVAC systems, powering down unutilized equipment; and
- Design semiconductor products with optimized energy consumption performance to support our customers' expectations for energy-efficient end applications.

[Click here](#) for a downloadable PDF copy of the above policy.



# WATER MANAGEMENT

## Sustainable Water Management

Water scarcity is a topic of global attention as it presents a high impact risk to our planet. The semiconductor manufacturing industry is a water-intensive business. Increasing complexity in semiconductor manufacturing processes may contribute to an increased need for water consumption and higher level of water purity. Our water comes from public sources as we rely primarily on local municipal supplies for our water source and do not use groundwater or rainwater. Water quality is essential to semiconductor manufacturing and there is a potential risk of water pollution that is under constant scrutiny, particularly in certain areas in Asia where we have manufacturing sites. Reliable continuity of water supply is critical to our operations and each manufacturing site is responsible for managing its specific water-related risks.

Sustainable use of an essential natural resource such as water is critical to safeguarding our business continuity and the communities around us. We are committed to managing water resources responsibly and we leverage industry best practices for efficient water management. Our water management efforts contribute to the United Nations’ Sustainable Development Goals target 6.4 aimed to substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity. Through our continuous and focused efforts to collect data and measure our water usage at each of our manufacturing sites, we identify opportunities to implement water conservation measures. We carefully monitor water usage across these manufacturing sites and set goals to minimize water consumption. We also maintain an environmental management system in accordance with the requirements of ISO-14001 to manage our water usage in a sustainable manner.



### Water Usage and Operational Impact

We conduct water stress assessments by leveraging the Aqueduct Water Risk Atlas provided by WRI. Water stress is defined as the total annual water withdrawals (municipal, industrial, and agricultural) as a percent of the total annual available surface water. Industrialization and urbanization are key contributors to increased water stress levels, as observed in many parts in China. The water stress classification level identifies locations that have higher exposure to water-related risks. Based on the WRI tool, the water stress classification of our current manufacturing sites is as follows:

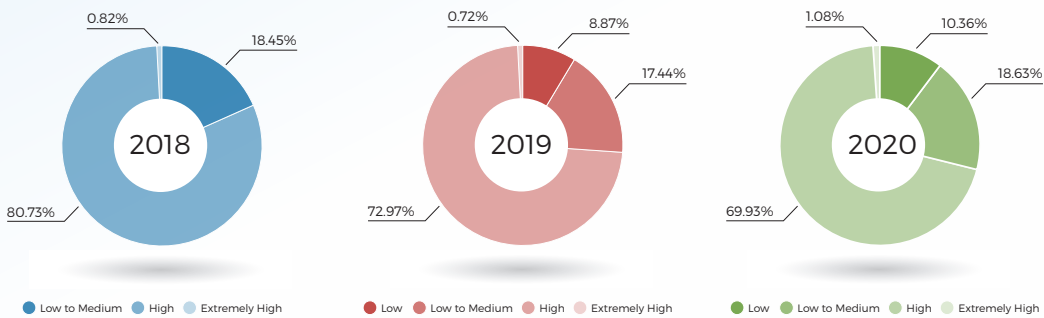
Water Stress Classification	Number of Manufacturing Sites	Locations of Manufacturing Sites
Low	1	Scotland
Low to Medium	6	Taiwan, Germany, England, and China (Chengdu)
Medium to High	1	China (Wuxi)
High	4	China (Shanghai)
Extremely High	1	China (Shandong)

The majority of our manufacturing sites are located in areas that are classified as having a Low or Low-to-Medium Water Stress level. We acquired the manufacturing facility located in Shandong, China, an Extremely High Water Stress location, as part of our acquisition of Pericom Semiconductor Corporation in 2015.

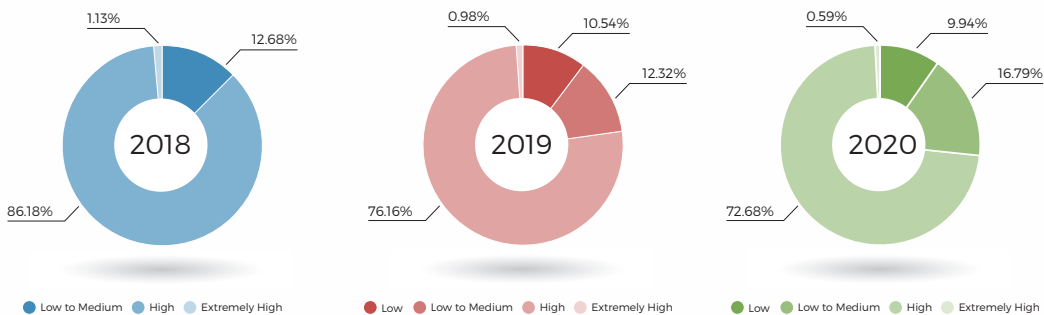
We assess the location and volume of water withdrawn for our manufacturing sites and the water-stress levels in these locations and actively monitor our water usage at these locations to contribute toward sustainable water stewardship. To ensure continuity of supply and minimize impact to our operations, we concentrate on water availability and demand challenges unless there are other relevant risks such as water quality, drought, or flooding that may be material to our activities in these locations.

Consistent with the requirements in SASB Code TC-SC-140a.1, in addition to analyzing our operations for water risks and identifying activities that withdraw and consume water in locations with High or Extremely High Water Stress, we track the total amount of water that was withdrawn from the different sources and the total amount of water that was consumed in our operations, and the percentage of each in regions with High or Extremely High Water Stress. Our year-over-year progress is illustrated in the chart below. We acquired Lite-On Semiconductor Corporation (LSC) in November 2020, therefore the 2020 chart does not include information from LSC.

### Percentage of Water Withdrawn by Water Stress Level



### Percentage of Water Consumed by Water Stress Level



Although the 2020 chart does not include information from LSC, as part of our corporate-wide water management program, the LSC manufacturing facilities are included in our assessment program. One of these manufacturing facilities is located in Shanghai, a High Water Stress location. In recognition of our water conservation performance at that manufacturing site, we received a "Water Conservation Enterprise" award from the Shanghai Water Authority and Shanghai Municipal Commission of Economy and Information.

As indicated in the chart, on average, less than 1% of the water used in our manufacturing operations was withdrawn or consumed in our Shandong manufacturing facility, an extremely High Water Stress location. In addition, as we continue to use water responsibly in our manufacturing operations, there is a year-over-year decrease in the total amount of water consumed at that facility. In 2020, roughly 30% of the amount of water used in our manufacturing facilities was withdrawn or consumed from locations with Low or Low-to-Medium Water Stress levels.

## Water Stewardship

Diodes is constantly looking for ways to optimize water usage, implement water-saving technologies and manage water usage responsibly. Water reuse and recycling is a key aspect of the water conservation efforts within our manufacturing facilities. Semiconductor manufacturing equipment requires ultrapure water that is generated from a reverse osmosis water filtration process. Concentrated wastewater produced from this reverse osmosis process is graded and filtered for reuse in our manufacturing facilities where possible. Several of our manufacturing facilities are equipped to further recycle wastewater that cannot be sufficiently purified for manufacturing use. Such recycled wastewater, including condensate from facility air handler units, is used for non-potable facilities' support, such as landscape water supply or sanitation purposes. These water conservation activities reduce the amount of wastewater that is treated and returned to municipal sewer systems.

### Investment in Water Conservation Projects

In 2020, as part of Diodes' overall resource conservation efforts, Diodes made capital investments in excess of US\$200,000 to upgrade its DI (de-ionized) water treatment system at its manufacturing site in Germany. The resultant benefits include annual financial savings of more than US\$10,000, reduced water consumption by more than 300m<sup>3</sup> per year, reduced electrical energy consumption by more than 30KWh per year, reduced chemical usage, and reduced maintenance manpower requirements and associated costs. This cost-effective system upgrade also helps reduce potential water quality issues that may impact our products while extending the lifetime of certain manufacturing equipment.



### Spotlight on Shanghai Manufacturing site:

As part of our commitment to operate in a sustainable manner, we continue to evaluate programs and invest in infrastructure to improve operational efficiency and reduce impact to the environment. For example, during the period between 2018 and 2020, Diodes invested over US\$2,000,000 in two of our assembly and test manufacturing sites located in Shanghai, China to upgrade the wastewater recycle systems and install online wastewater monitoring programs.

In 2020, we also approved approximately US\$280,000 in capital investment to upgrade the wastewater treatment system at one of our manufacturing facilities in Shanghai, China. We anticipate approximately US\$350,000 in annual cost savings from the improved wastewater treatment system. In addition to adhering to the applicable laws and regulations in the countries we operate, we continue to leverage available infrastructure technologies and collaborate with local governmental agencies to identify opportunities for continued improvement and to reduce environmental impact.

Our water efficiency data across the last several years show positive trends in wastewater reduction. In recognition of our efforts specific to our Shandong facility, which is located in an area classified as Extremely High water stress, we received a “Water-saving Corporate Enterprise Award” from the China Shandong Development & Reform Commission, Housing and Urban Development Office, and Shandong Industry and Information Technology Office. We are evaluating the installation of a 24-hour onsite water storage facility at certain manufacturing site(s) to further mitigate water scarcity and water withdrawal risks and the resultant impact to our production, in addition to recycling and reusing the water from our operations.

Our manufacturing sites in Chengdu, China and Germany have included water financial savings goals in their operational performance goals. Even in the absence of specific financial savings goals, each manufacturing site constantly strives to conserve water resources.

## California Proposition 65

California Proposition 65, officially known as the [Safe Drinking Water and Toxic Enforcement Act of 1986](#), was enacted in November 1986. Proposition 65 protects the state’s drinking water sources from being contaminated with chemicals known to cause cancer, birth defects, or other reproductive harm, and requires businesses to inform individuals in the State of California about possible exposures to chemicals known to the State of California to cause cancer or reproductive toxicity and described in the [Proposition 65 List](#). Learn more about Proposition 65 [here](#).

Proposition 65 requires businesses to provide “clear and reasonable warning” to consumers if their products contain one or more of the chemicals on the Proposition 65 List. A Proposition 65 warning does not necessarily mean a product is in violation of any product-safety standards or requirements. While Diodes does not sell directly to consumers, our products will be incorporated in end products that are sold to consumers.

As a component manufacturer, we have concluded that most of our products contain at least one substance included in the Proposition 65 List.

For products sold into the State of California, the following label, or similar, is affixed to the product packaging:

We regularly review the Proposition 65 List and reserve the right to amend this label as necessary.



**WARNING:** This product can expose you to chemicals including lead and lead compounds, which are known to the State of California to cause cancer and birth defects or other reproductive harm. For more information, go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).





# WASTE MANAGEMENT

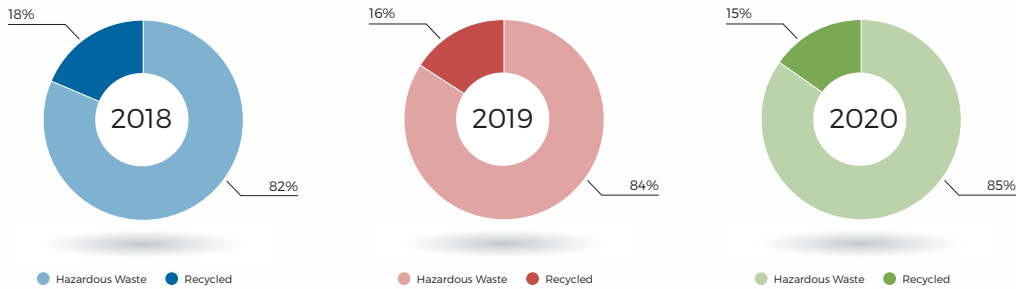
Semiconductor manufacturing processes are complex and require the use of an assortment of materials and chemicals during the wafer fabrication and product assembly operations. We recognize the risks and unfavorable consequences on the environment and the health and safety of people, as well as our brand image, profits, and financial situation if the waste from our operations is not disposed of appropriately. We are fully committed to minimizing any waste generated from our operations and disposing of such waste safely and responsibly so as to protect the environment, and the health and safety of our employees and the communities in which we operate.

Our waste management programs cover various waste streams generated by our operations and products, and an analysis of our waste streams helps inform our use of the most appropriate waste segregation, treatment, and management approaches. Reducing waste at the source is a critical component of our waste management program. We prioritize actions and encourage employees to reduce, reuse, recycle, and recover whenever possible, rather than to dispose of waste at landfills.

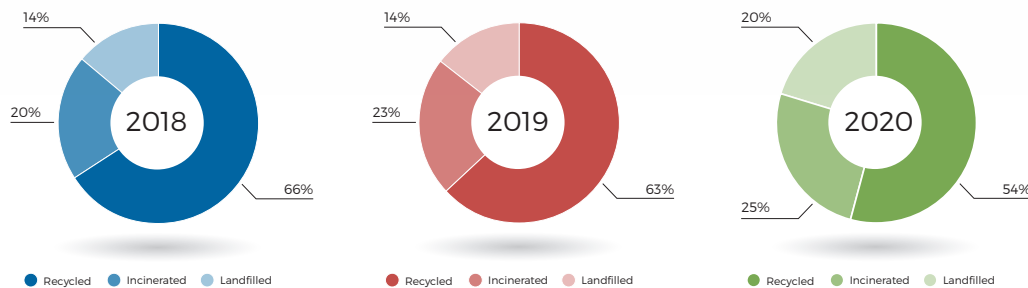
Our various manufacturing processes can generate potentially hazardous waste, including chemical substances. We regularly monitor the type of waste generated from our manufacturing facilities, including both hazardous (e.g. batteries, accumulators, oily sludge, acid, resin) and non-hazardous waste (e.g. cardboard, paper, glass, food waste, plastic bottles, metal cans, wooden pallets). Both hazardous and non-hazardous wastes are recycled, incinerated, or disposed of at landfills. We comply with applicable laws and regulations relating to the use, storage, and handling of chemicals, as well as the disposal of any potentially hazardous waste. Where appropriate, we engage waste management service providers to transport, treat, and dispose of waste generated from our operations.

In 2020, our manufacturing sites globally generated approximately 8% more hazardous waste than the prior year. Waste generation increased from the prior year due in part to an increase in production. We also experienced a one-time increment in waste in 2020 due the closure of a site in China and the associated waste disposition and the installation of a new bulk HCl tank and the requirement to flush the former tank prior to removal. We recycled 15% of our hazardous waste generated which reflects an increase of approximately 3% from the prior year. Recycled waste included solvents, oil, resin, acid, alkali, sludge, and its containers. We generated approximately 17% more in non-hazardous waste in 2020 compared to the prior year. Of this, approximately 54% was recycled, 26% was incinerated, and 20% went to landfills.

## Percentage of Hazardous Waste Recycled



## Percentage of Non-Hazardous Waste Recycled



Please refer to our sustainability website for more information on [Responsible Use of Materials and Chemicals in our Products](#), including our compliance with RoHS (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) and REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Directives. Consistent with SASB TC-SC-150a.1's requirement to disclose the legal or regulatory framework(s) used to define hazardous waste and recycled hazardous waste, we use the following governing standards:

Location	Standard
China	PRC on Prevention and Control of Solid Waste Pollution
Taiwan	Waste Disposal Act
Germany	Thüringer Landesverwaltungsamt Abfallwirtschaft
UK	Special Waste Regulations 1996



### Waste Reduction Initiatives

We have implemented waste management programs and practices as part of our commitment to reuse and recycle materials. Cognizant of the potential hazardous impact of certain chemicals, where appropriate, we also have chemical waste management programs. Our facilities around the world update their recycling programs periodically to decrease non-hazardous waste generation and increase diversion rates, or the amount kept out of the landfills.

We leverage responsible packaging practices to reduce waste generation. This in turn reduces our overall shipping costs and positively impacts our financial performance. For example:

- We increase packaging density of the products we ship per box or container;
- We reduce the use of large and heavy packing materials such as custom-cut foam, non-recyclable foam, and cardboards;
- We carefully handle our packaging and packing materials so that we can reuse them whenever possible; and
- Reusable containers and wooden pallets for the transport of products are used to reduce the tonnage of packaging waste.

We also recycle production and packaging waste such as oil, solvents, cardboard, foam, plastics, bubble wrap, and paper products. This waste reduction initiative expands beyond manufacturing as we encourage our employees to engage in recycling activities, including using reusable food containers and drinkware. Recycled paper is used and employees are encouraged to reduce paper use. The printer fleet has been streamlined, and most printers' default setting is set at double-sided printing.

The employee cafeterias at our manufacturing sites are an important focus of our waste management program. Instead of using disposable tableware, we provide durable, washable, and reusable tableware and food trays.

We also raise employee awareness regarding food waste. Appropriately labeled bins (e.g. compostable, recyclables, landfill) at employee cafeterias help employees to optimize the sorting of food waste and reduce overall waste generation. Various non-food related sorting containers are also set up at numerous places (including conference rooms and offices) in both our manufacturing and non-manufacturing facilities.

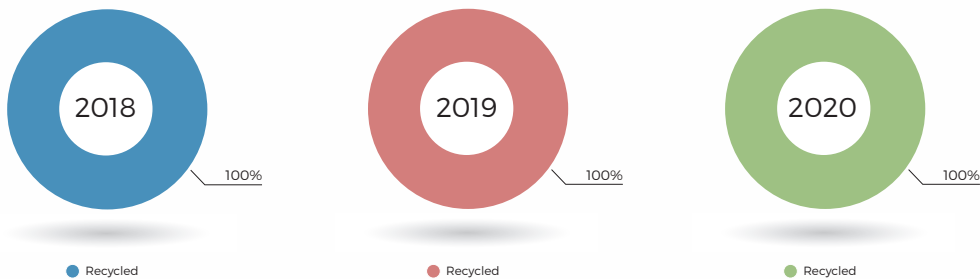


## Electronic Waste or E-Waste

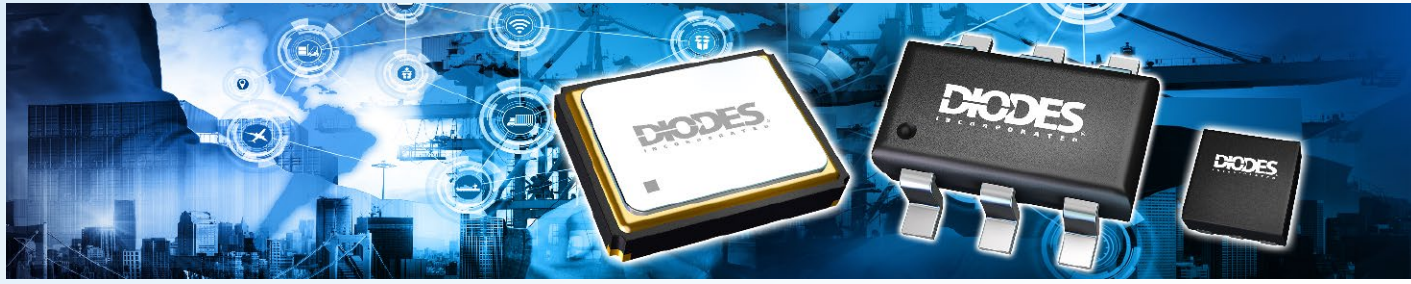
Although Diodes does not directly manufacture any electrical or electronic end equipment, we share the global concerns over electronic products getting into landfills, contaminating groundwater, and creating environmental issues. We are committed to playing our part in the preservation and protection of our environment, and embrace the guidance in the Waste Electrical and Electronic Equipment Directive (WEEE Directive) aimed to reduce the amount of electrical and electronic equipment produced and to encourage reuse, recycle, and recovery.

In 2020, we generated 25% less in electronic waste compared to the prior year and once again recycled 100% of electronic waste generated at our manufacturing sites worldwide. Pursuant to the requirements of SASB TC-SC-150a.1, our electronic waste is transferred to third parties certified and licensed to handle e-waste. In China, we adhere to the Administrative Measures for Prevention and Control of Environmental Pollution by Electronic Waste; in Taiwan, we follow the Regulations Governing Administration of Reuse of Enterprise Waste; and in the UK, the Environmental Permitting (England and Wales) Regulations 2010.

## Percentage of Electronic Waste Recycled



The types of electronic waste we generate include scrap products, spare parts, and other electronic materials from production, as well as decommissioned computers, monitors, laptops, printers, and other electronic equipment previously used by our employees; decommissioned servers, storage equipment, and networking equipment previously used in our data centers; and obsoleted testing equipment previously used in our laboratories for the engineering testing and verification of our products and other purposes. The electronic waste generated from these items is disposed of in accordance with the applicable laws and regulations, and the decommissioning of any electronic equipment used in our operations is handled with special care and by specialized companies or the original suppliers, as appropriate.



## SUPPLY CHAIN



## OVERVIEW

As a global company with an international customer base, getting the right products to our customers around the world at the right time is of paramount importance to us. In addition to efficiency and operational excellence, our approach to managing our supply chain focuses on three elements that are critical to maintaining our commitment to sustainability:

### 1. Responsible Sourcing:

- 1.1 We are committed to sourcing conflict-free minerals for use in our products.
- 1.2 We respect human rights and do not tolerate slavery, human trafficking, forced or involuntary labor or child labor.
- 1.3 We leverage a diverse supplier base to provide quality goods and services and to promote economic inclusion.
- 1.4 We monitor the use of chemicals in our products and ensure chemicals and materials are handled in an environmentally responsible manner.

### 2. Responsible Supply Chain Management

- 2.1 We leverage Responsible Business Alliance (RBA) audits to promote and maintain accountability.
- 2.2 We hold our suppliers to high standards of social, environmental, and safety practices and expect their adherence to our Code of Supplier Conduct.
- 2.3 We conduct periodic supplier assessments and reviews to drive continuous improvement.
- 2.4 We provide product lifecycle information to facilitate product adoption and product transition by customers.

### 3. Responsible Market Competition

- 3.1 We establish, preserve, and enforce our intellectual property rights to stay competitive in the market.
- 3.2 We respect the intellectual property rights and data of our suppliers, customers, and other third parties.
- 3.3 We combat counterfeit products and encourage customers to purchase directly from us or our authorized distributors to receive reliable and quality products.
- 3.4 We compete fairly and conduct business in accordance with the applicable laws and regulations.

# CONFLICT MINERALS

Diodes is dedicated to ensuring that we use responsibly sourced minerals in both our supply chain, as well as through our suppliers. The armed conflict and human rights atrocities that proliferate and are funded by the exploitation of natural resources in the Democratic Republic of Congo (DRC) are unacceptable and any manufacture of product connected with this will not be tolerated.

Commonly known conflict minerals are those such as tantalum, tin, tungsten, and gold (3TG). Conflict minerals originating from the DRC must not be included in materials or products supplied to Diodes or its subsidiaries. We are committed to ensuring an ethical and diverse supply chain that is focused on responsible mineral sourcing.

Diodes' "Statement on Conflict Minerals" describes our approach and commitment to work towards a goal of sourcing only conflict-free materials in our products. We are committed to the sourcing of raw materials in a way that supports human rights, labor, health and safety, the environment, and ethics. Consistent with this commitment, we address the issues associated with the harvesting, extraction, and transportation of raw materials as a global responsibility applicable to all substances used in our products—unbounded by specific materials or locations.

- [Diodes Incorporated Statement on Conflict Minerals](#)
- [Diodes Conflict Minerals - CMRT](#)
- [Cobalt Reporting Template](#)
- [Conflict Minerals Report 2020](#)

# RESPONSIBLE BUSINESS ALLIANCE VALIDATED AUDITS

With a strong commitment to manufacturing our products responsibly and sustainably, we align our business practices and operations with the Code of Conduct published by the [Responsible Business Alliance \(RBA\)](#), formerly the Electronic Industry Citizenship Coalition (EICC), a leading industry coalition dedicated to corporate social responsibility in global supply chains.

The RBA Code of Conduct establishes standards to ensure safe working conditions in the electronics industry, industries in which electronics is a key component, their supply chains, and that workers are treated with respect and dignity and that business operations are environmentally-responsible and ethically-conducted. The RBA Code of Conduct is based on international principles and norms that we support and incorporate in our business practices, including the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Through its rigorous RBA Validated Assessment Program (VAP), Diodes endeavors to ensure that its operational activities are consistently conducted in alignment with the RBA Code of Conduct and Diodes' quality standards and procedures. In particular, our Chengdu manufacturing site and two of our manufacturing sites in Shanghai received Silver status recognition from the RBA.

**Responsible Business Alliance**  
Formerly the Electronic Industry Citizenship Coalition  
Advancing Sustainability Globally

Recognition that  
**Shanghai KaiHong Electronic Co., Ltd.**  
No. 100, Chongming Road, Songjiang District, Shanghai, China  
Completed the RBA Validated Audit Process achieving SILVER Status  
Without any Priority Findings achieving a score of 84.2/100

Validated Audit Report: VAP-20200729-CN-0188-2  
Audit date: 2020-06-04  
Certificate issue date: August 25, 2020  
Expiration date: July 29, 2022

Robert F. Ledner  
Executive Director, RBA

[Diodes Shanghai Kaihong Electronic Co. RBA audit](#)

**Responsible Business Alliance**  
Formerly the Electronic Industry Citizenship Coalition  
Advancing Sustainability Globally

Recognition that  
**Diodes Shanghai**  
No. 1, Lane 24, San Zhuang Road, Songjiang District Processing Zone, Shanghai, China  
Completed the RBA Validated Audit Process achieving SILVER Status  
Without any Priority Findings achieving a score of 86.4/100

Validated Audit Report: VAP-20200729-CN-0188-3  
Audit date: 2020-06-04  
Certificate issue date: August 25, 2020  
Expiration date: July 29, 2022

Robert F. Ledner  
Executive Director, RBA

[Diodes Shanghai Co. RBA Audit](#)

*Through its rigorous Validated Assessment Program (VAP), Diodes received Silver recognition at two of its Shanghai manufacturing sites during their initial RBA audits.*

# UK Modern Slavery Act Statement

Diodes Incorporated conducts business in accordance with our core values of integrity, commitment, and innovation. As a globally-traded business committed to protecting human rights, we take seriously the responsibility of preventing modern slavery in our business and supply chains. We are committed to upholding the best practices and remaining vigilant to continuously improve.

Diodes takes its social responsibilities very seriously and conducts its business in accordance with its core values of integrity, commitment, and innovation.

## Human Rights Documents

[Modern Slavery Act 2015 - 2020 Statement](#)



## SUPPLY CHAIN MANAGEMENT

Sustainability is represented in our core values of integrity, commitment, and innovation. We strive for environmental sustainability, social responsibility, corporate citizenship, and responsible sourcing to have a long-term, positive impact on our stakeholders: communities, employees, suppliers, customers, and investors. These corporate responsibility expectations are incorporated into the business processes we use with our suppliers so as to maintain and improve supply chain accountability. With our strong commitment to operating our business in a sustainable and socially responsible manner, we expect our suppliers to join us in this commitment and conduct their businesses based on this shared set of values and principles.

Customers are one of our key stakeholders. With a customer-centric focus, we are committed to designing, manufacturing, supplying, and supporting high-quality and high-reliability products. We adopt a robust quality management system that incorporates supplier quality control and supply chain security processes so that we can consistently source and deliver high quality products. Consistent with our [Anti-Counterfeit Policy](#), supply chain integrity is of critical importance to us and our customers. We encourage customers to purchase directly from Diodes or our authorized distributors to ensure receipt of authentic Diodes products. This minimizes any safety or reliability risks associated with counterfeit or compromised semiconductors in the supply chain.

## SUPPLIER MANAGEMENT

Diodes subscribes to the [Code of Conduct](#) published by the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition). While we do not have a specific or formalized labor rights certification program for our suppliers, we expect our suppliers to recognize and conduct their business in a manner consistent with the RBA Code of Conduct's requirements. We communicate our Sustainability expectations through our [Code of Supplier Conduct](#).

The CSER Code of Supplier Conduct is modeled on the RBA Code of Conduct that defines labor, health and safety, environmental standards, business ethics standards, and a management system to assure continued compliance with this RBA Code of Conduct. The RBA is a leading industry coalition dedicated to corporate social responsibility in global supply chains. One of the most fundamental RBA programs is the Validated Assessment Program (VAP), which is the leading standard for onsite compliance verification and effective, shareable audits—which all rely on approved audit firms.

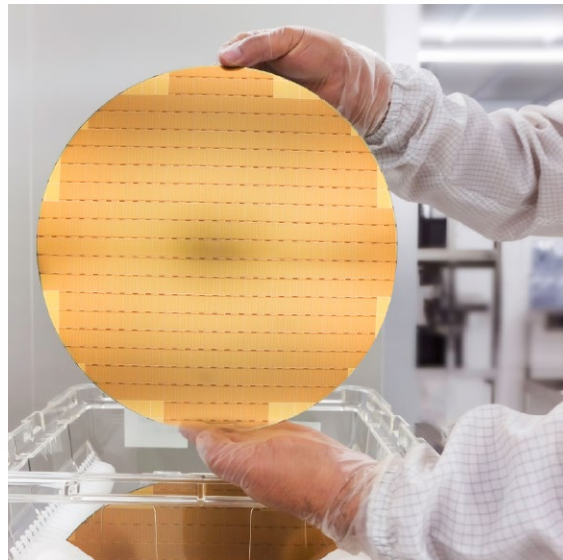
We have various principles and requirements outlined in our policies that we expect our suppliers to adhere to and conduct business consistent with, including:

- [CSER Code of Supplier Conduct](#)
- [Corporate Social & Environmental Responsibility Statement](#)
- [Supplier Letter](#)
- [Human Rights and Workforce Labor Rights Policy](#)
- [Environmental Policy](#)
- [Anti-Bribery and Anti-Corruption Policy](#)
- [Conflict of Interest Policy](#)

We are committed to sourcing materials from suppliers who operate their supply chains in a socially-responsible manner. We award business to suppliers who commit and adhere to the applicable laws and regulations and whom act fairly and with integrity, compete in an ethical manner, provide a safe and healthy working environment, treat stakeholders with respect and dignity, and respect internationally proclaimed human rights.

Those doing business with the Company are required to comply with the applicable law of the countries in which they do business. We generally reserve the right to require our direct suppliers to periodically acknowledge in writing their compliance with the applicable laws, regulations, and the Company’s Code of Supplier Conduct and related policies. The Company maintains the right to inspect suppliers to monitor their compliance with the applicable laws and adherence to the Company’s Code of Supplier Conduct and various supplier-related policies (including environmental management and compliance requirements). In the event that an inspection reveals a supplier’s non-compliance, we will address these issues on a case-by-case basis. We reserve the right to terminate our business relationship with any supplier who fails to comply with these requirements or resolve the non-compliance in a satisfactory time frame.

We adopt a flexible manufacturing strategy —including leveraging external assembly, test subcontractors, and wafer foundries to fulfil additional capacity needs beyond our installed base of owned capacity. We require these critical external sourcing suppliers to comply with our quality specifications. Our corporate supplier quality specifications encompass a wide range of topics such as quality controls, reliability, quality system requirements, change management, continuous improvement activities, conflict minerals, and data retention. As a key stakeholder in our supply chain, we engage frequently with these critical external sourcing suppliers throughout the year and we evaluate their performance through periodic quality scorecard assessments and business reviews.



## SUPPLIER DIVERSITY & INCLUSION

As a multinational company with a global footprint, we engage with a wide range of suppliers and envision developing a diverse and inclusive global supply chain network. We believe diversity fuels innovation and allows suppliers to develop more innovative products and solutions that serve our business needs. We encourage engagement with diverse-owned businesses that offer high-quality products and services, as well as competitive prices. Our commitment to support supplier diversity helps us attract a wide range of qualified suppliers to support our business needs and optimize our entire value chain.

Diodes expects suppliers to implement a CSER Code of Supplier Conduct that is modeled on the Responsible Business Alliance (RBA), which defines labor, health and safety, environmental, business ethics standards, and a clear management system to assure continued compliance with this code. The RBA is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. One of the most fundamental RBA programs is the Validated Assessment Program (VAP), which is the leading standard for onsite compliance verification and effective, shareable audits—which all rely on approved audit firms.

Diodes also requires its suppliers to abide by our Code of Supplier Conduct, which calls for direct suppliers to comply, at a minimum, with the applicable labor and environmental laws and regulations of the countries in which products are grown, produced, and in which they have operations. This includes laws against human trafficking, compulsory prison labor, child labor, slave labor, or physical abuse of workers, and to monitor their suppliers for compliance with the labor and environmental laws and regulations of the countries in which they have operations.

## RESPONSIBLE USE OF MATERIALS AND CHEMICALS IN OUR PRODUCTS



Semiconductor manufacturing processes are complex and require the use of an assortment of materials and chemicals during the wafer fabrication and product assembly operations. We are committed to selecting and handling these materials and chemicals (including hazardous substances, if any) in an environmentally and socially responsible manner so as to protect the environment, and our employees, customers, and communities.

We regularly monitor the use of materials and chemicals required in our production manufacturing processes, and provide personal protective equipment (PPE) and implement safety protocols to ensure the safe handling of chemicals. Where possible, we identify and substitute environmentally preferred alternatives to the materials and chemicals used in our manufacturing to reduce the impact on our environment. We remain compliant with applicable legal and regulatory requirements and maintain the quality and reliability of our products.



We enforce rigorous product compliance with the EU Directive regarding the Restriction of Hazardous Substances (RoHS) 2011/65/EU and the REACH Directive 2006/1907 on the Registration, Evaluation, Authorization, and Restriction of Chemicals. We provide customers with information on the chemical composition of the materials used in our products as further described in our master [Certificate of Compliance](#) (master CofC).

- All products of Diodes Incorporated, including its subsidiaries, are REACH compliant. Where substances of very high concern (SVHCs) are contained in Diodes products, they are listed in our [master CofC](#) and either registered for usage, exempt from registration requirements, or present as impurities.
- All products of Diodes Incorporated, including its subsidiaries are RoHS compliant. Some use exemptions to enable their compliance. These are listed in our [master CofC](#).
- RoHS compliance is indicated on shipping labels that are attached to packing materials, such as reels and shipping boxes.

Diodes is committed to conflict-free sourcing of tin, tantalum, tungsten, and gold—which are widely used in manufacturing in the semiconductor industry. These metals are derived from minerals that have a variety of sources around the world.

One potential source has historically been the Eastern region of the Democratic Republic of Congo (DRC). That region is currently the site of armed conflict, and mining profits by local military groups there are reportedly contributing to human rights abuses, environmental damage, and theft from DRC citizens.

We require our suppliers to undertake reasonable due diligence with their supply chains to ensure these metals are not being sourced from the DRC or adjoining countries, unless they are purchased from smelters or refiners listed as “conformant” on the Responsible Minerals Initiative (RMI) website. We have surveyed relevant suppliers of components and raw materials concerning the origins of these metals. The result of this survey, in the form of the RMI reporting template, can be found in our [Conflict Minerals Report](#).

## PRODUCT LIFE CYCLE AND END OF LIFE

**Our products are used in a wide variety of applications by our customers, and product longevity and continuity of supply are important procurement considerations.**

We adopt a flexible manufacturing strategy and multiple inventory management disciplines to meet our customers’ expectations of product longevity and supply continuity consistent with industry standards. We are committed to following a controlled, documented, and transparent business process should a product reach the end of its life cycle, and we will collaborate with our customers to help facilitate a seamless product transition in the event a product is discontinued.

When available, we seek to provide product life cycle information to our customers for their product design and planning purposes. We also make available [product change notifications](#) consistent with J-STD-046 for product/process changes and J-STD-048 for product discontinuance.

Continuity and reliability of the supply of materials and chemicals used in our product manufacturing are critical to our longevity and continuity of supply commitments to our customers. To help mitigate any risks of supply shortage and the impact on our operations, we use multiple suppliers for critical materials and chemicals. We also monitor the applicable regulatory restrictions that may be applied to the importation and use of such materials and chemicals and that may otherwise impact their availability.

# INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOUR

Diodes respects the intellectual property rights of third parties and also takes actions to establish, preserve, and enforce its intellectual property rights in order to stay competitive in the semiconductor market. In addition to patents, trade secrets, copyrights and other intellectual property rights owned by us, examples of our trademarks can be found [here](#). Use of our trademarks require prior authorization from us and is subject to these [guidelines](#).

We may obtain patents, trademarks, copyrights, and other intellectual property rights from time to time to be used as part of our business. Innovation is an integral part of our core values. By providing patent incentive awards to our employees, we recognize their contribution to our intellectual capital and encourage innovation in all organizational levels and functions.

We may assert our intellectual property rights against infringers so as to protect our intellectual capital and IP investment, and to ensure our freedom of operation. As recommended by the SASB Code TC-SC-520a.1 regarding Intellectual Property (IP) protection and Competitive Behavior, we track the total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.

During the reporting years of 2018, 2019, and 2020, we were not involved in any legal proceeding associated with anti-competitive behavior regulations (e.g. price-fixing anti-trust behavior, patent misuse, or product bundling aimed to limit competition); therefore, we did not incur any monetary losses or liabilities associated with the enforcement of such anti-competitive behavior regulations.

We compete fairly and operate our business in compliance with the applicable anti-trust laws, and do not engage in anti-competitive behavior or monopoly practices.

There have been no significant incidents of any non-compliance concerning product and service information, marketing or labelling regulations, or relating to bribery or corruption.





## SOCIAL RESPONSIBILITY



### OVERVIEW

We take a stakeholder-oriented approach in our approach towards sustainability. The communities in which we operate in are a critical stakeholder to us and we strive to make a positive impact on these communities. As a socially responsible corporation with a global footprint, we are committed to the following:

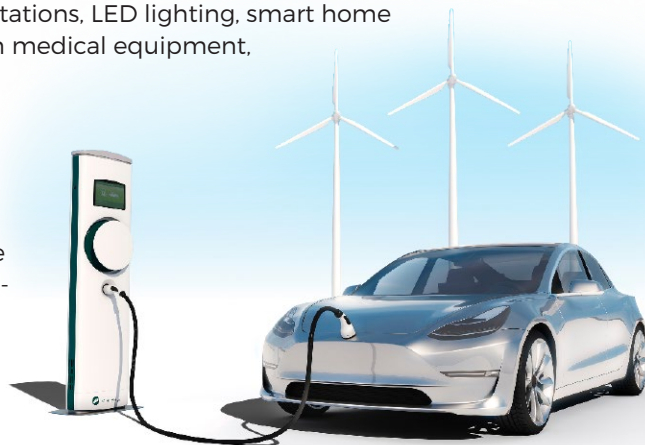
- Developing sustainable products that contribute to the health and well-being of both our communities, and our planet.
- Conducting business with integrity and high standards of business ethics, and combating bribery and corruption as well as cybersecurity threats
- Supporting our communities through promotion of science, technology, engineering, and math (STEM)
- Participation in disaster relief projects and charitable giving to underserved communities

### SUSTAINABLE PRODUCTS

We are privileged to partner with our customers in building sustainable products and applications that contribute to the health and well-being of both our communities, and our planet.

Our semiconductor devices can be incorporated into a wide range of applications, including energy-efficient products that are used in factories, transportation, electric and hybrid vehicles, vehicle charging stations, LED lighting, smart home technologies, green electronics, and telehealth medical equipment, as well as products used for energy saving and pollution elimination purposes.

We collaborate with our customers in the development of sustainable products to help them and their customers reduce their overall carbon footprint. Examples of our collaborative efforts on green factory automation and green-energy initiatives include robotics, automated QR scanners, and products used in solar cell systems, wind power generators and the conversion to full electric vehicle systems.



## OUR RESPONSE TO COVID-19

At Diodes, we operate in many parts of the world and see the impact COVID-19 has on communities where our employees and stakeholders live and work. As we navigate through this unprecedented time, we are committed to protecting our employees and stakeholders and supporting our workforce and communities.

The health and well-being of our employees continues to be our top priority. We have changed our business practices to include:

- Providing onsite facial masks, face coverings, and other personal protective equipment (PPE) as well as alcohol-based hand sanitizers and disinfectants;
- Installing Plexiglas, desk and table divider shields, and other separation panels in meetings rooms, cafeterias, and other communal areas;
- Increasing the frequency and extent of cleaning and sanitizing our facilities;
- Using ultraviolet disinfection lights to sanitize workspaces, meeting rooms, communal areas, and incoming deliveries;
- Providing and paying for accommodations to employees who are subject to quarantines and unable to return home;
- Providing paid leave to employees who participate in COVID-19 pandemic response operations; and
- Continuing to raise awareness regarding workplace health and safety protocols in alignment with government guidance.



### COVID-19

Sanitizing gel dispensers, personal protection equipment, reminder signage, temperature checks, safety mirrors so people can see around corners, and desk shields are just few ways Diodes made its facilities safer for its employees and visitors.



“The safety measures that have been put in place have been excellent and the new kitchen has made a big difference. I feel the company went above and beyond with all the protocol measures.”

**Susan Reaney,**  
Production Fab,  
Greenock, UK



We collaborate with local governments in their COVID-19 recovery programs, infection control and prevention plans, and actively promote awareness of health and safety measures to protect our communities. As an example, our support of frontline health workers was recognized through certificates of appreciation issued by the Affiliated Hospital & Clinical Medical College of Chengdu University.

*In Taiwan where Diodes has a strong business and manufacturing presence, upon learning about the pressing need for medical equipment to treat COVID-19 patients,*

*Diodes took prompt actions and contributed NT\$6 million (approximately US\$214,000) to Cathay General Hospital's Anti-Epidemic Fund. The financial contribution was used to purchase twelve sets of intensive care ventilators and one set of non-invasive hemodynamic monitor to support the hospital's treatment of COVID-19 patients and its epidemic prevention efforts.*

*According to Cathay General Hospital, the hemodynamic monitor is a much needed medical equipment for the hospital as it helps with the remote monitoring of patients with severe illness and allows the hospital to more effectively allocate its medical resources. In recognition of Diodes' deep commitment to protect and promote the well-being of stakeholders in the local community, Cathay General Hospital awarded a certificate of appreciation to Diodes.*

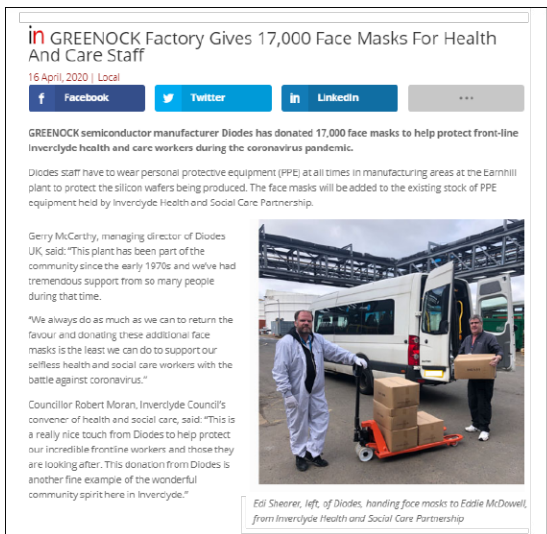


<https://www.inverclydenow.com/-greenock-factory-gives-17,000-face-masks-for-health-and-care-staff/>

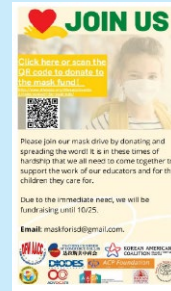
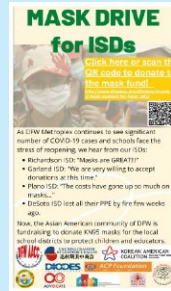
Through our manufacturing facility at Greenock, we donated 17,000 face masks to help protect and support the healthcare workers on the frontlines of the pandemic. These face masks were added to the stock of personal protective equipment (PPE) held by Inverclyde Health and Social Care Partnership. As recognized by Councillor Robert Moran with Inverclyde Council, this kind of community spirit will help us come out of the pandemic stronger. In our care for the senior citizens' community and dementia patients, our manufacturing facility in Oldham, U.K. donated face masks and aprons to their local community.

In addition, many of our employees volunteer their time and resources for COVID-19 pandemic response programs in their communities and we applaud their participation in these relief efforts through public recognition at the sites.

Diodes is committed in doing everything we can to expedite shipment and ensure supply of our products that are used in healthcare technologies and medical equipment that are essential for the diagnostics and treatment of COVID-19. We work with local governments to ensure that our facilities remain in operation or resume manufacturing activities promptly so that we can continue manufacturing products that are critical to the frontline health workers, the medical community, and our society.



In the Dallas-Fort Worth area, Diodes partnered with local organizations in a "Mask Drive" and provided funding to donate over 8,000 masks to multiple schools in local independent school districts (ISD), such as Garland, DeSoto, Plano, Frisco, Carrollton, Richardson, Irving, and Allen ISDs to help provide a safe learning environment for students and staff.



We are making every effort to assist our customers in the ongoing global fight against COVID-19 by supporting many medical applications, including diagnostic and tomography imaging systems, such as ultra-sound monitors, X-ray systems, and pulse oximetry monitors. Diodes delivered switching diode products for personal protective equipment used by first responders and health care providers so they can provide excellent care while still maintaining their own health and safety. Similarly, our MOSFETs, diodes, crystals, and crystal oscillators have been adopted in a number of medical applications ranging from testing equipment to ventilators, especially those to fight COVID-19.



Semtech Appreciation Award to Diodes Shanghai for manufacturing execution and excellence during the pandemic.

Despite the supply challenges faced by the global semiconductor industry, we remain committed to supporting our customers and the markets they serve. We were honored to receive an appreciation award from one of our customers recognizing our outstanding execution and delivery performance.



“Just a note of thanks for the work that has gone into making the site as safe as possible for the workforce. I was very anxious about returning, but I do feel comfortable on site in the new environment we find ourselves in.”

**Andy Jablonski,**  
Manchester, UK

## BUSINESS ETHICS

Diodes is committed to operating with a strong sense of integrity, critical to maintaining trust and credibility with our stakeholders. We believe that long-term, trusting business relationships are built by being honest, open, and fair. We are committed to fostering a culture of integrity that starts with the management team modelling the right way and employees doing the right thing across all levels of the organization. Our promise is to uphold high professional standards in all of our global business operations and also expect the same from our vendors and suppliers.

These values are embedded in our policies and are applicable to all employees, suppliers, and third parties with whom we partner:

- [Code of Conduct](#)
- [Code of Business Conduct](#)
- [Anti-Bribery and Anti-Corruption Policy](#)

Diodes employees are required to familiarize themselves with the Code of Business Conduct and related policies and procedures. New employees, as part of the onboarding process, are required to acknowledge certain policies and procedures including our Code of Business Conduct. Each year, employees are required to formally acknowledge that they have read and will comply with the Code of Business Conduct. This mechanism helps increase awareness of acceptable business conduct and allows us to deal with issues as they arise.

In 2019, we launched a web-based Ethics and Code of Conduct course intended for 100% of our employees worldwide. We also conducted face-to-face training at some of our international sites. In 2020, we launched online courses covering topics such as cybersecurity, anti-harassment, and anti-bribery and anti-corruption; on average, we achieved approximately 99% training completion rate. We will continue to utilize the online global employee training programs to increase awareness of and promote ethical business conduct as we strive for zero ethics violations.

Diodes' core values are incorporated in the expectation of integrity, honesty, and fairness in our business dealings. Our "Open Door" policy is a key element of supporting this expectation, and is reflected in our accounting, internal controls, and auditing practices.

Employees are encouraged to speak up without fear of retaliation or repercussions. Managers are accountable for maintaining a work environment where employees feel comfortable to express their concerns freely. Employees have access to a number of reporting channels, including reporting to their supervisors, Human Resources and Legal and Compliance departments, as well as our hot line service, to communicate incidents or suspected incidents of misconduct. Employees and our external stakeholders can utilize the hotline operated by an independent, external service company to express concerns if they experience or suspect a breach of business ethics or possible violations of our Code of Business Conduct or Code of Supplier Conduct or related policies. Interested parties have the option to report their concerns anonymously via this third-party service. We are not formally tracking any in-person or in-office visits by employees who report concerns and we utilize the external service company to monitor and track incoming reports.

The telephone hotline is designed to give employees, suppliers, customers, and others with whom we partner a way to anonymously and confidentially report suspected violations of our standards of conduct, policies, laws, or regulations regarding any questionable accounting, internal controls, or auditing matters. Additionally, reporting can be made online at: <https://reportlineweb.com/diodes>.



The telephone hotline service supports reports in English as well as languages common to our areas of operation.

All hotline reports received are reviewed and evaluated by a committee comprised of representatives from the Audit, Finance, Operations, and Legal & Compliance functions to determine the appropriate action to address the allegation. If warranted, an investigation is undertaken to determine the validity of the allegation and to identify appropriate actions to be taken as a result of the investigation. We utilize these reports to help manage and identify potential areas of ethical risks and business misconduct, assess the effectiveness of our ethics and compliance trainings, and to drive continuous improvement.



Location	First Stage Phone Number	Second Stage Phone Number
United States	855-316-2192	Not Applicable
China (North, Beijing)	10-811	855-316-2192
China (North, Beijing)	108-888	855-316-2192
Germany	0-800-225-5288	855-316-2192
Japan (NTT)	0034-811-001	855-316-2192
Japan (KDDI)	00-539-111	855-316-2192
Japan (Softbank Telecom)	00-663-5111	855-316-2192
Korea	00-309-11	855-316-2192
Korea	00-729-11	855-316-2192
Korea	00-369-11	855-316-2192
Taiwan	00-801-102-880	855-316-2192
United Kingdom	0-800-89-0011	855-316-2192
United Kingdom	0-500-89-0011	855-316-2192
United Kingdom	0-800-013-0011	855-316-2192



## COMBATING CORRUPTION AND BRIBERY

Bribery and corruption are key social concerns that affect our society, public service, and government accountability. Bribery and corruption also increase the cost of doing business and negatively impact companies' ability to compete fairly on a level playing field. According to the [Corruption Perception Index](#) companies operating in countries with higher tolerance for corruption have increased fraud and compliance risks associated with bribery and corruption.

One of Diodes' core values is Integrity. Diodes takes a strong stance against bribery and corruption. We prohibit any illegal offers that may inappropriately influence business decisions. Our employees, suppliers, and business partners are expected to comply with these standards of business conduct. Diodes' products are offered, purchased, and sold based on the strength of our product portfolio, quality, price, customer support, and other competitive business considerations. Our reputation as an ethical and trustworthy employer, supplier, and business partner is, in part, dependent on our ability to effectively manage this legal compliance area.

We take a compliance-driven approach to monitor and manage this risk area, including internal policies and company-wide corporate ethics training; and we investigate any allegations of violations of these requirements. In our [Anti-Bribery and Anti-Corruption Policy](#), we address anti-corruption and anti-bribery compliance requirements, consistent with those contained in the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable local anti-bribery and anti-corruption laws and regulations.



Every employee, officer, and director of Diodes is required to comply with the Diodes Anti-Bribery and Anti-Corruption Policy and the applicable laws and regulations relating to bribery and corruption. It is each employee, officer, and director's responsibility to promptly notify the corporate audit director and legal department of any disclosures required by the policy. Diodes has not sought to obtain independent accreditation of its anti-bribery or anti-corruption program. However, we utilize third-party expertise as part of fraud risk assessments of our operations to identify areas of potential vulnerabilities and to strengthen internal controls. During the 2018, 2019, and 2020 reporting years, no events requiring external reporting in this area occurred within Diodes.

We periodically review and update our global Anti-Bribery and Anti-Corruption Policy to keep pace with the evolving business environment, changes in the legal and regulatory requirements, and expectations of stakeholders. This policy offers the needed guidance for our employees around the world and prescribes expectations for our suppliers and other business partners.

## CYBERSECURITY AND DATA PROTECTION

With the advancement and widespread use of information and communications technologies comes an increased cybersecurity threat. We regularly assess our corporate environment readiness against external cyberattacks and insider threats, and we implement corporate-wide measures to protect data and preserve data privacy.

In addition to complying with applicable data protection and security laws and regulations, we also implement cybersecurity and data protection measures to safeguard our assets, including our intellectual property assets, and to protect our customers' data. Our policies and procedures focus on protecting our data and our stakeholders' data from unauthorized disclosures, use, or access, and include monitoring mechanisms to prevent unauthorized intrusion into our network and identify vulnerabilities against potential cyberattacks. These risk-based cybersecurity measures help to ensure the integrity, confidentiality, and availability of our data. Regardless of where the data resides, we apply appropriate safeguards to ensure a sustainable and robust corporate environment in the interest of our stakeholders.

Compliance with the company's Information Technology Security Policy and IT Computing Policy is required of our employees and contractors who have access to our networks. We raise awareness about the importance of data protection and cybersecurity with our employees through required training, and inform our stakeholders of our privacy policy. We expect our suppliers to implement cybersecurity measures as well as business continuity planning to ensure we have a resilient supply chain and to minimize any business interruption that may be caused as a result of any data breaches or cyber incidents experienced by our suppliers. Where possible, we also adopt industry-standard contractual protections in our business engagements.

The global legal and regulatory landscape regarding data protection, privacy, and cybersecurity is constantly evolving and we continue to monitor this changing environment to strengthen our compliance. We respect the data and privacy of our stakeholders. Any questions regarding our data protection and security practice can be directed to [compliance@diodes.com](mailto:compliance@diodes.com).



# COMMUNITY ENGAGEMENT



We embrace partnering with the communities in which we operate and strive to make positive impact in the communities where our employees live and work. Through our community service, we aim to foster a relationship of trusted partnership with our local communities, provide a more engaged workforce and contribute to building a resilient society for a sustainable future. Our employees are involved in supporting local communities through employee volunteerism, whether in areas of disaster relief, environment, promotion of science, technology, engineering, and mathematics (STEM) education, or involvement in local charitable organizations.

As a member of Tech Titans®, the Technology Association for North Texas, we collaborate with the technology community in the Dallas Fort-Worth area to promote STEM education and fuel innovation, and also contribute financially to the Tech Titans® STEM Fund to support its various STEM initiatives.

Through various corporate-sponsored STEM programs, our employees in the U.K. actively participate in local schools and colleges in events such as Industry Days, Generation Science Fair, Apprenticeship Job Fairs and science competitions. Passionate about a career in engineering, our employees host various presentations, science experiments, workshops, and school visits to promote the engineering profession and help students with mock interviews and work placements. Our communities embrace our efforts in promoting STEM and there is high demand for onsite visits to our Greenock facility to allow students to explore the world of semiconductors.



*Diodes' Greenock's Gerry McCarthy, First Minister Nicola Sturgeon, and Diodes European President Tim Monaghan tour Diodes' Greenock, UK plant.*

In our UK sites, STEM Ambassadors are selected from our engineering team to proactively engage with students and teachers. The close community engagement strengthened by our Apprenticeship program in the U.K. has provided Diodes with access to high calibre engineering talents in both product engineering and facility technicians. In partnership with the U.K. Engineering Development Trust, our team in Oldham takes part in "Year in Industry" placements for the local community and provides mentoring to students while they work on real world projects facilitated by Diodes.



In November 2020, Diodes served as proud sponsor in support of West College Scotland's first ever virtual graduation ceremony to recognize recipients of the Higher National Certificate (HNC) in Electrical Engineering Awards.

Diodes continues to invest in Inverclyde's workforce in the Engineering sector through various Engineering Apprenticeship programs in partnership with West College Scotland.

[Skills Development Scotland](#)

[Inverclyde](#)

[Scottish Engineering](#)

In recognition of our community engagement, we have received various awards and acknowledgements in recent years, including:

- Outstanding Community Service Awards from the Chinese Institute of Engineers (CIE)/USA, Dallas-Fort Worth Chapter
- Outstanding Community Service Award from the Chinese Institute of Engineers (CIE)/USA, Dallas-Fort Worth Chapter
- Corporate Friend Awards in appreciation for the support for the Asian American Community from the DFW Asian-American Citizens Council (DFW AACC)
- Certificate of Appreciation for Outstanding Community Service from the Office of the Mayor, City of Richardson, Texas
- Chairman's Award issued by the Center for Engineering Education & Development (CeeD) recognizing Diodes Greenock facility's high performance and ongoing investment into workforce engagement and development
- Multiple "High Performance Corporate Enterprise for Employment of Foreign Worker" awards issued by the Taiwan Taoyuan government
- Certificate of Appreciation recognizing Diodes' support of Long Term Care of People in Vegetative State issued by the Genesis Social Welfare Foundation in Taiwan
- Certificate of Appreciation recognizing Diodes' support of the Disadvantaged Groups issued by the Taoyuan Guanyin Kind Garden Organization in Taiwan
- Certificates of Appreciation recognizing Diodes' support of people with disabilities issued by various disability welfare organizations such as the Eden Social Welfare Foundation, Chin Jen Disability Welfare Foundation, and Chenshenmei Social Welfare Foundation in Taiwan
- Certificate of Appreciation recognizing Diodes' support of activities establishing the funding for Elderly Care issued by Mennonite Christian Hospital in Taiwan
- Certificate of Appreciation Diodes' support of medical care in remote areas issued by the St. Mary's Hospital in Taiwan

Our U.K. operations and key employee representatives have been widely recognized as recipients of various awards such as The Manufacturer Top 100, Queens Award for Enterprise Promotion, Engineering Employers Association Leadership Award, Oldham Civic Award and, Oldham Outstanding Contribution Award. In addition to our corporate community efforts, the various awards received by our employees are a strong testament to their individual professional contributions as Diodes employees. For example, Dr. Gerry McCarthy, managing director of our Greenock facility, was awarded the President’s Award in the Inverclyde Chamber of Commerce [Bee’s Knees Business Awards](#), in recognition of his special and significant contribution to Inverclyde business community.

## CHARITABLE GIVING

**As a global company, we share the common goal of helping build a sustainable society and take steps to promote the welfare of others in the communities which we are a part of.**

Our employees take the initiative to be involved in various local and national charities. For example, the employees in Oldham, U.K. participated in fundraising activities for Maggie’s Cancer Charity, British Heart Foundation, and Dr. Kershaw’s Hospice. During Christmas seasons our employees in our Greenock, U.K. facility donated more than 200 gifts through the Salvation Army’s Christmas Appeal, and the Diodes Community Care Team organized Christmas lunches to raise funds for local charities supporting the disadvantaged community in Inverclyde.

In addition to employee volunteerism and their charitable giving, as a company, we provide financial support where we can. For example, we provided financial contribution to the Taiwan Vox Nativa Association, an organization dedicated to improving the educational success of indigenous students. In addition to the periodic financial support provided to the Chinese Institute of Engineers (CIE), particularly the various technical symposiums hosted by CIE, we also provide periodic financial contribution to the Taiwan National Cheng Kung University Electrical Engineering (NCKUEE) Alumni Association to support the promotion of STEM education through the Department of Electrical Engineering, Institute of Microelectronics and Institute of Computer and Communication Engineering.

As a good corporate citizen, we support sustainable community rebuilding and humanitarian projects in areas affected by natural disasters. In recent years, we provided financial contribution through The Red Cross Society of Taiwan to support disaster relief efforts in disaster stricken areas in Japan.





## PEOPLE

### OVERVIEW, HUMAN CAPITAL MANAGEMENT

As an international semiconductor company with a global footprint, Diodes recognizes the important role its human capital plays in a talent-based economy, and what the impact of effective and efficient human capital management (HCM) has on its long-term strategic success and sustainable growth.

Our employees are our most critical asset—they contribute to our financial success for the benefit of all our stakeholders, they are the source of great idea generation that fuels the engine of product innovation, and they are collaborators and contributors to the success of the communities in which we live and work. Human capital management affects many aspects of our operations, including recruitment and talent acquisition, retention, training, workforce optimization, performance management, workplace safety, employee health and wellness, employee engagement, and diversity and inclusion.

Developing two-way communications and deploying effective feedback mechanisms are critical components in our employee engagement process. In addition to quarterly CEO “all hands” meetings, we have an “Open Door” policy where we encourage employees to have regular conversations with their managers to share feedback and express concerns. We also solicit employee feedback informally through regular employee interactions. We hold our managers accountable for setting clear expectations and goals with their teams, for providing coaching, as well as identifying professional development opportunities for their teams, and for engaging in periodic performance reviews. We assist our managers with performance management tools as needed to help them effectively manage their teams and optimize workforce productivity.

#### Engineering Development Trust's Year in Industry Program



**Adeel Hussein**, Industrial Engineer  
Year in Industry Program Participant

The Year in Industry program provides young people opportunity to gain professional development by working in industry with a one year paid placement. It is becoming a key component to Diodes' graduate recruitment strategy by providing access to talented and dedicated students. In August, 2017,

Adeel Hussein completed his 12 month manufacturing engineering placement with Diodes. He returned to school to complete his degree, ultimately joining Diodes in 2019 as an Industrial Engineer.

According to Adeel...  
“my year in Industry has armed me with the tools necessary to function and provide positive change within an organization while allowing me to progress with both my personal and professional goals.”

We utilize third-party operated employee self-service portals to allow employees to efficiently and timely manage several of their employment related activities; for example, employee benefits, expense reporting, leave of absence management, and attendance records. In addition to employee onboarding orientations and on-the-job (OTJ) training, we leverage a third-party learning management system (LMS) tool to provide training to our employees. We regularly assess the training modules to be responsive to the professional development and training needs of our employees.

Employee retention is a critical element in our sustainable success. To maintain a stable workforce, we provide skill advancement training and coaching, where appropriate, to help our employees enhance their existing skillsets. With our support and preparation, our employees can continue to grow in their current role and maximize the value they contribute to their current teams. Where a suitable rotation opportunity arises, we provide skill expansion training to equip employees for these new positions. By honing their skills, our employees can leverage their institutional knowledge and experience to contribute to the overall success of the organization. The availability of rotational opportunities can also help keep our employees motivated and engaged. Please refer to our sustainability website on [Investment in Our Employees](#) for more details.

As an employer with a global workforce, we provide safe working conditions and encourage our employees to engage in safety behaviors. We have programs to enhance the occupational health and safety of our employees and to promote employee wellness. These initiatives yield positive business outcomes, such as less absenteeism, more motivated and engaged workforce, higher productivity, more consistent quality performance, and a better corporate image in our local communities—which in turn help us attract talent and maintain a stable workforce. Please refer to our sustainability website on [Employee Health, Safety, and Wellness](#) for more information.

We regularly review our workforce demographics and organizational structure to ensure that we have an efficient organization positioned to deliver cost-effective, high-quality products to our customers and to serve the markets in which we operate. Diversity and inclusion considerations are embodied in many aspects of our operations, including pipeline opportunities.

Please refer to our sustainability website on [Diversity and Inclusion](#) for more information.

## EMPLOYEE RECOGNITION

We are focused on building a sustainable workforce because a reliable workforce that can deliver consistent output helps drive greater business results in performance, productivity, profits and employee pride. Our employee recognition program is comprised of Employee Service Awards, designed to acknowledge employees' longevity and continued commitment to Diodes, as well as Special Recognition Awards (SRA). Recipients of the SRA awards are recognized for their outstanding performance in areas such as leadership, safety and environmental excellence. In 2020, we celebrated the

40-year service anniversary of a UK-based employee who held positions in different functions (from manufacturing operator to manager) throughout her career at the company.

In addition to recognition from the company, our employees are also recognized by various industry organizations, including [MAKE UK](#).

In October 2020, one of our engineers in the Quality and Reliability department of our UK manufacturing site was announced as the Runner Up for the MAKE UK Engineering Rising Star Award (North West).



## Spotlight on our UK Operations:

We actively secure a future talent pipeline and support our future business growth by engaging with schools at all levels (ranging from universities to further education (FE) colleges), conducting workshops (e.g. Generation Science interactive workshops delivered directly to primary school classrooms), and supporting our local communities in the development of employability skills in readiness for entering work. Additionally, we host onsite visits and career fairs to introduce students to the semiconductor industry and our technology, to promote science, technology, engineering, and math (STEM) subjects, and to raise awareness of what the engineering profession entails so that students can explore potential career opportunities in our industry.

Examples of some of our local initiatives are described below:

- We support a local Make It Challenge and provide mentoring through [Primary Engineer Programs](#) and the [Engineering Development Trust Go4Set Program](#)
- We support various apprenticeships (Foundation, Modern, and Graduate apprenticeships) and internships, and continue to grow our Graduate Program.
- We work with local educational establishments and organizations, including [West College Scotland](#), [Skills Development Scotland](#), [Developing the Young Workforce \(DYW\)](#) and the Scottish Government’s Youth Employment strategy to better prepare young people for the world of work, to help with skill development and career pursuits.
- We continue to grow our relationships with universities to create our talent pipeline. For example, we support initiatives such as The Engineering Academy, a pioneering program that offers students an alternative route into university and employment.

One of the challenges we face in the UK is that there are comparatively fewer female engineering graduates, according to the data published by Universities and Colleges Admissions Service (UCAS). We have taken a number of initiatives to address this external challenge:

- We continue to grow a community of female engineers through a focused effort on increasing the number of experienced female engineers we employ locally, embed measures to close any compensation gaps, and provide career progression activities;
- To help support more females in STEM and in Management, in conjunction with [Scottish Engineering](#) and [Equate Scotland—Women in Engineering, Science, and Technology](#), we take part in a Leadership Program as part of the Inclusive Engineering Program aimed at promoting and developing more inclusive and diverse workplaces.
- Together with Equate Scotland, we participate in Careerwise, a ground-breaking placement scheme exclusively for women studying STEM subjects. With the current STEM skills shortage, an ageing workforce and the generational gap, these placements are essential for building the talent pipeline and are a significant part of our recruitment process.



Diodes welcomed five new First Year Modern Apprentices to its Greenock, Scotland site. This group will spend their first year at college before returning to the site to continue the remainder of their 4 year qualification, when they will become Equipment Maintenance Technicians.



Diodes welcomed seven Second Year Apprentices back to its Greenock, Scotland site. These apprentices have completed their first year of college and will complete three more years onsite learning marketable skills working at Diodes. This group will go on to become Technicians in Equipment Maintenance and Facilities.



## TEAM NEXT GEN

In order to succeed in a competitive industry, we engage in initiatives to attract, develop and retain top talent. We recently launched a program called “Team Next Gen” in Europe as part of our innovative talent acquisition strategies.

This ten-month training program was designed to attract local talent, focusing primarily on our apprentices and university graduates. The program is comprised of multiple elements, including skills enhancement trainings, micro-learning modules, on-the-job training, community activities, and training surveys. The skills enhancement training supplements the participants’ technical training to ensure we have the right people with the right skills for the future. Recognizing the impact of soft skills on employee well-being and organization wellness, the program includes trainings on communication skills, emotional intelligence, time management, creative and innovative thinking, and well-being and stress management. Local community engagement is a key component of this program. By becoming STEM ambassadors, the program participants can promote careers in STEM in local schools where we attract future Diodes employees.

In addition to advancing personal and professional growth, these foundational building blocks are conducive to fostering an inclusive environment where employees feel valued and engaged.



Our Future

## HUMAN RIGHTS AND WORKFORCE LABOR RIGHTS POLICY

Last Updated: June 2021



At Diodes Incorporated, respect for human rights is ingrained in our core values and in how we conduct business, interact with stakeholders (including customers, employees, and suppliers), and engage with the communities in which we operate. We are cognizant of the potential human rights issues and labor risks that may occur within the semiconductor supply chain, especially for the vulnerable populations in our society, and are committed to protecting and preserving these human rights and promoting human rights awareness.

### 1. Policy Statement

Diodes’ human rights and workforce labor rights policy (“Policy”) is rooted in protecting human rights and affording each individual dignity, freedom, respect, and acceptance. This Policy outlines our expectations with respect to human rights and labor practices and the high standard of conduct expected of our employees and suppliers worldwide. The principles of this Policy are reflected in our operational policies and procedures and applied in a non-discriminatory manner, irrespective of geographic location. Actual or suspected violations of Diodes policies or unethical behaviors should be reported immediately to Diodes management, or anonymously through the hotline services described below.

Our Policy is based on the [Responsible Business Alliance \(RBA\) Code of Conduct](#). The RBA Code of Conduct establishes standards to ensure that working conditions in the electronics industry or industries in which electronics is a key component and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and ethically conducted.

The RBA Code of Conduct is in alignment with the UN Guiding Principles on Business and Human Rights and is based on international principles and norms that we support and incorporate in our business practices, including the United Nations (UN) Universal Declaration of Human Rights, the International Labor Organization’s (ILO) International Labor Standards and Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the UN General Comment No. 15 on the right to water, and ISO standards.

The United Nations Committee on Economic, Social and Cultural Rights recognizes the right to water as a fundamental human right where everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic uses. Our [Environmental Policy](#) and our commitment to environmental stewardship, including responsible water management as further described on our [sustainability website](#), support this fundamental human right to water. When making decisions on how we manage our operations, we consider both the short and long-term impact to the environment and our communities.

## 2. Employment and Labor Practices

We are an equal opportunity employer with policies against unlawful discrimination based on race, color, sex, gender, pregnancy, religious creed, marital status, age, national origin, ethnicity, disability, sexual orientation, or any other consideration made unlawful by applicable federal, state or local laws. We prohibit sexual harassment and any other form of unlawful harassment.



We are committed to providing a fair and living wage to all our employees, and our employee remuneration is consistent with the all applicable wage laws, including those relating to minimum wage, overtime hours, and legally mandated benefits.

We support the elimination of all forms of forced, bonded, or indentured labor and child labor is prohibited in any of our operations. We support our employees’ rights to freedom of association in each of the countries where we operate.

These human rights and workforce labor rights are monitored and assessed through our management, human resources, and environmental, health and safety teams as they apply to all Diodes’ operations worldwide and to our suppliers, vendors, partners, or service providers to Diodes. These rights are embedded in our [Code of Business Conduct](#), [CSER Code of Supplier Conduct](#), and [Supplier Letter](#), and serve to provide essential protections of the women and minorities in our workforce as reinforced through employee training on fundamental topics such as prevention of harassment, discrimination, abusive conduct, and retaliation.

The Code of Business Conduct and Code of Supplier Conduct also prescribe requirements that include, without limitation: Freely Chosen Employment, Child Labor and Young Workers, Working Hours, Wage and Benefits, Humane Treatment, Non-Discrimination, Freedom of Association, Industrial Hygiene and Health and Safety.

Additional information can be found on our [sustainability website](#), including our UK [Modern Slavery Act Statement](#), [California Transparency in Supply Chains Act Statement](#) and [Conflict Minerals Reports](#).

### 3. Workplace Safety

Workplace safety is built on the foundation of a strong safety culture. At Diodes, we respect the health and safety of our employees, customers, suppliers, business partners, and communities. We provide a safe and healthy workplace by complying with the applicable laws and regulations, developing programs aimed to detect and prevent an unsafe work environment, and minimizing the incidents of work-related injuries and illness. Employee wellness is important to us because it affects employee retention and morale as well as the quality and consistency of employee performance which in turn impact our operational excellence and organizational success. Please see our [sustainability website](#) for more details.



### 4. Supplier Responsibility and Accountability

In addition to complying with the applicable laws and regulations, we expect our suppliers to also either comply with the RBA Code of Conduct or align their business practices with the RBA Code of Conduct, especially in areas relating to human rights, labor and employment, the environmental, health and safety, as well as ethics. We conduct periodic business reviews of our critical suppliers to ensure that they provide products and services in a manner that meet our business requirements, including taking prompt corrective actions and implementing preventive actions upon findings of violations. Through this supplier engagement process, where appropriate, we support our suppliers in improving their performance in areas that may impact Diodes. We hold ourselves and our suppliers accountable to these high standards, while focusing on continuous improvement. At the present time, we do not have a labor rights certification program for our suppliers. For more information on our supply chain and supplier management, please refer to our [sustainability website](#).

### 5. Grievance Mechanism

Employees are encouraged to discuss any workplace issues they have with their managers and managers are responsible for providing a safe environment for employees to express their concerns. We encourage employee concerns be addressed through our “Open Door” channels to drive satisfactory outcomes, but if not, a telephone hotline (see below) or online reporting at

<https://secure.ethicspoint.com/domain/media/en/gui/54100/index.html>

are alternative channels for our stakeholders to communicate their concerns confidentially and anonymously. Consistent with our policies and practices, and legal requirements, Diodes will not allow any retribution or retaliation against an employee who reports a compliance issue in good faith. This third-party hotline can be used by our employees, customers, vendors, and interested parties to report any conduct they believe in good faith to be an actual or apparent violation of our Code of Business Conduct or our corporate policies and procedures.



Hotline  
Information

Location	First Stage Phone Number	Second Stage Phone Number
United States	855-316-2192	Not Applicable
China (North, Beijing)	10-811	855-316-2192
China (North, Beijing)	108-888	855-316-2192
Germany	0-800-225-5288	855-316-2192
Japan (NTT)	0034-811-001	855-316-2192
Japan (KDDI)	00-539-111	855-316-2192
Japan (Softbank Telecom)	00-663-5111	855-316-2192
Korea	00-309-11	855-316-2192
Korea	00-729-11	855-316-2192
Korea	00-369-11	855-316-2192
Taiwan	00-801-102-880	855-316-2192
United Kingdom	0-800-89-0011	855-316-2192
United Kingdom	0-500-89-0011	855-316-2192
United Kingdom	0-800-013-0011	855-316-2192

## 6. Commitment and Oversight

In addition to the board-level oversight of our company-wide sustainability efforts, major corporate policies (including this Policy), as well as the legal and regulatory compliance status of our global operations, we have established a cross-functional steering team to regularly assess the risks in our supply chain, including the salient human rights related risks, and their potential impact on our operations. Our general approach is consistent with the UN Guiding Principles on Business and Human Rights, in particular the Guiding Principle 17, which include “assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.” Please refer to our [sustainability website](#) for more details.



We recognize the importance of a sustainable business model that is based on responsible global citizenship and the value of human rights. We are committed to involving our stakeholders and reviewing industry best practices as we develop and implement various corporate policies and procedures to support our sustainable business operations.

Click [here](#) for a downloadable PDF version of the above policy.

# EMPLOYEE HEALTH, SAFETY, & WELLNESS

The health, safety, and well-being of our employees are key factors to achieving and sustaining superior performance. We believe that a healthy and engaged workforce contributes to our success and creates long-term benefits for our stakeholders, including our employees. Our efforts to promote workplace safety have been recognized by numerous local governments through issuance of safety-related certificates and safety awards, including the [Healthy Working Lives Awards](#) (Gold Award) issued by the Public Health Scotland, the International Safety Award (ISA) Merit issued by the [British Safety Council](#), and the [CeeD Award](#) from the Centre for Engineering Education & Development in recognition of high-performance and ongoing investment into workforce engagement and development.

Diodes' health and safety policy is based on our commitment to provide a safe workplace for all employees worldwide and applies to our suppliers, vendors, partners, and service providers. Every employee is responsible for safety, and Diodes encourages employees to notify their manager of any safety-related concerns. To that end, we require that all applicable federal, state and local safety requirements are observed. Our commitment is embedded in our [Code of Business Conduct](#), [Code of Supplier Conduct](#), and [Supplier Letter](#).

To achieve the goal of having a completely safe workplace, each site has implemented policies and procedures to address emergency preparedness and response, industrial hygiene and health resources, and use of personal protective equipment (PPE). This preventive safety approach allows us to take protective measures to minimize workplace-related risks. Where possible, we leverage technology and automation tools, including industrial robots, to automate repetitive tasks to reduce workplace injuries and illness. Additionally, we provide a safe and secure working environment to our employees through implementation of effective security equipment (e.g. CCTV and alarm systems), security protocols, and onsite security staff.

Our manufacturing sites are certified to the internationally recognized ISO 14001 standards to help ensure that we continually maintain a safe workplace through an environmental, health and safety (EHS) management system. Additionally, 10 out of 11 of Diodes' worldwide manufacturing sites (representing approximately 91%) are certified to either the OHSAS 18001 or the ISO 45001 standard. Diodes management is taking steps to have the remaining one manufacturing site certified to the ISO 45001 standard. These management systems and EHS procedures and controls help us identify, eliminate, and control EHS hazards and risks at the workplace.

In addition to self-assessments to identify workplace-related risks and validate site-level EHS compliance, we also collaborate with our customers and third-party auditors to review our corporate and site-level EHS performance. Diodes acquired Lite-On Semiconductor Corporation (LSC) on November 30, 2020. Two out of five LSC manufacturing sites are currently certified to ISO 45001.



*CeeD Award from the Centre for Engineering Education & Development in recognition of high-performance and ongoing investment into workforce engagement and development*

We take proactive steps to minimize and prevent occupational illness and injuries and to maintain a safe, healthy, secure, and compliant workplace. In addition to deploying good health and safety practices and procedures as a baseline for our business operations, we deploy systems and quantitative occupational health and safety performance metrics across our facilities to create a culture targeting zero accidents, zero injuries, and zero fatalities. With the exception of one manufacturing site, we collect occupational health and safety performance data for both our full time and contract employees. With the exception of two manufacturing sites, we collect near-miss data to identify potential areas for improvement. We have recorded zero (0) work-related fatalities in the preceding three reporting years, namely, 2018, 2019, and 2020. The recorded work-related injuries reported at our worldwide manufacturing sites are 39, 30, and 39 for the reporting year 2018, 2019, and 2020, respectively. (Note: Diodes acquired GFAB from Texas Instruments in 2019; consequently, the 2018 data does not include GFAB data. Additionally, Diodes acquired Lite-On Semiconductor Corporation (LSC) on November 30, 2020 and the 2020 data does not include LSC data.)

We leverage SASB (Sustainability Accounting Standards Board) Semiconductor standards, including TC-SC-320a.1. and TC-SC-320a.2. accounting metrics, to assess, monitor, and reduce exposure of employees to human health hazards, as well as to manage our employee health and safety performances. During the reporting period (namely calendar years 2018 through 2020), we have incurred zero (0) monetary losses as a result of legal proceedings associated with employee health and safety violations at our manufacturing sites. (Diodes acquired LSC on November 30, 2020 and the 2020 data reflects LSC data.)

Workplace hazards are identified through risk-based proactive reporting and are remediated promptly to ensure a safe working environment. Risk assessments are conducted to assess, monitor, and reduce exposure of employees to human health hazards (e.g. solvents, corrosives, lead, arsenic, cadmium). Ambient air monitoring (e.g. occupational/industrial hygiene sampling) is carried out in most of our manufacturing facilities to assess, monitor, and reduce exposure of employees to human health hazards. When safety incidents occur, they can be effectively managed through our incident response protocols and by employees who have received first aid training to provide temporary relief. This in turn reduces the likelihood of a fatality. Our staff is aware of the safety exits within the premises and where safety equipment (e.g. first aid boxes, defibrillators, and fire extinguishers) are located to promptly address the safety incident.



*DSH Site (Shanghai, China) 15th Anniversary Celebration & Carnival*



*DSH Site (Shanghai, China) 15th Anniversary Celebration & Carnival*

## Employee Wellness

Enabling employees to maintain a balance between work and home lives is important to building a resilient and sustainable workforce. By aligning our business requirements with the [Responsible Business Alliance \(RBA\) Code of Conduct](#), we follow the requirements on working hours and also encourage our employees to utilize their paid time off from work.

The physical and mental health and well-being of our employees is a top priority for Diodes because an engaged and healthy workforce brings a positive attitude to work and contributes to higher productivity.

We may conduct topical employee surveys to solicit feedback. For example, in Europe, we launched an Employee Well-Being Survey through a third-party service provider. The holistic survey approach is structured around the six pillars (job, financial security, health, protection, support, and work-life balance), which collectively make up overall employee wellness as well as the employment experience of both employers and employees. The survey results allow us to take proactive steps (e.g. providing more financial awareness training) to manage employee expectations and improve employee well-being. We provide access to an annual physical examination benefit to most of our employees worldwide, and in some cases, we provide access to occupational health physicians, on-site flu vaccinations, and mental health awareness training. At some of our facilities, we provide free access to either onsite fitness facilities or subsidized or low-cost employee gyms. At many of our sites, employees participate in fitness programs, such as yoga, eating healthy, team walking, and cycling challenges, to promote work-life balance.



*Diodes employees from the Shanghai, China assembly/testing/manufacturing site at the 2019 End-of-Year Party.*



*Diodes Taiwan Jogging Club*

To foster team building and healthy lifestyles, we leverage third-party operated platforms to facilitate friendly fitness and health competitions in various areas, e.g. walking challenges, and mindfulness exercise. We also support employee participation in recreational clubs, such as table tennis, badminton, basketball, and photography. Our Shanghai manufacturing site hosts an annual sports themed day event to inspire healthy competition amongst departments. We reinforce the importance of workplace safety as well as employee health and wellness through employee communications and trainings (e.g. mental health awareness training, safety video trainings, emergency response trainings and drills). The local site management is empowered to organize activities and campaigns (e.g. safety month) to promote employee health, safety, and wellness. For example, our China facilities host annual sports events for employees and some may invite fitness instructors to provide workout exercises to employees.



*Diodes Taiwan Golf Club*

## Spotlight on our U.K. Manufacturing Sites:

- To reduce our carbon footprint and promote employee health and well-being, our Oldham fabrication facility (OFAB) collaborated in partnership with [Transport for Greater Manchester](#) and installed showers and drying cabinets for those walking or cycling to work. At OFAB, we also introduced the Aviva Well-Being Mobile App, including a Digital GP (general practitioner) option. With Digital GP, our employees can access 24 hours a day unlimited and private GP video consultations and repeat National Health Service (NHS) prescriptions with free UK delivery. Employee assistance program, including counseling, is also available at OFAB.
- In addition to the Know Your Numbers (blood pressure and cholesterol) campaigns launched previously at both our Oldham and Greenock fabrication facilities, we also launched a number of employee wellness campaigns such as: Cycle to Work scheme, Cancer Awareness and Mental Health Awareness sessions, Healthy Eating Promotion (including introduction of a variety of healthy food options in cafeterias), External Walking Track, and onsite Pilates classes. Health promotion leaflets and materials are also available in the occupational health clinic to raise employee awareness.

## Spotlight on Diodes Europe Big Team Challenge:

- During 2020, our employees in Europe self-initiated the formation of Healthy Working Living teams. In 2020, we leveraged the [Big Team Challenge](#) platform to engage in friendly health and fitness competition across our offices in Europe to promote a healthy work-life balance and strengthen employee morale. These health initiatives were instrumental in improving team cohesion and employee engagement during the COVID-19 pandemic,

Our employees walked the length of Great Britain, from Land's End to John O'Groats, a total of 2,299,172 steps, 11 milestones, and 981 miles.



The image is a composite graphic. On the left, there is a logo for 'BIG TEAM CHALLENGE' consisting of a stylized 'B' and the text 'BIG TEAM CHALLENGE'. Below the logo is a map of the United Kingdom with several red location pins indicating various sites. On the right, there is a photograph of a group of seven people standing on a set of stairs. One woman in the center is holding a large, ornate trophy. The group is dressed in a mix of business casual and team attire.

*The winning team, The Red Hot Chilli Steppers, from our Greenock, UK facility, are pictured here.*

## Grievance and Reporting Mechanism

We ask that each employee be safety conscious. Diodes prioritizes assuring a safe environment and compliance with local safety regulations in the countries where we operate. All employees should understand that Diodes will not tolerate any retaliation against an employee for making safety complaints or reporting safety concerns.



By providing a safe space for grievance and incident reporting where employees feel comfortable about reporting near-misses and feel confident that their concerns will be heard and addressed, we intend to exceed above the basic standards and promote improved mental and physical well-being throughout the work and home lives of our employees.

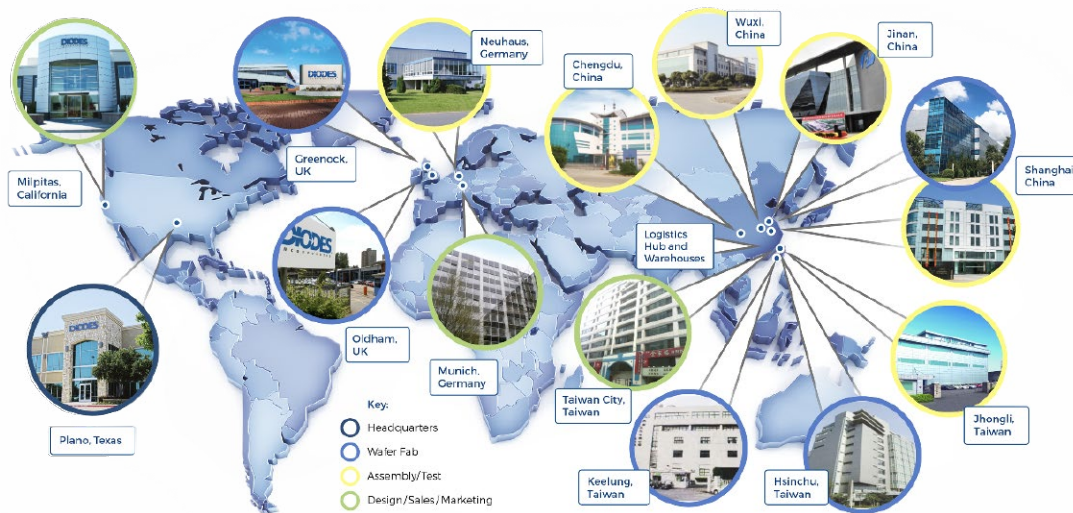
## DIVERSITY AND INCLUSION

Diodes respects each individual, welcomes diversity, and embraces different perspectives as a key to innovation. Innovation is one of our Core Values and we are committed to providing a safe and respectful work environment to ensure we bring out the best in our employees. We believe a diverse and inclusive workforce can increase our business performance, innovation, employee motivation, and corporate reputation and enable us to better serve our customers across the globe.

We are focused on human capital management and are committed to fostering a culture of trust and inclusion where everyone is treated with dignity and respect and where diverse perspectives are valued. As a company with global operations, our employee training covers respectful behaviors in a diverse work environment, and our employees are expected to act with integrity, which is also one of our Core Values, and respect each other for who they are regardless of gender, age, race, disability, or sexual orientation. We strive to enhance our diverse and inclusive culture where employees have fair and equal consideration for professional growth and career progression at all levels of our organization.

Our goal is to realize the untapped potential of all our employees, and we do so by providing them with growth opportunities and by reducing barriers. Our approach towards diversity and inclusion is integral to our business success and our social impact, and it enables us to build an agile and resilient workforce. We support the UN Sustainable Development Goals, including the goal on gender equity.

Our diverse global workforce of over 9,000 personnel is located in 8 countries across three regions. Diodes is proud of our global presence and diversity. Our people reflect the varying cultures, backgrounds, and localities of our customers and business partners, enabling us to develop and deliver products that better serve the needs of our customers and to leverage the service and products of our global supplier base. The map below shows where we are positioned across the globe, with 31 offices worldwide.



## Recruitment

Diodes is an equal opportunities employer and has appropriate human resource policies and procedures in place to ensure employees work in an environment free from discrimination and harassment. Our policies and practices allow us to attract and retain a diverse workforce.

We give full and fair consideration to applications from people with different ethnicities, backgrounds, experiences, and abilities. By embedding diversity and inclusion in our recruitment process, we are able to draw on the best talent. Our recruitment process is based on merit, focusing on qualified, diverse candidates, and omitting personal characteristics that are unrelated to the job requirement or job performance. Please also refer to our [Careers site](#).



Diodes recently welcomed five recent university graduates to its Greenock, UK site.

This group of new professionals will start building their careers as Process Engineers, IT Analysts, and Process Development Engineers.

## Pay and Gender

In addition to building diversity and promoting inclusion, Diodes strives to be equitable in regards to appropriate compensation for applicable roles and we are committed to complying with applicable wage laws to ensure our employees are fairly compensated in a timely manner. We offer appropriate compensation and benefits that support our employees' health, financial, and emotional well-being, and we provide fair wages for all employees, regardless of gender or race. We assess compensation annually to assess pay equity.



In compliance with the UK regulations regarding gender pay gap reporting, Diodes publishes gender pay gap report(s) annually for our UK-based operations. The phrase "gender pay gap" refers to the difference in the average earnings of men and women within the same organization.

This is different from equal pay, which refers to a man and a woman receiving equal pay for the same or similar job. Diodes is committed to fostering a fair working environment, rewarding employees based on their individual performance and contributions. Understanding the gender pay gap helps us to identify and address any imbalance between gender and pay. Diodes' UK presence consists of several legal entities, with two main employers: Diodes Zetex Semiconductors Limited and Diodes Semiconductors GB Limited. Please refer to the reports for more details.

- [Diodes Semiconductors GB Limited](#)
- [Diodes Zetex Semiconductors Limited](#)

## INVESTMENT IN OUR EMPLOYEES

**At Diodes, we regard our employees as our most important asset. We are committed to providing a positive environment for the development and achievement of goals for our employees. We invest in our employees not only through fair compensation and benefits but also by providing professional and personal development opportunities.**

Diodes believes in the value of continuous improvement so that we can satisfy our stakeholders' requirements. In its broadest sense, we believe our stakeholders include our employees, partners, and the communities where we operate. We believe in the value of continuous learning and fostering a culture of professional growth.

We offer learning opportunities to employees at all levels through developmental courses and experiential learning. We encourage our managers to identify the training needs of their employees and to help employees manage their careers, and we encourage our employees to request relevant training to promote career and personal development. Based on their functions and responsibilities, employees are offered development opportunities on job related topics such product-specific training, customer complaints training, and audit processes. Other developmental skill training offerings included team building, effective communication, leadership, and negotiation.

Additionally, we engage third-party service providers to provide training and webinars on various financial wellness topics such as workplace pension, retirement courses, social security benefits, and early career financial planning to help our employees prepare for personal changes and financial challenges throughout their career.

Each year, we deliver training to our employees worldwide. We intend to enhance our employees' knowledge of a variety of key topics, including ethics, harassment, anti-bribery, and corruption through online and small group training sessions. These topics are important to ensuring our employees operate in a work environment that is diverse, inclusive, safe, and respectful.

In 2020, we launched online courses covering topics such as cybersecurity, anti-harassment, and anti-bribery and anti-corruption; and, on average, achieved an approximately 99% training completion rate.



SKE Site (Shanghai, China) 25th Anniversary Celebration



SFAB 20th Anniversary Celebration



Chengdu Assembly and Test facility 10th Anniversary Celebration



# GOVERNANCE

## OVERVIEW

Diodes' approach to sustainability and financial integrity is built on the foundation of an effective corporate governance structure. We integrate transparency and accountability in our corporate governance practices, and incorporate sustainability into our corporate governance objectives. A strong corporate governance framework and associated practices are critical to earning and retaining the trust of our investors and other stakeholders.

We are focused on continuous improvement to develop and enhance our control mechanisms to manage risks and maximize financial returns for our stakeholders. As a company with a global footprint operating in a dynamic international marketplace, we believe robust corporate governance fosters sound and responsible decision-making, strengthens accountability, transparency and fairness, and creates long-term sustainable values to our stakeholders.

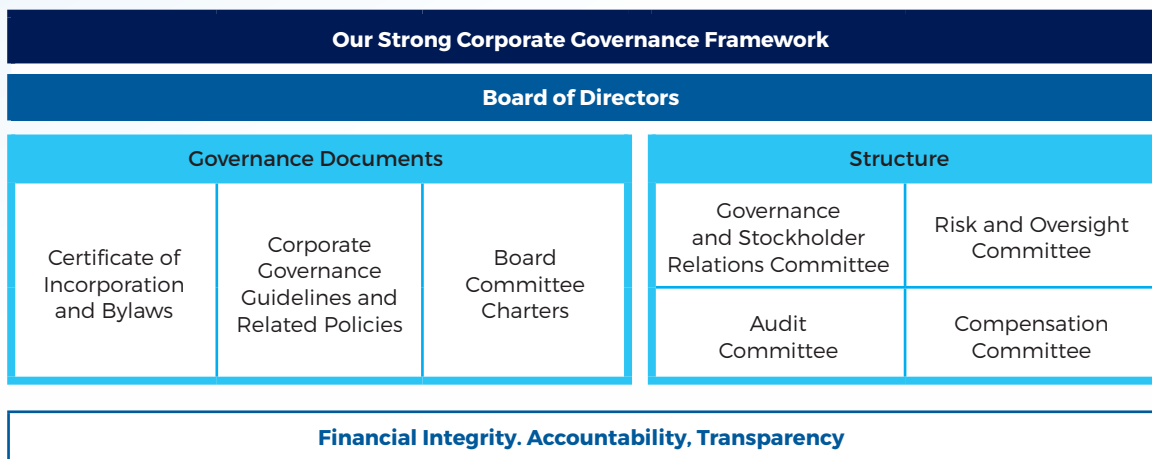
Our corporate governance framework is guided by a Board of Directors ("Board") comprised of a majority of independent directors. The stockholders elect the Board to oversee their interest in the long-term health of the Diodes business and its financial strength. The Board is the ultimate decision-making body of the Company, except with respect to those matters reserved for the stockholders by statute or by our charter. The Board 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 Board provides oversight and counsel to the Diodes' management team and works in collaboration with the Diodes' management team to:

- establish and promote corporate strategies and monitor performance against business objectives,
- promote attention to conducting business in a sustainable, socially and environmentally responsible manner, and
- foster and strengthen an organizational culture that is grounded in our Core Values - *Innovation, Integrity, and Commitment.*

Through our corporate governance framework, the Board exercises the authority to drive management accountability, holding the management team accountable for good stewardship of company resources; to review and evaluate our business operations and performance against established business objectives; and to make independent decisions and recommendations that align and serve the interests of our stakeholders. The Board and the various Committees established thereunder also provide oversight to ensure Diodes conducts business in compliance with applicable laws, and the rules of the Securities and Exchange Commission ("SEC") and NASDAQ.

## Our Corporate Governance Framework

- **Certificate of Incorporation and Bylaws:** these documents establish our corporate structure, the rules and procedures by which we operate and the rights and responsibilities of shareholders, directors and officers.
- **Corporate Governance Guidelines and Related Policies:** these documents establish standards of expectations to assist the Board and its committees in discharging their duties.
- **Committee Charters:** these documents outline the specific responsibilities for the four (4) committees established under our Board.



## Our Governance Highlights:

Sustainability is one of the key focus areas regularly reviewed by our Board of Directors. We have instituted a cross-functional Sustainability Steering Team to address the sustainability related risks and opportunities (please refer to Governance and Oversight on our website] for additional details). The Sustainability Steering Team provides periodic updates to the Board of Directors (seven out of the eight directors are independent, representing approximately 88%).

- **Board's oversight of risk management**
- Robust standing committee structure and board self-evaluation process helps facilitate overall risk oversight
- Active engagement with the management team to identify and assess risks related to the Company's strategies and business models
- Broad industry experience of the directors helps anticipate emerging and interrelated risks and facilitate effective risk control and mitigation mechanisms
- Access to Company employees and independent advisors to ensure directors can effectively fulfill their duties in an informed manner
- Rigorous Corporate Governance guidelines and policies
- Corporate Governance Guidelines ("CGG")
- Stockholder Nominating Procedures

- Director Selection Criteria and Retirement Age Policy
- Stock Ownership Policy and Stock Holding Policy
- Foreign Exchange Risk Management Policy (also referred to as the Hedging Policy)
- **Diverse Board representation**
- Seven (7) out of our eight (8) directors are independent directors
- Gender, racial, and ethnic diversity reflected on the board representation
- Two (2) female directors

Board of Directors Diversity Profile								
Gender			Race			Country of Residence		
Male	6	75%	White	2	25%	USA	2	50%
Female	2	25%	Asian	6	75%	Taiwan	6	50%
<b>Total</b>	<b>8</b>	<b>100%</b>	<b>Total</b>	<b>8</b>	<b>100%</b>	<b>Total</b>	<b>8</b>	<b>100%</b>

- Broad set of director skills, expertise, and industry backgrounds
- Zero percent of the board has familial relationships with other directors
- Limits on director over-boarding
- **Performance-based executive compensation**
- Attainment of both Company performance goals and individual objectives
- Alignment between executive compensation and stockholder interests
- No special grants were made to executive officers, including CEO, during the last fiscal year 2020.
- Annual compensation review and stockholder approval
- Independent Compensation Committee and independent compensation consultant
- Recoupment of Executive Compensation Policy
- **Frequent dialogues with investors and stakeholders**
- Engagement with institutional investors at conferences, roadshows, site visits, and phone conversations
- Communications channels available to all stockholders via Company Secretary
- Active stakeholder engagement promotes transparency, accountability, and well-informed decision-making



## Corporate Governance Fact Sheet

\*CGG refers to the Company's Corporate Governance Guidelines (see page 61 of this report). Other documents referenced below can be found on Diodes' Corporate Governance website at <https://investor.diodes.com/corporate-governance/highlights>

Topic	Response	Reference
<b>Overview</b>		
Size of the Board	8	CGG Section B(2)
Number of Independent Directors	7	CGG Section B(1)
Number of Female Directors	2	Proxy Statement (April 14, 2021)
Number of Directors from Underrepresented Communities	6 (75%)	Proxy Statement (April 14, 2021)
Annual Review of Independence of Board	Yes, during Q2 Board meeting	NASDAQ Rule 5605(b)(1)
Separate Board Chair and CEO	No	CGG Section B(3)
Independent Board Chair	No	
Lead Independent Director and Position Descriptions	Yes	CGG Section C(2)
Board Chair Position Descriptions	Yes	CGG and Bylaws
Annual Board Elections	Yes	CGG Section A(3)
Diverse Board (gender, ethnicity, experience, and skills)	Yes	<a href="#">See Director Selection Criteria</a>
Average Age of Directors	70.5	Proxy Statement (April 14, 2021)
Shareholder Ability to Call Special Meetings (>50% threshold)	Yes	Bylaws, Article 1, Section 2
Succession Planning	Yes	CGG Sections D(2), (3)
Communications with Stakeholders and External Entities	Yes	CGG Section J
<b>Committees</b>		
Charters for Board Committees	Yes	CGG Section E(2)
Number of Financial Experts on Audit Committee	1	NASDAQ Rule 5605(c)(2)
Independent Audit Committee	Yes	CGG Section C(13)
Independent Governance and Stockholder Relations Committee	Yes	CGG Section C(13)
Independent Compensation Committee	Yes	CGG Section C(13)
Risk Oversight Committee which oversees risk management process	Yes	CGG Section E(10)
Compensation Consultant Independence Policy	No, but related factors are accounted for in the Charter	<a href="#">See Compensation Committee Charter</a>
Disclosure Committee for Financial Reporting	Yes	See Disclosure Committee Charter

<b>Board Meetings</b>		
Number of Board Meetings Held in FY 2020	5	Proxy Statement (April 14, 2021)
Independent Directors Hold Meetings Without Management Present	Yes	CGG Section C(5)
Board Meeting and Committee Meeting Attendance Requirements	Yes	CGG Section C(7)
<b>Directors</b>		
Proxy Access for Director Nominations	Yes	<a href="#">See Stockholder Nominating Procedures</a>
Tenure Policy for Independent Directors	No	CGG Section B(6)
Mandatory Retirement Age	75	CGG Section B(6)
Annual Equity Grant to Non-Employee Directors	Yes	Bylaws, Article 2, Section 5; Stock Ownership Policy and Stock Holding Policy
Directors Elected by the Highest Number of Votes Cast in Uncontested Elections	Yes	Bylaws, Article 1, Section 5
Director Selection Criteria	Yes	<a href="#">See Director Selection Criteria</a>
Annual Compensation Review	Yes	CGG Section B(5)
Director Resignation Policy	Yes	CGG Section K
Director Over-Boarding Limits	Yes (no more than 4 other public boards)	CGG Section K; <a href="#">See Director Selection Criteria Section 3</a>
Director Orientation and Education Program	Yes	CGG Section B(7)
<b>Governance Documents</b>		
Corporate Governance Guidelines Approved by the Board	Yes	CGG Preamble; <a href="#">See Corporate Governance Guidelines</a>
Committee Charters	Yes	CGG Section E(2); <a href="#">See Committee Charters</a>
Stock Ownership Policy and Stock Holding Policy	Yes	CGG Section G
Code of Business Conduct	Yes	CGG Section I(1); <a href="#">See Code of Business Conduct</a>
Finance Code of Professional Conduct (Ethics Code for CEO and Finance Department)	Yes	CGG Section I(1); <a href="#">See Code of Ethics for CEO and Finance Department</a>
Policy Regarding Recoupment of Executive Compensation	Yes	<a href="#">See Policy Regarding Recoupment of Executive Compensation</a>
Stockholder Nominating Procedures	Yes	<a href="#">See Stockholder Nominating Procedures</a>
Poison Pill	No	
<b>Evaluations</b>		
Annual Board Evaluations	Yes	CGG Section C(11)
Annual Committee Evaluations	Yes	CGG Section E(11); Committee Charters



## Communications with Stakeholders

The Chairman and Chief Executive Officer are responsible for establishing effective communications with the Company's stakeholders, i.e., stockholders, customers, company associates, communities, suppliers, creditors, governments, and corporate partners. The Board believes that the stockholders should have the ability to send written communications to the chair of any Committee, or to our independent directors as a group. Communications relating to any topic should be addressed as follows:

Chairman of the Board  
 c/o Richard Dallas White, Company Secretary  
 Diodes Incorporated  
 4949 Hedgcoxe Road, Suite 200  
 Plano, Texas 75024  
 United States of America

The Chairman of the Board will review all relevant communications with the Board.

Communications are distributed to the Board of Directors, or to any individual director, depending on the facts and circumstances set forth in the communication. In that regard, the Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board of Directors should be excluded, including the following: junk mail and mass mailings; product complaints; product inquiries; new product suggestions; resume and other forms of job inquiries; surveys; and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, illegal, or similarly unsuitable will not be distributed, with the provision that any communication that is not distributed will be made available to any independent director upon request.

Communications that include information better addressed by the complaint hotline supervised by the Audit Committee will be delivered to the hotline.

## Investor Contacts

### Primary IR Contact:

**Leanne Sievers**  
 President, Investor Relations  
 Shelton Group  
  
 19800 MacArthur Blvd, Suite 300  
 Irvine CA 92612  
 Phone: 949-224-3874  
 Fax: 949-724-4566  
 E-mail: [lsievers@sheltongroup.com](mailto:lsievers@sheltongroup.com)

### Company IR Contact:

**Laura Mehrl**  
 Director of IR  
 Diodes Incorporated  
  
 4949 Hedgcoxe Road, Suite 200  
 Plano TX 75024  
 Phone: 972-987-3959  
 Fax: 972-692-5829  
 E-mail: [laura\\_mehrl@diodes.com](mailto:laura_mehrl@diodes.com)

Interested investors can contact our transfer agent for more information.

Continental Stock Transfer & Trust Company  
 17 Battery Place, 8th Floor  
 New York, NY 10004  
 Phone: 212-509-4000  
 E-mail: [cstmail@continentalstock.com](mailto:cstmail@continentalstock.com)

Additional information can be found on the Investors page of our corporate website at <https://investor.diodes.com/>.

Interested stakeholders can sign up for e-mail alerts at <https://investor.diodes.com/email-alerts> to automatically receive Diodes' financial and stock information, SEC filings, and news alerts by email.

# ■ APPENDIX

## 1. SASB SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

We strive to align our disclosures with the framework provided by the Sustainability Accounting Standard Board (SASB) for the Technology and Communications Sector specific to the semiconductor industry (“SASB Standards”).

Please see below for a mapping of how our latest disclosures align with the SASB Standards. The SASB Standards are maintained by the Value Reporting Foundation.



As we continue to collate information required under the SASB Standards for the various accounting metrics, we will publish additional disclosures as part of our efforts to provide transparency and accountability to our stakeholders.

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure location
<b>Energy Management in Manufacturing</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TC-SC-130a.1	Environment/Energy Management See page 18
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	TC-SC-140a.1	Environment/Water Management See page 21
<b>Waste Management</b>	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	TC-SC-150a.1	Environment/Waste Management See page 25
<b>Employee Health &amp; Safety</b>	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards.	Discussion and Analysis	n/a	TC-SC-320a.1	People/Employee Health, Safety & Wellness See page 52
	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	Reporting currency	TC-SC-320a.2	People/Employee Health, Safety & Wellness See page 52
<b>Material Sourcing</b>	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	TC-SC-440a.1	Supply Chain/Responsible Use of Materials and Chemicals in our Products See page 30
<b>Intellectual Property Protection &amp; Competitive Behavior</b>	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Reporting currency	TC-SC-520a.1	Supply Chain/Intellectual Property and Competitive Behavior See page 34

## 2. CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY STATEMENT

**Diodes Incorporated and its subsidiaries (collectively, “Company”) are committed to operating in an economically, socially, and environmentally sustainable manner, while recognizing the interests of our stakeholders.**

As a participant in the global community, we recognize the impact we have on the communities in which our employees, customers, suppliers and other stakeholders live and work. By living our core values – integrity, commitment, and innovation – continuously through our actions in the way we conduct business and interact with our stakeholders, we uphold our commitment to be a responsible corporate citizen and positive contributor to the global community. We adhere to responsible and ethical business practices and we strive to give back to our communities.

The Company is committed to a safe and healthy workplace for all our employees. We value diversity and inclusion as it contributes to our competitiveness in the global marketplace. The Company is dedicated to ensuring that our employees, customers and suppliers are treated with dignity and respect. In addition to compliance with applicable laws and regulations of the countries in which we operate, we also look for opportunities to contribute to the well-being of the communities which we serve.

The Company is committed to the protection and preservation of the environment and our communities. We design and manufacture products using sustainable practices to minimize our impact on the environment.

The Company believes in and supports environmental protection, health and safety performance, and other social responsibility requirements to which the Company subscribes. We identify and leverage global best practices and guidelines to help us ensure responsible stewardship and sustainable operations for the long-term benefit of our stakeholders.

# ERKLÄRUNG ZUR SOZIALEN UND ÖKOLOGISCHEN VERANTWORTUNG VON DIODES INCORPORATED

**Diodes Incorporated und seine Tochterunternehmen (zusammen „Unternehmen“) verpflichten sich, wirtschaftlich, sozial und ökologisch nachhaltig und unter Berücksichtigung aller Interessengruppen (Stakeholder) zu handeln.**

Als Teilnehmer der globalen Gemeinschaft sind wir uns der Auswirkungen bewusst, die wir auf die Gemeinschaften haben, in denen unsere Mitarbeiter, Kunden, Lieferanten und andere Interessengruppen leben und arbeiten. Indem wir unsere Grundwerte – Integrität, Engagement und Innovation – kontinuierlich durch unser Handeln in der Art und Weise leben, wie wir unsere Geschäfte führen und mit allen Beteiligten interagieren, halten wir an unserem Engagement fest, ein verantwortungsbewusstes Unternehmen zu sein und einen positiven Beitrag zur Weltgemeinschaft zu leisten. Wir halten uns an verantwortungsbewusste und ethische Geschäftspraktiken und sind bestrebt, unserer Gemeinschaft etwas zurückzugeben.

Das Unternehmen setzt sich für einen sicheren und gesunden Arbeitsplatz für alle Mitarbeiter ein. Wir schätzen Vielfalt und Integration, da sie zu unserer Wettbewerbsfähigkeit auf dem weltweiten Markt beiträgt. Das Unternehmen ist bestrebt, dass Mitarbeiter, Kunden und Lieferanten mit Würde und Respekt behandelt werden. Neben der Einhaltung der geltenden Gesetze und Vorschriften der Länder, in denen wir tätig sind, suchen wir auch nach Möglichkeiten, um zum Wohlergehen der Gemeinschaften beizutragen, denen wir dienen.

Das Unternehmen setzt sich für den Schutz und die Erhaltung der Umwelt und unserer Gemeinschaften ein. Wir entwickeln und fertigen Produkte unter Anwendung nachhaltiger Methoden, um die Auswirkungen auf die Umwelt zu minimieren.

Als Unternehmen mit gesellschaftlicher Verpflichtung glauben wir an und unterstützen wir Umweltschutz-, Gesundheits- und Sicherheitsleistungen und gesellschaftliches Engagement. Wir identifizieren und nutzen weltweit bewährte Methoden und Richtlinien, um verantwortungsbewusstes Handeln und einen nachhaltigen Betrieb zum langfristigen Nutzen unserer Interessengruppen sicherzustellen.

## Diodes 公司社會與環境責任聲明

Diodes Incorporated 及其子公司 (合稱「本公司」) 致力於遵循經濟、社會、環境永續的營運方式，同時兼顧各關係人的權益。

身為全球社群的一員，我們瞭解自身對於員工、客戶、供應商及其他關係人共同生活並合作參與的各個社區造成的各種影響。透過事業的妥甚經營，以及與各關係人的互動往來，我們持續將自身的核心價值付諸行動：誠信、承諾、勇於創新。我們履行承諾，善盡企業公民責任，積極為全球社群貢獻己力。我們遵守盡責盡能、合乎道德倫理的商業實務，並且努力回饋營業所在的當地社區。

本公司致力為全體同仁打造安全健康的工作場所。我們重視多元化與包容精神，這有助於維持我們的全球市場競爭優勢。本公司竭力確保員工、客戶與供應商都能得到受尊重、有尊嚴的待遇與地位。除了遵守營運當地的適用法律與法規，針對公司所服務的各個社區，我們也積極尋求貢獻福祉、支援建設的機會。

本公司致力保護環境，維護社區生活品質。我們的產品設計與製造均已奉行永續實務，盡可能降低環境衝擊程度。

本公司堅信並支援各種環境保護活動、健康安全績效以及其他本公司認同的社會責任規範。我們持續釐清全球性的最佳實務與準則，並且充分善用，協助我們確保盡責治理以及永續營運，從而為各界利益關係人帶來長期利益。

## Diodes 公司社会与环境责任声明

Diodes Incorporated 及其子公司 (合称「本公司」) 致力于遵循经济、社会、环境永续的营运方式，同时兼顾各关系人的权益。

身为全球社群的一员，我们了解自身对于员工、客户、供货商及其他关系人共同生活并合作参与的各个小区造成的各种影响。透过事业的妥甚经营，以及与各关系人的互动往来，我们持续将自身的核心价值付诸行动：诚信、承诺、勇于创新。我们履行承诺，善尽企业公民责任，积极为全球社群贡献己力。我们遵守尽责尽能、合乎道德伦理的商业实务，并且努力回馈营业所在的当地小区。

本公司致力为全体同仁打造安全健康的工作场所。我们重视多元化与包容精神，这有助于维持我们的全球市场竞争优势。本公司竭力确保员工、客户与供货商都能得到受尊重、有尊严的待遇与地位。除了遵守营运当地的适用法律与法规，针对公司所服务的各个小区，我们也积极寻求贡献福祉、支持建设的机会。

本公司致力保护环境，维护小区生活质量。我们的产品设计与制造均已奉行永续实务，尽可能降低环境冲击程度。

本公司坚信并支持各种环境保护活动、健康安全绩效以及其他本公司认同的社会责任规范。我们持续厘清全球性的最佳实务与准则，并且充分善用，协助我们确保尽责治理以及永续营运，从而为各界利益关系人带来长期利益。

## Diodes 기업의 사회적 · 환경적 책임 선언문

Diodes Incorporated와 그 자회사(총칭하여 “회사”)는 이해관계자의 이익을 인식하면서 경제적, 사회적, 환경적으로 지속 가능한 방식으로 운영하기 위해 노력합니다.

당사는 국제 사회의 참여자로서 직원, 고객, 공급업체 및 기타 이해관계자가 살고 일하는 지역 사회에 미치는 영향을 인식합니다. 당사는 비즈니스를 수행하고 이해관계자와 소통을 진행함에 있어 당사의 핵심 가치인 성실, 헌신, 혁신을 지속적으로 실천하며 책임감 있는 기업 시민이 되고 국제 사회에 긍정적인 기여자가 되겠다는 약속을 지켜나가고 있습니다. 당사는 책임감 있고 윤리적인 비즈니스 관행을 고수하며 지역 사회에 환원하기 위해 노력합니다.

회사는 모든 직원을 위해 안전하고 건강한 직장을 만들기 위해 최선을 다하고 있습니다. 당사는 다양성과 포용성을 중시하며 이를 통해 글로벌 시장에서 우리의 경쟁력을 높입니다. 회사는 직원, 고객 및 공급업체가 존엄과 존중을 받을 수 있도록 최선을 다하고 있습니다. 당사는 사업을 운영하는 국가의 관련 법률 및 규정을 준수하는 것 외에도, 당사가 봉사하는 지역 사회의 안녕에 기여하기 위해 노력합니다.

회사는 환경과 지역 사회를 보호하고 보존하기 위해 최선을 다하고 있습니다. 당사는 환경에 미치는 영향을 최소화하기 위해 지속 가능한 방식으로 제품을 설계하고 제조합니다.

회사는 회사가 약속하는 환경 보호, 보건 및 안전 수행, 그리고 기타 사회적 책임 요구 사항을 전적으로 믿으며 지지합니다. 당사는 글로벌 모범 사례와 지침을 식별하고 활용하여 이해관계자의 장기적 이익을 위해 책임감 있는 관리와 지속 가능한 운영을 보장합니다.

## 3. CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT STATEMENT

*Last Updated: August 2020*

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (“Act”) went into effect. The Act requires companies to disclose their efforts to eradicate slavery and human trafficking within their supply chains. Diodes Incorporated and its subsidiaries (collectively, the “Company”) have a long-standing commitment to maintain a culture of compliance with applicable laws, rules and regulations, and high standards of ethics and business conduct with respect to slavery, human trafficking, and forced, involuntary, or child labor. The Company also expects our suppliers to conduct their businesses in a lawful and ethical manner, upholding high standards of integrity and ethics.

### 1. RBA Code of Conduct:

The Company subscribes to the [Code of Conduct](#) published by the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) and expects our suppliers to recognize the RBA Code of Conduct and operate their business in a manner consistent with its requirements. The RBA Code of Conduct prescribes standards intended to eradicate slavery and human trafficking in the electronics supply chain. The RBA Code of Conduct also promotes best practices in areas affecting labor and human rights, including freely-chosen employment, young workers, working hours, wages and benefits, humane treatment, non-discrimination, and freedom of association.

### 2. Evaluation and Verification of Supply Chain.

We are committed to sourcing materials from suppliers who operate their supply chains in a socially-responsible manner. In particular, we condemn the use of slavery, human trafficking, and forced, involuntary, or child labor. We will not knowingly do business with suppliers that support, condone, or are otherwise involved with slavery, human trafficking, or forced, involuntary, or child labor. The Company informally monitors our direct supply chain to evaluate and address the risks relating to slavery, human trafficking, and forced, involuntary, or child labor issues. This evaluation effort is generally conducted by our own sourcing experts and not by a third-party.

### 3. Supplier Audits and Accountability.

- Those doing business with the Company are required to comply with the applicable law of the countries in which they do business (including laws against slavery, human trafficking, and forced, involuntary, or child labor). We expect our suppliers to subscribe to the RBA Code of Conduct and implement the requirements contained in the [Company's Code of Supplier Conduct](#) and related policies. The Company's Code of Supplier Conduct outlines the Company's commitment to promote ethical and lawful conduct in the workplace as well as social and environmental responsibility.
- The Company maintains the right to inspect suppliers to monitor their compliance with the applicable laws and adherence to the Company's Code of Supplier Conduct and various policies applicable to our suppliers. In general, we do not anticipate that we will audit supplier compliance using independent third parties or unannounced inspections.
- We reserve the right to terminate our business relationship with any supplier who fails to comply with applicable laws relating to slavery, human trafficking, and forced, involuntary, or child labor; the Company's Supplier Code of Conduct and related policies; or who fails to cooperate in any inspection of its facilities, pending to the opportunity to remedy the situation where appropriate. In the event that an inspection reveals a supplier's non-compliance, we will address these issues on a case-by-case basis, consistent with our commitment to source our products in a socially responsible manner. Where appropriate, we may provide the non-compliant suppliers an opportunity to take corrective actions to resolve the non-compliance. If the non-compliance is not corrected in a satisfactory time frame, we will cease our business dealings with them.

#### 4. Supplier Certification.

We expect our direct suppliers to comply with the applicable law of the countries in which they do business (including laws against slavery, human trafficking, and forced, involuntary, or child labor). We generally reserve the right to require our direct suppliers to periodically acknowledge in writing their compliance with applicable laws and regulations, including those relating to slavery, human trafficking, and forced, involuntary, or child labor.

#### 5. Training.

We require our employees to undergo training on the Company's [Code of Business Conduct](#). Employees must certify that they have read, understand and will comply with this Code of Business Conduct. The Company is dedicated to mitigating the risk of human rights abuse within the product supply chain. As part of our commitment to continuous improvement, we may implement additional measures in the future to mitigate the risk of slavery, human trafficking, and forced, involuntary, or child labor throughout its supply chain, including training the Company's personnel with direct responsibility for supply chain integrity and management on our policies regarding slavery, human trafficking, and forced, involuntary, or child labor.

Please click [here](#), for a PDF download of the statement above

## 4. ANTI-COUNTERFEIT POLICY

*Last Updated: July 2020*

**Our semiconductor products can be used in a wide variety of applications, including systems that perform critical functions, such as those used in medical applications, transportation, communications systems, and critical infrastructure (e.g. power grids), where the failure of a component in the system could have severe consequences, may jeopardize the health, safety, and security of the general public, or result in property damage and economic losses. Products purchased from unauthorized sources may present safety, reliability and performance risks as they may not have been properly handled or stored, or may be counterfeit products.**

To mitigate the risks of counterfeit semiconductor products entering into the supply chain, we strongly recommend customers to purchase from our authorized distributors and our [sales](#) offices. Semiconductor products purchased through our authorized distributors and sales offices have our full support in accordance with the [terms and conditions of sale](#). We do not provide authentication services or warranty coverage for, and do not accept returns of, products purchased from unauthorized sources.

Diodes supports the Semiconductor Industry Association's (SIA) efforts in combating counterfeit semiconductor products (see <https://www.semiconductors.org/wp-content/uploads/2018/01/SIA-Anti-Counterfeiting-Whitepaper.pdf>). We work collaboratively with customs and border protection agencies in seizures of counterfeit semiconductor products, and with other law enforcement agencies to address counterfeit challenges.

## 5. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

### International Supplement to Code of Business Conduct Regarding Foreign Corrupt Practices Act and U.K. Anti-Bribery Legislation

*Adopted: February 10, 2009*

*Updated: June 3, 2021*

Employees, officers, and directors of Diodes Incorporated and its subsidiaries (collectively, "Company") are expected to comply with all United States and other applicable local laws and regulations, and to conduct business activities ethically. The Company will conduct business in compliance with all applicable laws and regulations, including anti-bribery and anti-corruption

laws and regulations in jurisdictions in which it operates, including the United States Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act 2010, and other anti-bribery and anti-corruption legislation applicable to the Company. All third parties, including agents, contractors, consultants, intermediaries, suppliers, and distributors, who represent the Company, act on behalf of the Company, or provide services and products to the Company (collectively, "Business Partners"), are expected to comply with these anti-bribery and anti-corruption laws and regulations as well as this Policy. Employees, officers, and directors of the Company are hereinafter referred to as "Diodes Personnel".

This Policy sets forth the Company's policies and procedures to prevent and detect acts of bribery and corruption. It is against the Company's policy to offer, promise, pay, solicit, or accept bribes or kickbacks, whether in cash or any other form, to or from private individuals, Government Officials, or Public Officials in order to secure any improper advantage, to obtain or retain business, or to influence any such person to act favorably toward the Company. Special rules apply with respect to interactions with Government Officials and Diodes Personnel must follow the guidance set forth in the Company's policies and consult with the Company's Legal Department.

For the purpose of this Policy, "Government Official" includes any official, employee, candidate, or representative of a government (including any government agency, department, or enterprise), political party, or public international organization such as any officer or employee of any level of federal, state, provincial, county, and municipal government, and employees of businesses or companies wholly or partially owned, funded, operated, influenced, or controlled by a government. A "Public Official" means an individual who holds a legislative, administrative, or judicial position of any kind, who exercises a public function or who is an official or agent of a public international organization.

Diodes Personnel are required to acknowledge this Policy at the time of hire and periodically thereafter stating that: he or she has received and read this Policy and agrees to comply with its provisions; he or she understands that this Policy specifies the minimum standards of business conduct to which he or she must conform; he or she should promptly disclose to the Company any activities which do not comply with this Policy; and the Company may modify or rescind any provisions in this Policy at any time without prior notice. It is Diodes Personnel's responsibility to promptly notify the Company's Internal Audit Manager and Legal Department of any disclosures required by this Policy.

**1. Payments to Government Officials or Public Officials or to Employees of Customers or Business Partners.** No Diodes Personnel should, directly or indirectly, offer, promise, make, solicit, or receive any payment (including anything of value) to secure, maintain, or direct business, or for any other purpose (including to induce a person to improperly perform a function in relation to the business or that is public in nature), to or from any Government Official or Public Official or to any employee of a customer or Business Partner, without the prior written approval of the Company's Chief Financial Officer and subject to a prior mandatory review by the Company's Internal Audit Manager and the Company's Legal Department. This Policy applies to payments (and anything of value) to private individuals as well as public officials and to payments (and anything of value) made indirectly through a third party.

For the purpose of this Policy, "anything of value" includes, without limitation, any gift, travel, hotels, meals and entertainments, offering of internship or employment to a family relative of a Government Official, Public Official, customer, or business partner, or making a charitable contribution at the request of a Government Official, Public Official, customer, or Business Partner.

**2. Cash and Third-Party Payments.** To avoid even the appearance of impropriety, no payment to any party should be made in cash or gift cards other than documented petty cash (\$50 U.S. Dollars or less) disbursements. No corporate checks should be written to "cash", "bearer", or third-party designees of the party entitled to payment. No payments should be made outside the country of residence of the recipient without the prior written approval of the Company's Chief Financial Officer.



Even when making documented petty cash disbursements, consideration should be given to the nature of the payment and whether, following a common sense and reasonableness test, it is appropriate to make the payment. If Diodes Personnel have any concerns, they are advised to consult the Company's Internal Audit Manager and Legal Department.

**3. Consultants and Agents.** No Diodes Personnel may retain a Business Partner until sufficient due diligence has been performed to enable Diodes Personnel to conclude with reasonable assurance that the Business Partner is not, and is not related to or affiliated with, a Government Official or a Public Official, and that he or she understands and will fully abide by this Policy and the Company's Code of Business Conduct. Diodes Personnel should assess both the risk associated with the Business Partner, as well as the amount of proposed remuneration. Due diligence should be undertaken proportionate to the risk (i.e., the greater the risk, the more extensive the due diligence undertaken). Once Diodes Personnel is satisfied, he or she should then seek approval from the Company's Internal Audit Manager or Legal Department for the agreement. The Company must have a written agreement with each of its Business Partners, and the agreement must specifically bind the Business Partner to comply with the Company's Code of Business Conduct and this Policy.

**4. Business Entertainment, Gifts, Travel Expenses, and Gratuities.** Gifts, entertainment, gratuities, and other courtesies may be offered to and accepted from current and prospective customers and Business Partners where the gifts, gratuities, or other courtesies are ordinary and customary in the country, comply with applicable local laws and regulations, do not create a conflict of interest, and where the required approvals described below have been given. If Diodes Personnel are unclear whether a gift, gratuity, or courtesy meets these standards, they are advised to consult the Company's Internal Audit Manager or Legal Department, and also refer to the Company's Conflict of Interest Policy.

Approval must be sought from the Chief Financial Officer before gifts, gratuities, and other courtesies are offered to or accepted from prospective customers and Business Partners, where the:

- value of the gift, entertainment, or courtesy exceeds US\$500 (or its equivalent in local currencies); or
- aggregate value of gifts, entertainment, or courtesies to or from one individual exceeds US\$1,000 (or its equivalent in local currencies) over a 12-month period.

Care needs to be taken in all cases but particularly when dealing with Public Officials and Government Officials. Where a Government Official or Public Official is involved, prior mandatory review by the Company's Internal Audit Manager and Legal Department and prior written approval of the Company's Chief Financial Officer are required in all cases, regardless of the amount or value of the gift, entertainment, or courtesy.

All gifts, entertainment, gratuities, and other courtesies given or received by Diodes Personnel should be recorded accurately on a register maintained by the regional and/or corporate controllers in the Company's Finance department.

Diodes Personnel should not accept anything of value if it may compromise his/her independence or judgment or could induce him/her to award or offer services or products in a biased or non-competitive manner.

Diodes Personnel should consider whether gifts, entertainments, gratuities, or other courtesies are likely to limit the recipient's ability to render impartial decisions. If such gifts, entertainments, gratuities, or courtesies could appear to others to limit the recipient's ability to render impartial decisions, the gift, entertainment, gratuity, or courtesy should not be offered.

**5. Charitable Gifts and Donations.** Charitable gifts and donations cannot be made using the Company's funds without prior written approval from the Company's Chief Financial Officer. The Company does not seek to discourage Diodes Personnel from supporting bona fide charitable organizations through their own fundraising or individual effort outside and unconnected to their employment with the Company.

**6. Facilitating Payments.** "Facilitating payments" are small payments (\$100 U.S. Dollars or less) to a Government Official necessary to expedite or secure performance of a routine governmental action, such as obtaining official documents, processing governmental papers, providing postal or utility services, scheduling inspections of goods for cross-country transit, or the loading or unloading of freight. Facilitating payments never include payments made to assist in obtaining or retaining business.

Facilitating payments, regardless of the intent of the payments, may be illegal in certain foreign countries even if making such payments is a locally recognized and open practice. Facilitating payments are subject to prior mandatory reviews by the Company's Internal Audit Manager and Legal Department and may be made only after securing the prior written approval of the Company's Chief Financial Officer.

**7. Political Contributions.** In certain countries, political contributions are lawful and expected as a matter of good corporate citizenship. Under these circumstances, contributions may be appropriate if lawful, prudent in amount, openly made, and not likely to harm the Company's reputation if publicized and otherwise consistent with the exercise of good judgment. Use of the funds or assets of the Company, directly or indirectly, to make political contributions, directly or indirectly, must be approved, in advance and in writing, by the Company's Chief Financial Officer and are subject to reviews by the Company's Internal Audit Manager and Legal Department.

**8. Books and Records.** Diodes Personnel must help to ensure that corporate books and records (which include virtually all forms of business documentation, including, without limitation, true and accurate expense accounts and travel and entertainment receipts) accurately and fairly reflect, in reasonable detail, all transactions and dispositions of assets. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose. No Diodes Personnel should participate in falsifying any accounting or other business record, and all Diodes Personnel must respond fully and truthfully to any questions from the Company's internal or independent auditors. Diodes Personnel are required to keep accurate records for their time, and the time-keeping requirements of government contracts must be strictly adhered to. Financial transactions must be lawful, made for the purposes stated and authorized by the Company. Forging or altering documents belonging to the Company is prohibited.

**9. Warning Signs.** Diodes Personnel must be alert for conduct that could signal that a Business Partner intends to make or conceal improper payments. This would include "red flags" like the following:

- a request for payment for expenses or purposes inconsistent with the terms of the agreement with the Business Partner;
- a request for payment to a third party;
- a request for payment in a form or to a bank or business location inconsistent with the terms of the agreement with the Business Partner;
- payments drawn from incorrect accounts;
- lack of documentation supporting a payment request; payments to a Business Partner who appears to lack the necessary qualifications or resources to perform; and
- a refusal to certify compliance with this Policy, the Company's Code of Business Conduct or applicable anti-bribery and anti-corruption laws and regulations.

**10. Compliance.** The Company has a principle of zero tolerance for violations of anti-bribery and anti-corruption laws or failure to comply with the Company's Code of Business Conduct or this Policy. The Company will impose appropriate disciplinary actions based on any individual violations or non-compliance situations. Disciplinary actions may include termination of employment or termination of business relationships with Business Partners.

**11. Failure to Prevent.** It is Diodes Personnel’s responsibility to help prevent a bribe or corrupt payment being paid by a person for or on behalf of the Company

**12. Penalties.** Offenses under the applicable anti-bribery and anti-corruption legislation may give rise to significant penalties, including fines and imprisonment.

**13. Hotline.** Diodes Personnel, Business Partners, and customers who wish to maintain anonymity and report any actual or potential violation of this Policy, the Company’s Code of Business Conduct, or other ethics issues (including any concerns about accounting, internal accounting controls, or auditing matters), may call NAVEX Global at the phone number(s) below. NAVEX Global is not staffed by personnel affiliated with the Company and is the independent hotline service retained by the Company to handle any anonymous calls regarding compliance issues.



Location	First Stage Phone Number <sup>1</sup>	Second Stage Phone Number
United States	855-316-2192	Not Applicable
China (North, Beijing)	10-811	855-316-2192
China (North, Beijing)	108-888	855-316-2192
Germany	0-800-225-5288	855-316-2192
Japan (NTT)	0034-811-001	855-316-2192
Japan (KDDI)	00-539-111	855-316-2192
Japan (Softbank Telecom)	00-663-5111	855-316-2192
Korea	00-309-11	855-316-2192
Korea	00-729-11	855-316-2192
Korea	00-369-11	855-316-2192
Taiwan	00-801-102-880	855-316-2192
United Kingdom	0-800-89-0011	855-316-2192
United Kingdom	0-500-89-0011	855-316-2192
United Kingdom	0-800-013-0011	855-316-2192

<sup>1</sup> Call the first stage telephone number. After connecting, follow the voice instruction to dial the second stage phone number. United States calls only dial the first stage phone number.

## 6. GFAB - Gender Pay Gap Report 20/21

(Snapshot date of 5 April 2020)

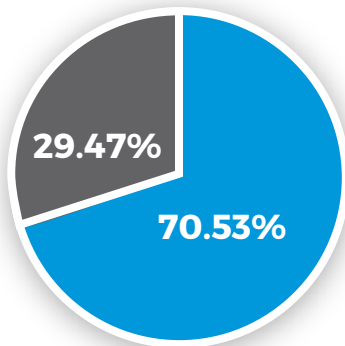
### What is the gender pay gap?

Under legislation that came into force in April 2017, UK employers with more than 250 employees are required to publish their gender pay gap. The gender pay gap, not to be confused with the issue of equal pay, shows the difference in the average hourly rate of pay between women and men in an organisation, expressed as a percentage of average male earnings. Organisations follow a methodology set out by the Government Equalities Office to calculate and report their mean and median gender pay gap, bonus gap, and distribution across pay quartiles. If an organisation has, for example, a 5% gender pay gap it means that women earn an average of 5% less per hour (excluding overtime) than men, or in other words the average female employee would earn 95p for every £1 earned by a male employee. A negative 5% gender pay gap would mean women earned an average of 5% more than men per hour.

### How will we close the gap?

We are clear that our gender pay gap is driven by a lack of women in senior positions – an issue which we have been working hard to address. We continue to make good progress but we still have work to do to and recognise that the gender pay gap cannot be removed overnight. However, we remain focused and committed to closing it as quickly as possible whilst continuing to take steps to ensure that we attract talented applicants from all backgrounds, create opportunities for all our employees to develop and progress, and challenge systems, processes and mindsets to ensure that they support women and men equally. Our focus is creating the building blocks for the future, changing perceptions of the engineering sector, enhancing our reputation as an employer, minimising bias and ensuring no barriers to employment, development and career progression exist within our workplace.

### Number of Employees



- Males
- Females

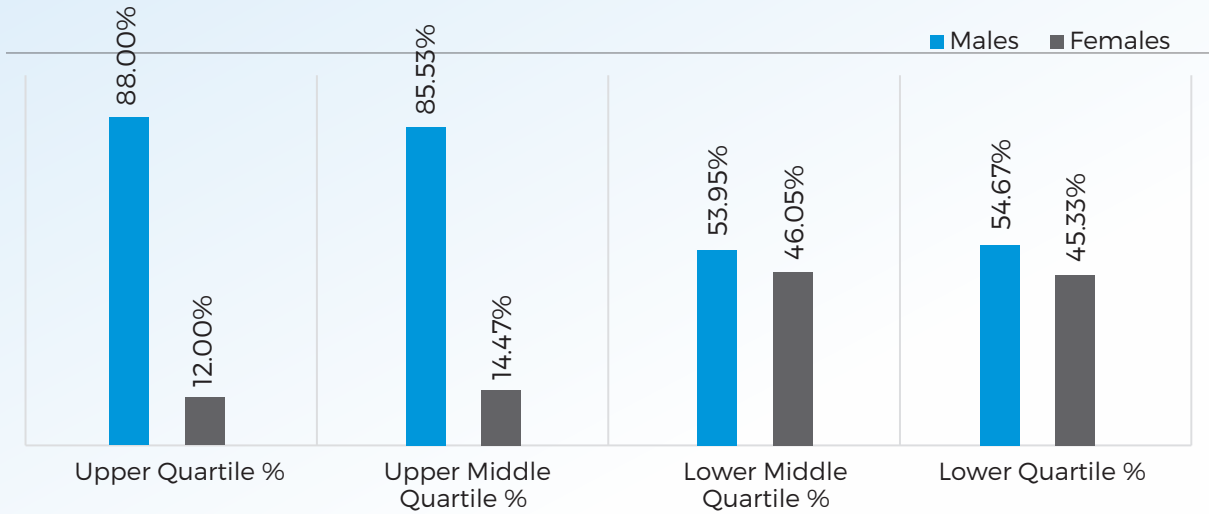
### Gender Gap

	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean:	12.29%	40.35%
Median:	11.1%	39.46%

### Proportion of Men and Women Receiving a Bonus



## Proportion of Men/Women in Each Quartile



### Understanding the Diodes Semiconductors pay gap

It's important for us to understand what the data shows, why we have this pay gap in our organisation and what we can reasonably do to address it. Currently around 29% of our workforce is female with the majority working in production areas. In some other areas of the business including HR, Finance and Purchasing, the majority are females. There is a distinct shortage of women working in senior roles across all of our business areas. Since the Diodes acquisition, we have hired more female leaders, managers, graduate engineers, and apprentices. As can be seen from our reported data, we have a higher proportion of men employed in the upper middle and upper quartiles. However, 33% of our leadership team are females and 38% of our Production Managers are females. In January 2016 a plan to close the site in December 2018 was announced. On 1st April 2019, Diodes Incorporated acquired the site forming Diodes Semiconductors GB Limited safeguarding over 300 roles and enabling Diodes Incorporated to expand its manufacturing and development footprint within the industry. Due to the timing of the acquisition, we are unable to publish data for restricted stock units (RSUs) which became taxable in June 2020 and therefore our Bonus figures are lower than in the previous year.

### Improving the Diodes Semiconductors pay gap

The competition to attract applications from talented female students is intense. It is almost impossible to achieve ambitious hiring targets whilst also maintaining a gender balance when, according to a recent report by the First Minister's National Advisory Council on Women and Girls,

- Girls account for 66% of Higher Biology entries, 53% for Chemistry, 48% for Maths and 28% for Physics.
- Just 16% of Computing entries are made by girls, and 10% for Engineering Science.
- 16% of Engineering and Technology entrants in higher education are women, and 20% for Computer Science. This rises to 62% for Medicine and Dentistry and 83% for Veterinary Science.

We are growing a community of female engineers and developing relationships with university departments, schools, and FE colleges, but unfortunately, we suffer from narrow and outdated stereotypes of what engineers do and the role they play in society. This is changing as we make more attempts to raise awareness of what engineers really do, celebrate those who are shaping the world we live in and change the narrow public perception of engineers and engineering. We will continue to improve our engagement at all levels within the education system, sometimes collaborating to change the perceptions of engineering and looking inside at our own processes as we aim to create a more sustainable talent pipeline.

Opportunities for career progression has always been an attractive employer trait considered by potential candidates at all levels and this is certainly becoming an important factor being considered by the modern workforce when deciding how to navigate their careers. Opportunities for career progression, competitive wages and benefits, and a culture of flexibility and work-life balance must be used to attract the best and brightest male and female talent to this business. Candidates increasingly want an accurate and honest impression of an employer's workplace experience and culture before deciding whether to join them. We will continue to actively focus efforts on increasing the number of experienced female engineers we employ, and our disclosures on fair and equal pay, embedding measures to close any gaps ranging from monitoring for and fixing pay discrepancies to establishing processes that prevent them from occurring in the first place.

## What are we doing to build the talent pool?

It is imperative that we secure a future talent pipeline to support our growth going forward. This begins with engaging with schools at all levels. As a business, we do support and will continue to support science, technology, engineering, and math (STEM) activity across schools in our local area. We are also now widening that pool to schools across the west of Scotland.

Our commitment is to encourage the younger generation to look to us as their future, as we look at them to be ours. We do this by closing the gap on the introduction of our technology and the promotion of STEM subjects, to supporting the apprenticeship family, including Foundation, Modern, and Graduate apprenticeships. We also support internships and are now beginning to grow our Graduate Program.

This supported by existing relationships with local universities, but also exploring new relationships with further educations establishments that are new to us.

We have been actively engaged in several initiatives:

### Generation Science

Generation Science is a touring arm of the Edinburgh International Science Festival and brings unique and inspiring science lessons directly to classrooms. Since 2011 over 13000 pupils have been involved in our local area in the workshops. Every primary school in Inverclyde Education Authority received at least one show or interactive workshop each year. This will continue once the current restrictions have been lifted.

### Recruitment

Over this last year we have engaged in activities that should help to close the gender gap that we have in our engineering teams when it comes to recruitment. Firstly, we have advertised our Intern and Graduate roles using Equate Scotland's career hubs. We have also worked on ensuring that our job descriptions and or adverts have been checked so that the language used is gender neutral so to encourage more women to apply.

### Further Education Engagement

Whilst this year has been particularly challenging, we will be looking at a programme of school visits again once restrictions have been lifted. However, our relationships with schools, colleges and universities continues to grow. We look forward to getting our Graduates and Apprentices back into the campuses to highlight the opportunities that are available at our site.

### Equality, Inclusion, and Diversity

This year we wanted to attract more women to our apprenticeship programme and worked in conjunction with Equate Scotland and West College Scotland to host an online event during Scottish Apprenticeship week. At this even we heard from three of our female engineers, a current apprentice, a technician, and a graduate process engineer. The three speakers told their stories in the hope of inspiring the next generation of women to enter STEM related careers. The event was attended by over 40 people, with some great feedback and we have had more females apply for our apprenticeship programme this year than ever before.

Through our work this year, we have seen an increase in the number of women applying for internships, graduate positions, and apprentice programs.

### General Information (Equate Scotland and Scottish Engineering)

STEM Industries are amongst the fastest growing across Europe but faces one of the biggest skills shortages.

Scotland alone needs 140,000 more engineers in the next 4 years in order to meet these shortages. Women must be included.

There is continued gender disparity in engineering: while women comprised 47.1% of the overall UK workforce in 2018, only 12.0% of workers in engineering occupations were female.

Women are strongly under represented in these fields, academically and in industry.

The UK has the lowest percentage of female engineering professionals in Europe – up until recently less than 10%, while Lithuania (57%), Bulgaria and Latvia (53%), Portugal (51%) and Denmark (just over 50%) have now exceeded the halfway mark.

12.37% of all engineers are women in the UK.

19% of engineers in Scotland are women – beating the rest of the UK, though much work is still needed.

To remain competitive, it is vital that women become a more equal part of the picture.

According to ONS, women in manufacturing earn 4% less than men on average.

70% of women with a STEM qualification leave STEM (2018 Statistic).

Women make up around 25% of Scotland's STEM workforce.

Less than 10% of women made up Modern Apprentices starts in Engineering and Energy in 2020.

The actual number is: 73 women in comparison to over 1,000 men started an Engineering & Energy MA in 2020.

In the UK women make up around 12% of Engineers (2020).

Inclusive and diverse teams (gender and race) make better decisions 87% of the time.

Less than 10% of women make up the UK's manufacturing workforce (2018 statistic).

## 7. OFAB - Gender Pay Gap Report 20/21

(Snapshot date of 5 April 2020)

### What is the gender pay gap?

Under legislation that came into force in April 2017, UK employers with more than 250 employees are required to publish their gender pay gap. The gender pay gap, not to be confused with the issue of equal pay, shows the difference in the average hourly rate of pay between women and men in an organisation, expressed as a percentage of average male earnings. Organisations follow a methodology set out by the Government Equalities Office to calculate and report their mean and median gender pay gap, bonus gap, and distribution across pay quartiles. If an organisation has, for example, a 5% gender pay gap, it means that women earn an average of 5% less per hour (excluding overtime) than men, or in other words the average female employee would earn 95p for every £1 earned by a male employee. A negative 5% gender pay gap would mean women earned an average of 5% more than men per hour.

### How will we close the gap?

We are clear that our gender pay gap is driven by a lack of women in senior positions – an issue which we have been working hard to address. We continue to make good progress but we still have work to do to and recognise that the gender pay gap cannot be removed overnight. However, we remain focused and committed to closing it as quickly as possible whilst continuing to take steps to ensure that we attract talented applicants from all backgrounds, create opportunities for all our employees to develop and progress, and challenge systems, processes and mindsets to ensure that they support women and men equally.

Our focus is creating the building blocks for the future, changing perceptions of the engineering sector, enhancing our reputation as an employer, minimising bias and ensuring no barriers to employment, development and career progression exist within our workplace.

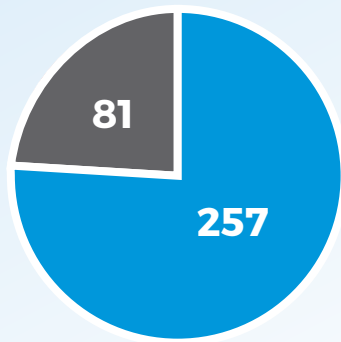
### Key findings

- The mean gender pay gap has reduced compared to last year by 1.36%.
- The distribution of male and female employees across our workforce is creating our gender pay gap – there are fewer women in higher paid roles and more women in lower paid roles.
- The proportion of women in the Upper Quartile has increased compared to last year by 2.21%.
- The average pay difference between men and women has reduced since 2019.

The employee population and gender pay gap figures used in this report are as at 5th April 2020 with bonus data from bonuses paid in the 12 months prior to that date.



### Number of Employees

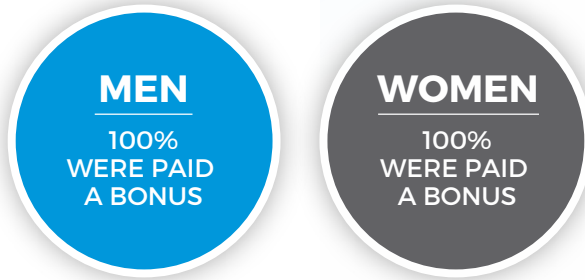


■ Males  
■ Females

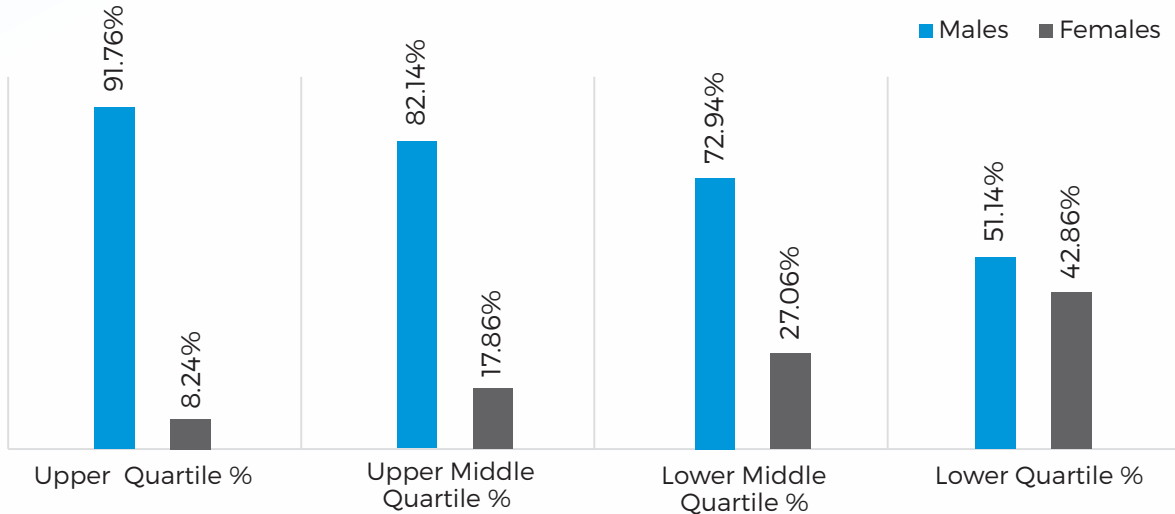
### Gender Gap

	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean:	21.44%	58.21%
Median:	24.35%	28.96%

### Proportion of Men and Women Receiving a Bonus



### Proportion of Men/Women in Each Quartile



### Improving the Diodes Zetex pay gap

It is almost impossible to achieve ambitious hiring targets whilst also maintaining a gender balance when, according to UCAS and findings from Wise campaigns, only 16% of engineering graduates in 2018/19 were female, an increase of only 1% in the previous year. As a result, the competition to attract applications from talented female students is intense. We are growing a community of female engineers and developing relationships with university departments, schools, and FE/HE colleges, but unfortunately we still suffer from narrow and outdated stereotypes of what engineers do and the role they play in society. This is changing as we make more attempts to raise awareness of engineering as a career, celebrate those who are shaping the world we live in and change the narrow public perception of engineers and engineering.

According to a report by Engineering UK 2019:

- 13% of all engineers are women in the UK.
- 29% of girls 11-14 consider a career in engineering desirable compared to 47.6% of boys.
- 33.7% of girls 14-16 consider a career in engineering desirable compared to 51.5% of boys.
- 34.2% of girls 16-19 consider a career in engineering desirable compared to 49.3% of boys.
- 22.6% of students starting A Level Physics in 2019 were female.
- The GCSE STEM subject with the lowest rate of participation among girls is in engineering, where only 1 in 10 entries are by girls.

We will continue to improve our engagement at all levels within the UK education system, sometimes collaborating to change the perceptions of engineering and looking inside at our own processes as we aim to create a more sustainable talent pipeline.

Opportunities for career progression has always been an attractive employer trait considered by potential candidates at all levels, and this is certainly becoming an important factor being considered by the modern workforce when deciding how to navigate their careers. Opportunities for career progression, competitive wages and benefits, and a culture of flexibility and work-life balance must be used to attract the best and brightest male and female talent to this business.

Candidates increasingly want an accurate and honest impression of an employer's workplace experience and culture before deciding whether to join them.

We will continue to actively focus efforts on increasing the number of experienced female engineers we employ, and our disclosures on fair and equal pay—from embedding measures to close any gaps ranging from monitoring for and fixing pay discrepancies to establishing processes that prevent them from occurring in the first place.

## What are we doing to build the talent pool?

It is imperative that we secure a future talent pipeline to support our growth going forward. This begins with engaging with schools at all levels. As a business we do support and will continue to support STEM activity across all schools in our local area. As a 'Cornerstone' employer, we are part of a nationwide community that plays a crucial role in readying young people for the world of work, and in our case, inspiring them to consider the world of engineering as a future career choice.

We have been actively engaged in several initiatives:

### Education and Industry Liaison

Over a number of years, our site has hosted multiple visits from young people of all ages from local schools and colleges. A number of managers and engineers have been involved in presentations to young people exploring potential career opportunities within our industry. Activities include assembly presentations, careers fairs, supporting local Make It Challenges, mentoring Primary Engineer, supporting Go4Set Programmes and mentoring EDT teams on Industrial Cadet programmes from local schools. We will continue to work with local schools and colleges to support our local young people in the development of employability skills in readiness for entering the world of work.

We also provide a wide variety of work experience placements to young people of all ages from local schools, colleges and universities.

## Year in Industry

With the current backdrop of a STEM skills shortage and an ageing workforce, university placements are essential for building our future talent pipeline. The company has taken part in the Year in Industry Programme organised by the Engineering Development Trust and have sponsored more university students through this programme year-on-year. Year in Industry offers young people the opportunity to gain professional development by working in industry on a one year paid placement. The programme is becoming a key part of our graduate recruitment strategy by providing access to talented and dedicated students. In 2019 we re-employed a Year in Industry student following graduation into an Industrial Engineering role.

## STEM Ambassadors

The company has developed a pool of engineers to become experienced STEM Ambassadors. Continuing to develop more STEM Ambassadors from within the organisation is a key part of our strategy to support and guide young people to consider a career in engineering. These STEM Ambassadors act as role models for young people across the region as they focus on changing the perception of engineering as a career choice through participation in a wide range of activities and events, including Primary Engineer, Go4Set, Engineering Education Scheme, etc.

## Growing our Next Generation

With skills shortages and an ageing workforce, investment in the development of our next generation talent is crucial. We are already seeing results from our “grow our own” strategy. This is something that we will continue to drive in the future. Key parts of our strategy are an apprenticeship programme covering targeted roles in engineering, manufacturing, logistics, and QA alongside a Graduate Development Programme. We are excited to see our future engineers and leaders in the making flourish.

## The Tomorrow’s Engineers Code

We have recently become a signatory to The Tomorrow’s Engineers Code committing to common goals and pledges to increase the diversity and numbers of young people entering engineering careers. We have made four pledges about our approach to funding, designing, delivering, and learning from engineering-inspiration activities including STEM programmes dedicated to inspiring young people into engineering.

## 8. CORPORATE GOVERNANCE GUIDELINES

Adopted: April 13, 2004

Updated: June 3, 2021

The Board of Directors (the "Board") of Diodes Incorporated (the "Company") has adopted the following principles to further its continuing efforts to enhance corporate governance. The Board will review and amend these guidelines from time to time as it deems necessary and appropriate.

### A. Role and Composition of the Board of Directors

1. The stockholders elect the Board to oversee their interest in the long-term health of the business and its financial strength. The Board is the ultimate decision-making body of the Company, except with respect to those matters reserved for the stockholders by statute or by our charter. The Board 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.
2. The core responsibility of the Board is to exercise their business judgment to act in what they reasonably believe is the best interests of the Company and the stockholders. Directors must fulfill their responsibilities consistent with their fiduciary duty to the stockholders, in compliance with all applicable laws and regulations.
3. The Company's Bylaws state that the directors shall be elected at each annual meeting of the stockholders and that each director shall hold office until his successor has been elected or until his earlier death, resignation or removal.
4. The Company's Bylaws state that every stockholder entitled to vote at any election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his shares are entitled, or to distribute his votes on the same principle among as many candidates and in such manner as he shall desire. The candidates receiving the highest number of votes up to the number of directors to be elected shall be declared elected.

### B. Composition of Board of Directors

1. It is the policy of the Company that the Board consists of a majority of independent directors as defined under the rules of the NASDAQ Stock Market ("Nasdaq"), and as further determined under director qualification standards recommended by the Governance and Stockholder Relations Committee.<sup>1</sup>
2. It is the policy of the Company that the number of directors does not exceed a number that can function efficiently as a body. Our Bylaws provide for a Board size ranging between 5 and 17, with the number of directors currently set by the Board at 8. The Governance and Stockholder Relations Committee considers candidates to fill new positions created by expansion and vacancies that occur by resignation, by retirement or for any other reason.
3. The Board from time to time will determine the leadership structure that serves it best. The Board has no policy requiring the separation of the offices of Chairman of the Board and Chief Executive Officer. The Board may, but is not required to, appoint an independent director as Lead Director. The Board believes that it is in the best interests of the Company for the Board to make determinations on these issues depending on current and anticipated circumstances.
4. Directors are nominated by the Board or by stockholders in accordance with the Bylaws. The Governance and Stockholder Relations Committee will review all nominees for the Board in accordance with its charter.

The assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's or other related industries, and the specific criteria developed by the Governance and Stockholder Relations Committee. Final approval of a candidate is determined by the full Board.

5. The Compensation Committee annually reviews the compensation of directors. All directors will receive a part of their compensation in Restricted Stock Units or options to purchase stock.

6. A Board member will not be eligible to stand for re-election to the Board after attaining the age of 75 ("Board Member Age Requirement"). The Board has considered implementing term limits for service on the Board but believes that such limits can result in the loss of directors who have developed, over a period of time, an in-depth understanding of the Company, its objectives, and operations. The Board may review and waive the Board Member Age Requirement for a maximum of five times per Board member, and each waiver shall be valid and effective until the next election of directors.

7. To further its policy of having major decisions made by the Board as a whole, the Company has a full orientation and continuing education process for Board members which include extensive materials, meetings with key management, and visits to Company facilities.

### C. Functioning of the Board

1. The Chairman of the Board sets the agenda for Board meetings, with the understanding that certain items pertinent to the advisory and monitoring functions of the Board will be brought to it periodically by senior management for review or decision. For example, the annual corporate budget is reviewed by the Board. Agenda items that fall within the scope of responsibilities of a Committee of the Board are reviewed with the chair of that Committee. Any member of the Board may request that an item be included on the agenda.

2. The Lead Director of the Board, if any, shall have the following duties: to preside at executive sessions of the independent directors; serve as principal liaison between the independent directors and the Chairman; work with the Chairman to set and approve the schedule and agenda for meetings of the Company's Board and its committees; direct the retention of advisors and consultants who report directly to the Board; serve as liaison for consultation and communication with stockholders; oversee the annual evaluation of our Board and its committees; and evaluate, in cooperation with the Compensation Committee and all members of the Board, the Chief Executive Officer's performance.

3. Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the directors to prepare for discussion of the items at the meeting.

4. At the invitation of the Board, members of senior management recommended by the Chairman and Chief Executive Officer may attend all or part of a Board meeting for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations. In addition, Board members have free access to all other members of management and employees of the Company.

5. As necessary and appropriate, Board members may consult with independent legal, financial and accounting advisors to assist in their duties to the Company and its stockholders.

6. Executive sessions or meetings of independent directors without management present are held regularly.<sup>2</sup>

7. Each director is expected to attend the annual meeting of the stockholders.

8. Each director is expected to attend every Board meeting, but, at a minimum, shall attend at least 75% of the meetings of the Board and every meeting of each Committee on which such director serves during each fiscal year.

9. Ordinarily, directors should not serve on more than four other boards of public companies in addition to the Board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the director's service on the Board.
10. Any director (including management directors) whose principal occupation or business association changes substantially during his or her tenure as a director will be expected to promptly submit a resignation as a director for consideration by the Board. The Governance and Stockholder Relations Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. The Board would not necessarily be expected to accept the resignation of a director who experiences such a change.
11. Upon retirement as an officer of the Company, the Chief Executive Officer will tender his resignation as a member of Board. The decision whether the Chief Executive Officer may retain his seat on the Board shall be made by the Governance and Stockholder Relations Committee.
12. The Board is required to conduct a self-evaluation of its performance at least annually to determine whether it is functioning effectively. The Governance and Stockholder Relations Committee will conduct this evaluation and review the results with the Board.
13. It is the general policy of the Company that the Board as a whole makes all major decisions. As a consequence, the standing committees of the Board are limited to those committees essential to, or mandated for, the operation of a publicly owned company of our size. Currently these standing committees of the Board are the Audit Committee, the Compensation Committee, the Governance and Stockholder Relations Committee, and the Risk Oversight Committee. Only independent directors serve on the Audit Committee, Compensation Committee, and the Governance and Stockholder Relations Committee. Each Committee of the Board has, and will continue to have, at least three members.
14. The Compensation Committee determines the compensation of the Chairman and Chief Executive Officer and his or her annual and long-term performance goals and evaluates his or her performance in light of those goals. The Compensation Committee has full authority in these matters, but in developing the compensation and performance goals the Compensation Committee consults with the Chairman and Chief Executive Officer and the full Board. The Compensation Committee also recommends and approves annual and long-term performance goals and compensation for senior management of the Company.<sup>3</sup>

## D. Succession Planning

1. The Governance and Stockholder Relations Committee will prepare annually a formal evaluation of the Chief Executive Officer by all non-employee directors. The evaluation should have the purpose of reinforcing the Board's confidence in the Chief Executive Officer and should be based on several criteria including the performance of the business, accomplishment of long-term strategic objectives and development of management. This evaluation shall be communicated to the Chief Executive Officer and the Board.
2. The Chief Executive Officer shall review his or her list of potential successors for each of the Company's senior managers with the Governance and Stockholder Relations Committee and the Board no less frequently than annually.
3. There should be available, on a continuing basis, the Chief Executive Officer's recommendation as to his or her successor should he or she be unexpectedly disabled.
4. The Chief Executive Officer will keep the Board informed as to who is in charge of the Company's affairs in the event he or she is temporarily incapacitated or in the event he or she is unable to be reached during an emergency.
5. The Chief Executive Officer should review no less than annually his or her evaluation of the performance of the Company's senior managers with the Board.

## E. Functioning of Committees

1. The Audit Committee, Compensation Committee, and Governance and Stockholder Relations Committee consist only of independent directors.
2. The Audit Committee, Compensation Committee, Governance, and Stockholder Relations Committee and Risk Oversight Committee operate pursuant to written charters, which are available for investors to view on the Company website.
3. The chair of each Committee of the Board determines the frequency, length, and agenda of meetings of each of the Committees. The agenda provides sufficient time to consider each item of business. Committee members receive materials related to agenda items sufficiently in advance of a meeting when necessary to allow the members to prepare for discussion.
4. The Board determines the responsibilities of each Committee, subject to legal and regulatory requirements. The members of each Committee of the Board review and assess the adequacy of their respective charters on an annual basis and recommend changes to the Board.
5. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and each such registered public accounting firm reports directly to the Audit Committee.
6. The Audit Committee establishes procedures for receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting and auditing matters.
7. The Audit Committee, as necessary and appropriately, may consult with independent legal, financial and accounting advisors to assist in their duties to the Company and its stockholders.<sup>4</sup>
8. The Compensation Committee makes recommendations to the Board regarding compensation, benefits and incentive arrangements for officers and other key employees of the Company.<sup>5</sup>
9. The Governance and Stockholder Relations Committee identifies individuals qualified to be Board members, consistent with criteria approved by the Board and recommends the director nominees to be selected by the Board.<sup>6</sup>
10. The Risk Oversight Committee oversees the Company's risk management process and provides reasonable assurance that processes are in place to identify, assess, monitor, manage, and disclose risks that may have a material adverse effect on the achievement of the Company's strategic objectives.<sup>7</sup>
11. Each Committee of the Board will conduct a self-evaluation at least annually to determine whether it is functioning effectively.

## F. Independent Directors

1. In keeping with the rules of Nasdaq, a majority of the Board is composed of independent directors. From time to time, the independent directors meet separately or hold executive sessions to discuss and make decisions regarding matters including the supervision of management and those matters reserved for determination by independent directors under the rules of Nasdaq and the Securities and Exchange Commission ("SEC").
2. A meeting or executive session of the independent directors is presided over by the chair of the Committee having principal authority over the subject matter of the meeting or session. The Board believes that this practice provides for leadership at all of the meetings or executive sessions of independent directors without the need to designate a lead director.

## G. Stock Ownership Policy and Stock Holding Policy

1. Within five years of the later of (1) the adoption of this stock ownership policy (July 19, 2007) or (2) appointment or initial election, each non-employee director shall acquire (and thereafter through the term of appointment maintain ownership of) a minimum number of shares of Common Stock with a value equal to three times the annual retainer.
2. Within five years of the later of (1) the adoption of this stock ownership policy (February 22, 2013) or (2) appointment (other than a newly-appointed Chief Executive Officer, who has seven years to comply), each executive officer shall acquire (and thereafter through the term of appointment maintain ownership of) shares of Common Stock with a value equal to (1) six times his or her annual base salary (excluding bonus) in the case of the Chief Executive Officer and (2) two times his or her annual base salary (excluding bonus) for any Senior Vice President or Vice President.
3. A hardship exception is available at the discretion of the Compensation Committee.
4. Stock ownership includes any shares owned by an executive officer or director or his or her immediate family or held by him or her as part of a tax or estate plan in which he or she retains beneficial ownership.
5. The value of shares held is calculated once per year, on the last business day of the fiscal year. For purposes of determining compliance with this stock ownership policy, "value" means an assumed per share value based on the closing price of Common Stock on the last business day of the fiscal year.
6. If any executive officer or director was determined to own less than the minimum number of shares of Common Stock, such executive officer or director shall have the two open periods after the two subsequent "Blackout Periods" (as defined in the Company's insider trading policy) to obtain the minimum number of shares of Common Stock.
7. An executive officer or director subject to this stock ownership policy is not required to acquire shares of Common Stock in accordance with this policy if acquisition at such time would result in a violation of the Company's insider trading policy, in which event the executive officer or director is required to comply with this stock ownership policy as soon as reasonably feasible thereafter.
8. Each executive officer or director who acquires shares of Common Stock through the exercise of a stock option shall retain 33% of the "net" shares acquired (i.e., net of the tax impact of the stock option exercise) until the earlier to occur of the first anniversary of the date of exercise or the date the individual ceases to be an executive officer or director. This stock retention policy applies to all stock option grants awarded to executive officers or directors.

## H. Conflicts of Interest

1. The Company will not make any personal loans or extensions of credit to directors or executive officers.
2. The Audit Committee conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, all in accordance with such procedures as the Audit Committee may adopt from time to time.<sup>8</sup>
3. To help maintain the independence of the Board, all directors are required to deal at arm's length with the Company and its subsidiaries and to disclose any transaction or circumstance affecting the director that might be perceived as creating an interest that conflicts with, or is different from, the interest of the Company and its stockholders.



## I. Policies on Business Ethics and Conduct

1. The Board has adopted a Code of Conduct applicable to all directors, officers and, employees and makes it available to the public. The Code of Conduct also complies with the provision of Item 406 of Regulation S-K that requires a code of ethics applicable to the principal executive, financial, and accounting officers, which includes such standards as are reasonably necessary to promote the ethical handling of conflicts of interest, full and fair disclosure, and compliance with laws, rules, and regulations.<sup>9</sup>
2. The Chief Executive Officer, Chief Financial Officer, and all senior financial personnel are required to abide by our Code of Conduct to ensure that a climate of ethical, law-abiding, fair, and honest conduct exists throughout our organization.
3. Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of our Code of Conduct. The Sarbanes-Oxley Act of 2002 requires companies to have procedures to receive, retain, and treat complaints received regarding accounting, internal accounting controls, or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. We currently have these procedures in place, and we will monitor any rules adopted by the SEC to determine whether we need to modify our process. The Company also encourages customers, vendors and interested parties to report any conduct that they believe in good faith to be an actual or apparent violation of our Code of Conduct.
4. At any time, for any reason, employees who wish to maintain anonymity and report any actual or potential violation of this Policy or other ethics issues (including any concerns about accounting, internal accounting controls or auditing matters), may call the NAVEX Global at the phone number(s) below. The NAVEX Global is not staffed by personnel affiliated with the Company and is the independent hotline service retained by the Company to handle any anonymous calls regarding compliance issues.

Location	First Stage Phone Number <sup>10</sup>	Second Stage Phone Number
United States	855-316-2192	Not Applicable
China (North, Beijing)	10-811	855-316-2192
China (North, Beijing)	108-888	855-316-2192
Germany	0-800-225-5288	855-316-2192
Japan (NTT)	0034-811-001	855-316-2192
Japan (KDDI)	00-539-111	855-316-2192
Japan (Softbank Telecom)	00-663-5111	855-316-2192
Korea <sup>11</sup>	00-309-11	855-316-2192
Korea <sup>11</sup>	00-729-11	855-316-2192
Korea <sup>11</sup>	00-369-11	855-316-2192
Taiwan	00-801-102-880	855-316-2192
United Kingdom	0-800-89-0011	855-316-2192
United Kingdom	0-500-89-0011	855-316-2192
United Kingdom	0-800-013-0011	855-316-2192

## J. Communication with Shareholders and External Entities

1. The Chairman and Chief Executive Officer are responsible for establishing effective communications with the Company's stakeholders, i.e., stockholders, customers, company associates, communities, suppliers, creditors, governments, and corporate partners. It is the policy of the Company that only management speaks for the Company.

2. The Board believes that the stockholders should have the ability to send written communications to the chair of any Committee, or to our independent directors as a group. Communications relating to any topic should be addressed as follows:

Chairman of the Board  
 c/o Richard Dallas White, Company Secretary  
 Diodes Incorporated  
 4949 Hedgcoxe Road, Suite 200  
 Plano, Texas 75024  
 United States of America

The Chairman of the Board will review all relevant communications with the Board.

## K. Director Resignation Policy

1. Promptly following the receipt of the final report from the inspector of election relating to an election of directors (other than elections in which the number of nominees exceeds the number of directors to be elected), any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election, will tender his or her resignation for consideration by the Board. Subject to paragraphs 3 and 4 below, the Governance and Stockholder Relations Committee (the "Governance Committee") will meet to consider the tendered resignation and make a recommendation to the Board concerning the action, if any, to be taken with respect to the resignation.

2. The Board will consider and act upon the Governance Committee's recommendation within 90 days of certification of the vote at the annual meeting. In considering the resignation, the Governance Committee and the Board will consider all factors they deem relevant, including, without limitation, the underlying reason for the vote result, if known, the director's contributions to the Company during his or her tenure, and the director's qualifications. The Board may accept the resignation, refuse the resignation, or refuse the resignation subject to such conditions designed to cure the underlying cause as the Board may impose.

3. Subject to paragraph 4 of this Director Resignation Policy, any director nominee who tenders a resignation pursuant to the foregoing policy will not participate, as a member of either the Governance Committee or of the Board, in any deliberations concerning his or her resignation or the resignation of any other director nominee who similarly tendered his or her resignation by virtue of the vote at the same annual meeting of stockholders. If with respect to the same annual meeting of stockholders a majority of the members of the Governance Committee are required to tender their resignation pursuant to this policy, then, provided that there are at least two directors on the Board whom the Board has determined to be "independent" pursuant to this policy and who are not required to tender their resignations in connection with the same annual meeting of stockholders (the "Non-Tendering Directors"), the Board will establish an ad hoc committee comprised of Non-Tendering Directors, and such committee will assume the role of the Governance Committee with respect to the tendered resignations. Notwithstanding the foregoing, if there are not at least two Non-Tendering Directors on the Board in connection with an annual meeting of stockholders, then the Board will consider the tendered resignations without the prior recommendation of a Board committee.

4. Notwithstanding anything to the contrary in this Director Resignation Policy, if the only directors who are not required to tender their resignations pursuant to these guidelines in connection with the same annual meeting of stockholders constitute three or fewer directors, then all the independent directors on the Board will participate in the Board's consideration of whether to accept or reject the tendered resignations (whether the Board's consideration follows a prior recommendation of the Governance Committee or a committee of Non-Tendering Directors or whether there is no Board committee involvement pursuant to paragraph 3 above), provided that a director will not participate in deliberations concerning his or her own resignation.

5. Within four business days of the decision regarding the tendered resignation, the Company will file with the SEC a report on Form 8-K disclosing the decision with respect to the resignation, describing the deliberative process and, if applicable, the specific reasons for rejecting the tendered resignation.

<sup>1</sup> Nasdaq 5605(b)(1)

<sup>2</sup> Nasdaq Rule 5605(b)(2)

<sup>3</sup> Nasdaq 5605(d)

<sup>4</sup> Nasdaq Rule 5605(c)(3); Sarbanes-Oxley Act of 2002, Section 301; SEC Rule 10A-3

<sup>5</sup> Nasdaq 5605(d)

<sup>6</sup> Nasdaq 5605(e)

<sup>7</sup> Item 407(h) of Regulation S-K

<sup>8</sup> Nasdaq Rule 5630

<sup>9</sup> Nasdaq Rule 5610; Sarbanes-Oxley Act of 2002, Section 406; Item 406 of Regulation S-K

<sup>10</sup> Call the first stage telephone number. After connecting, follow the voice instruction to dial the second stage phone number. United States calls only dial the first stage phone number.

<sup>11</sup> Press the red button (emergency button) before dialing the access number



[www.diodes.com](http://www.diodes.com)

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