

Diodes Semiconductors GB Limited

Gender Pay Gap Report 2022

What is the gender pay gap?

The gender pay gap is the difference between the average hourly earnings of a company's male and female employees. 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.

What's the difference between the mean and the median figures?

When talking about the gender pay gap people tend to talk about the median figure rather than the mean. The mean is calculated by adding up all of the wages of employees in a company and dividing that figure by the number of employees. This means the final figure can be skewed by a small number of highly paid individuals. The median is the number that falls in the middle of a range when everyone's wages are lined up from smallest to largest and is more representative when there is a lot of variation in pay.

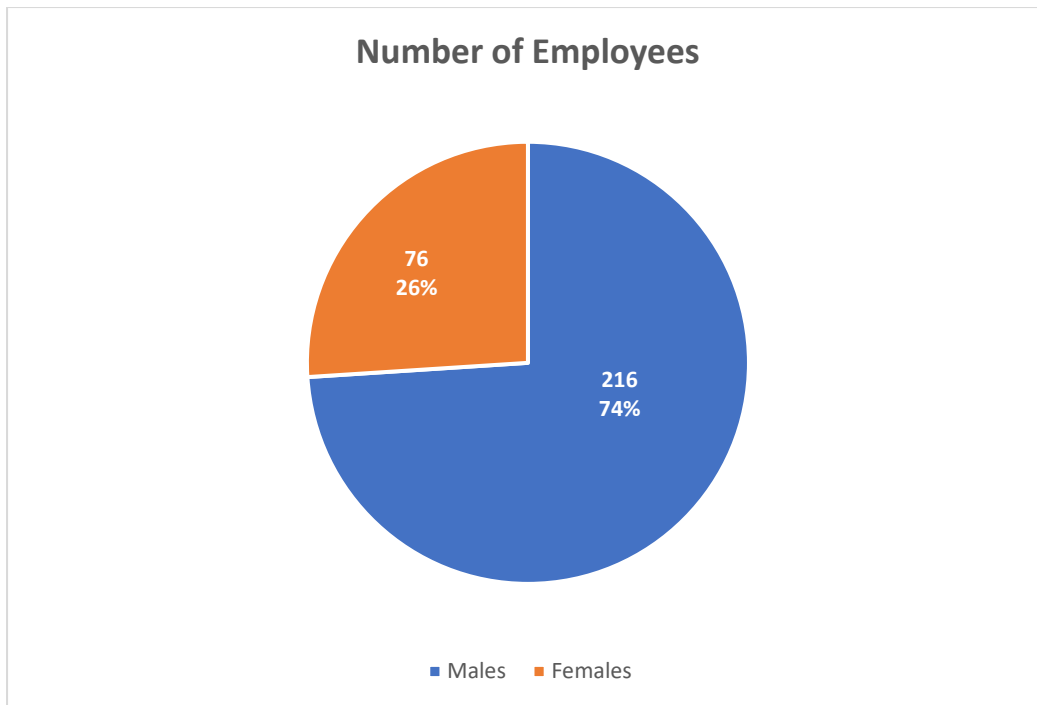
Does it mean women are being paid less than men in the same roles?

No. While some employers might be paying men and women differently for performing the same role or "work of equivalent value", this is an issue of equal pay. It is illegal to pay men and women different amounts for the same work, however that is not what gender pay gap reporting is set up to measure. Rather these figures show us the overall gender pay gap, as well as the bonus pay gap and the proportion of men and women in each quartile of the pay structure of the company.

We are committed to addressing the gender pay gap at Diodes Semiconductors, and continually seek to understand the barriers to equality, and we are determined to develop, and monitor, solutions that are innovative and effective.

Although we are confident that our employees are paid equally for doing the same or similar work regardless of gender, we are aware that the higher numbers of men in senior roles is creating a gender pay gap (a difference in the average overall pay between men and women).

The employee population and gender pay gap figures in this report are as of 5th April 2022. Our Gender Pay Gap Mean and Median are similar to last year's report.

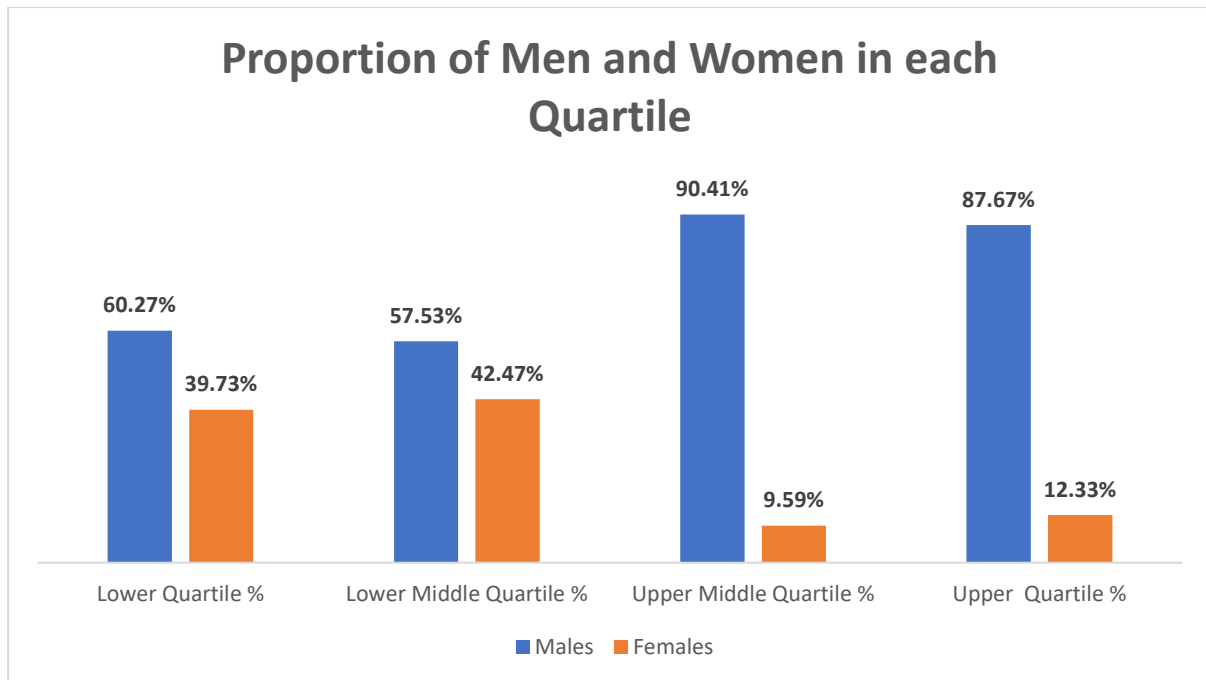


GENDER GAP

	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean	23.62%	41.44%
Median	24.10%	35.69%

PROPORTION OF MEN AND WOMEN RECEIVING A BONUS





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 26% 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. However, in the last two years 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, 25% of our leadership team are females and 38% of our Production Managers are females.

Improving the Diodes Semiconductors pay gap.

As a result, 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 continuing to grow a community of female engineers and developing relationships with university departments, schools and FE colleges. 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 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 business we do support and will continue to support STEM activity across all schools in our local area and we are also now widening that pool to schools across the west of Scotland.

Our commitment is to get 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 education 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 13,000 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. Having completed this, we have seen the number of female applicants increase by 50%.

Further Education Engagement

Whilst this year has continued to be challenging, we have taken part in some school activities, including Meet the Expert, where we showcased the value of STEM in high performance manufacturing.

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 have actively got involved with external parties to help make a difference. We are participating in the Equalities and Wellbeing in Manufacturing Works Group and have already made recommendations to the Scottish Government. This covers three key areas, Leadership, Flexible Working, Mental Health and Well Being from a quality, inclusion, and diversity perspective.

In recognition of our efforts to hire more women in engineering we were the proud winners of the Scottish Engineering Skills, Diversity, and Inclusion Award 2021.

This year has seen the return of in person events at schools, colleges and universities. We have attended events throughout all levels of further and higher education to highlight the opportunities that we have.

When we are attending high school or college events, we always encourage our apprentices to attend the events as they are able to tell the real-life story of working at Diodes. Currently we have 3 female apprentices who are very keen to share their experiences with other females who are interested in a career in a STEM subject.

When it comes to university events, again we proactively encourage our graduates to attend and more importantly our female graduates.

This year we have attended events at Strathclyde University, Inverclyde Academy and DYW STEM West.

Our plans for the coming year include an event on International Women's Day where we are hosting 35-40 female school pupils from Inverclyde who are interested in a career in STEM.

We are attending a number of high school career events to speak to young people to help them understand what employment and further education options are available to them.

This year we have also taken part in the Scottish Engineering Equality, Diversity and Inclusion Roundtable with other engineering/manufacturing companies in Scotland. In this we set out three areas to focus on – Attract, Retain and Develop:

- **Attracting** a more diverse population intending to have in a career in engineering.
- Ensuring that we **Retain** that intention through apprenticeship/college/university and especially in the world of work.
- **Developing** that talent to aid retention and ensure that diversity is present at all levels of organisations.

As we progress with the group, we are looking at how these focus areas can be improved in our organisations and communities.

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 underrepresented 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 and 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.)

James Hoare

European HR Director

Diodes Zetex Semiconductors Limited

Gender Pay Gap for the 22/23 reporting year

(which uses a snapshot date of 5 April 2022)

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 is the difference between the average hourly earnings of a company's male and female employees. 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.

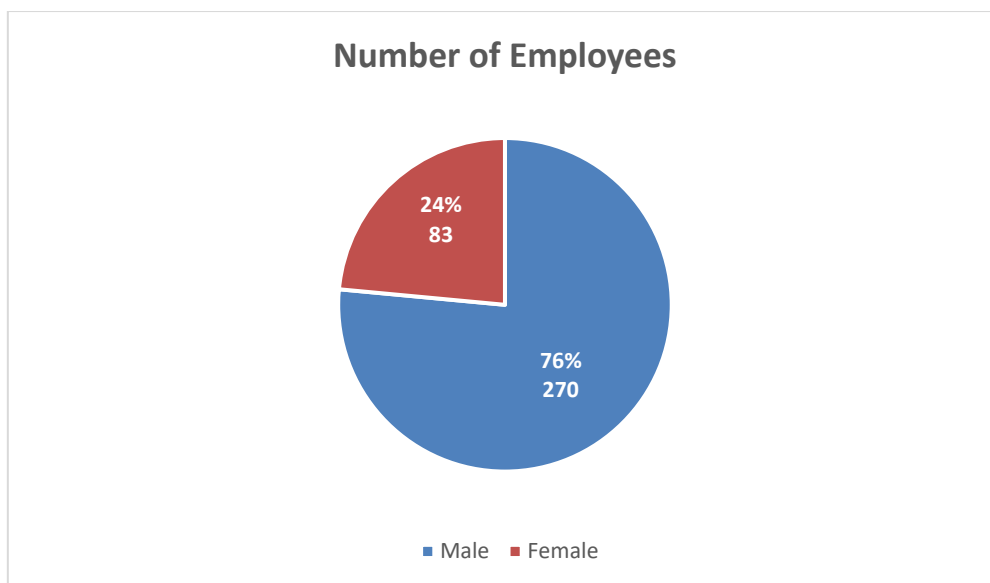
Our focus is creating the building blocks for the future, changing perceptions of the engineering sector, enhancing our reputation as an employer, minimising bias and ensuring no barriers to employment, development and career progression exist within our workplace.

We are committed to addressing the gender pay gap at Diodes Zetex Semiconductors, and continually seek to understand the barriers to equality, and we are determined to develop, and monitor, solutions that are innovative and effective.

Key findings

- The mean gender pay gap in 2019 was 22.8%, 2020 was 21.44%, 2021 was 18.9% and continuing the downward trend in 2022 was 14.1%.
- 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 from 9.52% in 2021 to 14.7% in 2022
- The average pay difference between men and women has reduced each year since 2017.

The employee population and gender pay gap figures used in this report are as at 5th April 2022 with bonus data from bonuses paid in the 12 months prior to that date.

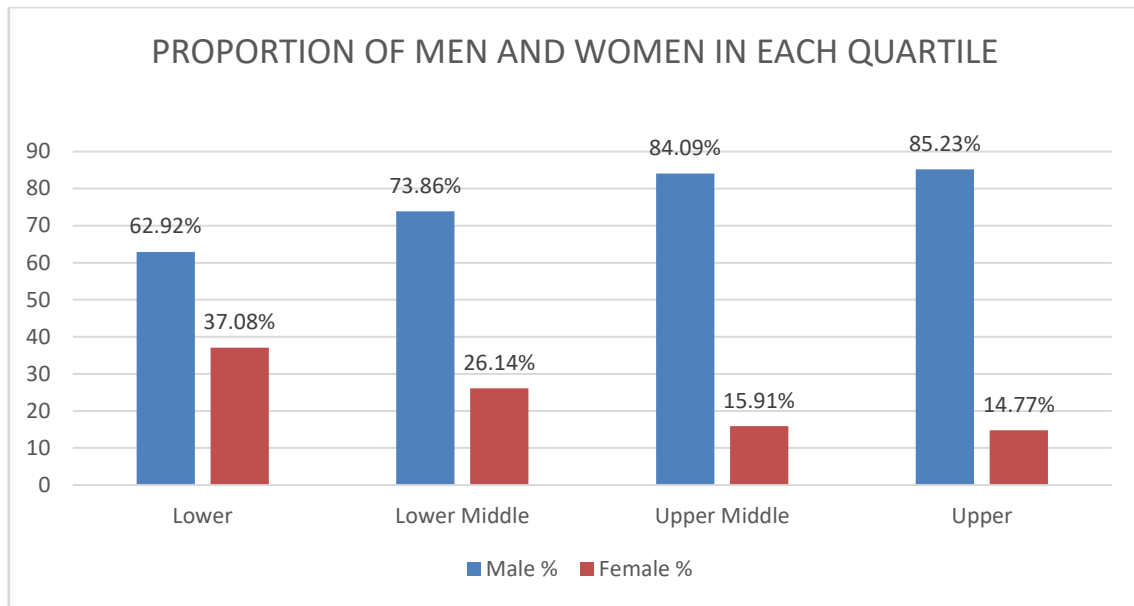


GENDER GAP

	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean	14.1%	51.57%
Median	15.51%	27.4%

PROPORTION OF MEN AND WOMEN RECEIVING A BONUS





Improving the Diodes Zetex pay gap

Currently around 24% of our workforce is female.

We are growing a community of female engineers and developing relationships with local schools, colleges and Universities. There still exists narrow and outdated stereotypes of what engineers do and the role they play in society. We are seeing this slowly changing as we work hard in attempts to raise awareness of engineering and the varied opportunities on offer as a career.

We will continue to improve our level of participation at all levels within the education system, collaborating with educators to change the perceptions of engineering

According to a report by Engineering UK 2021:

- Women make up just 16.5% of the UK's engineering pool
- Published in February 2023, only 18% of women are first year undergraduates in Engineering and Technology

We will also continue to look internally at our own processes as we aim to create a more sustainable talent pipeline.

Opportunities for career progression have always been a key consideration by potential candidates at all levels along with competitive compensation and benefits. Looking to the future a culture of flexibility and work-life balance must be used to attract the best and brightest male and female talent to this business.

We will continue to actively focus efforts on increasing the number of both experienced and trainee 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 STEM activity across all schools in our local area.

We have been actively engaged in several initiatives:

Education and Industry Liason

Over a number of years, our site has hosted multiple visits from young people of all ages from local schools and colleges. Activities include presentations, careers fairs, supporting local Make It Challenges, mentoring Primary Engineer, supporting Go4Set Programmes and mentoring EDT teams on Industrial Cadet programmes. 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.

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.

We are working on ensuring that our job descriptions and or adverts are written in a way so that the language used is gender neutral to encourage more women to apply.

Having completed this, we have seen the number of female applicants increase and in 2021 we hired 6 graduates, 5 male and 1 female and in 2022, we hired 4 Apprentice's, 3 Male and 1 Female.

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. We have re-employed four Year in Industry students following graduation into engineering roles.

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 future talent

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.

James Hoare

European HR Director