

Diodes Semiconductors GB Limited

Gender Pay Gap Report 2019

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. 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?

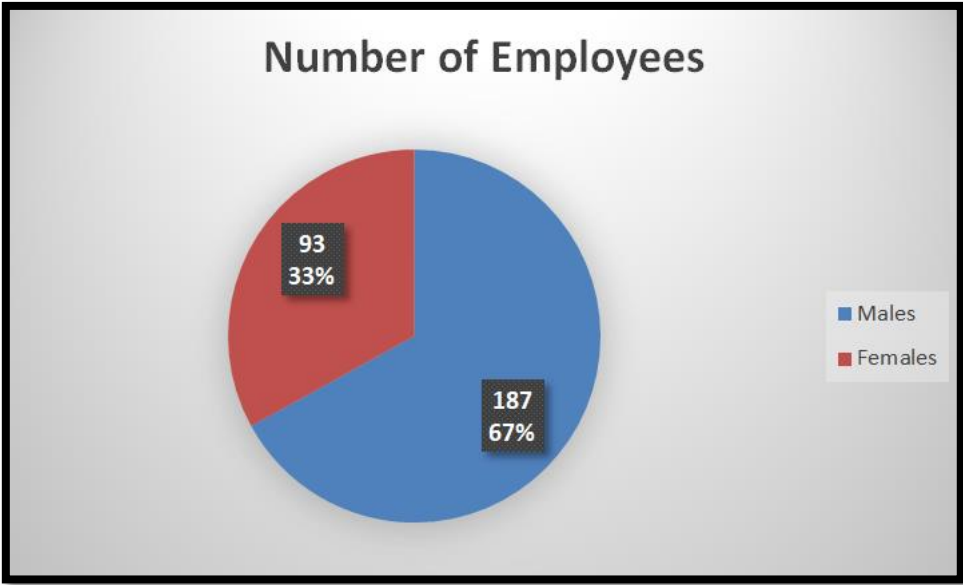
No. While some employers might be paying men and women differently for performing the same role or "work of equivalent value", this is an issue of equal pay. It is illegal in the UK to pay men and women different amounts for the same work, however that is not what gender pay gap reporting is set up to measure. Rather, these figures show us the overall gender pay gap, 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. We are determined to develop and monitor innovative and effective solutions to uphold equality in our workforce.

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).

In January 2016 the site announced a plan to close in December 2018. On 1st April 2019, Diodes Incorporated acquired the site and employees were transferred over pursuant to the Transfer of Undertakings (Protection of Employment) regulations. The site was saved from closure, safeguarding over 300 roles. This enabled Diodes to expand its manufacturing and development footprint within the industry.

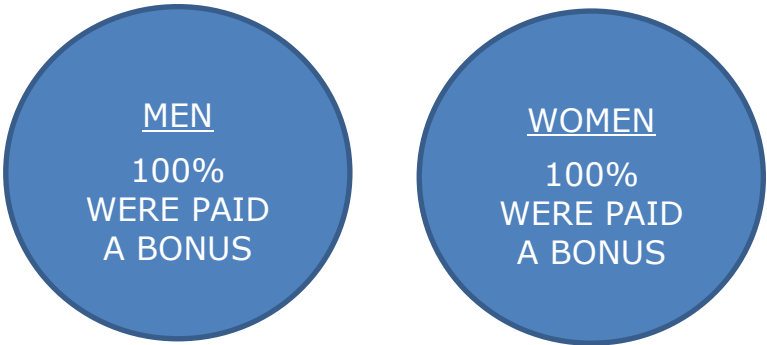
The employee population and gender pay gap figures in this report are as at 5th April 2019. Due to the timing of the acquisition, we are unable to publish bonus data as this was paid out before the acquisition. However, one hundred percent of males and females received a bonus.

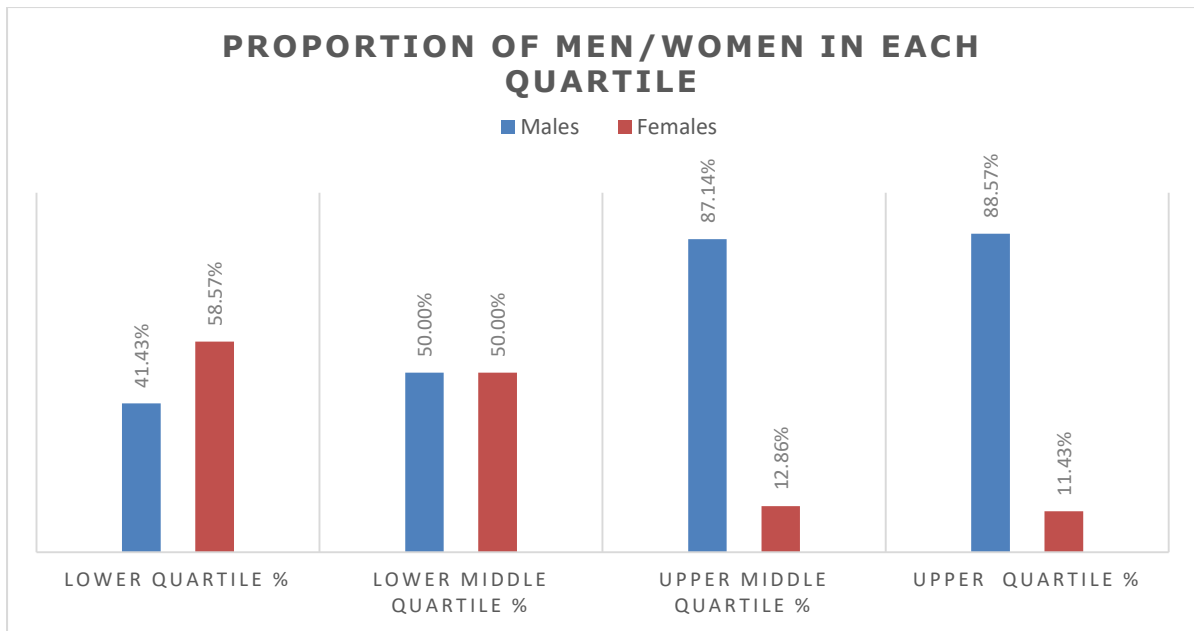


GENDER GAP

	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean:	29.9%	N/A
Median:	35.8%	N/A

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 33% of our workforce is female with the majority working in production areas. In other areas of the business such as 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, 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.

Improving the Diodes Semiconductors pay gap

As a result, the competition to attract applications from talented female students is intense. It is challenging to achieve ambitious hiring targets whilst also maintaining a gender balance when, according to the 2019 Report and Recommendation published 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.

- Women accounted for 3% of those who started a Modern Apprenticeship in Construction in the first quarter of 2018/19.
- All 60 Engineering & Energy Related apprenticeships started in the first quarter of 2018/19 were taken up by men.
- 19% of engineers in Scotland are women.
- 10% of senior managers in STEM professions are women.

We are growing a community of female engineers and developing relationships with university departments, schools, and further education (FE) colleges. One of the challenges we face are the 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 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 have 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 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 is supported by existing relationships with local universities, but also by exploring new relationships with newer education establishments.

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 organized by Diodes. Every primary school in Inverclyde Education Authority received at least one show or interactive workshop each year. We plan to continue these workshops in 2020/2021 and beyond.

School Visits

Over the last 10 years, this site has hosted multiple visits of primary, secondary, and additional support needs schools. Almost 100 pupils have visited our site in Greenock to participate in fun, educational experiments, visit our fabrication area, and learn more about the semiconductor industry. The plan going forward will be to work with local partners, including Developing the Young Workforce, to support a calendar of events throughout the year. For the next generation of young people to take the direction that is right for them, whether that be an apprenticeship, college, or university, we will work towards honing their skills and having them harness the right opportunities.

University Engagement

We continue to grow our relationships with universities and will be active in developing and supporting new processes and technology research, especially in the creation of our talent pipeline. We support initiatives such as The Engineering Academy, which is a pioneering programme that offers an alternative route into university and employment for Strathclyde University students. The first year is an enhanced HNC programme with direct transfer into the second year of one of the engineering degrees.

Equality, Inclusion, and Diversity

In conjunction with Scottish Engineering and Equate Scotland to help support more females in STEM and in Management, we are taking part in a Leadership Programme as part of the Inclusive Engineering Programme. The programme will support organisations to promote and develop more inclusive and diverse workplaces, so that everyone in Scotland has the opportunity to fulfil their potential.

With Equate Scotland, we are taking part in Careerwise, which is a groundbreaking placement scheme exclusively for women studying STEM subjects at Scottish Universities and Colleges.

With the current STEM skills shortage, an aging workforce, and the generational gap, placements are essential for building the talent pipeline and are a significant part of our recruitment process.

Diodes Zetex Semiconductors Limited

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We are committed to addressing the gender pay gap at Diodes Zetex, and continually seek to understand the barriers to equality. We are determined to develop and monitor innovative and effective solutions to uphold equality in our workforce.

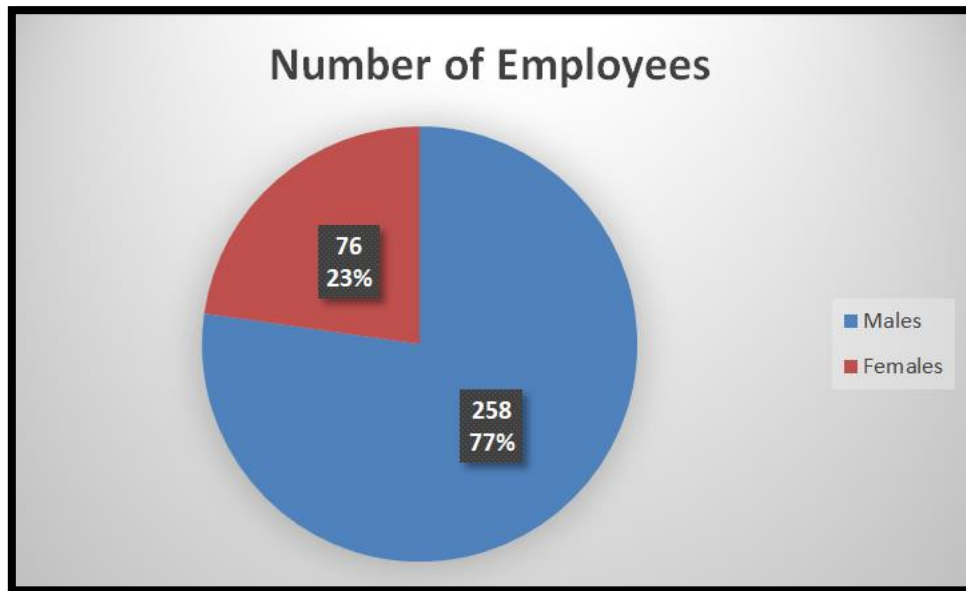
Although we are confident that our employees are paid equally for doing the same or similar work regardless of gender, we are aware that the higher numbers of men in senior roles is creating a gender pay gap (a difference in the average overall pay between men and women). It is encouraging that our gender pay gap has narrowed since we last published our report in 2018. However, we are not complacent and will work even harder to address issues of gender representation across our workforce.

Key observations:

- The average pay difference between men and women has reduced since 2017.
- The median gender pay gap has reduced compared to last year by 2.17%.
- 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.
- Although all employees receive a discretionary bonus payment linked to corporate performance, the gap is affected by the larger numbers of men in

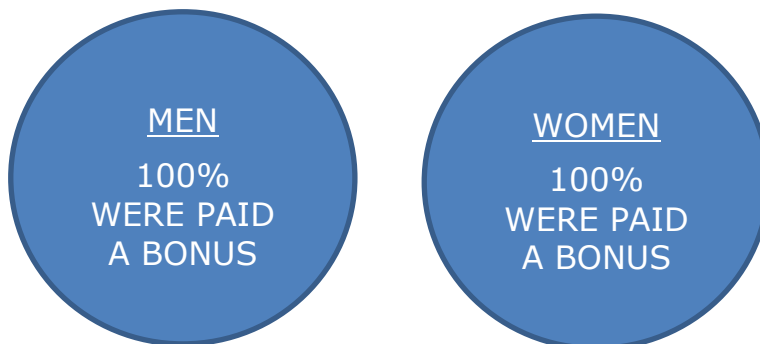
higher paid engineering roles who receive discretionary bonuses linked to personal performance.

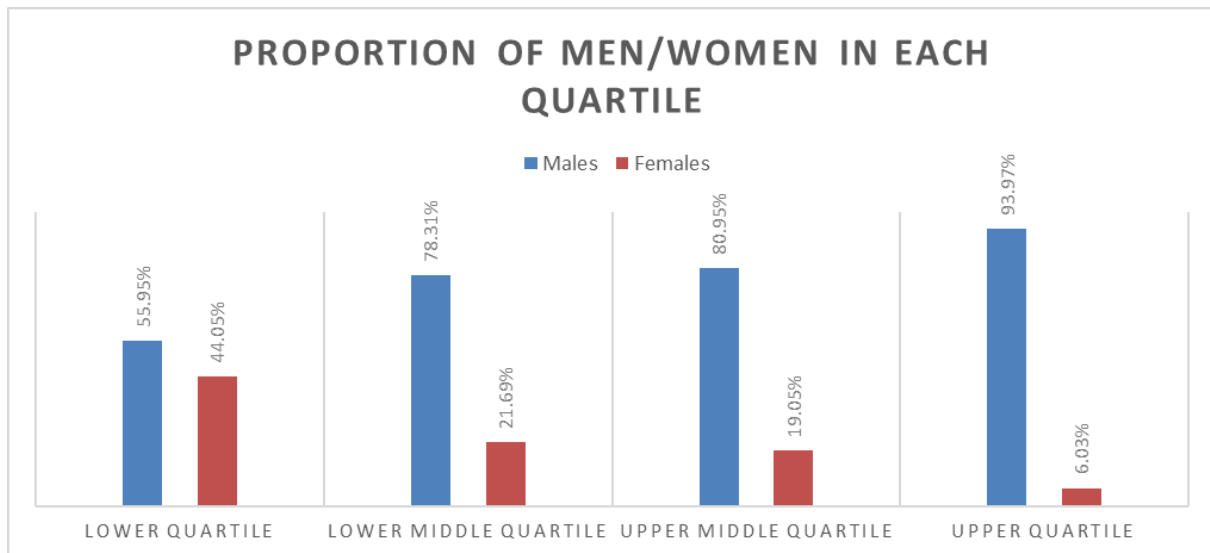
The employee population and gender pay gap figures used in this report are as of 5th April 2019, with bonus data from bonuses paid in the 12 months prior to that date.



	Pay Gap between Men & Women	Bonus Gap between Men & Women
Mean:	22.8%	51.54%
Median:	24.25%	35.03%

PROPORTION OF MEN AND WOMEN RECEIVING A BONUS





Improving the Diodes Zetex pay gap

It is challenging to achieve ambitious hiring targets whilst also maintaining a gender balance when, according to Universities and Colleges Admissions Service (UCAS) data, less than 20% of engineering graduates in 2017/18 were female.

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 further education (FE) colleges. One of the challenges we face are the 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.

According to the 2018 State of Engineering Report issued by EngineeringUK, a not-for-profit organisation that works in partnership with the engineering community to increase the number and diversity of young people choosing academic and vocational pathways into engineering:

- 12.37% of all engineers in the UK are women.
- 21.80% of women work in the engineering sector (incl. engineers)
- 46.4% of girls 11-14 would consider a career in engineering, compared to 70.3% of boys
- 42.0% of girls 14-16 would consider a career in engineering compared to 66.0% of boys
- 25.4% of girls 16-18 would consider a career in engineering compared to 51.9% of boys
- 22.2% of students starting A Level Physics in 2018 were female.

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?

Planning ahead is a crucial part of the talent pipeline strategy needed to support our future growth. This begins with engaging young people at all levels. As a business, we do support and will continue to support science, technology, engineering, and math (STEM) activity across schools, colleges, and universities 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 Liason

Over a number of years, our site has hosted multiple visits from young people of all ages from local schools. 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 a local Make It Challenge, and mentoring Primary Engineer and Go4Set 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 work experience placements to young people of all ages from local schools and colleges.

Year in Industry

With the current STEM skills shortage and an aging workforce, University placements are essential for building our 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-to-year. Year in Industry offers young people the opportunity to gain professional development by working in the industry over a one year paid placement. The Year in Industry programme is becoming a key part of our graduate recruitment strategy by providing access to talented and dedicated students.

STEM Ambassadors

The company has developed a small 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 young people. 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 own

With skills shortages and an ageing workforce, investment in the development of a Grow our Own strategy is starting to show results. Three recent engineering supervisory roles have all been filled internally by talented female engineers. This is something that we hope to see continue in the future. A key part of our Grow our Own strategy is an apprenticeship programme covering targeted roles in engineering, manufacturing, logistics, and QA—and we are excited to see our future engineers and leaders in the making.