

**DIODES INCORPORATED**  
**CORPORATE GOVERNANCE GUIDELINES**

Adopted: April 13, 2004  
Updated: February 13, 2014

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 shareholders, in compliance with all applicable laws and regulations.
3. The Company's By-laws 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 By-laws 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<sup>1</sup> as defined under the National Association of Securities Dealers rules, and as further determined under director qualifications standards recommended by the Governance and Stockholder Relations Committee.
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 7. 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. Although the roles of the offices of Chairman of the Board and Chief Executive Officer are currently held by different persons, the Board has no

policy requiring the separation of the offices. The Board believes that it is in the best interests of the Company for the Board to make determinations on this issue depending on current and anticipated circumstances.

4. Directors are nominated by the Board or by stockholders in accordance with the By-laws. 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 three 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 the Chief Executive Officer and 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. 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.
3. At the invitation of the Board, members of senior management recommended by the Chairman and Chief Executive Officer 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.

4. 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.
5. Executive sessions<sup>2</sup> or meetings of independent directors without management present are held regularly (Normally, such meetings will occur during regularly scheduled Audit Committee meetings).
6. Each director is expected to attend the annual meeting of the stockholders.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

13. The Compensation Committee<sup>3</sup> 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.

#### **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 and Governance and Stockholder Relations 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 become 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 adopts 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 Ethics 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 Ethics. 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 Ethics.
4. At any time, for any reason, you can contact Diodes Incorporated regarding ethics' submissions including any concerns about accounting, internal accounting controls or auditing matters. The following telephone numbers can be used for these anonymous submissions:

**United States: 866-913-2994**

**Northern China: 10-800-711-0631**

(Includes Beijing, Tianjin, Hebei, Shanxi, Neimenggu, Liaoning, Jilin, Heilongjiang, Henan and Shandong)

**Southern China: 10-800-110-0577**

(Includes Anhui, Chongqing, Fujian, Gansu, Guangdong, Guangxi, Hainan, Hunan, Hubei, Jiangsu, Jiangxi, Ningxia, Qinghai, Shanghai, Shaanxi, Xinjiang, Xizang, Yunnan and Zhejiang)

**Germany: 0800-187-3586**

**Taiwan: 00801-10-4060**

**United Kingdom: 0808-234-7051**

**J. Communication with Shareholders and External Entities**

1. The Chairman and Chief Executive Officer are responsible for establishing effective communications with the Company's stakeholder groups, i.e., stockholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners. It is the policy of the Company that 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 who 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 5605(c)(3); Sarbanes-Oxley Act of 2002, Section 301; SEC Rule 33-8220

<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 5610; Sarbanes-Oxley Act of 2002, Section 406