



## DIODES INCORPORATED

### Policy Regarding Recoupment of Executive Compensation

Adopted: February 12, 2014

Updated: February 21, 2017

In the event Diodes Incorporated (the “Company”) is required to restate any interim or annual financial statement filed with the Securities and Exchange Commission (the “Commission”) to correct an accounting error due to the material noncompliance of the Company, as a result of Misconduct, with any financial reporting requirement under the federal securities laws, the Board of Directors (the “Board”), or any committee of independent directors (as defined in Nasdaq Rule 4200(a)(15)) appointed by the Board (a “Committee”), shall review each Performance Based Award paid or granted to or exercised by each Covered Person during the Covered Period (as such terms are defined below).

The term “Covered Period” shall mean the 12-month period commencing on the first public issuance or filing with the Commission (whichever first occurs) of the financial statement that was the subject of the restatement.

The term “Covered Person” shall mean each executive officer (as defined in Rule 3b-7 under the Securities Exchange Act of 1934) and each other employee of the Company or any affiliate designated by the Board or a Committee. A person shall remain a Covered Person for purposes of this policy until the third anniversary of the termination of their employment by the Company or any affiliate.

The term “Misconduct” shall mean intentional misconduct, gross negligence or failure to report the intentional misconduct or gross negligence of another person, which was a contributory factor to the need for the restatement. Whether an action or failure to act constituted Misconduct shall be determined by the Board or a Committee in their sole discretion.

The term “Performance Based Award” means any compensation the payment, grant, amount, value or vesting of which was determined, in whole or in part, based on the achievement of financial results that were subsequently the subject of the restatement, including, without limitation, any cash bonus, stock option, restricted stock award or restricted stock unit.

If the Board or a Committee shall determine, in its sole discretion, that (1) a Covered Person has committed Misconduct and (2) the payment, grant, amount, value or vesting during the Covered Period of any Performance Based Award would have been different had it been determined, in whole or in part, based on the achievement of the financial results as subsequently restated, then the Board or such Committee may take such actions as it deems appropriate, including, without limitation, one or more of the following:

- require the Covered Person to promptly pay to the Company the amount by which any such cash Performance Based Award exceeded the amount that would have been paid to the Covered Person based upon the restated financial results;
- require the Covered Person to promptly pay to the Company any gain realized during the Covered Period on the sale of shares issued pursuant to any Performance Based Award, including those issued upon the exercise of any stock option or the vesting of any restricted stock award or restricted stock unit, regardless when granted to the Covered Person;

- require the Covered Person to forfeit and surrender shares of the Company's common stock issued pursuant to such Performance Based Award;
- cancel or revise the terms of any such outstanding Performance Based Award, including any stock option, restricted stock award or restricted stock unit;
- require the Covered Person to pay to the Company any profits realized during the Covered Period on the sale of any shares of the Company's common stock acquired pursuant to any Performance Based Award;
- terminate the employment of the Covered Person;
- adjust the future compensation of the Covered Person; or
- pursue any and all remedies available in law or equity, including, but not limited to, an action for breach of fiduciary duty.

The Company shall not take any of the foregoing actions more than three years after the end of the Covered Period. Nothing in this policy shall limit any remedy that otherwise may be available to the Company.

Where a financial result was considered in determining the Performance Based Award, but the Performance Based Award was not awarded or paid on a formulaic basis, the Board or a Committee shall determine in its sole discretion the amount, if any, by which the Performance Based Award shall be reduced, any resulting shares returned to the Company or any profits from the sale of such shares recouped by the Company.

In determining the appropriateness of taking such action with respect to any Covered Person, the Board, or a Committee, may consider all factors the Board, or the Committee, deems relevant, including, without limitation, the following:

- the extent to which any Misconduct of the Covered Person was a contributory factor to the need for the restatement;
- whether the action or failure to act of the Covered Person constituted fraud, bribery, or other illegal act or misconduct;
- the Covered Person's contribution to discovering the need for the restatement and effecting the restatement;
- the Covered Person's past and ongoing contributions to the Company;
- the potential impact of any such action on the ability of the Company to achieve its business and strategic objectives;
- the financial ability of the Covered Person to pay any amounts that may be sought;
- any legal impediments to taking any such action;
- the extent to which such actions would deter any future Misconduct;

- the extent to which such actions would recoup from the Covered Person an unearned benefit; or
- any penalties or other remedies imposed on the Company or the Covered Person by a third party, including a law enforcement agency or regulatory authority.

The Board shall have the power to amend this policy from time to time in its sole discretion. The Board shall amend this policy, as necessary, to comply with the final rules regarding recoupment of executive compensation adopted by the Commission pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

This policy shall not apply to a restatement that (1) is required or permitted under generally accepted accounting principles in the United States (“GAAP”) in connection with the adoption or implementation of a new accounting standard or (2) is caused by a change in the Company’s accounting practices as permitted under GAAP.