



2019 Cohu, Inc. Sustainability Report

Cohu has evaluated its sustainability initiatives under a framework promulgated by the Sustainability Accounting Standards Board.¹ Based on Cohu's SICs Industry Code, we referenced the appropriate SASB Standard for "Electrical and Electronic Equipment"² as well as other environmental and social factors that we consider most relevant to our business.³

This report covers Cohu's principal global operating sites, comprising fifteen (15) sites located in the United States, Europe and Asia, and including all manufacturing and research and development sites. Certain incidental sales offices are excluded from the energy and water usage statistics because data is not available at such sites and we believe that usage at those sites is immaterial to our overall energy and water consumption. The figures provided below are for calendar year 2019.

Topic/Metric	Description	Cohu (2019)
<i>Energy Management</i>		
(1) Total energy consumed	Energy consumption includes energy from all sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption. Energy consumption includes only energy directly consumed by the entity during the reporting period. Cohu reports its energy usage in Kilowatt-Hours (kWh).	21.3 million kWh
(2) Percentage grid electricity	The percentage is calculated as purchased grid electricity consumption divided by total energy consumption.	100%: All electricity consumed was grid electricity.

¹ See <https://www.sasb.org/>

² See <https://www.sasb.org/find-your-industry/>

³ The report does not address every element of the SASB standard for Electrical and Electronic Equipment, rather it addresses the sustainability topics that we have deemed most relevant to our business and for which data is available.

(3) Percentage renewable	Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, such as geothermal, wind, solar, hydro and biomass. The percentage is calculated as renewable energy consumption divided by total energy consumption.	24.4% renewable energy (5.2 million kWh)⁴
(4) Total water consumed	Total water directly consumed. Cohu reports its water consumption in liters.	42.9 million Liters
(5) Energy usage reduction goals	Goals to decrease energy usage and overall carbon emissions from operations.	In 2018, Cohu acquired Xcerra Corporation, which substantially increased the size of the company, its output, and doubled global employee headcount. Thereafter, Cohu developed and began to implement a global integration plan to improve operational efficiencies including the consolidation of various manufacturing facilities in the U.S., Europe and Asia. We believe that this plan, when fully implemented in 2020 and 2021, will materially reduce Cohu’s global energy and water usage and overall carbon emissions.
<i>Waste Management</i>		
(1) Amount of hazardous waste generated; percentage recycled	Total amount of hazardous waste generated, in kilograms. Disclose hazardous waste recycled.	Very few of Cohu’s sites generate material amounts of hazardous waste. More specifically, our Poway, California site generated <12,000 Kg and our Laguna Philippines site generated 149,000 Kg of hazardous waste. All hazardous waste was handled and disposed of in accordance with local laws and regulations.
(2) Number and aggregate quantity of reportable spills, quantity recovered	Total number and quantity (in kilograms) of reportable hazardous substance spills.	Cohu did <u>not</u> have any reportable hazardous waste spills.

⁴ Cohu relies upon its energy providers/utilities for this data

(3) Non-hazardous waste generated and recycled	Total amount of non-hazardous waste generated, in kilograms. Disclose non-hazardous waste recycled.	Cohu does not presently track total non-hazardous waste generated. However, we do track recycling initiatives. Cohu recycled approximately 789,600 Kg of paper, plastic, wood and other non-hazardous waste.
<i>Product Safety</i>		
(1) Number of recalls issued; total units recalled	Number of recalls issued and the total number of units recalled.	Cohu did <u>not</u> have any product recalls.
(2) Total amount of monetary losses as a result of legal proceedings associated with product safety	Total amount of monetary losses it incurred during the reporting period as a result of legal proceedings associated with product safety.	Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with product safety.
<i>Product Lifecycle Management</i>		
(1) Revenue from renewable energy-related and energy efficiency related products	Total revenue from renewable energy-related and energy efficiency-related products. Renewable energy-related products are defined as products and/or systems that enable the incorporation of renewable energy into established energy infrastructure.	Cohu provides semiconductor equipment used to automate, handle and test semiconductor devices used across many industries. Cohu does not disclose customer specific revenue, but we have identified five key customers that provide semiconductor solutions to manage and reduce power consumption and enable solar and wind power generation. We are enabling these important technologies including power management devices, controllers, inverters, motor drivers and gate drivers. We are proud to be a key supply chain partner to these customers.
<i>Materials Sourcing</i>		
(1) Description of the management of risks associated with the use of critical materials	Approach to managing its risks associated with the use of critical materials in products, including physical limits on availability and access, changes in price, and regulatory and reputational risks. Examples of critical materials include Antimony, cobalt,	A de minimis portion of Cohu's manufacturing processes utilize critical materials such as Cobalt, Palladium and Rhodium. In such cases, usage is monitored and buffer stock is maintained, and multiple suppliers are utilized

	fluorspar, gallium, germanium, graphite, indium, magnesium, niobium, tantalum, and tungsten; platinum group metals (platinum, palladium, iridium, rhodium, ruthenium, and osmium); Rare earth elements, which include yttrium, scandium, lanthanum, and the lanthanides (cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, and lutetium).	where possible. Cohu also uses generally available semiconductors (which such semiconductors may contain critical materials) in many of its Systems and relies upon its suppliers to maintain a business continuity plan. Cohu also maintains second sources where possible. Cohu could incur supply chain disruptions if a semiconductor supplier failed to maintain an effective business continuity plan and Cohu was unable to maintain a second source.
<i>Business Ethics</i>		
(1) Description of policies and practices for prevention of corruption and bribery, and anti-competitive behavior	Management’s system and due diligence procedures for assessing and managing corruption and bribery risks both internally and associated with business partners in its value chain.	Cohu’s ethics and compliance management system is multifaceted including periodic employee reminders and certification to our Code of Business Conduct and Ethics, internal mechanisms for reporting and following up on suspected violations, formal procedures for upward reporting to Cohu’s Audit Committee, periodic training and employee awareness programs (including FCPA training), cybersecurity training, quarterly compliance certifications by senior management and written anti-corruption policies.
(2) Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Total amount of monetary losses incurred during the reporting period as a result of legal proceedings associated with incidents relating to bribery and corruption.	Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with bribery or corruption.
(3) Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Total amount of monetary losses it incurred during the reporting period as a result of legal proceedings associated with anti-competitive behavior, such as those related to enforcement of laws and regulations on price fixing, antitrust	Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with anti-competitive behavior regulations.

	behavior (e.g., exclusivity contracts), patent misuse, or network effects and bundling of services and products to limit competition.													
(4) Political Activity	Political contributions or lobbying expenses.	Cohu did <u>not</u> make any direct monetary contributions to any political campaign, nor incur any direct expenses for lobbying to influence any laws. Cohu may occasionally be a member of business associations where such associations may lobby on industry issues.												
<i>Employee Diversity and Inclusion</i>														
(1) Percentage of gender and racial/ethnic group representation of employees	For U.S. employees, categorize employees in accordance with the Equal Employment Opportunity Commission’s Employer Information EEO-1 report (EEO-1 Survey) Instruction Booklet.	<p>Cohu tracks race/ethnicity only in the U.S. (based on 662 U.S. employees):</p> <table border="1"> <thead> <tr> <th>Race/Ethnicity</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Underrepresented groups⁵</td> <td>38%</td> </tr> <tr> <td>White</td> <td>62%</td> </tr> </tbody> </table> <p>Gender (Global, based on 3,116 employees):</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>26%</td> </tr> <tr> <td>Male</td> <td>74%</td> </tr> </tbody> </table>	Race/Ethnicity	% of Total	Underrepresented groups ⁵	38%	White	62%	Gender	% of Total	Female	26%	Male	74%
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<i>Activity Metrics</i>														
(1) Number of employees	Number of employees worldwide.	At year-end 2019, Cohu had 3,116 employees worldwide												

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⁵ Includes employees who identified as Native American/Alaskan, Asian, Black/African American, Hispanic/Latino, Native Hawaiian/Pacific Islander

Forward-Looking Statements:

Certain statements contained in this report may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding expectations that the 2020 and 2021 integration plan will result in material reductions to Cohu's global energy and water usage and overall carbon emissions, risk management strategies for critical materials, and any other statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance.

Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: The ongoing global COVID-19 pandemic has adversely affected, and is continuing to adversely affect, our business, financial condition and results of operations, and the recent COVID-19 resurgence may at any time abruptly impact our business; COVID-19 has caused (and may cause again at any time) disruption or temporary shutdowns of our factories or those of our suppliers; Other significant risks associated with the Xcerra acquisition, integration and synergies including the failure to achieve the expected benefits of the acquisition, and mandatory ongoing impairment evaluation of goodwill and other intangibles whereby Cohu could be required to write off some or all of this goodwill and other intangibles; Continued availability of capital and financing and additional rating agency downgrade actions, and limited market access given our high debt levels; Our Credit Agreement contains various representations and negative covenants that limit our business flexibility; Changes to or replacement of LIBOR may adversely affect interest rates; Adverse investor reaction to the recently suspended cash dividend; Other risks associated with acquisitions; inventory, goodwill and other asset write-downs; Our ability to convert new products into production on a timely basis and to support product development and meet customer delivery and acceptance requirements for new products; Lost productivity, project delays and internal control risks due to ongoing employee "work from home" programs; Our reliance on third-party contract manufacturers and suppliers; Failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; Market demand and adoption of our new products; Customer orders may be canceled or delayed; Design-wins may or may not result in future orders or sales; The concentration of our revenues from a limited number of customers; Intense competition in the semiconductor equipment industry; Our reliance on patents and intellectual property; Compliance with U.S. export regulations; Impacts from the Tax Cuts and Jobs Act of 2017 and ongoing tax examinations; Geopolitical issues, trade wars and Huawei/HiSilicon export restrictions (including new restrictions effective in May and August 2020); Retention of key staff; Other health epidemics or natural disasters; ERP system implementation issues particularly as Cohu launched a new ERP system throughout 2020 and plans a broader rollout in 2021; The seasonal, volatile and unpredictable nature of capital expenditures by semiconductor manufacturers and, as such, current demand may materially weaken without any advance notice from customers; and Rapid technological change.

These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including the most recently filed Form 10-K and Form 10-Q, and the other filings made by Cohu with

the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable law, Cohu does not undertake any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.