



## 2020 Cohu, Inc. Sustainability Report

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

This report covers Cohu’s principal global operating sites, comprising fourteen (14) 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 2020.

### 2020 Highlights

- Cohu previously announced plans to consolidate certain manufacturing sites to improve our operational efficiency. We have successfully implemented our plans and also achieved a **15% reduction in direct energy usage** (on a year-over-year basis), while growing sales 9%
- Adopted global Environmental Policy<sup>4</sup>
- Adopted global Human and Labor Rights Policy<sup>5</sup>
- Published 2019 and 2020 Employee Health and Safety Reports<sup>6</sup>

Topic/Metric	Description	Cohu (2020)
<i>Energy Management</i>		
<b>(1) Total energy consumed</b>	Energy consumption includes energy from all sources, including energy purchased from sources external to Cohu and energy produced by Cohu itself (self-generated). For example, purchased electricity, and heating, cooling, and steam energy are all	<b>18.1 million kWh</b>

<sup>1</sup> See <https://www.sasb.org/>

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

<sup>3</sup> 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

<sup>4</sup> See <https://www.cohu.com/wp-content/uploads/2020/12/Cohu-Environmental-Policy-Ver-12.1.20.pdf>

<sup>5</sup> See <https://www.cohu.com/wp-content/uploads/2020/12/Cohu-Human-and-Labor-Rights-Policy-Ver-12.1.20.pdf>

<sup>6</sup> See <https://www.cohu.com/wp-content/uploads/2021/02/2020-Cohu-Employee-Health-and-Safety-Report-VerF.pdf> and <https://www.cohu.com/wp-content/uploads/2020/12/2019-Cohu-Employee-Health-and-Safety-Report-Ver-12.3.20.pdf>

	included within the scope of energy consumption. Energy consumption includes only energy directly consumed by Cohu during the reporting period. Cohu reports its energy usage in Kilowatt-Hours (kWh).	
<b>(2) Percentage grid electricity</b>	The percentage is calculated as purchased grid electricity consumption divided by total energy consumption.	<b>100%: All electricity consumed was grid electricity.</b>
<b>(3) Percentage renewable</b>	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.	<b>28.6% renewable energy (5.2 million kWh)<sup>7</sup></b>
<b>(4) Total water consumed</b>	Total water directly consumed. Cohu reports its water consumption in liters.	<b>41.9 million Liters</b>
<b>(5) Energy usage reduction goals</b>	Goals to decrease energy usage and overall carbon emissions from operations.	<b>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. In 2020, we closed three U.S. manufacturing sites and consolidated into one new site. We also consolidated sites in Germany and Malaysia. These actions resulted in material reductions in Cohu’s global energy usage.</b>

<sup>7</sup> Cohu relies upon its energy providers/utilities for this data

<i>Waste Management</i>		
<b>(1) Amount of hazardous waste generated; percentage recycled</b>	Total amount of hazardous waste generated, in kilograms. Disclose hazardous waste recycled.	<b>Very few of Cohu's sites generate material amounts of hazardous waste. More specifically, our Poway, California, La Chaux-de-Fonds, Switzerland and Laguna, Philippines sites generated <u>&lt;1,000 Kg</u>, <u>3,600 Kg</u> and <u>16,800 Kg</u> of hazardous waste, respectively. All hazardous waste was handled and disposed of in accordance with local laws and regulations.</b>
<b>(2) Number and aggregate quantity of reportable spills, quantity recovered</b>	Total number and quantity (in kilograms) of reportable hazardous substance spills.	<b>Cohu did <u>not</u> have any reportable hazardous waste spills.</b>
<b>(3) Non-hazardous waste generated and recycled</b>	Total amount of non-hazardous waste generated, in kilograms. Disclose non-hazardous waste recycled.	<b>Cohu does not presently track total non-hazardous waste generated. However, we do track recycling initiatives. Cohu recycled approximately <u>796,290 Kg</u> of paper, plastic, wood and other non-hazardous waste.</b>
<i>Product Safety</i>		
<b>(1) Number of recalls issued; total units recalled</b>	Number of recalls issued and the total number of units recalled.	<b>Cohu did <u>not</u> have any product recalls.</b>
<b>(2) Total amount of monetary losses as a result of legal proceedings associated with product safety</b>	Total amount of monetary losses it incurred during the reporting period as a result of legal proceedings associated with product safety.	<b>Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with product safety.</b>
<i>Product Lifecycle Management</i>		
<b>(1) Revenue from renewable energy-related and energy efficiency related products</b>	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.	<b>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</b>

		<p>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.</p>
<i>Materials Sourcing</i>		
<p><b>(1) Description of the management of risks associated with the use of critical materials</b></p>	<p>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, 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).</p>	<p>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 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.</p>
<i>Business Ethics</i>		
<p><b>(1) Description of policies and practices for prevention of corruption and bribery, and anti-competitive behavior</b></p>	<p>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.</p>	<p>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</p>

		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.
<b>(2) Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</b>	Total amount of monetary losses incurred during the reporting period as a result of legal proceedings associated with incidents relating to bribery and corruption.	<b>Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with bribery or corruption.</b>
<b>(3) Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations</b>	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 behavior (e.g., exclusivity contracts), patent misuse, or network effects and bundling of services and products to limit competition.	<b>Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with anti-competitive behavior regulations.</b>
<b>(4) Political Activity</b>	Political contributions or lobbying expenses.	<b>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.</b>

<i>Employee Diversity and Inclusion</i>														
<b>(1) Percentage of gender and racial/ethnic group representation of employees</b>	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><b>Cohu tracks race/ethnicity only in the U.S. (based on 645 U.S. employees):</b></p> <table border="1" data-bbox="1045 428 1516 585"> <thead> <tr> <th>Race/Ethnicity</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Underrepresented groups<sup>8</sup></td> <td>40%</td> </tr> <tr> <td>White</td> <td>60%</td> </tr> </tbody> </table> <p><b>Gender (Global, based on 3,157 employees):</b></p> <table border="1" data-bbox="1045 743 1516 863"> <thead> <tr> <th>Gender</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>27%</td> </tr> <tr> <td>Male</td> <td>73%</td> </tr> </tbody> </table> <p><b>In addition, at year-end 2020, Cohu had two female members on its Board of Directors, or 25% of the Board</b></p>	Race/Ethnicity	% of Total	Underrepresented groups <sup>8</sup>	40%	White	60%	Gender	% of Total	Female	27%	Male	73%
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<i>Activity Metrics</i>														
<b>(1) Number of employees</b>	Number of employees worldwide.	<b>At year-end 2020, Cohu had 3,157 employees worldwide</b>												
<i>Information Security Risk Management</i>														
<b>(1) Information security risk management and assessment</b>	Management’s system and due diligence procedures for assessing and managing information security risks associated with its business operations.	<b>Cohu has a multifaceted information security program with the goal toward continuous improvement. The company conducts regular external audits and benchmarking based on the CIS (Center for Internet Security) and NIST (National Institute for Standards and Technology) control frameworks.</b>												

<sup>8</sup> Includes employees who identified as Native American/Alaskan, Asian, Black/African American, Hispanic/Latino, Native Hawaiian/Pacific Islander

		<p><b>Cohu regularly trains and tests employees globally, using internal and external resources, on information security risks and compliance.</b></p> <p><b>Board oversight of information security matters is the responsibility of the company's Audit Committee. In 2020, management briefed the board of directors on information security matters twice.</b></p> <p><b>Cohu maintains an information security risk insurance policy. In the last three years, there have been <u>no</u> material information security breaches, claims, expenses, penalties or settlements.</b></p>
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**Publication Date: March 5, 2021; Revised July 30, 2021 to add information security risk management section**

## **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 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 and results of operations; we are making investments in new products and product enhancements, which may adversely affect our operating results and these investments may not be commercially successful; we are exposed to the risks of operating a global business; we have manufacturing operations in Asia, and any failure to effectively manage multiple manufacturing sites and to secure raw materials meeting our quality, cost and other requirements, or failures by our suppliers to perform, could harm our sales, service levels and reputation; failure of critical suppliers to deliver sufficient quantities of parts in a timely and cost-effective manner could adversely impact our operations; the semiconductor industry is seasonal, volatile and unpredictable; the semiconductor equipment and printed circuit board (“PCB”) test industries are intensely competitive; semiconductor equipment is subject to rapid technological change, product introductions and transitions which may result in inventory write-offs, and our new product development involves numerous risks and uncertainties; the seasonal nature of the semiconductor equipment industry places enormous demands on our employees, operations and infrastructure; a limited number of customers account for a substantial percentage of our net sales; a majority of our revenues are generated from exports to foreign countries, primarily in Asia, that are subject to economic and political instability and we compete against a number of Asia-based test contactor, test handler, automated test equipment and PCB test suppliers; the incurrence of substantial indebtedness in connection with our financing of the Xcerra acquisition may have an adverse impact on Cohu’s liquidity, limit Cohu’s flexibility in responding to other business opportunities and increase Cohu’s vulnerability to adverse economic and industry conditions; our Credit Agreement contains various representations and negative covenants that limit, subject to certain exceptions and baskets, our ability and/or our subsidiaries’ ability to enter into financing and other transactions relating to our assets; because of high debt levels we may not be able to service our debt obligations in accordance with their terms; we are exposed to other risks associated with other acquisitions, investments and divestitures; we expect to continue to evaluate and pursue divestitures of non-core assets; our financial and operating results may vary and fall below analysts’ estimates, or credit rating agencies may change their ratings on Cohu, any of which may cause the price of our common stock to decline or make it difficult to obtain other financing; potential goodwill impairments if our business underperforms; global economic and political conditions, including trade tariffs and export restrictions, and other regulatory requirements, have impacted our business and may continue to have an adverse impact on our business and financial condition; and our business and operations could suffer in the event of cybersecurity breaches.



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](http://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.