



## 2021 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> We have calculated our approximate greenhouse gas emissions using a tool published by the U.S. EPA<sup>4</sup> and as further described below.

This report covers Cohu's principal global operating sites, comprising twelve (12) sites<sup>5</sup> located in the United States, Europe and Asia, and including all manufacturing and research and development sites. Energy usage at incidental sales and service offices was estimated based on the square footage of such sites, but water usage data was not available at such sites, and we believe that such usage is immaterial to our overall water consumption. The figures provided below are for calendar year 2021 and human capital information is as of year-end 2021.

### 2021 Highlights

- ***Reduced principal operating sites from 14 to 10.***
- ***18% reduction in energy to revenue ratio<sup>6</sup>, while growing revenue by 39% year-over-year.***
- ***Two operating sites have on-site solar power and our new Kolbermoor, Germany building is certified as a "KfW Efficiency House 70" energy efficient building.***
- ***Published Scope 1 and 2 Greenhouse Gas Emissions data.***
- ***Established and published enterprise Sustainability goals.***
- ***Hired a greater percentage of female employees than our current 28% representation, and 39% of U.S. employees identify as from underrepresented communities.***
- ***Returned 4.5% of profits<sup>7</sup> globally to eligible non-executive employees, which driven by our record 2021, amounted to \$7.8 million.***
- ***Continued our excellent employee safety record, with a 2021 global recordable incident rate of 0.2, which is 78% below our industry benchmark.<sup>8</sup>***

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<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> <https://www.epa.gov/climateleadership/simplified-ghg-emissions-calculator>

<sup>5</sup> We consolidated and exited two sites during the year and had 10 principal operating sites by year-end 2021

<sup>6</sup> Energy usage per \$ million of Revenue was 23,421 kWh and 28,640 kWh, in 2021 and 2020, respectively

<sup>7</sup> Our profit-sharing plan is based on internal non-GAAP Pre-Tax Income metrics

<sup>8</sup> Industry benchmark of 0.9 (recordable incidents per 100 employees, per year) is based on 2020 U.S. Bureau of Labor Statistics Injury, Illness and Fatality statistics for our industry (NAICS Code 334515)

Topic/Metric	Description	Cohu (2021) <sup>9</sup>
<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 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><u>20.8 Mil kWh</u></b>
<b>(2) Percentage grid electricity</b>	The percentage is calculated as purchased grid electricity consumption divided by total energy consumption.	<b><u>100%: All electricity consumed was grid electricity.</u></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><u>18% renewable energy (3.7 Mil kWh)<sup>10</sup></u></b>
<b>(4) Greenhouse Gas Emissions</b>	We report our greenhouse gas emissions using a U.S. EPA reporting tool. <sup>11</sup> We collect activity data and calculate Scope 1 emissions (direct emissions from owned or controlled sources) and Scope 2 emissions (indirect emissions from the generation of purchased energy). Scope 3 data is not available at this time. The organizational boundary	<b><u>Scope 1 and 2 emissions were approximately 9,950 metric tons CO<sub>2</sub>-e for all global locations.</u></b>

<sup>9</sup> All uses of “Mil” means millions; “K” means thousands

<sup>10</sup> Cohu relies upon its energy providers/utilities for this data

<sup>11</sup> See Note 4 above

	that we have used is both 100% financial control and 100% operational control, and thus approximates 100% of emissions from all our direct operations. We collected actual energy usage data from each of our principal operating sites and estimated emissions from our incidental sales and services offices based upon square footage occupied.	
<b>(5) Total water consumed</b>	Total water directly consumed. Cohu reports its water consumption in liters.	<b><u>46.7 Mil Liters</u></b>
<i>Waste Management</i>		
<b>(1) Amount of hazardous waste generated; percentage recycled</b>	Total amount of hazardous waste generated, in kilograms. We also disclose hazardous waste recycled.	<p><b>Cohu has improved its data collection from each of its sites regarding the amounts of any hazardous waste generated.</b></p> <p><b>Several of Cohu’s manufacturing sites generate material amounts of hazardous waste: Poway, CA; Lincoln, RI; Osaka, Japan and Laguna, Philippines. The total amount of hazardous waste was <u>124K kg</u>.</b></p> <p><b><u>44% (54.7K kg)</u> of such waste was recycled. All hazardous waste was handled and recycled or disposed of in accordance with local laws and regulations.</b></p>
<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 <u>total</u> non-hazardous waste generated. However, we do track recycling initiatives. Cohu recycled approximately <u>825K Kg</u> of paper,</b>

		plastic, wood and other non-hazardous waste.
<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 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 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.</b>
<i>Materials Sourcing</i>		
<b>(1) Description of the management of risks associated with the use of critical materials</b>	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,	<b>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. We have recently reviewed our critical materials supply chain for potential risks arising from the Russia-Ukraine conflict and believe we have reasonably addressed any such risks.</b>

	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).	<b>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. Further, in response to risks of shortages in certain semiconductors, we strive to extend the sourcing horizon to 12 – 18 months for certain semiconductors incorporated into our products. However, Cohu could incur supply chain disruptions and delays if a semiconductor supplier failed to maintain an effective business continuity plan and Cohu was unable to maintain a second source.</b>
<i>Business Ethics</i>		
<b>(1) Description of policies and practices for prevention of corruption and bribery, and anti-competitive behavior</b>	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.	<b>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.</b>
<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>

<p><b>(3) Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations</b></p>	<p>Total amount of monetary losses 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.</p>	<p><b>Cohu did <u>not</u> have any claims, legal proceedings or monetary losses associated with anti-competitive behavior regulations.</b></p>												
<p><b>(4) Political Activity</b></p>	<p>Political contributions or lobbying expenses.</p>	<p><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></p>												
<p><i>Employee Diversity and Inclusion</i></p>														
<p><b>(1) Percentage of gender and racial/ethnic group representation of employees</b></p>	<p>U.S. employees are categorized in accordance with the Equal Employment Opportunity Commission’s Employer Information EEO-1 report (EEO-1 Survey) Instruction Booklet.</p>	<p><b>Cohu tracks race/ethnicity only in the U.S. (based on 634 U.S. employees):</b></p> <table border="1" data-bbox="1008 1167 1482 1327"> <thead> <tr> <th>Race/Ethnicity</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Underrepresented communities<sup>12</sup></td> <td>39%</td> </tr> <tr> <td>White</td> <td>61%</td> </tr> </tbody> </table> <p><b>Gender (Global, based on 3,074 employees):</b></p> <table border="1" data-bbox="1008 1482 1482 1604"> <thead> <tr> <th>Gender</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>28%</td> </tr> <tr> <td>Male</td> <td>72%</td> </tr> </tbody> </table> <p><b>In addition, at year-end 2021, Cohu had <u>three</u> female members on its Board of Directors (or 37.5% of the Board), and <u>two</u> racially/ethnically</b></p>	Race/Ethnicity	% of Total	Underrepresented communities <sup>12</sup>	39%	White	61%	Gender	% of Total	Female	28%	Male	72%
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<sup>12</sup> Includes employees who identify as Native American/Alaskan, Asian, Black/African American, Hispanic/Latino and/or Native Hawaiian/Pacific Islander  
Cohu, Inc.

		<p>diverse members (or 25% of the Board).</p> <p>For further information, please see our 2021 Human Capital Report at <a href="https://www.cohu.com/wp-content/uploads/2022/01/Cohu-Human-Capital-Report-2021.pdf">https://www.cohu.com/wp-content/uploads/2022/01/Cohu-Human-Capital-Report-2021.pdf</a></p>
<i>Activity Metrics</i>		
<b>(1) Number of employees</b>	Number of employees worldwide.	At year-end 2021, Cohu had 3,074 employees worldwide.
<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.	<p>Cohu has a multifaceted information security program with the goal toward continuous improvement. The company conducts regular external audits, testing and benchmarking based on the CIS (Center for Internet Security) and NIST (National Institute for Standards and Technology) control frameworks.</p> <p>Cohu regularly trains and tests employees globally, using internal and external resources, on information security risks and compliance.</p> <p>Board oversight of information security matters is the responsibility of the company’s Audit Committee. In 2021, management briefed the Board of Directors on information security matters three times.</p> <p>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.</p>



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### **Forward-Looking Statements**

Certain statements contained in this release and accompanying materials may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding including statements regarding risk management strategies for compliance, cybersecurity and critical materials, Sustainability goals, metrics and objectives, and any other statements that are predictive in nature and depend upon or refer to future events or conditions, and/or include words such as “may,” “will,” “should,” “would,” “expect,” “anticipate,” “plan,” “likely,” “believe,” “estimate,” “project,” “intend,” and/or 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: despite reasonable efforts, our Sustainability goals may never be achieved; the ongoing global COVID-19 pandemic has adversely affected, and is continuing to adversely affect, our business, financial condition and results of operations; the COVID-19 pandemic has impacted, and is expected to continue to negatively impact, the operations of our key suppliers, customers and other business partners; 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 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; a failure to perform or unexpected downtime experienced by our sole contract manufacturer for certain semiconductor automated test equipment could adversely impact our operations; failure of critical suppliers to deliver sufficient quantities of parts in a timely and cost-effective manner could adversely impact our operations; we may not be able to increase prices to fully offset inflationary pressures on costs, such as raw and packaging materials, components and subassemblies, labor and distribution costs, which may impact our financial condition or results of operations; the semiconductor industry we serve is seasonal, volatile and unpredictable and increased cyclicality could have an adverse impact on our sales and gross margin; the semiconductor equipment industry is 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; 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 and automated test equipment suppliers; we are exposed to the risks of operating in certain foreign locations from where Cohu manufactures certain products, and supports our sales and services to the global semiconductor industry; increasingly restrictive trade and export regulations may materially harm or limit Cohu’s business and ability to sell its products; the remaining 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 and the Tax Cuts and Jobs Act severely limits the deductibility of interest expense; we are exposed to other risks associated with additional potential acquisitions, investments and divestitures such as integration difficulties, disruption to our core business, dilution of stockholder value, and diversion of management attention; 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; we have experienced significant volatility in our stock price; there may be changes in, and uncertainty with respect to, legislation, regulation and governmental policy in the United States; and our business and operations could suffer in the event of cybersecurity breaches within our operational systems or products.

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.