

DIODES INC /DEL/
Form DEF 14A
April 05, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

DIODES INCORPORATED

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

DIODES INCORPORATED

Notice of Annual Meeting of Stockholders

To Be Held May 17, 2019

Notice is hereby given that the annual meeting (the “Meeting”) of the stockholders of Diodes Incorporated (the “Company”) will be held at the Company’s corporate headquarters, located at 4949 Hedgcoxe Road, Plano, Texas 75024, on Friday, May 17, 2019, at 10:00 a.m. (Central Time) for the following purposes:

1. Election of Directors. To elect seven persons to the Board of Directors of the Company, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board of Directors’ nominees are: C.H. Chen, Michael R. Giordano, Keh-Shew Lu, Peter M. Menard, Raymond K. Y. Soong, Christina Wen-Chi Sung and Michael K.C. Tsai.
2. Approval of Executive Compensation. To approve, on an advisory basis, the Company’s executive compensation.
3. Ratification of Appointment of Independent Registered Public Accounting Firm. To ratify the appointment of Moss Adams LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019.
4. Other Business. To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Only persons who were stockholders of record at the close of business on March 18, 2019 are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

The proxy statement, which accompanies this Notice, contains additional information regarding the proposals to be considered at the Meeting, and stockholders are encouraged to read it in its entirety.

We have elected to provide access to our proxy materials by notifying you of the availability of our proxy statement and our fiscal 2018 Annual Report to Stockholders over the Internet at www.proxydocs.com/diod. Stockholders may also obtain a printed copy of the proxy materials free of charge by following the instructions provided in the Notice of Internet Availability of Proxy Materials that will be first mailed to stockholders on or about April 5, 2019 or in the enclosed proxy statement.

As set forth in the enclosed proxy statement, proxies are being solicited by and on behalf of the Board of Directors of the Company. All proposals set forth above are proposals of the Board of Directors.

Whether or not you plan to attend the Meeting, YOUR VOTE IS IMPORTANT. Please follow the instructions enclosed to ensure that your shares are voted. If you attend the Meeting, you may revoke your proxy and vote your shares in person. You may revoke your proxy at any time prior to its exercise at the Meeting.

Dated at Plano, Texas, this fifth day of April, 2019.

By Order of the Board of Directors,

DIODES INCORPORATED

Richard D. White,
Secretary

IF YOU PLAN TO ATTEND THE MEETING

Attendance will be limited to stockholders. Stockholders may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts ("street name") will need to bring with them a legal proxy issued in their name from the bank or brokerage in whose name the shares are held in order to vote in person. Cameras, recording devices and other electronic devices will not be permitted at the Meeting.

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DIODES INCORPORATED

4949 Hedgcoxe Road, Suite 200

Plano, Texas 75024

(972) 987-3900

PROXY STATEMENT

ANNUAL MEETING: MAY 17, 2019

GENERAL INFORMATION

This proxy statement (“Proxy Statement”) is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Diodes Incorporated (the “Company”) for use at the annual meeting (the “Meeting”) of the stockholders of the Company to be held on Friday, May 17, 2019, at 10:00 a.m. (Central Time) at the Company’s corporate headquarters, located at 4949 Hedgcoxe Road, Plano, Texas 75024, and at any adjournment or postponement thereof. Only stockholders of record at the close of business on March 18, 2019 (the “Record Date”) are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

Matters to be Considered at the Meeting

The matters to be considered and voted upon at the Meeting will be:

1. Election of Directors. To elect seven persons to the Board, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board’s nominees are: C.H. Chen, Michael R. Giordano, Keh-Shew Lu, Peter M. Menard, Raymond K.Y. Soong, Christina Wen-Chi Sung and Michael K.C. Tsai.
2. Approval of Executive Compensation. To approve, on an advisory basis, the Company’s executive compensation.
3. Ratification of Appointment of Independent Registered Public Accounting Firm. To ratify the appointment of Moss Adams LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019.
4. Other Business. To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Voting Recommendations of the Board

Our Board recommends that you vote your shares “FOR” each of the nominees to the Board, “FOR” the approval of executive compensation and “FOR” the ratification of the appointment of Moss Adams LLP.

Voting Shares Held in “Street Name”

Brokerage firms who are members of the New York Stock Exchange cannot vote your shares held in street name in the election of directors or on executive compensation, if you fail to instruct the organization how to vote such shares. Therefore, it is very important that you provide instructions on how to vote any shares beneficially owned by you in street name.

Internet Access to Proxy Materials

Under rules adopted by the Securities and Exchange Commission (the “SEC”), we have elected to provide access to our proxy materials over the Internet at www.proxydocs.com/diod. Stockholders will not receive printed copies of the

proxy materials unless they have requested us to provide proxy materials in printed form. On or about April 5, 2019, a Notice

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of Internet Availability of Proxy Materials (the “Notice”) was first sent to our stockholders of record and beneficial owners. All stockholders receiving the Notice can request a printed copy of the proxy materials.

The Notice provides you with instructions regarding how to:

- View our proxy materials for the Meeting on the Internet;
- Request a printed copy of the proxy materials; and
- Instruct us to send future proxy materials to you by mail or electronically by email on an ongoing basis.

Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it, and it is your responsibility to notify us of any change to your email address given to us.

The proxy materials include:

- Notice of Annual Meeting of Stockholders;
- This Proxy Statement; and
- The 2018 Annual Report to Stockholders, which includes our audited consolidated financial statements.

If you request printed copies of the proxy materials by mail, these materials will also include a proxy card.

How to Vote

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares, and the Notice was sent directly to you by the Company. If you are a stockholder of record, you may attend the Meeting and vote in person. You will be provided with a ballot at the Meeting.

If you do not wish to attend the Meeting and vote in person, you may vote by proxy. There are three ways to vote by proxy. You may submit a proxy by telephone by calling (855) 686-4804 and following the instructions provided. You may submit a proxy over the Internet at www.proxypush.com/diod by following the instructions provided. If you request and receive a printed copy of the proxy materials by mail, you can submit a proxy by signing and dating the enclosed proxy card and either mailing it in the postage-paid envelope provided to the address stated on the proxy card or transmitting it by facsimile to the Inspector of Elections at (972) 731-3510.

Telephone and Internet voting facilities for stockholders will be available 24 hours a day and will close at 11:59 p.m. (Eastern Time) on May 16, 2019. If a proxy is properly submitted and is not revoked, the proxy will be voted at the Meeting in accordance with the stockholder’s instructions indicated on the proxy. If no instructions are indicated on the proxy with respect to any matter, the proxy will be voted on such matter as follows: “FOR” the election of the Board’s nominees, “FOR” the approval of executive compensation, “FOR” ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019, and in accordance with the recommendations of the Board as to any other matter that may properly be brought before the Meeting or any adjournment or postponement thereof.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and the Notice was forwarded to you by that organization. The organization holding your shares is considered the stockholder of record for purposes of voting at the Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account by following the instructions they provided. If you wish to attend the Meeting and vote in person, you must obtain a proxy executed in your favor from the organization that holds your shares.

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Even if you plan to attend the Meeting, we recommend that you also submit your proxy or voting instructions so that your vote will be counted if you later decide not to attend the Meeting.

How to Change or Revoke Your Vote

You may change your vote at any time before the vote at the Meeting. If you are a stockholder of record, you may change your vote by submitting a proxy over the Internet or telephone on a later date (only your last Internet or telephone proxy will be counted), or by filing a written revocation, or a duly executed proxy card bearing a later date, with the Company's Secretary at the Meeting or at our offices located at 4949 Hedgcoxe Road, Suite 200, Plano, Texas 75024 prior to the vote at the Meeting. You may also change your vote by attending the Meeting and voting in person. Attending the Meeting in person will not automatically revoke a previously granted proxy unless you vote at the Meeting or file a written revocation with the Company's Secretary at or before the Meeting.

If you are a beneficial owner of shares held in street name, you may change your vote by submitting new voting instructions to the brokerage firm, bank, broker-dealer or other organization holding your shares by following the instructions they provided or, if you obtained a proxy in your favor from that organization, by attending the Meeting and voting in person.

Meeting Admission

You are entitled to attend the Meeting only if you were a Company stockholder as of the Record Date, or hold a valid proxy for the Meeting, or are a guest invited by the Company. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your ownership as of the Record Date will be verified prior to admittance into the Meeting. If you are not a stockholder of record but hold shares in street name by a brokerage firm, bank, broker-dealer, or other similar organization, you must provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to the Record Date or similar evidence of ownership. Guests of the Company may be required to show proof of invitations prior to admittance into the Meeting. If you do not provide photo identification or do not comply with the other procedures outlined above, you may not be admitted to the Meeting.

Voting Rights

The authorized capital of the Company consists of (i) 70,000,000 shares of common stock, par value \$0.66-2/3 per share ("Common Stock"), of which 50,596,756 shares were issued and outstanding on the Record Date, and (ii) 1,000,000 shares of Preferred Stock, par value \$1.00 per share ("Preferred Stock"), none of which were issued and outstanding on the Record Date.

A majority of the shares of Common Stock issued and outstanding and entitled to vote at the Meeting, present either in person or by proxy, constitutes a quorum for the conduct of business at the Meeting. Votes withheld, abstentions and "broker non-votes" (as defined below) will be counted for the purpose of determining the presence of a quorum.

Each stockholder is entitled to one vote, in person or by proxy, for each share of Common Stock standing in his or her name on the books of the Company at the close of business on the Record Date on any matter submitted to the stockholders, except that in connection with the election of directors, each stockholder has the right to cumulate votes. Cumulative voting entitles a stockholder to give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares of Common Stock owned by such stockholder, or to distribute such stockholder's votes on the same principle among as many candidates and in such manner as the stockholder shall desire.

If you are a stockholder of record and wish to exercise cumulative voting rights, you must submit a proxy by mail or attend the Meeting and vote in person. Your proxy card or ballot must specify how you want to allocate your votes

among the nominees. Telephone and Internet voting facilities do not accommodate cumulative voting. If you hold your shares in street name, contact your brokerage firm, bank, broker-dealer, or other similar organization for directions on how to exercise

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cumulative voting rights using their voting instruction card, or to request a legal proxy so that you can vote your shares directly. Discretionary authority to cumulate votes is hereby solicited by the Board. If you return a signed proxy card or submit voting instructions in writing without providing instructions about cumulative voting, or if you submit a proxy by telephone or via the Internet, you will confer on the designated Proxyholders named below discretionary authority to exercise cumulative voting. If they elect to do so, they will be authorized, in their discretion, to cast your votes for some or all of the nominees in the manner recommended by the Board or otherwise in the discretion of the Proxyholders. However, they will not cast any of your votes for a nominee as to whom you have instructed them on your proxy card, voting instruction card or otherwise to withhold a vote. If you do not wish to grant the Proxyholders authority to cumulate your votes in the election of directors, you must explicitly state that objection on your proxy card or voting instruction card, as applicable.

For Proposal 1, our Bylaws provide that, in the election of directors, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected; provided, however, that the Board has adopted a policy requiring that in an uncontested election (such as the election held at this Meeting), each nominee will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast “FOR” a director’s election exceeds the number of votes “WITHHELD.” Abstentions and broker non votes are not considered a vote cast and, therefore, will have no effect with respect to the election of directors other than to reduce the number of affirmative votes required to elect a director. “Broker non votes” are shares of stock held in record name by brokers or nominees for which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable rules or the instrument under which it serves in such capacity. See “Proposal One – Election of Directors” and “Corporate Governance – Director Resignation Policy.”

Proposals 2 and 3 require the affirmative vote of the holders of a majority of the outstanding shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal at the Meeting. Abstentions will be included in the number of votes present and entitled to vote on these proposals and, accordingly, will have the effect of a vote “AGAINST” the proposal. Broker non-votes with respect to these proposals will not be counted as shares present and entitled to vote on these proposals and, accordingly, will not have any effect with respect to the approval of these proposals (other than to reduce the number of affirmative votes required to approve the proposal). The vote with respect to executive compensation is not binding on the Company, the Board or the Compensation Committee of the Board (the “Compensation Committee”). However, the Board and the Compensation Committee will review the result of this vote and take it into consideration when making future decisions regarding executive compensation. Although the appointment of Moss Adams LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 is not required to be submitted to a vote of stockholders, the Audit Committee believes that it is appropriate as a matter of policy to request that the stockholders ratify the appointment of the Company’s independent registered public accounting firm. If the stockholders do not ratify the appointment, which requires the affirmative vote of a majority of the outstanding shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal at the Meeting, the Board will consider the selection of another independent registered public accounting firm.

Of the shares of Common Stock outstanding on the Record Date, 7,765,778 shares (or approximately 15.3%) were held in the name of Lite-On Semiconductor Corporation. See “Security Ownership of Certain Beneficial Owners and Management” and “Corporate Governance – Certain Relationships and Related Person Transactions,” for additional information about Lite-On Semiconductor Corporation and its subsidiaries and affiliates (“LSC”). On the Record Date, an additional 2,735,640 shares (or approximately 5.3%) were owned by directors and executive officers of the Company. LSC and each of the directors and executive officers have informed the Company that they will vote “FOR”

the election of the Board's nominees named herein, "FOR" the approval of executive compensation and "FOR" ratification of the

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appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019.

Organizations holding Common Stock in "street name" that are members of a stock exchange are required by the rules of the applicable stock exchange to transmit the proxy materials to the beneficial owner of the Common Stock and to solicit voting instructions with respect to the matters submitted to the stockholders. If the organization has not received instructions from the beneficial owner by the date specified in the statement accompanying such proxy materials, the organization may give or authorize the giving of a proxy to vote the Common Stock in its discretion as to "routine" matters, but not as to "non-routine" matters. When an organization is unable to vote a client's shares on a proposal, the missing votes are referred to as "broker non-votes." If you hold Common Stock in "street name" and you fail to instruct the organization that holds your shares as to how to vote such shares, that organization may, in its discretion, vote such Common Stock "FOR" ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019, which is considered a routine matter, but not with respect to the election of the nominees to the Board or the advisory vote on executive compensation, which are considered non-routine matters.

Procedures for Stockholder Nominations and Proposals

Under the Company's Bylaws, any stockholder generally may submit proposals or nominate one or more persons for election as directors by following the procedures described in this Proxy Statement under "Proposals of Stockholders and Stockholder Nominations for 2020 Annual Meeting." No notice of a stockholder proposal or nomination was timely received in connection with the Meeting.

Cost of Proxy Solicitation

This proxy solicitation is made by the Board, and the Company will bear the costs of this solicitation, including the expense of preparing, assembling, printing and mailing this Proxy Statement and any other material used in this proxy solicitation. If it should appear desirable to do so to ensure adequate representation at the Meeting, officers and regular employees may communicate with stockholders of record, beneficial owners, banks, brokerage houses, custodians, nominees and others, by telephone, facsimile transmissions, email or in person to request that the proxies be furnished. No additional compensation will be paid for these services to officers or employees of the Company. The Company will reimburse banks, brokerage houses, and other custodians, nominees and fiduciaries, for their reasonable expenses in forwarding proxy materials to their principals. We have not engaged a proxy solicitor at this time, but the Board may determine it is necessary to employ an outside firm to assist in the solicitation process. If so, we will pay the proxy solicitor its reasonable and customary fees, estimated not to exceed \$15,000 plus reasonable out-of-pocket expenses.

Other Business

As of the date of this Proxy Statement, the Board knows of no business to be presented for consideration at the Meeting other than as stated in the Notice of Annual Meeting of Stockholders. However, if any other matters properly come before the Meeting, including a motion to adjourn the Meeting to another time or place in order to solicit additional proxies in favor of the recommendations of the Board, the designated proxyholders, Dr. Keh-Shew Lu and Richard D. White, the Company's Chief Executive Officer, and Secretary, respectively, (the "Proxyholders"), will vote the shares represented by the proxies on such matters in accordance with the recommendation of the Board, and authority to do so is included in the proxy. Such authorization includes authority to appoint a substitute nominee or nominees to the Board's nominees identified herein where death, illness or other circumstances arise which prevent any such nominee from serving in such position and to vote such proxy for such substitute nominee.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of Common Stock as of the Record Date by each person known to the Company to be the beneficial owner of five percent (5%) or more of the outstanding shares of Common Stock (other than depositories).

| Name and Address of Beneficial Owner | Amount and Nature of | |
|---|-------------------------------------|---------------------------------|
| | Beneficial Ownership ⁽¹⁾ | Percent of Class ⁽²⁾ |
| Lite-On Semiconductor Corporation ("LSC") | 7,765,778 | ⁽³⁾ 15.3% |
| 9F. No. 233-2, Pao-Chiao Road, Hsin-Tien, Taipei-hsien 23115, Taiwan, R.O.C. | | |
| BlackRock, Inc. ("BlackRock") | 6,415,205 | ⁽⁴⁾ 12.7% |
| 55 East 52nd Street | | |
| New York, New York 10022 | | |
| The Vanguard Group ("Vanguard") | 4,566,926 | ⁽⁵⁾ 9.0% |
| 100 Vanguard Blvd. | | |
| Malvern, Pennsylvania 19355 | | |
| Dimensional Fund Advisors LP ("Dimensional") | 4,190,553 | ⁽⁶⁾ 8.3% |
| 15660 Dallas Pkwy Ste 850 | | |
| Dallas, Texas 75248 | | |

(1) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated below.

(2) Based on 50,596,756 shares outstanding as of the Record Date.

(3) LSC is a public company listed on the Taiwan Stock Exchange Corporation and a member of the Lite-On Group of companies. See "Corporate Governance – Certain Relationships and Related Person Transactions" for a discussion of the relationship among LSC, the Company and certain directors and executive officers of the Company.

(4) Based solely on information provided by BlackRock in Schedule 13G/A filed with the SEC on January 28, 2019, reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, BlackRock has sole voting power with respect to 6,220,717 shares, has sole dispositive power with respect to 6,415,205 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

(5) Based solely on information provided by Vanguard in Schedule 13G/A filed with the SEC on February 11, 2019, reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, Vanguard has sole voting power with respect to 50,082 shares, has shared voting power with respect to 7,419 shares, has sole dispositive power with respect to 4,513,491 shares and has shared dispositive power with respect to 53,435 shares.

(6) Based solely on information provided by Dimensional in Schedule 13G/A filed with the SEC on February 8, 2019, reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, Dimensional has sole voting power with respect to 4,036,809 shares, has sole dispositive power with respect to 4,190,553 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

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The following table sets forth the beneficial ownership of Common Stock of the Company as of the Record Date by (i) each director of the Company, (ii) each Named Executive Officer (“NEO”) of the Company (as defined below), and (iii) all directors and executive officers of the Company as a group.

| Name of Beneficial Owner | Amount and Nature | | | | Percent of Class (3) (4) |
|--|--|-----------------|---|-----------|-----------------------------|
| | Common Stock Underlying Options or Restricted Stock Units ⁽¹⁾ | Common Stock | of Beneficial Ownership ⁽²⁾ | | |
| Directors | | | | | |
| Raymond K. Y. Soong | — | 343,250 | 343,250 | (1) | * |
| C.H. Chen | — | 362,929 | 362,929 | (1) | * |
| Michael R. Giordano | — | 79,625 | 79,625 | (1) | * |
| Keh-Shew Lu ⁽⁵⁾ | 360,000 | 1,164,650 | 1,524,650 | (1)(6)(8) | 3.0% |
| Peter M. Menard | — | — | — | | * |
| Christina Wen-Chi Sung | — | 1,075 | 1,075 | (1) | * |
| Michael K.C. Tsai | — | 26,875 | 26,875 | (1) | * |
| Named Executive Officers | | | | | |
| Richard D. White | 166,000 | 48,374 | 214,374 | (1)(8) | * |
| Julie Holland | 31,000 | 32,712 | 63,712 | (1)(8) | * |
| Francis Tang | 37,000 | 43,608 | 80,608 | (1)(8) | * |
| Emily Yang | — | 15,497 | 15,497 | (1)(8) | * |
| All directors and executive officers of the Company as a group (14 individuals including those named above) | 596,000 | 2,139,640 | 2,735,640 | (7) | 5.3% |

* Indicates less than 1%.

(1) Consists of shares of Common Stock that the named individual has the right to acquire within sixty (60) days after the Record Date by exercising stock options or the vesting of restricted stock units (“RSUs”) or performance stock units (“PSUs”). For further discussion on the Company’s use of equity awards, see “Compensation Discussion and Analysis – Principal Components of Compensation - Long-Term Incentive (LTI) Plan.”

(2) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated and subject to community property laws where applicable.

(3) Under Rule 13d-3 of the Securities Exchange Act of 1934 (the “Act”), certain shares may be deemed to be beneficially owned by more than one person (for example, if a person shares the power to vote or the power to dispose of the shares). In addition, under Rule 13d-3(d)(1) of the Exchange Act, shares which the person (or group) has the right to acquire within sixty (60) days after the Record Date are deemed to be outstanding in calculating the beneficial ownership and the percentage ownership of the person (or group) but are not deemed to be outstanding as to any other person or group. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person’s actual ownership of voting power with respect to the number of shares of Common Stock actually outstanding at the Record Date.

(4) Percent of Class is based on 50,596,756 shares of the Common Stock of the Company outstanding as of the Record Date.

(5) Dr. Lu is a member of the Board, the President and the Chief Executive Officer of the Company, and a NEO.

(6) Includes 4,700 shares of Common Stock held in the name of the Lu Family Revocable Trust, 46,150 shares of Common Stock held in the name of an UTMA (Custodial) Trust, and 700,000 shares held in the name of the Lu Grandchildren's Trust. Dr. Lu is a co-trustee of the Lu Family Revocable Trust, the UTMA (Custodial) Trust and the Lu Grandchildren's Trust. Dr. Lu has voting and investment authority over these shares.

(7) Includes 596,000 shares that all directors and executive officers of the Company have the right to acquire within sixty (60) days after the Record Date, by exercising stock options or the vesting of RSUs, but excludes an additional 821,897 shares that all directors and executive officers of the Company will have the right to acquire upon the exercise of stock options or the vesting of RSUs and PSUs, which may vest in installments more than sixty (60) days after the Record Date.

(8) Does not include 62,905, 19,861, 18,214 and 11,316 shares of Common Stock subject to PSUs granted on February 21, 2017 to Messrs. Lu, White, Tang and Ms. Holland, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2017 through 2019 of \$204.6 million and (ii) the executive continues to provide services to the Company. Also does not include 63,000, 20,000, 18,000, 13,000 and 10,000 shares of Common Stock subject to PSUs granted on February 14, 2018 to Messrs. Lu, White, Tang, Ms. Holland and Ms. Yang, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2018 through 2020 of \$360.8 million, and (ii) the executive continues to provide services to the Company. Also does not include 59,000, 17,000, 17,000 and 13,000 shares of Common Stock subject to PSUs granted February 21, 2019 to Messrs. Lu and Tang, Ms. Holland and Ms. Yang, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2019 through 2021 and (ii) the executive continues to provide services to the Company. Also does not include 47,250, 15,000, 13,500, 9,750 and 7,500 shares of Common Stock subject to RSUs granted on February 14, 2018 to Messrs. Lu, White, Tang, Ms. Holland and Ms. Yang, respectively, that vest in three remaining equal annual installments on February 14, 2020, 2021 and 2022, if the executive continues to provide services to the Company. Also does not include 59,000, 17,000, 17,000 and 13,000 shares of Common Stock subject to RSUs granted on February 21, 2019 to Messrs. Lu, Tang and Ms. Holland and Ms. Yang, respectively, that vest in four equal annual installments on February 26, 2020, 2021, 2022 and 2023, if the executive continues to provide services to the Company. For further discussion on the operating income performance goal and service condition related to these grants, see "Compensation Discussion and Analysis – Principal Components of Compensation - Long-Term Incentive (LTI) Plan."

PROPOSAL ONE

ELECTION OF DIRECTORS

The Company's Bylaws provide that the number of directors shall be determined from time to time by the Board, but may not be less than five nor more than seventeen. Currently, the Board has fixed the number of directors at seven. The Company's Bylaws further provide for the election of each director at each annual meeting of stockholders.

The persons nominated have been nominated for election to the Board to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. All nominees are currently directors of the Company, and all nominees have indicated their willingness to serve. Unless otherwise instructed, proxies will be voted in such a way as to elect as many of these nominees as possible under applicable voting rules. In the event that any of the nominees should be unable or unwilling to serve as a director, proxies will be voted for the election of such substitute nominees, if any, as shall be designated by the Board. The Board has no reason to believe that any nominee will be unable or unwilling to serve.

The Company's Corporate Governance Guidelines provides that a member of the Board will not be eligible to stand for re-election to the Board after attaining the age of 75 provided that the Board may waive the requirement for up to three years for any director. Prior to the date of this Proxy Statement, Mr. Raymond K.Y. Soong and Mr. C.H. Chen attained the age of 75, and the Board waived this requirement to allow them to be eligible to stand for re-election to the Board at the Meeting.

The seven nominees who receive the highest number of affirmative votes will be elected. The Board has adopted a policy requiring that in an uncontested election (such as the election held at the Meeting), each nominee will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast "FOR" a director's election exceeds the number of votes "WITHHELD." See "Corporate Governance – Director Resignation Policy."

None of the nominees were selected pursuant to any arrangement or understanding, other than that with the directors of the Company acting within their capacity as such. There are no family relationships among the directors of the Company as of the date hereof, and, except as set forth below, as of the date hereof, no directorships are now, or in the past five years have been, held by any director in a company that has a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940.

The following table and discussion sets forth certain biographical information concerning the nominees of the Company as of the Record Date:

| Nominees | Age | Position with the Company | Director Since |
|------------------------|-----|--|----------------|
| Raymond K.Y. Soong | 77 | Director and Chairman of the Board | 1993 |
| C.H. Chen | 75 | Director and Vice Chairman of the Board | 2000 |
| Michael R. Giordano | 72 | Director | 1990 |
| Keh-Shew Lu | 72 | President, Chief Executive Officer, and Director | 2001 |
| Peter M. Menard | 65 | Director | 2018 |
| Christina Wen-Chi Sung | 65 | Director | 2017 |
| Michael K.C. Tsai | 65 | Director | 2010 |

Raymond K.Y. Soong Director and Chairman of the Board

Chair, Compensation Committee

Chair, Governance and Stockholder Relations Committee

Member, Risk Oversight Committee

Mr. Soong was appointed the Chairman of the Board of the Company in 1993. Mr. Soong is also the Chairman of Co-Tech Development Corporation, LSC, LITE-ON Technology Corporation (“LTC”), and Silitech Technology Corporation (“Silitech”). In 1975, after serving as a senior engineer for RCA Corporation and as a chief engineer for Texas Instruments, Taiwan, Ltd. (“TI Taiwan”), Mr. Soong, together with several of his co-workers, founded Taiwan LITE-ON Electronic Co., Ltd., a manufacturer of electronic components and subsystems. Mr. Soong is a graduate of, and received an Honorary Doctorate from, the National Taipei University of Technology’s Electronic Engineering Department and also received an Honorary Doctorate from National Chiao-Tung University.

As Chairman of the Boards of Co-Tech Development Corporation, LSC, LTC, and Silitech, Mr. Soong has significant board experience, which provides him valuable insight on Board management. With his background in the semiconductor industry as a senior engineer for RCA Corporation and as a chief engineer for TI Taiwan, Mr. Soong also brings extensive experience and knowledge of the semiconductor industry to the Board.

C.H. Chen Director and Vice Chairman of the Board

Chair, Risk Oversight Committee

Mr. Chen was appointed the Company’s Vice Chairman of the Board in 2005. Mr. Chen is also the Vice Chairman of the Board of LSC, and a board member of LTC, each of which is a member or an affiliate of the Lite-On Group. Mr. Chen is also a board member of Kwong Lung Enterprise Co., Ltd. and Actron Technology Corporation. Mr. Chen served as the Company’s President and Chief Executive Officer from 2000 until 2005. From 1969 to 1990, Mr. Chen held various positions at Texas Instruments Incorporated (“TI”), most recently as the Vice President of TI Taiwan. In 1990, he left TI to found Dyna Image Corporation, which merged with LSC in 2000. Mr. Chen received his Bachelor’s degree in Mechanical Engineering from National Taiwan University.

Mr. Chen has extensive experience in the semiconductor industry, particularly in Asia, including as a director of several Asian semiconductor companies. This experience provides the Board with a valuable perspective on the current and future trends and challenges in the semiconductor industry in Asia. As the Company’s former President and Chief Executive Officer, Mr. Chen’s understanding of the Company enables him to provide advice to the Board on matters concerning the operations of the Company.

Michael R. Giordano Director

Chair, Audit Committee (Audit Committee Financial Expert)

Mr. Giordano, CIMA, currently serves as Associate Director, Senior Wealth Strategy Associate at the private-banking firm of UBS Financial Services, Inc., having previously served as Senior Vice President-Investment Consulting from when UBS AG acquired PaineWebber, Inc. in 2000 until 2017. PaineWebber, Inc. had acquired his previous employer, Kidder Peabody and Co., Inc., by whom he was employed since 1979. Mr. Giordano advises corporations, foundations, trusts, and municipal governments in investments and finance. Mr. Giordano has served as a board member of OnRamp BioInformatics, a private San Diego genomic analysis company, since July 2017, and also served as Chairman of the Board and the Chief Executive Officer of the Leo D. Fields Co. from 1980 to 1990, when GWC Holdings acquired it, and, from 2001 to 2003, served as a board member of Professional Business Bank, a publicly

traded corporation. Formerly a captain and pilot in the United States Air Force, Mr. Giordano received his Bachelor's degree in Aerospace Engineering from California State Polytechnic University and his Master's degree in Business Administration (Management and Finance) from the University of Utah. Mr. Giordano also completed post-graduate work in International Investments at Babson College and is certified by the Investment Management Consultants Association. He is also certified by the John

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E. Anderson Graduate School of Management, University of California at Los Angeles as a Corporate Director, having demonstrated understanding of directorship and corporate governance.

Mr. Giordano is an experienced leader who has worked in the financial sector for more than 38 years and possesses the skills necessary to lead the Company's Audit Committee. Having been with UBS Financial Services, Inc. (and its predecessors) since 1979, he has advised numerous public, private, profit, and non-profit organizations in investments and finance. Mr. Giordano's experience provides the Board with knowledge in financial and accounting matters.

Keh-Shew Lu Director, President and Chief Executive Officer

Member, Risk Oversight Committee

Dr. Lu was appointed President and Chief Executive Officer of the Company in June 2005 after serving on the Board since 2001. Dr. Lu is also a board member of LTC and Nuvoton, two publicly held companies. Dr. Lu is the founding Chairman of the Asian American Citizen's Council. From 2001 to 2005, Dr. Lu was a partner of the WK Technology Venture Fund. From 1998 to 2001, Dr. Lu served as Senior Vice President and General Manager of Worldwide Mixed-Signal and Logic Products of TI. His responsibilities included all aspects of the analog, mixed-signal and logic products for TI's worldwide business, including design, process and product development, manufacturing and marketing. From 1996 to 1998, Dr. Lu was the manager of TI's worldwide memory business. In addition, he served as the President of TI Asia from 1994 to 1997 where he supervised all of TI activities in Asia, excluding Japan. Dr. Lu holds a Bachelor's degree in Electrical Engineering from the National Cheng Kung University in Taiwan, and a Master's degree and a Doctorate in Electrical Engineering from Texas Tech University.

Having worked in the semiconductor industry for more than 40 years and, particularly, having served in various managerial and senior executive capacities at TI, Dr. Lu possesses a wealth of semiconductor management experience. Dr. Lu also is knowledgeable in the role and function of the Board as a result of serving for many years as a board member of several public and private companies.

Peter M. Menard Director

Member, Audit Committee

Member, Governance and Stockholder Relations Committee

Mr. Menard practiced securities law from 1979 until March 2018. From 1998 until his retirement in March 2018, Mr. Menard was a partner with the international law firm of Sheppard, Mullin, Richter & Hampton, LLP where his principal areas of practice were corporate governance, securities law compliance, and corporate transactions. He has been a member of the Executive Committee of the Business Law Section of the California Lawyers Association ("BLS"), a Chair of the Corporations Committee of the BLS, Chair of the Business & Corporations Section of the Los Angeles County Bar Association, and an adjunct professor at University of Southern California Gould School of Law where he taught a course in securities regulation. Mr. Menard is a member of the Board of Directors and a member of the Governance Committee and the Audit Committee and Governance Committee of Huntington Medical Research Institutes. He received a Bachelor's degree in Mathematics from Santa Clara University in 1974 and a Master's degree in Mathematics in 1976 and J.D. in 1979 from the University of Michigan.

Mr. Menard has 40 years of experience representing publicly traded companies. He brings extensive experience in corporate governance, securities law compliance, corporate social responsibility, shareholder engagement, financial reporting, and executive compensation. He has served of the Board of Directors of multiple nonprofit entities.

Christina Wen-Chi Sung Director

Member, Audit Committee

Member, Compensation Committee

Ms. Sung served as the Chairman of the Taipei Financial Center Corporation, the management company for Taipei 101, from 2012 to 2015. She previously served as a Director for Arcadyan Technology Corporation from 2012 to 2014 and

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Independent Director for Lite-On IT Corporation from 2009 to 2013. She was also the head of the HSBC Asset Management Group (Taiwan) from 2004 to 2006 and the co-CEO of JP Morgan Chase (Taiwan) in 2003. Ms. Sung has earned numerous accolades, including being named the 2003 Most Influential Business Woman of the Year by Taiwan Commonwealth Magazine, the 2002 Montblanc Business Woman of the Year, the 1998 Best CEO of the Securities Industry in Taiwan by the Securities and Futures Development Foundation Golden Goblet Awards, and 1998 Outstanding Business Woman in Taiwan by the Chinese Business Woman's Association.

Ms. Sung brings extensive directorship and business experience to the Board, and she continues to serve on multiple nonprofit boards, including as a director of Feng Chia University. After retiring from Taipei 101, she founded Social Welfare and Social Enterprise Revolving Trust ("SERT") at the end of 2015, which is aimed at providing financial support and management to non-profit organizations and social enterprises in Taiwan. SERT has been awarded by the government for two consecutive years for its special contribution to the related sector. Ms. Sung received her Bachelor's degree in English language and literature from Soochow University in 1976 and her Master's degree in Executive Management of Business Administration from National Cheng-chi University in 2003.

Michael K.C. Tsai Director

Member, Compensation Committee

Member, Governance and Stockholder Relations Committee

Mr. Tsai has been the Vice Chairman of the Board of Powerchip Semiconductor Manufacturing Corp., previously Maxchip Electronics Corp., since September 2018 and the Chairman of the Board of AP Memory Technology Corp. since 2017. He was the Chairman of the Board of Maxchip Electronics Corp. from 2008 to September 2018. He has been a director of Powerchip Semiconductor Corp. since 1994 and served as its Vice Chairman from 2003 to 2012. Mr. Tsai was the Chairman of the Board of Zentel Electronics Corp. from 2010 to 2016, the Chairman of the Board of uPI Semiconductor Corp. from 2007 to 2011, and the Chairman of the Board and the Chief Executive Officer of Elitegroup Computer Systems, Inc. from 1991 to 1994. From 1990 to 1994, he served as a board member and an investor representative of Tailink Venture Corp. He was the President and Chief Executive Officer of Esprit Systems, Inc. from 1989 to 1990. He held numerous executive positions in sales, marketing, planning and general management with the Acer Group from 1978 to 1988. Mr. Tsai began his career as an electronic design engineer with Tatung Corp. in 1977. Mr. Tsai received his Bachelor's degree in Control Engineering and Computer Science from National Chiao-Tung University in Taiwan in 1975.

Mr. Tsai's decades of experience serving on the boards of numerous technology and semiconductor companies, and holding various management positions in companies in the technology and semiconductor industry, provide an insightful view of the semiconductor industry to the Board. Mr. Tsai also brings a range of boardroom experience and corporate governance knowledge to further strengthen the operation of the Board.

See "Security Ownership of Certain Beneficial Owners and Management" and "Corporate Governance – Certain Relationships and Related Person Transactions" for a discussion of the relationships among Co-Tech Development Corporation, LTC, LSC, Silitech, and the Company.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE SEVEN NOMINEES TO THE BOARD SET FORTH ABOVE.

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CORPORATE GOVERNANCE

COMMITTEES OF THE BOARD

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Governance and Stockholder Relations Committee and the Risk Oversight Committee (the “Committees”). Each Committee consists of three or more directors who serve at the discretion of the Board. The Board usually makes Committee and Committee chair assignments annually at its meeting immediately following the Company’s annual meeting of stockholders. The current composition of each Committee is as follows:

| Directors | Audit Committee | Compensation Committee | Governance and Stockholder Relations Committee | Risk Oversight Committee |
|------------------------------------|----------------------|------------------------|--|--------------------------|
| Raymond K.Y. Soong ⁽¹⁾ | | Chair | Chair | Member |
| C. H. Chen ⁽¹⁾ | | | | Chair |
| Michael R. Giordano ⁽¹⁾ | Chair ⁽²⁾ | | | |
| Keh-Shew Lu | | | | |